

Monica Bhatia  
Head of Secretariat  
Global Forum on Transparency and Exchange of Information for Tax Purposes  
Organization for Economic Cooperation and Development  
2 rue André Pascal, 75116 Paris  
France

22 June 2015

Dear Ms. Bhatia,

Financial Transparency Coalition, a global network that brings together nine non-governmental organizations<sup>1</sup> across five continents, 150 civil society allies, 14 governments and dozens of the world's foremost experts to close loopholes in the global financial system, welcomes the significant advances on Automatic Exchange of Information (AEOI). Such progress was unimaginable just five years ago and we hope this serves as an inspiration that the most effective, inclusive system possible can be established. In the spirit of pursuing this shared objective we are writing to you on four issues that will be of significant importance in making AEOI work; multilateralism, confidentiality, statistics and peer review.

### **Multilateralism**

There is widespread agreement that a multilateral approach is needed to make AEOI truly global. However we are concerned that the outcomes of the Multilateral Competent Authority Agreement (MCAA) suggest a lessening of resolve. While more than 90 jurisdictions have committed to AEOI, only about 50 have signed the MCAA. Does this mean that the rest will sign bilateral CAAs, as Hong Kong and Japan suggested? If this is what happens what plans are in place to ensure countries taking this approach will commit to widespread information exchange.

We also would encourage the MCAA's Annexes to be published in order to know both: a) which jurisdictions have been paired/matched to start exchanging information; and b) which jurisdictions have attempted to engage in AEOI with other jurisdictions but were not chosen back. As some countries – including Switzerland and Bahamas - have made it clear that they only intend to engage in AEOI with jurisdictions they have a political/economic necessity to do it is vital we have a process to identify such practices to enable pressure for full multilateralism to be applied.

### **Confidentiality**

While confidentiality is obviously of key importance, we are concerned that confidentiality concerns could be overstated to prevent AEOI. There are reports that there will need to be peer review evaluations on confidentiality before AEOI can begin, yet given the current peer review reports already assess confidentiality

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<sup>1</sup> Centre for Budget and Governance Accountability, Christian Aid, Eurodad, Global Financial Integrity, Global Witness, Latin American Network on Debt, Development and Rights, Tax Justice Network, Tax Justice Network-Africa, and Transparency International

it is unclear why further reviews are necessary. This is further emphasised for any signatories to a FATCA IGA 1A, as the US will have to have been satisfied with confidentiality provisions before signing.

For those cases where reviews on confidentiality provisions for AEoI are required we welcome the Global Forum commitment to an objective standard, and we encourage an approach that will allow any signatory to the MCAA to be eligible for an early peer review evaluation on confidentiality. Moreover, if a jurisdiction is deemed compliant, we see no reason why any other jurisdiction could refuse to engage in AEoI with it. This proves the necessity, as mentioned above, to publish not only the matched/paired jurisdictions, but also the full list of jurisdictions chosen by each signatory to the MCAA, to uncover jurisdictions which are arbitrarily refusing to engage in AEoI.

### **Statistics**

Effective use of the data generated by AEoI will be able to both help monitor the impact and effectiveness of AEoI globally, and to help developing countries to identify the potential of AEoI, focus their attention on the highest risk jurisdictions as they integrate into information exchange as well as help focus the pilot programme projects. We believe these aims could be achieved by financial centres collecting and publishing aggregate data regarding deposits by developing countries' residents. We have drafted a template which believe would achieve this aim, without compromising any taxpayer confidentiality. We would like to receive feedback from you regarding the template and discuss with you ways to encourage all major financial centers to implement this.

### **Peer Review**

Lastly, we are very interested in the design of the terms of reference for future Global Forum's Peer Reviews regarding AEoI. We know from previous discussions that you intend to consult on the design of the Peer Reviews, and we would like to reiterate our desire to provide inputs into this consultation, at as early a stage as possible. As it is clear that we have a shared objective in making AEoI as effective as possible we hope you will be appreciative of inputs from civil society organisations. Peer Reviews provide not only extremely valuable information, but they may become the only mean to ensure compliance with AEoI, since sanctions or penalties are likely to be either unavailable or difficult to enforce. Therefore, we consider Peer Reviews to be a strategic tool to be used wisely, and we look forward to further details on how and when we can feed into their development.

We hope that you agree with us that these four issues have the potential to make a significant impact on the effectiveness of AEoI, and we look forward to the opportunity to discuss these issues further in the near future.

Yours Sincerely,



Porter McConnell  
Director, Financial Transparency Coalition