

Declaration of national commitment to meet the Beneficial Ownership Transparency Disclosure Principles¹

A new global norm of beneficial ownership transparency

There has been a growing global momentum to develop a comprehensive framework to enhance beneficial ownership transparency². In November 2014, G20 Leaders adopted the High-Level Principles on Beneficial Ownership Transparency. The Leaders noted that “Improving the transparency of legal persons and arrangements is important to protect the integrity and transparency of the global financial system.” Subsequent commitments and actions, by individual countries, at the London Anti-Corruption Summit in 2016, via implementation of the European Union’s Fifth Anti-Money Laundering Directive, and through endeavours such as the global Extractives Industries Transparency Initiative (EITI) show a growing recognition of the importance of beneficial ownership transparency. As a group of countries, we will aim to build on this progress and create a new global norm of beneficial ownership transparency across asset classes. We believe that greater transparency of beneficial ownership will over time help to reduce the abuse of assets for criminal means.

Assets like corporate structures and trusts can and should be a force for good, and in the majority of cases across the globe they are. However, we know that companies and other legal entities can be abused to facilitate corruption, serious and organised crime, and tax evasion. Transnational by nature, these criminal activities generate real costs for markets and for people, and especially hurt the poorest in society.

Rebalancing markets and rebuilding trust between governments, companies, and everyday citizens will require an equal effort of transnational action on the part of governments. That is why we, as a group of countries, are united on the importance of the transparency of beneficial ownership information, promoted through ambitious implementation of existing international standards and initiatives and the build-up of emerging worldwide norms and best practice. Global illicit financial flows are channeled through a range of legal entities and assets including companies, trusts, properties and other high value commodities.

As a group of vanguard countries, we will collectively drive greater beneficial ownership transparency, including through free to access and publicly accessible registers, across a diverse range of countries and asset classes wherever possible. In the near term, to demonstrate tangible progress, our priority focus will be on creating a new global norm of beneficial ownership transparency for companies.

¹ These Beneficial Ownership Transparency Disclosure Principles can be amended through consensual agreement of the Leadership Group, although the underlying principle of members working towards open and free registers will not change.

² International organisations and initiatives e.g. FATF, Global Tax Forum, Egmont Group of FIUs, have been working for some time on topics related to beneficial ownership, by developing minimum standards and action guidelines, whose effective implementation is overseen mainly through the FATF mutual evaluation process. These Beneficial Ownership Transparency Disclosure Principles take into account this important work but also set out an ambitious new frontier of beneficial ownership transparency globally that is open and free public registers of company beneficial ownership as the new norm.

In order to end the criminal abuse of companies, the world needs efficient ways to share and access high-quality information about who owns and controls them. As leading governments committed to transparency, integrity, and open access to public sector information, we are working together to build a new global norm of accessible beneficial ownership information that is linked across borders. We expect the benefits of a new norm of beneficial ownership transparency will include:

- Enhancing our ability to fight corruption, money laundering and terrorist financing and other illicit financial flows as the risks of detection are significantly increased through better access to information by law enforcement and civil society, which acts as a deterrent.
- Improving the business environment through creating trust, levelling the playing field and promoting open competition including on public procurement and improving due diligence for traders and investors.
- Addressing tax evasion as tax authorities can better understand the interests of both corporate and individual taxpayers.
- Generating network effects, through sharing best practice and encouraging countries around the world to follow suit.

Our aims

As a group of vanguard countries, we will look to shift the global norms of company beneficial ownership transparency by 2023, by committing ourselves to developing domestic public registers of company beneficial ownership, support efforts globally and regionally for other countries to do the same and participate as members of a Beneficial Ownership Leadership Group (the Leadership Group). The Leadership Group will work towards ensuring official development assistance eligible countries³ receive technical and financial support to implement their own beneficial ownership transparency commitments.

The Leadership Group is a transnational coalition that will both drive a global policy shift towards free, open source publicly accessible beneficial ownership data for companies, and set ambitious international best practice on beneficial ownership transparency. Members are governments that are united by a common vision of simple access by business, civil society, and other government actors to public, open data of corporate beneficial ownership that is linked transnationally. The Leadership Group will be guided by a terms-of-reference and meet twice each year in the margins of international fora.

The Open Government Partnership (OGP) will serve as a platform for rooting this ambition at the national level (through OGP Action Plans that are co-created with civil society and reviewed by

³ Countries eligible for overseas development assistance. For a complete list, see http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/DAC_List_ODA_Recipients2018to2020_flows_En.pdf

its Independent Reporting Mechanism) and encouraging the building of best practice. OpenOwnership will facilitate the building of best practice and provide tailored support to members of the Leadership Group in developing action plans and implementing the Disclosure Principles for beneficial ownership data. The Disclosure Principles are mutually reinforcing with commitments countries already have in place via OGP National Action Plans and the Extractive Industries Transparency Initiative standard.

Disclosure Principles for Beneficial Ownership Data

Members of the Beneficial Ownership Leadership Group commit to the following **principles**⁴:

- Publishing company beneficial ownership data that is freely downloadable, searchable, and reusable by the public, without a fee, proprietary software, or the need for registration.
- Implementing progressively ambitious best practice in beneficial ownership transparency, across technical, legislative, regulatory, and administrative parameters.
- Committing resources to enable improvements and iterations to data quality and standardisation.
- Contributing to the building of best practice, including by recognising the evolving illicit finance threat and considering implementing beneficial ownership transparency beyond companies to a wider group of assets classes.
- Working in partnership with civil society and enabling their role as watchdogs and users of the data.
- Engaging other partners, including governments and international institutions, to advance the objective of making beneficial ownership transparency a global norm; and
- Contributing to evaluation and impact assessment of our shared approach.

And, they commit to publishing company beneficial ownership data in line with these **technical parameters**:

- Structured, machine-readable format compliant with the Beneficial Ownership Data Standard, which provides a technical model for beneficial ownership data that enables the data to be linked transnationally.
- Protocols for identifying and investigating red flags in the data, including collaboration and accountability between registrars and law enforcement.
- Granular, high-quality, and consistent enough to enable effective red flagging. Members should take reasonable steps on the following issues:
 - o Closing loopholes left open by high thresholds, banding, lack of historical data, and inconsistent use of identifiers for people and entities.
 - o Representing the full chain of beneficial ownership, from the ultimate beneficial owner to the target company, including all domestic entities in between.
 - o Ensuring high compliance with requirements to report and update data.

⁴ The principles and technical parameters will be carried out in accordance with the context and domestic legal framework, as well as the human and financial resources that each country can use for these purposes.

- Authentication of individuals reporting beneficial ownership data.
 - Good validation of reported beneficial ownership data.
- Exemptions regime that protects vulnerable individuals but does not allow abuse, as set by best practice.

To meet these goals, members commit to do the following:

1. Make a public statement to commit to implement the Beneficial Ownership Transparency Disclosure Principles by 2023.
2. Appoint a senior government official and agency to lead the establishment of the public national company beneficial ownership register.
3. Develop a national action plan laying out the steps for achieving the register.

We strongly welcome countries establishing wider global beneficial ownership transparency norms beyond companies, such as public registers for foreign company property ownership, public procurement and trusts.

Signatories to the Beneficial Ownership Transparency Disclosure Principles

United Kingdom
Minister of State for Security
Rt. Hon Damian Hinds



Tuesday 31st August 2021

Glossary

Authentication: Ensuring that the person making a statement about beneficial ownership is who they say they are, through e.g. checking ID documents.

Beneficial Ownership Data Standard (BODS): BODS is a framework for representing information about beneficial ownership. BODS-compliant data is machine-readable by default. See more at standard.openownership.org

Machine-readable: Can be read and processed by computers. To contrast, this sentence, as text without any predictable structure, cannot be read and understood by computers.

Red flags/red flagging: Red flags are a set of criteria that are consistent with suspicious companies or individuals and can be used to identify these in each Member's dataset. Red flagging is the process of raising red flags.

Validation: Ensuring that the data submitted is a legitimate possible value e.g. using drop-down menus drawing on widely-used code lists where possible.

Useful for reference:

<https://www.open-contracting.org/wp-content/uploads/2016/12/C5declaration.pdf>

<http://www.publishwhatyoupay.org/pwyp-news/pwyp-calls-for-commitments-on-beneficial-ownership-disclosure-and-protection-of-civic-space/>

<http://standard.openownership.org/en/schema-beta-2/>

<https://opendatacharter.net/principles/>