

Beneficial Ownership Team  
Department for Business, Energy and Industrial Strategy  
1 Victoria Street  
London

12 May 2017

**Re: Call for evidence on a beneficial ownership register to increase the transparency of overseas investment in property and public contracts**

The Financial Transparency Coalition (FTC) is a global network of civil society organisations and experts. We work to curtail illicit financial flows through the promotion of a transparent, accountable, and sustainable financial system that works for everyone.

Our expertise lies in demonstrating how the lack of corporate ownership transparency drives money laundering, tax evasion and terror financing, among other risks, as well as in articulating effective policy solutions. We recommend that countries should collect beneficial ownership information on companies, trusts, and other legal entities that are registered within their borders, and make this information publicly available in central registers. If ownership information was available, investigators around the world, journalists, and civil society could peel back the layers of ambiguous ownership that anonymous companies create, and address information asymmetry that is detrimental to the global financial system.

Please find below our submission to the call for evidence on a public beneficial ownership register to increase the transparency of overseas investment in property and public contracts. For any follow-up please contact Pooja Rangaprasad at [pooja@financialtransparency.org](mailto:pooja@financialtransparency.org).

Regards,



Porter McConnell  
Director  
Financial Transparency Coalition

cc: Pooja Rangaprasad

## CONSULTATION QUESTIONS

**Question 1: Do you agree that all legal forms that can hold properties should be in the scope of the new register's requirements? If not, what legal forms should we consider an exemption for and why?**

Yes, all legal forms, including legal arrangements such as trusts, should be captured by the register.

**Trusts:** Trusts offer an unparalleled degree of secrecy and are often used as the final step in complex chains of shell companies as the ultimate entity that allows individuals to disguise the true ownership of their assets whilst still benefitting from them. The financial secrecy afforded by trusts creates huge legal barriers to creditors or anyone else seeking to make a claim against these assets. This secrecy is what makes trusts such effective tools for money launderers, the corrupt, and terrorist financiers<sup>1</sup>.

To allow trusts to own property without naming their persons of significant control would be a glaring omission, and moreover may incentivise those individuals who are intent on maintaining secrecy to adopt trust arrangements during the transition period.

**Equivalent regimes:** It is appropriate and proportionate to exempt entities incorporated in countries with equivalent disclosure requirements to avoid double-reporting. However, it is important that there are no exemptions for overseas companies unless they are registered with an absolutely equivalent regime which meets the following criteria:

- the register is public and open to all, not merely those who have a 'legitimate interest';
- the register is free to access and information is kept in an open data format; and
- beneficial ownership information is updated annually.

Absolute equivalence between the registers is necessary to avoid giving companies that own property an incentive to 'jurisdiction-shop', domiciling their companies in jurisdictions where the information is less accessible, less usable and less detailed than the PSC register.

**Question 2: Is the suggested definition of leasehold appropriate?**

No comment.

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<sup>1</sup> <https://www.globalwitness.org/en-gb/blog/trusts-hole-eus-response-panama-papers/>

**Question 3: Will setting the leasehold definition at leases over 21 years create any unintended consequences?**

To ensure all properties are covered with no scope for any exclusions, we recommend that there should not be any threshold.

**Question 4: Do you agree that the definition of beneficial owner for the new overseas register should be aligned to the definition of PSC in the PSC regime?**

Parity between the PSC register and the new overseas register is critical.

However, the 25% threshold misrepresents the nature of beneficial ownership, which is about the natural person(s) who in practice exercise(s) control over a legal structure or who benefits from it. Reducing this understanding of beneficial ownership to a percentage provides money launderers with a guide to how to avoid scrutiny: they simply have to structure company ownership so that no shareholding passes the threshold.

FATF guidance on identifying beneficial ownership states that a specified percentage shareholding or ownership interest should be used as one evidentiary factor in determining beneficial ownership. In addition to these two factors, an adequate definition of beneficial ownership should include the following tests to determine control.

The beneficial owner is any individual who:

- has the direct or indirect right to appoint or remove at least one Director or Manager; or
- has other direct or indirect means of control over the company.

However, bearing in mind the threshold approach adopted by the 4<sup>th</sup> AML Directive and the PSC register, if a threshold is needed, it should be lowered to 10% or lower to dovetail with any checks that financial institutions will need to carry out to comply with the U.S. Foreign Account Tax Compliance Act (FATCA), which requires certain non-U.S. financial institutions to identify U.S. customers and provide information on them to the U.S. authorities. Under FATCA a substantial U.S. owner is defined as “any foreign corporation, any specified U.S. person that owns, directly or indirectly, more than ten percent of the stock of such corporation (by vote or value)”.

Since 2015, the UK has set global standards on beneficial ownership transparency. To maintain its position at the forefront of best practice it is key that the government ensures that both the PSC register

and the register of overseas companies adapt to match changes to the definition of beneficial ownership made in other jurisdictions over time. For example, if the 5<sup>th</sup> AML Directive lowers the share or voting threshold to below 25% the registers should be amended to meet the new best practice standards of the time.

Finally, companies on both the PSC register and the overseas register should be required to provide information on each stage of their ownership chain. Having information on the full chain of control will be vital for third countries seeking to use the register to assist in their investigations: it would provide sufficient details to enable authorities to request further information about any company in the chain of ownership which would be vital to enable proper investigations and criminal cases to be brought.

**Question 5: Do you agree that entities that are not similar to UK companies limited by shares should use these adaptations to identify their beneficial owners?**

Yes.

**Question 6: Do these adaptations provide sufficient flexibility in the beneficial owner conditions to apply to most legal entities? If not, what additional adaptations should there be?**

As articulated above, the success of both the PSC register and the register of overseas companies relies on the continued relevance of the definition of beneficial ownership. The adaptations will also need to be added to or amended should it be found that they do not apply to certain company structures now or in the future.

To be effective, the definitions of beneficial ownership - and the adaptations that accompany them - will need to allow for displacement and adapt accordingly in order to capture precisely those individuals that the register is seeking to expose and deter.

**Question 7: What methods of raising awareness would be most effective?**

No comment.

**Question 8: Do you have any information that is relevant to our assessment of the cost and benefits of the policy to businesses, society and the economy?**

The UK is a prime destination for corrupt individuals looking to invest or launder the proceeds of their illicit wealth. Corrupt politicians, public officials and businesspeople worldwide abuse their positions to

steal public funds or receive bribes for contracts. This degrades the level of public services, hinders development and causes insecurity. There is now a wealth of evidence to show that UK real estate, particularly in London, is attracting corrupt officials and businesspeople who have stolen money from some of the most impoverished and repressed countries in the world. When this corrupt money enters the UK, it has the potential to inflate house prices, increase inequality, and affect communities, public institutions and all those who have contact with illicit funds<sup>2</sup>

The National Crime Agency (NCA) estimate tens to hundreds of billions of pounds in illicit wealth flows through the UK each year<sup>3</sup>. Much of this illicit wealth is spent on property. In a report on this subject TI-UK used open source data to find £4.4 billion of UK property bought with suspicious wealth. This is likely to underestimate the overall scale because it is only based on information that has been made publicly available via media or court reports.

Facilitating this illicit investment is the use of anonymous companies based in secrecy jurisdictions which do not publish beneficial ownership information. In the UK, over 75 per cent of corruption cases involving property investigated by the Metropolitan Police's Proceeds of Corruption Unit (POCU)<sup>4</sup> involved anonymous companies registered in 'secrecy jurisdictions'<sup>5</sup>.

Investigations by journalists and NGOs further highlight the prolific use of anonymous companies in concealing the identity of those that have bought property with suspicious wealth.

The Mubarak family are believed to have purchased property in London worth around £9 million using a company registered in Panama<sup>6</sup>. During the period this property was bought in the Mubaraks have been accused and charged with corruption offences, stealing millions of pounds in state funds.<sup>7</sup> By purchasing property through an anonymous company and subsequently owning it secretly, the Mubaraks were able to enjoy their wealth with impunity.

The United States Department of Justice (DOJ) are currently investigating the stepson of Malaysian Prime Minister, Riza Aziz for allegedly using state assets to purchase luxury property.<sup>8</sup> In particular, Aziz is said to have used a British Virgin Islands company to purchase a Belgravia property worth around £23

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<sup>2</sup> For further analysis on how corruption impacts the London housing market read: Transparency International UK, Faulty Towers: Understanding the impact of overseas corruption on the London property market (March 2017) <http://www.transparency.org.uk/publications/faulty-towers-understanding-the-impact-of-overseas-corruption-on-the-london-property-market/>

<sup>3</sup> HM Treasury, *UK national risk assessment of money laundering and terrorist financing*, October 2015) <https://www.gov.uk/government/publications/uk-national-risk-assessment-of-money-laundering-and-terrorist-financing>

<sup>4</sup> Now the International Corruption Unit (ICU) operating within the NCA.

<sup>5</sup> Transparency International UK, *Corruption on your doorstep: how corrupt capital is used to buy property in the UK* (February 2015) <http://www.transparency.org.uk/publications/corruption-on-your-doorstep/>

<sup>6</sup> TI-UK, *Spring Cleaning: How Unexplained Wealth Orders could have helped address the UK's role in laundering corrupt wealth from Arab Spring states* (November 2016) <http://www.transparency.org.uk/publications/spring-cleaning/>

<sup>7</sup> <https://www.oecd.org/globalrelations/46341460.pdf> [Accessed 8 May 2017]

<sup>8</sup> <https://www.justice.gov/archives/opa/page/file/877166/download> [Accessed 8 May 2017]

million.<sup>9</sup> In this case, the US authorities would have had to investigate the ownership of the property by going through the authorities in the BVI. Had there been a public register of beneficial ownership for overseas legal entities owning UK property the DOJ could have immediately accessed this information and saved time and resources on this investigation.

The scale of offshore ownership in the UK and London in particular is significant. Research conducted by TI-UK and Thomson Reuters in December 2016 found that 44,022 land titles in London are owned by overseas companies, 91 per cent of which were registered in secrecy havens.<sup>10</sup> Only 54 percent of companies in the Land Registry could be matched to a company record through the datasets used meaning the public, private sector and law enforcement are unable to find any information half the legal entities which own UK property.

According to data released under a Freedom of Information request made by Private Eye, 29,444 overseas companies based in secrecy jurisdictions have invested over £100 billion cumulatively into London property since 2008. This is likely to be an understatement of the true value; 63 per cent of these records include no price paid data indicating the true value of property owned offshore could be far greater. In addition a number of properties could have been bought via investors buying out shares in the company as opposed to buying the property, which would also not show up on Land Registry records.

Evidence suggests that, even with strong incentives not to buy properties through anonymous companies – such as the enveloped dwellings tax (ATED) – the phenomenon is growing. The number of properties owned by companies in secrecy havens increased by 9 per cent – around 4,000 land titles – between December 2014 and October 2015 despite the introduction of ATED in March 2014.<sup>11</sup> In TI-UK's analysis of off-plan property purchases which assessed who was buying new-build apartments in 14 landmark London developments, 10% of these properties were purchased by beneficiaries who were companies or trusts based in secrecy havens.<sup>12</sup>

A public register of beneficial ownership of legal entities which own UK property would identify the true owners of these properties and help law enforcement as well as civil society groups and journalists identify, seize and return corrupt assets.

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<sup>9</sup> <http://www.cityam.com/241417/malaysian-pms-stepson-bought-house-in-london-with-1mdb-funds>

<sup>10</sup> Thomson Reuters and Transparency International UK, London Property: A Top Destination For Money Launderers (December 2016) <http://www.transparency.org.uk/publications/london-property-tr-ti-uk/>

<sup>11</sup> <https://www.theguardian.com/money/2016/may/26/revealed-9-rise-in-london-properties-owned-by-offshore-firms> [Accessed 8 May 2017]

<sup>12</sup> Transparency International UK, *Faulty Towers* (March 2017) <http://www.transparency.org.uk/publications/faulty-towers-understanding-the-impact-of-overseas-corruption-on-the-london-property-market/>

**Question 9: What, if any, impact do you think that the proposed policy will have on the UK property market (residential and commercial)? Please describe the impacts and provide evidence.**

TI-UK's report on the impact of corruption on the London property market highlighted the growing body of anecdotal and statistical evidence showing that communities with high numbers of properties owned by anonymous companies suffer from higher levels of empty or underused properties.<sup>13</sup> These communities suffer the numerous negative effects of empty properties like wasted housing stock, local character being lost and local small businesses struggling to survive.

A report by the Office of National Statistics which uses data produced by the Department for Energy and

Climate Change shows how electricity consumption could be used to measure underuse of homes throughout the UK and in London<sup>14</sup>. The report shows that many London boroughs, predominantly those in Central and Western London, have high levels of extremely low electricity consumption, with over 5 per cent of homes in these boroughs exhibiting these traits. TI-UK contrasted this data with areas with high numbers of properties owned by anonymous overseas companies and found a clear overlap in areas affected by both these phenomena.

A register of beneficial ownership for overseas legal entities owning UK property would allow local councils like Islington – who have introduced measures to deter people leaving homes empty – to identify individuals who are doing this<sup>15</sup>.

**Question 10: Do you agree that the duration of the period given to overseas entities to comply with the new requirements should be one year?**

A one year transition period is reasonable.

However, there is potential for the corrupt and criminal to view the one year period as their window of opportunity to either divest themselves of UK properties or rearrange company ownership to ensure that their relationship to the property remains obscured before the register comes into force.

The Land Register should therefore be tasked to monitor the sale of very high-end properties in the run up to the register's implementation and flag to law enforcement when properties have been sold significantly below the market rate.

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<sup>13</sup> Transparency International UK, Faulty Towers (March 2017)

<http://www.transparency.org.uk/publications/faulty-towers-understanding-the-impact-of-overseas-corruption-on-the-london-property-market/>

<sup>14</sup> Office of National Statistics, Analysing low electricity consumption using DECC data (October 2015)

[https://www.ons.gov.uk/file?uri=/aboutus/whatwedo/programmesandprojects/theonsbigdataproyect/analysinglowelectricityconsumptionusingdeccdata\\_tcm77-418326.pdf](https://www.ons.gov.uk/file?uri=/aboutus/whatwedo/programmesandprojects/theonsbigdataproyect/analysinglowelectricityconsumptionusingdeccdata_tcm77-418326.pdf)

<sup>15</sup> <https://www.islington.gov.uk/housing/private-sector-housing/get-an-empty-property-back-into-use> [Accessed 8 May 2017]

**Question 11: Is a system of statutory restrictions and putting notes on the register, backed up by criminal offences, a comprehensive way to ensure compliance?**

Yes.

Non-compliance should be made as undesirable as possible: the commitment to consider whether to make it a criminal offence to fail to provide information to the new register or keep information up to date is therefore welcome.

However, it is a serious weakness that the beneficial ownership data collected by the register will not undergo authentication. FATF recommendation 24 states that beneficial ownership information must be 'adequate, accurate, and timely'.

It is critical to the integrity and effectiveness of both registers that beneficial ownership data is authenticated and that non-compliance is acted upon. Without authentication the deterrent effect of the register is diminished. BEIS, in partnership with HMT and UK law enforcement, urgently need to review the case for awarding Companies House the power and resource to interrogate the authenticity of the information it holds.

It is right that the new register and the Money Laundering Regulations (MLRs) work cooperatively. Regulated professionals should play an integral role in the authentication of the beneficial ownership information submitted to Companies House.

To ensure compliance with the new regime and the authenticity of the information provided, all entities and arrangements wishing to own property in the UK should be required to appoint a UK-based professional such as a solicitor, bank or accountant (or any professional accredited by a supervisory body and covered by the MLRs) who will be responsible for verifying the beneficial ownership of that company. The name of that professional should be publicly declared on the register, along with the company's beneficial ownership information. This will act as a means of verifying the beneficial ownership information that is provided by non-UK companies to the UK government, and will provide a point of contact in the UK that law enforcement can take action against in the event that incorrect or false information has been provided.

Both the MLRs and their guidance should be clarified to ensure that a company that seeks to avoid naming its persons of significant control, for example by restructuring the company for no discernible reason other than to secure secrecy or by contracting nominees, is deemed to be behaving suspiciously. Should any regulated professional become aware of this behaviour, it would be incumbent on them under the MLRs to submit a Suspicious Activity Report to the UKFIU.

If the UK professional nominated by the company responsible for submitting beneficial ownership information is found to be complicit in submitting inaccurate information, they should face sanctions in



addition to those imposed for breach of the MLRs. These additional penalties should align with the proposed criminal offense for Managing Officers who submit false or misleading statements.

**Question 12: Do you agree that we should prevent any beneficial interest in the property passing to an overseas legal entity that does not have a valid registration number at completion or settlement?**

Yes.

**Question 13: Do you agree that the most appropriate way to do this would be to void the transfer document?**

Yes

**Question 14: Is there another way that we could achieve this result?**

No comment.

**Question 15: Which is your preferred option for procurement and why?**

Option 3.

It is important to capture the beneficial ownership of all bidders, and not just for the successful company. This is because it is substantially less expensive to terminate a contract pre-award than to terminate the contract once it has already been awarded (possibly losing money in the process and requiring the government to begin the search over again, and wasting valuable resources).

The proposal that transparency provisions will only apply to procurements valued at over £10m creates disparity between UK and overseas companies. All UK companies will have to disclose their beneficial ownership information whatever their size. Non-UK companies should not be subject to a size threshold.

Many cases of procurement fraud demonstrate that criminals use multiple anonymously owned companies and often win multiple contracts either on the same project or over the course of time (varying in size but resulting in millions stolen). £10 million still represents too high a figure and would still constitute a risk of giving significant amounts of public funds to companies involved in criminal activities.

Finally, bidders' and awardees' beneficial ownership information should be available for free, in an open data and machine-readable format as per the information contained in the PSC register. Bidder information should be made available on the Global Beneficial Ownership Register.

**Question 16: Do you agree that the information on the new register for overseas entities should be the same as the information required under the PSC regime?**

As mentioned above, parity between the PSC register and the overseas companies register is critical.

In addition to personal information stipulated in the proposal, the following information should be collected and published by both registers:

- Full date of birth – including the day
- Dual nationality
- PEP status

**DOB information:** Analysis by Global Witness and the Open Knowledge Foundation of the previous register of company directors in 2014 found that redacting information on the day of birth meant that there were at least 57,000 people in the UK whom could not be identified to the level of an individual. They concluded that without full identifying information for beneficial owners, including full name, date of birth and nationality, the benefits of company ownership transparency could not be fully realised<sup>16</sup>.

**Nationality information:** Citizenship-by-investment programmes offer legitimate investors an alternative residency permit or passport. However, evidence suggests they are vulnerable to abuse by the corrupt, tax evaders, terrorists and sanctions busters owing to weaknesses in the vetting procedures in some jurisdictions. This is troublesome given that the demand for these passports and visas is highest from those countries with significant outward illicit financial flows or corruption-related political instability. For those looking to operate businesses in secret having additional citizenship at their disposal provides an opportunity to misdirect authorities as to the nature of their identity and background.

Publishing details of the range of nationalities of each PSC would better enable investigators, journalists, and civil society to identify and track down individuals of interest. In the case of individuals who hold dual citizenship entirely legitimately, publication of this information would better inform businesses in their due diligence processes. To authenticate this information, Companies House should request a verified copy of the passport/s that the individual has declared; these need not be published.

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<sup>16</sup> Confidential briefing to BIS/Treasury: The UK's beneficial ownership registry needs to make full date of birth public, January 2014 (Open Knowledge Foundation & Global Witness)

**PEP status information:** Divulging the beneficial owner's PEP status[3] would signal to lawyers, estate agents, and accountants involved in any related transaction that they need to consider carrying out enhanced due diligence on the individual.

**Open data:** It is crucial that the register is public and held in an open data format. The commitment to making data available in CSV files via an API (Application Programming Interface) is welcome. As per the PSC register, it is critical that there is no requirement to log-in (with the exception of use of the API which could require the use of API keys) or supply personal details to access the register as is currently the case for the Land Registry's data on foreign owned properties.

**Question 17: Do you agree that entities unable to give information about beneficial owners should be asked to provide information about their managing officers?**

If beneficial ownership information cannot be ascertained it should be made very clear on the Land Register that a PSC has not been identified in order to raise a red flag for anyone conducting due diligence investigations.

If the government pursues this option, the bar to having a statement accepted should be sufficiently high to deter false or misleading statements from being submitted. To this end, the managing officer's statement to Companies House should be accompanied by evidence that they have sought to identify ownership, for example dated copies of letters, emails, or requests to review registers of members or shareholders, articles of association etc. These documents would not need to be made public.

**Question 18: Is there any additional information that we should ask for from entities that are unable to give information about their beneficial owners?**

- Dual nationality (if applicable)
- Full date of birth should be published

If managing officers are legal entities or arrangements which are not registerable Relevant Legal Entities, the beneficial ownership of those legal entities or arrangements should be publically disclosed. In addition, the name of the legal person that appointed the managing officer should also be published. In turn, if a company has appointed the managing officer, the beneficial owner of that company should be disclosed. Ultimately, all entities or arrangements need to be represented on the register by natural persons.

**Question 19: Is a requirement for an update every two years appropriate?**

The proposal to require updates to the register every two years is disappointing. This is inadequate to the task of identifying properties that are being used to launder the proceeds of crime and corruption.

Information about the persons of significant control should be updated to the register following 'trigger' events, such as the following:

- when planning permission is sought;
- when any changes are made to the beneficial ownership structure;
- when the company seeks eligibility for exemptions, land tax payments etc.;
- when the company tries to mortgage or re-mortgage the property;
- when any change is made to the title deeds of the property; and
- when paying council tax / business rates.

If no such events occur, Companies House should be informed that there is no change to the beneficial ownership on an annual basis.

However, if this 'trigger' event approach is deemed disproportionate, beneficial ownership information should be updated annually at a minimum.

**Question 20: Would a criminal offence be an appropriate way of enforcing the requirement to update information?**

Yes.

**Question 21: Do our proposals achieve the right balance between ensuring compliance and enabling overseas entities to maintain existing assets?**

Parity with the offences that accompany the UK PSC register is appropriate. If false or inaccurate information is provided by the company at the point of registration, in the annual statement or on a trigger event, there should be sanctions levied against individuals and the company itself. The severity of the sanction imposed should be dependent on the level of inaccuracy and/or the degree of knowledge or intention with which the information was provided.

The UK professional nominated by the company responsible for submitting beneficial ownership information should also be sanctioned if it is found that false or inaccurate information has been provided. Penalties could range from being struck off the relevant professional register to imprisonment and/or a fine if it is found that they were complicit in submitting inaccurate information. Again, the severity of the sanction imposed will be dependent on the level of inaccuracy and/or the degree of knowledge or intention with which the information was provided.

Given that these companies are based overseas, it may be more difficult to enforce these sanctions comparative to UK-based companies. Therefore, a broader array of penalties for non-compliance should be available. Companies that provide false or inaccurate information should be barred from certain economic activity within the UK such as being unable to purchase new property, bidding for public contracts or applying for planning permission on a property. In addition, enforcement authorities could also be empowered to embargo the property for non-compliance.

UK law enforcement should be empowered to share the information it collects on disbarred companies with other governments and enforcement agencies, with a view to eventually centralising the information in a public list of disbarred companies.

**Question 22: Are these mechanisms enough to deal with situations where bidders provide false beneficial ownership information or do not keep their information up to date?**

The imposition of an additional termination clause into the public contract is appropriate and proportionate.

However, as currently envisaged, there is little incentive for companies to comply with the register once they have won a contract and have begun to deliver a complex project.

The government could consider inserting a waiver in the bidding contract requiring the bidder to truthfully disclose its beneficial owner, making it subject to penalties if found to have provided misinformation. If a company has failed to update its beneficial ownership or has made a false statement and the government or local authority body chooses to not to terminate the contract, a financial penalty should be imposed against the contracted party.

**Question 23: Do you think that this provides the correct balance between protecting individuals from harm and ensuring transparency of how properties are owned?**

The protection regime for the overseas register is likely to be exploited by exactly the kind of individual that the government is hoping to deter with these new rules.

An individual's PEP or asylum status should **not** automatically qualify them for consideration of exemption. Rather, we would expect any assessment of 'certain characteristics or attributes' and 'elevated public safety risk' to be undertaken by relevant law enforcement agencies on a case-by-case basis and rely on independent evidence to determine the grounds for exemption.

The exemption criteria should set at a very high evidentiary bar. Exemption should only be granted if a credible and verifiable threat can be evidenced. In each case, the full beneficial ownership information

and the application setting out the grounds for the exemption should be sent to the National Crime Agency (NCA). Once processed, these applications should be referred to the International Corruption Unit at the NCA and the Serious Fraud Office for further investigation, if warranted. Those authorities will then determine which, if any, of them will follow-up on the investigation and whether to notify any foreign or international law enforcement agencies.

Companies House should publish how many applications under the protection regime are made each year and how many of those are successful.

**Question 24: Are there additional situations we should consider where protections should be granted?**

No. The criteria suggested are sufficient.

**Question 25: Are there other situations where exemption from putting information on the register should be permitted for entities participating in procurement?**

No.

#### **ANNEX 1: Why beneficial ownership information should be available in a public register**

Ensuring beneficial ownership information is publicly available in a central register electronically in an open data format is the emerging international best practice that many jurisdictions are adopting.

- It would be **in line with emerging international best practice**. After the Panama Papers leaks, several countries are now moving towards adopting public beneficial ownership registers. Public company registers are already in place in the UK, Ukraine, Estonia, Romania, and Slovenia. While the following countries have made commitments to public registries: France, Denmark, the Netherlands, South Africa, Nigeria, Afghanistan, Kenya, and Ghana. Other countries considering

public registers include Ireland, Australia, New Zealand, Indonesia, Jordan, Georgia, Norway, India, Pakistan, and the remainder of the 28 EU member states. We do not believe the model adopted by Jersey represents a best practice model that should be replicated in other jurisdictions.

- It would be **the most cost effective solution for companies and public authorities**. Three separate studies, by the [UK](#) in 2002, by the [European Commission](#) in 2007 and an [update to the UK study](#) in 2013, all show that the likely economic benefits of collecting beneficial ownership information and then making it public outweigh the costs.
- It would **help build public trust**, particularly in the context of leaks such as the Panama Papers, which has led to citizens around the world questioning the integrity of existing institutions and the role of international financial centres in aiding the movement of illicit money globally.
- It would **enable low-capacity developing countries** to more easily follow the money trails of tax evasion, drug trade, bribery, human trafficking, etc. that is originating in their country.
- It would **help businesses know who they are doing business with**. A [survey](#) by professional services firm EY shows that 91% of business leaders believe that it is important to know the ultimate beneficial owners of the entities that they do business with. A [report](#) by The B Team - a global group of business leaders- made a strong business case for beneficial ownership transparency. They noted that beneficial ownership transparency benefits business by increasing competitiveness, reducing risk by knowing who you are doing business with, managing financial exposure and increasing stability.
- It would **enable investors to make responsible investment decisions** by knowing who they are dealing with and what their track record is. For this reason, global investors [managing over \\$740 billion in assets](#) are calling upon the U.S. Congress to require American companies to disclose their ultimate owners.
- It would **help banks fulfil their due diligence requirements**. A [letter](#) sent by The Clearing House - the largest Banking Association in the US - supported greater access to beneficial ownership information so as to more effectively combat money laundering and terrorist financing.
- It would **help level the playing field** allowing small businesses to be able to compete with bigger business who won't be able to hide behind anonymous companies.
- It would **help civil society organisations and journalists** detect crime, such as corruption and money laundering. Investigations by journalists and NGO into crimes such as corruption and money laundering can be vital in bringing wrongdoing to the attention of regulators and law enforcement, as has been seen with the range of investigations and legal actions taken following the Panama Papers investigations.
- It would **help prevent insecurity**. Money laundering fuels political instability around the world and supports terrorists and extremism. Making beneficial ownership information public will reduce the places around the world in which terrorists can hide their money.