



Nowhere to hide: Realising the potential of beneficial ownership reform

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Summary

Beneficial ownership is widely recognised as an essential piece of information for tackling corruption, preventing and investigating tax evasion, protecting national security, and creating sustainable trading environments. The next five years are critical to delivering impact on these agendas.

The goal – shared by many governments, businesses, and citizens – is that people can access accurate and high-quality information on the true owners of companies, and effectively use this to reduce known risks, such as corruption and tax evasion, and create a more sustainable business environment.

Over 100 countries have committed to beneficial ownership transparency in at least one sector of their economy.

Source: Open Ownership 2021

To reach this goal, collective action is required from the global community of beneficial ownership reformers.

- **Effective and context-sensitive implementation** of beneficial ownership commitments is needed to deliver an ecosystem of high-quality data across a critical mass of countries.

- **Robust new evidence** is needed to advance debates on issues such as balancing privacy and public access, and how to verify data held in beneficial ownership registers.
- The **use of data needs to be scaled up** to realise the potential of beneficial ownership reforms as a cornerstone of 21st century governance.

In the coming years, countries around the world will continue to face and adapt to economic, social, and environmental pressures; the urgency to systemically tackle the use of anonymously-owned companies has never been greater.

The vision is simple: that there is nowhere to hide. With strategic collective action, we can realise a future where anonymous companies can no longer be used to facilitate corruption and money laundering, undermine national security, and enable tax evasion. This is crucial for ensuring that tax revenues benefit citizens, that all businesses can trade safely on a level playing field, and that societal trust is enhanced through transparency on who owns and controls companies.

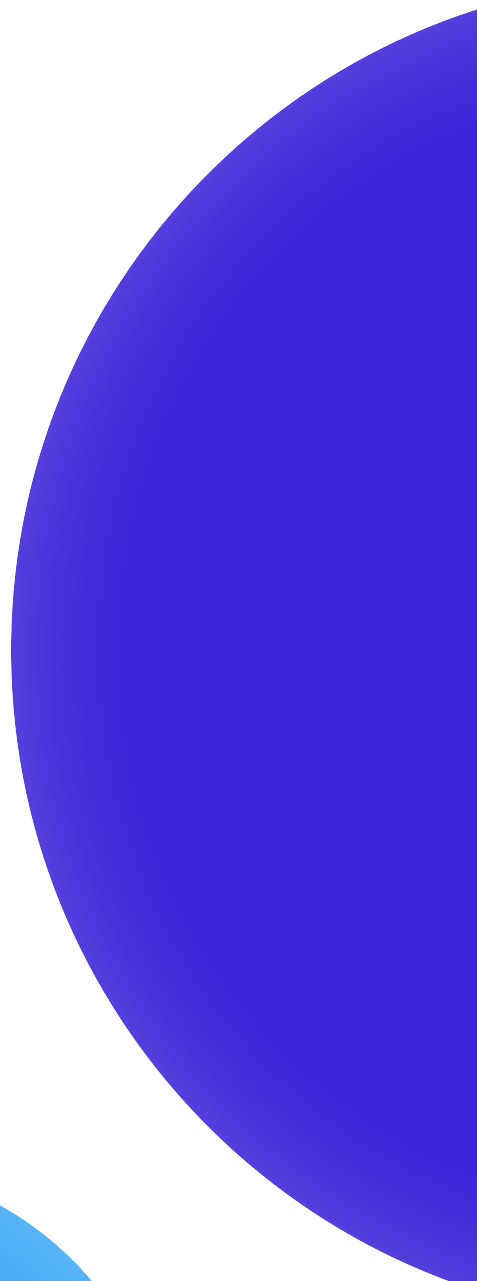


2022: A year of action

The Summit for Democracy 2022 year of action is an opportunity to springboard global progress on reform. Coinciding with the Financial Action Task Force (FATF) review of its beneficial ownership requirements (Recommendation 24) and the 10th Open Government Partnership Summit (through which over 30 commitments to beneficial ownership reform have been made), there is a unique opportunity to drive global progress.

The revisions to FATF's Recommendation 24 on beneficial ownership are expected to be finalised in early 2022, and hold the potential to significantly increase the de facto global minimum standard. Other global fora, including the United Nations Convention against Corruption and the G20, will remain vital to progress.

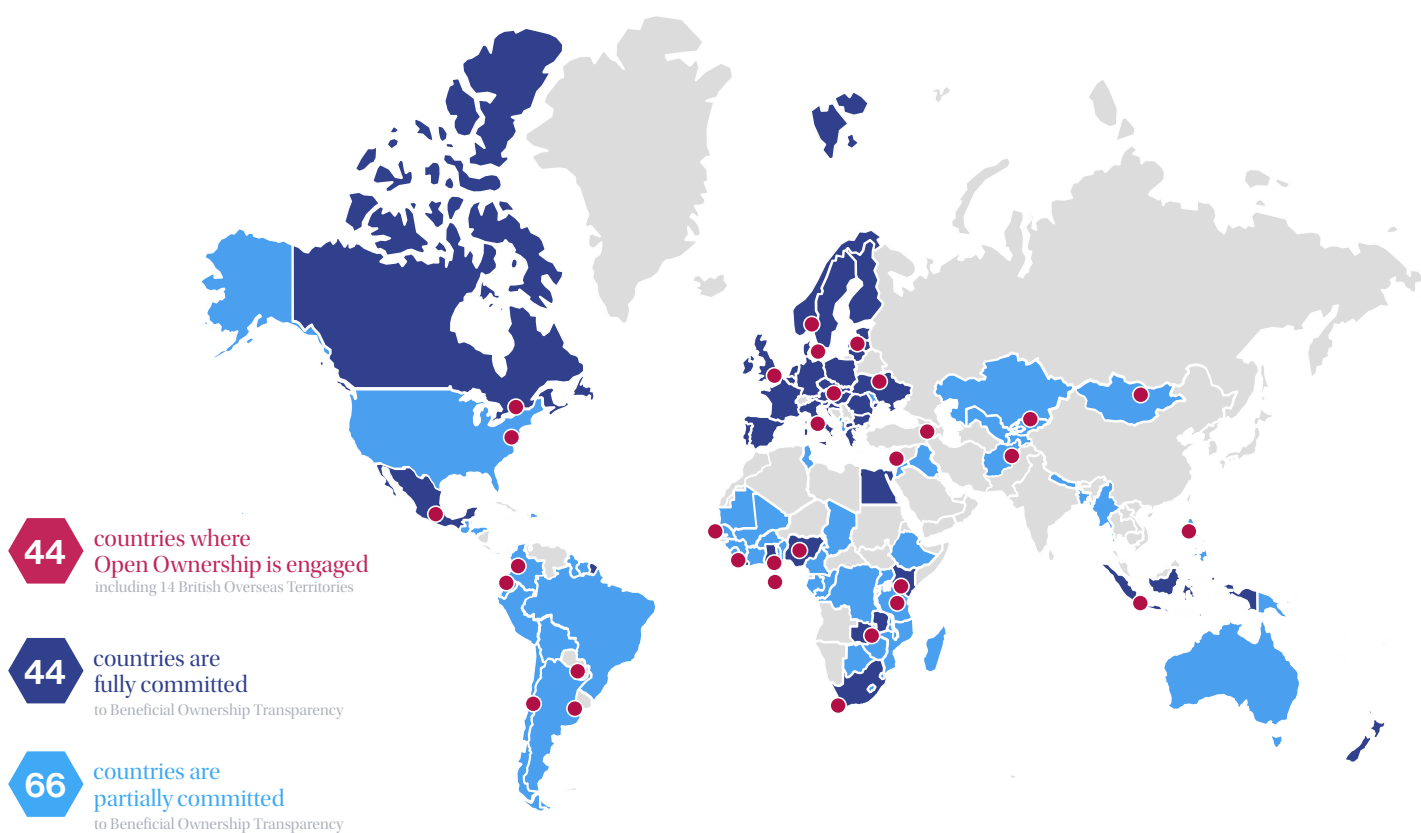
These developments will come in a time of continued economic and social uncertainty. Countries around the world are facing new and ongoing threats to democracy, citizen participation, and press freedom, as well as the ongoing impacts of the COVID-19 pandemic. Advances in big data collection and analysis mean that the issue of effective data governance will become ever more important.





Concerted action during 2022, across three core themes, can drive substantive progress towards our shared goal:

1. **Effective implementation.** To deliver policy impacts at scale, we first need to deliver accessible, linkable, high-quality data in a critical mass of countries. The year of action should act as a 'sprint' to advance the implementation of existing beneficial ownership commitments.



2. **Robust new evidence** is required, detailing *how* to implement beneficial ownership transparency effectively and *why* doing so can help deliver real world impact. The policy and technology contexts are fast evolving, so the evidence needed for effective advocacy over the coming years is also changing. New evidence is needed to advance existing debates, such as the importance of public access to beneficial ownership information and how data is verified. Frontier issues, such as the ownership of listed companies and state-owned enterprises, require analysis and evidence to guide good policy making. Above all, a shift is needed towards analysing and evaluating the

usefulness of beneficial ownership data to deliver real world impact. This is becoming ever more possible as more data becomes available.

3. **Scaling the use of beneficial ownership data** by people across government, business, and civil society is needed to deliver and accelerate real world impact. Reformers can capitalise on the increasing demand for beneficial ownership information from investors, companies, and procurement authorities, which are all seeking to effectively manage risk. The ongoing demand from civil society and journalists can also be used to drive reform.



Recommendations

All actors should

- support ambitious, meaningful and continuing reform of the global standards on beneficial ownership transparency, in particular by ensuring that central beneficial ownership registers are made a requirement.

The Financial Action Task Force (FATF) should

- adopt the revisions to Recommendation 24 which are currently in draft, and move towards mandating central beneficial ownership registers as an essential component to delivering rapid and efficient access to accurate beneficial ownership information.

Governments should

- deliver on existing commitments to beneficial ownership reform by implementing these effectively, in line with emerging best practices detailed in the Open Ownership Principles and Beneficial Ownership Leadership Group terms of reference;
- take an impact-oriented approach to implementing reforms, by mandating and resourcing agencies to use beneficial ownership data to deliver the impacts required in their national context;

- make a commitment to beneficial ownership reform (where this has not yet been done) through fora such as the Summit for Democracy and the Open Government Partnership;
- use the Beneficial Ownership Leadership Group to champion international support for beneficial ownership reform, and continue to share knowledge and expertise on effective implementation.

Companies should

- champion beneficial ownership transparency publicly and vocally, emphasising the benefits to society and, more specifically, the benefits it brings to their operations;
- outline the specific ways in which beneficial ownership transparency enhances and facilitates the execution of their own anti-corruption and integrity policies, particularly if they operate in multiple jurisdictions, take on government contracts or require a clear social licence to operate, e.g. extractives companies.
- if they are a media or technology company which allows political advertising, obtain and publish the beneficial ownership information of clients which fund political advertisements, to protect democracy and strengthen the fight against disinformation.



Regulated sectors should

- clearly and vocally champion beneficial ownership transparency reforms, as part of their wider obligations to avoid enabling corrupt practices;
- industry standard-setters such as the Extractive Industries Transparency Initiative should build on their existing requirements with robust assessments of countries' progress on beneficial ownership transparency, and further strengthen the requirements of such industry standards over the coming years;
- standard-setting bodies and firms providing accounting and financial services should champion beneficial ownership reforms, and increase collaboration to ensure that new and growing sectors, such as conservation, fisheries, and renewable energy, can leverage the knowledge, success and challenges experienced in other industries.

Civil society actors should

- continue to advocate for effective beneficial ownership reforms, operating globally, regionally, and nationally to catalyse context-appropriate reforms.
- document evidence of how and what works, and drive the increased use of beneficial ownership data to deliver impact.

Multilateral organisations, including the United Nations, the International Monetary Fund, the OECD, the World Bank, and regional development banks should

- require beneficial ownership transparency within their own financing and lending instruments, to ensure that all funds spent by these organisations can be publicly traced to the ultimate beneficiaries;
- offer sustained financial, technical, and political support to member and recipient countries to ensure that beneficial ownership reforms are effectively implemented, that the resulting information is used across government, and that resources are in place for national-level bodies to effectively fulfil their responsibilities to fight corruption and financial crime.

Foundation donors should

- continue their support for beneficial ownership transparency, prioritising unrestricted and long-term funding that has driven many of the civil society advances of the last decade, and provide valued spaces for knowledge sharing, collaboration, and learning;
- actively grow the donor community, leveraging links to critical policy agendas such as human rights, conservation, and the energy transition.



Conclusion

The vision is simple: that there is nowhere to hide.

Beneficial ownership transparency is a crucial component to effectively tackle corruption. It helps prevent and investigate tax evasion, protects national security, and creates sustainable trading environments. The next five years are critical to delivering impact on these agendas. With strategic and international collective action, we can realise a future where anonymous companies have no place in society, and every country and citizen will benefit.




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Published by

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