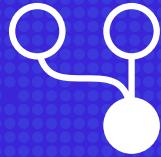


The Open Ownership Principles



Updated July 2021



Overview

The Open Ownership Principles (OO Principles) set the gold standard for effective beneficial ownership (BO) disclosure. The OO Principles are intended to support governments implementing BO reforms and guide international institutions, civil society, and private sector actors in understanding and advocating for effective reforms.

The OO Principles provide a framework for implementing comprehensive beneficial ownership transparency (BOT) reforms, and assessing and improving existing disclosure regimes. They seek to generate actionable and usable data across the widest range of policy applications of BO data. Effective disclosure needs high quality, reliable data to maximise usability for all potential users and to minimise loopholes.

The nine principles are all interrelated and interdependent, but can be broadly divided by the three main ways they improve data. The *Robust definitions*, *Comprehensive coverage*, and *Sufficient detail* principles enable **data disclosure and collection**. The *Central register*, *Public access*, and *Structured data* principles facilitate **data availability and accessibility**. Finally, the *Verification*, *Up to date and auditable*, and *Sanctions and enforcement* principles improve **data quality and reliability**.

The OO Principles – first published in December 2020 – are based on Open Ownership (OO)'s work with over 40 countries establishing good practices for open data, and they are based on the findings from practitioners and academic researchers, as well as consultations with government, private sector, and civil society actors conducted in early 2021. The OO Principles focus on the technical characteristics of effective disclosure regimes rather than the external political, social, economic, and cultural factors that are known to influence implementation and impact.

As the policy area of BOT continues to evolve, OO will continue to refine and update the OO Principles to ensure they remain a high but achievable standard that delivers impact.

The Principles

Disclosure and collection

- Beneficial ownership should be clearly and robustly defined in law, with sufficiently low thresholds set to ensure all relevant ownership and control interests are disclosed
- Data should comprehensively cover all relevant types of legal entities and natural persons
- Beneficial ownership declarations should collect sufficient detail to allow users to understand and use the data

Availability and accessibility

- Data should be collated in a central register
- Sufficient data should be freely accessible to the public
- Data should be structured and interoperable

Quality and reliability

- Measures should be taken to verify the data
- Data should be kept up to date and historical records maintained
- Adequate sanctions and enforcement should exist for noncompliance

The OO Principles are continuously updated. The latest version, as well as further information and guidance on how to implement the OO Principles are available at:

www.openownership.org/principles



Principle

Beneficial ownership should be clearly and robustly defined in law, with sufficiently low thresholds set to ensure all relevant ownership and control interests are disclosed

- Robust and clear definitions of BO should state that a beneficial owner should be a natural person. Definitions should cover all relevant forms of ownership and control, specifying that ownership and control can be held both directly and indirectly.
- There should be a single, unified definition in law in primary legislation, with additional secondary legislation referring to this definition.
- The definition should comprise a broad catch-all definition of what constitutes BO, and this should be coupled with a non-exhaustive list of example ways in which BO can be held.
- Thresholds should be set sufficiently low so that all relevant people with BO and control interests are included in declarations. A risk based approach should be considered to set lower thresholds for particular sectors, industries, or people, depending on the policy objectives set.
- Definitions should include a clear prohibition of agents, custodians, employees, intermediaries, or nominees acting on behalf of another person qualifying as a beneficial owner.
- Clearly defining BO and ensuring it covers all relevant forms of ownership and control makes the disclosure regime less vulnerable to exploitation by those seeking to abuse the system.

Using low thresholds to determine ownership or control reduces the risk that someone with relevant ownership or control remains hidden. Whilst extremely low thresholds may become too labour or cost intensive without providing useful insight into significant ownership or control, using thresholds that are too high can create a potential loophole that can be exploited. A risk based approach can help determine appropriate thresholds that balance these factors, bearing in mind the country's policy aims. Lower thresholds may be warranted for high-risk sectors, industries, and people. Where possible, definitions should be harmonised regionally and internationally, or similar minimum standards should be adopted.

Read more

- [Beneficial Ownership in Law: Definitions & Thresholds](#)



Principle

Data should comprehensively cover all relevant types of legal entities and natural persons

- All types of entities and arrangements through which ownership and control can be exercised (including, for example, state-owned enterprises (SOEs) and publicly listed companies (PLCs)) and all types of beneficial owners (including non-residents) should be included in declarations, unless reasonably exempt. (see below).
- Any exemptions from full declaration requirements should be clearly defined and justified, and reassessed on an ongoing basis.
- Exemptions from declaring beneficial owners should be granted only when the entity is already disclosing its BO in sufficient and accessible detail, and this information is accessible to authorities through alternative mechanisms with equivalent requirements (e.g. for PLCs listed on exchanges with equivalent disclosure requirements).
- Entities exempt from declaring their beneficial owners should not be exempt from all disclosure requirements and should declare the basis for their exemption.
- All exemptions from declaration should be interpreted narrowly.

Comprehensive coverage of different entity types is important because if certain types of legal entities are not covered, potential loopholes form that can be exploited for illegitimate purposes. Similarly, the disclosure requirements should cover all categories of natural persons (for example, domestic and foreign citizens who meet the definition of beneficial owner) to avoid creating a loophole that could be exploited in order to avoid disclosing ownership.

Disclosure regimes should take the inclusion of all types of entities and categories of people as a starting point, and subsequently assess which entities and people can be excluded (for instance, where an entity is already disclosing BO through a mechanism with equivalent requirements); these assessments and justifications should be made public. In all cases, exemptions should be narrowly interpreted.

Read more

- [Implementation Guide: Legal](#)



Principle

Beneficial ownership declarations should collect sufficient detail to allow users to understand and use the data

- Information should be collected about:
 - the beneficial owner;
 - the declaring company; and
 - the means through which ownership or control is held.
- Information should be collected in online forms with clear guidance that facilitates compliance.
- Sufficient information should be collected to be able to unambiguously identify people, entities, and arrangements, using clear identifiers for natural persons, and legal entities and arrangements.
- Information collected should be limited to what is necessary to achieve the policy objective.
- Where BO is held indirectly through multiple legal entities or legal arrangements, or ownership or control are exerted formally or informally through another natural person, sufficient information should be collected to understand full ownership chains.
- Absolute values, rather than ranges, should be used to define a beneficial owner's ownership or control.
- Data about any state ownership or control (domestic or foreign) should be collected in a standardised way.

Collecting key fields of data about the beneficial owner and the declaring company enables users to accurately interpret the data and determine which individuals and companies the declaration refers to. Collecting and publishing the means through which ownership or control is held further adds to the utility of the data by enabling users to understand how BO is operating. This should be done by collecting data through online forms with clear guidance.

Having clear identifiers – e.g. registration numbers for companies and taxpayer numbers for people – makes it easier to match declarations about the same people or companies and distinguish different people with the same name or similar details. This also allows users to link data with other datasets. Linking data transnationally is essential to realising its full potential to expose networks of illicit financial flows and support robust and efficient due diligence in the global economy. Being able to match

and disambiguate is important; for instance, when entities emulate the names of respectable companies in order to obfuscate ownership in due diligence processes. The minimum amount of data to achieve this should be collected, but jurisdictions should limit collection to what is strictly necessary to achieve their policy aims, in order to limit privacy concerns.

Where ownership or control is held indirectly through multiple entities or through legal arrangements such as trusts, full visibility of ownership chains is important for understanding how ownership and control are exercised. Rather than ranges, collecting absolute values when disclosing the percentage of ownership or control will assist users in understanding how ownership or control is held. This is particularly important when ownership or control is held indirectly.



Although state ownership may not meet the definition of BO, it represents a substantial amount of investment in large firms in strategic sectors. Therefore, governments should extend BO disclosure requirements to explicitly require the disclosure of stakes held by the state, directly or indirectly, and distinguish state ownership from private ownership by collecting information in a consistent and defined format.

Read more

- [Beneficial ownership declaration forms: Guide for regulators and designers](#)
- [Example digital beneficial ownership declaration form](#)
- [Example paper forms for collecting beneficial ownership data](#)



Principle

Data should be collated in a central register

- BO disclosures should be collated and held within a central register.
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Having a centralised BO register means that people and authorities can access information on the BO of companies through one central location in a standardised format. This is a prerequisite for effective use of BO data by all user groups, as it removes some of the practical and cost barriers to accessing and analysing BO information.

Maintaining a central BO register is one of three complementary approaches identified as best practice by the global Financial Action Task Force (FATF). Analysis of FATF country evaluations clearly demonstrates the importance of central registers for reducing money laundering risk: countries maintaining a central register – as opposed to relying on other decentralised approaches where companies and other institutions hold BO data – perform better against the FATF's requirement to ensure timely access to adequate, accurate, and up-to-date information on the BO of companies.

Read more

- [Making central beneficial ownership registers public](#)



Principle

Sufficient data should be freely accessible to the public

- The public should have access to BO data, at a minimum to a subset that is sufficient for users to understand and use the data.
- This data should be available free of charge.
- This data should be available as open data: published under a specified licence which allows anyone to access, use, and share it without barriers such as identification, registration requirements, or the collection of data about users.
- This data should be available in bulk and searchable by both company and beneficial owner.
- A legal basis for the publication of data should be established, in line with privacy and data protection legislation, and potential negative effects of the publication of data should be understood and mitigated for.
- A broad purpose for publishing the data based on accountability and the public interest should be specified in law.
- Where information about certain classes of persons (e.g. minors) is exempt from publication, the exemption should be clearly defined, justified, and narrowly interpreted.
- Where a disclosure system permits anonymity in published data on a case-by-case basis in a protection regime (for example, to mitigate personal safety risk), the grounds for granting anonymity should be clearly defined, proportionate, and fairly applied.
- Where data has been exempted from publication, the publicly available data should note that BO information is held by authorities but has been exempt from publication.

Having a public BO register means that law enforcement, businesses, journalists, and citizens from around the world can easily access information on the BO of companies. Having widespread third party use of data can drive up data quality, and can increase impact by expanding the user base beyond authorities. For instance, publicly available BO data can reduce the cost and complexity of due diligence and risk management for the private sector, thereby leveling the playing field and increasing competitiveness. Evidence shows that data in a public register is used much more widely when it is available without use of barriers such as registration, payment, or identification. This can be particularly important for enabling international users to access the data (for example, when tracing transnational links between companies).

Disclosure and publication of BO information has legitimate public interest purposes, and can be compliant with data protection and privacy legislation, as has been done in many different jurisdictions where BO systems have been implemented. In practice, this means that the fields of data that are collected and published (including identifiers) should be developed in the context of local legislation, whilst maximising availability of information that supports effective data use. Potential negative effects should be understood and mitigated for (for example, through implementing layered access and a protection regime), in compliance with the above principles of data usability.



In instances where a person is granted anonymity within BO data (e.g. under a protection regime), this should not automatically constitute an exemption to disclosure. Their BO will still need to be disclosed ownership and this information should still be available to authorities.

Read more

- [Making central beneficial ownership registers public](#)
- [Early impacts of public registers of beneficial ownership: United Kingdom](#)
- [Early impacts of public registers of beneficial ownership: Slovakia](#)
- [The case for public beneficial ownership registers](#)
- [Data Protection and Privacy in Beneficial Ownership Disclosure](#)
- [Beneficial ownership data in procurement](#)



Principle

Data should be structured and interoperable

- BO data should be available as structured data, with declarations conforming to a specified data model or template.
- Data should be available digitally, including in a machine-readable format.
- Data should be available in bulk, as well as on a per record basis, free of charge.

The utility of BO data is enhanced when the data is available in a structured format. This allows the data to be easily analysed and linked with other datasets, enhancing the data's ability to expose transnational networks of illicit financial flows and support effective and timely due diligence. When BO data is structured and interoperable it is also easier to verify, as a greater range of verification mechanisms can be used. The Beneficial Ownership Data Standard (BODS) is a template for publishing structured data about BO in a format (JSON) that can be read and understood by computer systems around the world.

When data is machine readable and available in bulk, multiple declarations can be analysed together. This allows users such as Financial Intelligence Units and other government departments such as procurement agencies, banks, and journalists to apply data science and machine learning techniques to identify suspicious patterns of ownership or beneficial owners that appear on other datasets of interest (for example, sanctions lists). Where the private sector and civil society have access to BO data in bulk, evidence shows that innovations can drive development of new due diligence products and identification of potential corruption cases. Data should be available in machine-readable, bulk format, free of charge. Implementers can also consider making the data available through other modes, such as an Application Programming Interface (API).

Read more

- [The Beneficial Ownership Data Standard](#)
- [Beneficial ownership data in procurement](#)



Principle

Measures should be taken to verify the data

- When data is submitted, measures should be taken to verify:
 - beneficial owner;
 - entity;
 - ownership or control relationship between the beneficial owner and the entity;
 - person making the declaration.
- This should be done by:
 - ensuring values conform to known and expected patterns;
 - cross-checking information against existing authoritative systems and other government registers; and
 - checking supporting evidence against original documents.
- After data has been submitted, it should be pro-actively checked to identify potential errors, inconsistencies, and outdated entries, using a risk based approach where appropriate, requiring updates to the data where necessary.
- Mechanisms should be in place to raise red flags, both by requiring entities dealing with BO data to report discrepancies and by setting up systems to detect suspicious patterns based on experience and evidence.
- Ownership types that are difficult or impossible to verify (e.g. bearer shares) should be prohibited.

To maximise the impact of BO registers, it is important that users and authorities can trust that the representation of ownership in a register reflects the true reality of who owns or controls a particular company. Verification is a combination of checks and processes that help ensure that BO data is accurate and complete at a given point in time. Checks can be deployed at different stages in a declaration system with the aim of making data high quality and reliable in order to create confidence in a register and to maximise its utility and impact.

Read more

- [Verification of Beneficial Ownership Data](#)



Principle

Data should be kept up to date and historical records maintained

- Initial registration and subsequent changes to BO should be legally required to be submitted in a timely manner, with information updated within a short, defined time period after changes occur.
 - Data should be confirmed as correct on at least an annual basis.
 - All changes in BO should be reported.
 - An auditable record of the BO of companies should be available by dating declarations and storing and publishing historical records, including for dormant and dissolved companies.
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Keeping data up to date is crucial for increasing trust in the accuracy of BO data and the effectiveness of disclosure regimes. Requiring the timely submission of changes to ownership data or details of natural or legal persons increases the confidence that the data is current. It also reduces the risk that the BO of a legal entity can be misrepresented during a lengthy submission window.

Requiring data to be regularly updated, and for those updates to include all changes that occurred since the last declaration, removes the potential for companies to disguise short term changes in BO. This closes a loophole that would otherwise enable actors to circumvent disclosure of all persons that have held BO of the company.

It is important to keep historical information about companies, as this can help uncover links that are not immediately evident from current information. For example, keeping and publishing historical records prevents an entity from obscuring its identity by changing its name, or a beneficial owner to hide by reincorporating. Historical and auditable records are critical for law enforcement to verify ownership claims against historical records. Historical changes can be referred to during investigation even where the accuracy of data is in question, and can provide evidence of “who knew what when” to assess, for instance, whether due diligence was undertaken effectively at a particular point in time.



Principle

Adequate sanctions and enforcement should exist for noncompliance

- Effective, proportionate, dissuasive, and enforceable sanctions should exist for noncompliance with disclosure requirements, including for non-submission, late submission, incomplete submission, or false submission.
 - Sanctions that cover the person making the declaration, the beneficial owner, registered officers of the company, and the declaring company should be considered.
 - Sanctions should include both monetary and non-monetary penalties.
 - Relevant agencies should be empowered and resourced to enforce the sanctions that exist for noncompliance.
 - Data on noncompliance should be made available.
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Having adequate sanctions in place, and enforcing these effectively, helps to drive up compliance with disclosure requirements and increase the quality and utility of the data. Including sanctions against the beneficial owner, registered officers of the company, and the company making the declaration helps ensure that the deterrent effect of sanctions applies to all the key persons and entities involved in the declaration. This helps incentivise compliance from the beneficial owner, registered officers, and broader stakeholders involved in the governance and management of the company.

Sanctions can only act as an effective deterrent if they are fairly and proportionately enforced in practice. To do this, relevant agencies require both the legal mandate and adequate resources to identify suspected noncompliance, investigate appropriately, and issue sanctions. Sanctions should include both monetary and non-monetary penalties, which can cover certain business-related rights, such as not being able to incorporate a company or not being paid out dividends from shares.

Data on noncompliance should be made available to improve data utility and reliability. Implementers can take a number of approaches to this, for instance, by clearly indicating where information has not been updated within the legally required period, or, when BO data is used in procurement, by having a blacklist of noncompliant companies.

Read more

- [Verification of Beneficial Ownership Data](#)

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