

TEN YEARS ON

The G20 and beneficial ownership transparency

THE G20 AND BENEFICIAL OWNERSHIP TRANSPARENCY

Brazil's 2024 G20 presidency coincides with the tenth anniversary of the G20's High-Level Principles (HLPs) on Beneficial Ownership Transparency. This report provides a 'state of play' assessment of contemporary challenges to beneficial ownership transparency, as well as G20 members' compliance with HLP4 (of 10),¹ in which G20 countries committed to:

[E]nsure that competent authorities (including law enforcement and prosecutorial authorities, supervisory authorities, tax authorities and financial intelligence units) have timely access to adequate, accurate and current information regarding the beneficial ownership of legal persons. Countries could implement this, for example, through central registries of beneficial ownership of legal persons or other appropriate mechanisms."

This report updates and builds on similar assessments by Transparency International in 2015 and 2018.²

BENEFICIAL OWNERSHIP TRANSPARENCY: STATE OF PLAY

Government bodies responsible for anti-money laundering and control of corruption and tax evasion/avoidance, among other concerns, need timely access to sufficient, accurate and up-to-date

information on beneficial ownership to conduct their work effectively. Obstacles to accessing information or delays in transferring the information make it harder for competent authorities to follow the money back to the source. This increases the likelihood of impunity for those that have engaged in corrupt or illegal acts.

Until recently, the most common sources of information for competent authorities to consult when conducting investigations on company ownership have been company registers and information recorded by financial institutions, such as banks and DNFBPs. However, identifying, tracking and tracing illicit activities by relying only on these sources entails significant challenges.

First, relying on information collected by financial institutions and DNFBPs ("obliged entities") depends upon all legal persons engaging with an obliged entity that is subject to anti-money laundering (AML) provisions and that requires the identification of beneficial owners as part of the customer due diligence (CDD) or know-your-customer (KYC) provisions. Although it is common for local companies to also open a local bank account or engage a local lawyer or notary, this is not necessarily always the case, especially for offshore entities that incorporate in one jurisdiction to operate in a different one. In some countries, authorities would need to know the name of the bank holding a company's accounts to request information. A further issue is that financial institutions and DNFBPs often record the beneficial ownership information as provided by customers. This information might not necessarily be accurate or the bank could be complicit, as many recent

¹ G20, November 2014. [G20 High Level Principles on Beneficial Ownership Transparency](#)

² Transparency International, 2015. [Just for Show? Reviewing G20 Promises on Beneficial Ownership](#); Transparency

International, 2018. [G20 Leaders or Laggards? Reviewing G20 Promises on Ending Anonymous Companies](#)

corruption cases have demonstrated.³ A company might also be incorporated in one place and have bank accounts in another, which makes harder for authorities to access information. TI UK research shows that 90 per cent of UK firms involved in a scheme that moved £63 billion of illicit wealth out of Russia had bank accounts in Latvia or Estonia.⁴ In the Azerbaijani Laundromat scheme, shell companies incorporated in the United Kingdom but owned by offshore companies used bank accounts in the Estonian branch of the Danske Bank to disguise transfers allegedly made by Azerbaijani officials to launder the country's reputation in Europe.⁵

Given these challenges, recording beneficial ownership as part of a company's incorporation process and making this information available to competent authorities, obliged entities and the public at large, is essential.

In recent years, the establishment of beneficial ownership registers (or the requirement to file beneficial ownership information with a government authority, such as the tax administration or the commercial registry) has become mainstream.⁶ The establishment of beneficial ownership registers is expected to continue. In 2022 the Financial Action Task Force (FATF) revised Recommendation 24 on beneficial ownership transparency for legal persons, requiring, among others, the establishment of the "registry approach" (or alternative mechanisms that are equally effective).⁷

Based on the experience of countries which have had publicly available beneficial ownership registers for years, there is a general awareness that reliability of the information remains an issue even with the adoption of beneficial ownership registers. Competent authorities responsible for maintaining such registers often do not have the capacity or the mandate to verify the information provided. The registers should be adequately resourced to verify the accuracy of information provided by companies. Making the register publicly available helps minimise risks, as external watchdogs and even obliged entities (such as financial institutions and DNFBPs) could help monitor the information provided by companies and report discrepancies. It

³ For example, Odebrecht executives have highlighted the role of financial institutions in the corrupt scheme involving the company, see: Bloomberg, 2017. [No One Has Ever Made a Corruption Machine Like This One](#)

⁴ TI UK, 2017. [Hiding in Plain Sight: How UK Companies are Used to Launder Corrupt Wealth](#)

⁵ OCCRP, 2017. [The Azerbaijani Laundromat](#)

also reveals to society and the rest of countries the effectiveness of each registry, allowing civil society and international organisations to hold country authorities to account.

A public, central (unified) register is the most effective and practical way to record information on beneficial ownership and facilitate access to competent authorities.⁸ A central register also supports the harmonisation of the country's legal framework, avoiding double standards, and facilitates cross-border investigations and international cooperation.

AUTHORITIES' ACCESS TO BENEFICIAL OWNERSHIP INFORMATION

After a slow start, there has been a huge improvement in the establishment of beneficial ownership registers in most G20 countries, except for **Australia, Japan, Mexico, Russia** and **South Korea**. Yet despite the establishment of central beneficial ownership registers, the existing measures and mechanisms remain largely insufficient to ensure that accurate and up-to-date information on beneficial owners is made available in a timely manner to all relevant competent authorities.

As such, this area remains an immediate priority for all G20 countries and guest countries.

In 17 of the 23 countries assessed, there are laws requiring beneficial ownership information to be registered with a government authority. Central beneficial ownership registers are already available (or will be by the end of 2024) in 15 countries: **Argentina, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Saudi Arabia, South Africa, the United Kingdom and the US** and regular G20 guest countries **the Netherlands** and **Spain**. In **Norway** there is a beneficial ownership registration law, but registration will become mandatory only by July 2025. In **Japan** some companies may voluntarily file beneficial ownership information with the commercial registry.

⁶ According to the Tax Justice Network, as of 2022 close to 100 jurisdictions had approved laws to establish beneficial ownership registration with a government authority. See: [Beneficial ownership registration around the world - 2022](#)

⁷ FATF, 2022. [Public statement on revisions to R.24](#)

⁸ Transparency International, 2015.

Only in **Canada, Indonesia** and the **United Kingdom** is the register online and open to the public. In **Argentina**, a recent law⁹ requires the establishment of a central public beneficial ownership registry, though the level of access will depend on its regulation. In **Norway**, a guest country in 2024, the Parliament's finance committee issued a statement requiring access to the beneficial ownership registry to become accessible to the general public in the future.¹⁰

Based on the EU 5th Anti-Money Laundering Directive (AMLD 5), many EU Member States had established public access to beneficial ownership registers, including **France, Germany** and **the Netherlands**. However, after the unfortunate ruling by the European Court of Justice of November 2022¹¹, all of these countries closed their registers to public access (or, like France, are planning its closure). By way of partial remedy, in 2024 the EU approved the 6th amendment to the AML Directive¹² which requires EU Member States to grant access to beneficial ownership information to investigative journalists, civil society organisations, academia and some foreign authorities dealing with anti-money laundering, as all of these are considered to have a legitimate interest to access the beneficial ownership information.

Access without beneficial ownership registers

The most static in terms of providing access to beneficial ownership information are **Australia, Japan, Mexico, Russia, South Korea** and this year's guest to the G20's Financial Track **Switzerland**, as they still lack mandatory beneficial ownership registration with a government agency. In these countries competent authorities rely mainly on beneficial ownership information collected by obliged entities, such as financial institutions and DNFBPs. This may pose serious challenges in relation to the timely and effective detection and investigation of corruption and money laundering by competent authorities.

First, availability of beneficial ownership information depends on all local legal persons actually engaging with a local obliged entity. While this may usually be the case, there may be no legal requirement to always engage with a bank or notary so there may

be situations where no local obliged entity holds any beneficial ownership information.

Another challenge is related to the quality and accuracy of the information collected by financial institutions and DNFBPs. Obligated entities may fail to properly collect or verify beneficial ownership information, and even if they spent sufficient resources, they would be unable to detect relationships or other red flags that only become apparent when the data of all legal persons and all beneficial owners is centralised. Under such circumstances, competent authorities would be unable to properly supervise beneficial ownership collection and verification of all legal persons held by obliged entities. In practice, supervisors could select a sample of obliged entities to supervise, and of these, select yet another sample of customers to check if beneficial ownership information is indeed available. Yet this limits the possibility to ensure in advance that beneficial ownership information will be available when needed for all legal persons.

A third challenge is ensuring that competent authorities have timely access to the information they need without compromising their investigations. Even if obliged entities complied and submitted beneficial ownership on time, there is a risk of their customers being tipped off. (This risk is even higher when competent authorities seek information directly from the investigated entity).

Competent authorities may also rely on other sources of information, such as legal ownership information available in the commercial registry. However, the availability of beneficial ownership information in shareholder registers is insufficient when investigating a legal person that is owned by foreign legal persons.

There is now consensus that relying solely on obliged entities or legal entities to collect and maintain beneficial ownership information themselves is insufficient to ensure that the information is adequate, accurate, and up-to-date. In response, the FATF revised Recommendation 24 on beneficial ownership transparency for legal persons in 2022, introducing a multi-pronged approach. This revision now requires the use of multiple sources, with a particular emphasis on the

⁹ [Law 27.739](#), Art 28

¹⁰ [Finance committee's statement](#), 2024

¹¹ Transparency International, 2022. [EU Court of Justice delivers blow to beneficial ownership transparency](#)

¹² [EU AMLD Directive 6](#)

establishment of central beneficial ownership registers.¹³

Availability and access through beneficial ownership registers

Central beneficial ownership registers address many of the shortcomings of relying solely on beneficial ownership information held by obliged entities or the entity itself, but the establishment of a central beneficial ownership registry does not ensure availability and access to adequate, accurate and up-to-date beneficial ownership information. The main challenges may refer to loopholes in the scope of the legal framework; lack of powers to access information by all relevant authorities and stakeholders; and lack of resources or powers to verify information and enforce compliance with beneficial ownership registration.

Scope

If the legal framework established a limited scope or exemptions for some types of legal persons, then central registers cannot ensure availability of beneficial ownership information in all cases.

In **India** and **South Africa**, the establishment of beneficial ownership registration through an amendment to the Companies Act means that only companies (but not other types of legal persons) are subject to beneficial ownership registration. Likewise, the **United Kingdom's** beneficial ownership registration with Companies House covers companies, limited liability partnerships (LLPs) and Scottish limited partnerships but not limited partnerships from England and Wales or from Northern Ireland. In **Brazil**¹⁴ or the **United States**¹⁵, even though the scope is wide, there are several exemptions from registration. In **Canada**, beneficial ownership registration covers only

“federal” companies, but not those incorporated in a Canadian province.

On a positive side, the revision of FATF Recommendation 24 also contemplates to expand the scope to ensure availability to beneficial ownership information of foreign legal persons that present a money laundering risk and that have a link to the country. Many countries already cover a wide scope of foreign legal persons. **Argentina and Turkey**, where the tax administration collects beneficial ownership information, the legal framework already required beneficial ownership registration for foreign legal persons subject to tax. In Argentina, the new law widened the scope to also cover foreign legal persons with local assets or operations (yet to be regulated). **Brazil** also covers foreign legal persons that hold rights over real estate, vehicles, vessels, aircraft, bank current accounts, or among others, carry out external leasing or vessel charter, securities consultancy¹⁶. In **Germany** and the **United Kingdom**, foreign legal persons that hold or acquire real estate are also required to register their beneficial owners.

Access

Several stakeholders need access to beneficial ownership information for different purposes¹⁷. These includes competent authorities such as the financial intelligence unit, law enforcement and the tax administration. In addition, obliged entities need access to beneficial ownership information as part of their verification for anti-money laundering requirements under customer due diligence procedures. Investors and businesspeople need access to ensure the reputation and risks of those they are doing business with. Journalists, civil society organisations and academia also require access for their stories and research that help fight money laundering and other illicit financial flows.

¹³ The FATF still contemplated the possibility to establish, instead of a registry, an equally efficient alternative mechanism.

¹⁴ According to the 2023 FATF Report on Brazil: “Legal persons are required to provide BO information to RFB [Tax Administration] since 2018 however, at the time of the onsite visit only 35 000 companies had complied with this obligation. Low numbers are partly explained by the fact that around 21 million entities (of a universe of around 23 million) are exempted from submitting beneficial ownership information mainly based on ownership criteria (i.e., when natural persons own a company for more than 25%, directly or indirectly)” (page 224). See: [Anti-money](#)

[laundering and counter-terrorist financing measures: Brazil, Mutual Evaluation Report](#)

¹⁵ In the United States, the Corporate Transparency Act has more than 20 types of entities exempted from registration. See more details in: Knobel, A. 2021. [The US beneficial ownership law has its weaknesses, but it's a seismic shift](#)

¹⁶ Based on Art. 55 of Normative Instruction 2119/2022, which refers to Annex I, subsection XVI.

¹⁷ See for instance: Anti-Corruption Helpdesk, 2023. [The uses and impact of beneficial ownership information](#); Tax Justice Network, 2023. [Uses and purposes of beneficial ownership data](#)

In the **United Kingdom**, the register is public and online and thus all relevant competent authorities have direct access to it. In **Canada** and **Indonesia** the register is also public, although Canada's beneficial ownership law is very recent and information is currently being populated. **Argentina** has a non-public beneficial ownership registry with the tax administration based on Resolution 4697/2020. However, in March 2024, Argentina approved Law 27.739 which requires the tax administration to establish a "central public beneficial ownership registry"¹⁸. Art. 29 of the law establishes that, in addition to competent authorities and registered entities, the remaining natural or legal persons, private or public, may access the registry based on the regulation to be established by the tax administration. This could include general public access.

Based on the EU 4th Anti-Money Laundering Directive of 2015, EU Member States were required to establish beneficial ownership registers accessible to competent authorities and obliged entities and to those who could demonstrate a legitimate interest. The 5th Anti-Money Laundering Directive (AMLD 5) of 2018, expanded access to include public access. Based on the AMLD 5, **France**, **Germany** and **the Netherlands** established public online access (in Germany and the Netherlands after paying a fee). However, after the ruling by the European Court of Justice of November 2022, all of these countries closed their registers to public access (or are planning to close it, like the case of France) because the ruling invalidated the AMLD 5 amendment for public access and thus reinstated access based on a legitimate interest.¹⁹ **Italy** and **Spain**, although required by the Directive, had failed to establish public access on time.

In 2024 the EU approved the 6th amendment to the AML Directive which expanded access based on a legitimate interest for persons acting for the purpose of journalism; civil society organisations (in both cases if they are connected with the prevention or combating of money laundering, its predicate offences or terrorist financing); natural or legal persons likely to enter into a transaction with a legal entity or legal arrangement; entities subject to AML/CFT requirements in third countries; foreign competent authorities; authorities in charge of incorporation or procurement; and among others,

providers of AML/CFT products. Importantly, these stakeholders are already deemed to have a legitimate interest to access beneficial ownership information. They need only prove that they belong to one of the categories. **Germany**, **Norway** and **Spain** have (re)established access based on a legitimate interest. In **Italy**, a court ruling has suspended access until at least September 2024.

Other countries grant access only to specific competent authorities, such as **China**, **South Africa** or the **United States**. In some countries, such as **Turkey**, although it is not explicitly stated, it appears that only the tax administration would have direct access (because they hold the beneficial ownership registry). The situation is similar in **Brazil**, though other authorities can enter cooperation agreements with the tax authority that allow access to the registry.

Insufficient verification

Beneficial ownership information needs to be adequate, accurate and up-to-date for stakeholders to use it properly, including competent authorities. Otherwise, valuable time and resources will be used to first confirm and update registered information.

Across the G20 and guest countries, and even in countries where beneficial ownership information is recorded, no proper verification takes place. In the **United Kingdom**, for example, the register authority, Companies House, does not investigate fraud or wrongdoing. Thanks to the public accessibility of the beneficial ownership registry in open data in the **United Kingdom**, civil society organisations were able to assess the accuracy of information and identify several shortcomings. For example, an analysis conducted by Global Witness into the United Kingdom Persons with Significant Control Register found that five beneficial owners control more than 6,000 companies, thus raising red flags of being nominees. The analysis also found that 7,000 companies declared they are controlled by other companies registered in secrecy jurisdictions, without providing the identity of the natural person behind them, a clear violation of the legal requirements.²⁰

Only in 2023 the United Kingdom approved the Economic Crime and Corporate Transparency Act

¹⁸ [Law 27.739](#)

¹⁹ Martini, M., 2022. [Why are EU public registers going offline, and what's next for corporate transparency?](#) (Transparency International)

²⁰ Global Witness, 2018. [In Pursuit of Hidden Owner Behind UK Companies](#)

2023 which will require the government to improve verification of beneficial ownership information. The objectives are (i) ensuring that any person who is required to deliver document to the registrar does so, (ii) ensuring that documents delivered to the registrar are complete and contain accurate information, (iii) ensuring the records kept by the registrar do not create a false or misleading impression to the public, and (iv) prevent companies and others carrying out unlawful activities or facilitating such activities being carried out by others.²¹

In other countries, legal frameworks have been establishing more verification mechanisms. However, the lack of public access to information prevents an assessment of their effectiveness.

In the EU (including in **France, Germany, Italy and the Netherlands**), based on the AMLD 5, and then reinforced by the AMLD 6, obliged entities and competent authorities (as long as it does not interfere with their functions) will need to report discrepancies to the beneficial ownership registry. In addition, the AMLD 6 established other verification mechanisms such as the use of checklists, on-site investigations and cross-checks against other databases.

In **Argentina** and **Turkey**, there are audits undertaken by the tax administration (which collects beneficial ownership information). In Argentina, the recent law that established a new beneficial ownership registry also requires verification based on information sent by the FIU and other government authorities. In **Saudi Arabia**, where beneficial ownership is defined as having at least one share either directly or indirectly, there are some mechanisms to verify legal ownership information. For instance, the FATF Mutual Evaluation Report of 2018 described that the documents received are reviewed and notarised by Public Notaries working at the Company Registry. Officers at the Company Register verify that all necessary documents have been duly provided and use the database of the Ministry of Interior (ABSHAR System) to verify the identities of legal owners and administrators who are natural persons and check the names against the list of persons who are prohibited in Saudi Arabia from practicing commercial and investment activities. The ABSHAR system can compare a person's lifestyle and living arrangements with his professional or business

activities and that strawmen arrangements would likely be detected during the verification process.

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