



**BENEFICIAL
OWNERSHIP
TRANSPARENCY**

A Guide for
Parliaments

BENEFICIAL OWNERSHIP TRANSPARENCY

A Guide for Parliaments

Authors: Corina Rebegea and Tymon Kiepe

NDI envisions a world where democracy and freedom prevail, with dignity for all. We work in partnership around the world to strengthen and safeguard democratic institutions, processes, norms and values to secure a better quality of life for all.

Open Ownership (OO) is driving the global shift toward transparency over who owns and controls corporate vehicles. OO supports governments in making high-quality, beneficial ownership data available and works with governments, businesses and citizens to use it. This creates fair and open markets, enables effective governance, and tackles illicit activities such as corruption and tax evasion.

NDI and Open Ownership would like to thank Victoria Hasson and Richard Christel (NDI) for their inputs and feedback on this guidance note and Kristen Sample (NDI), Sophie Frossard and Ivan Kantardjiski (GIZ), Franklin de Vrieze (Westminster Foundation for Democracy), Favour Ime, Emily Manuel, Agustina De Luca (Open Ownership) for their peer reviews.

Copyright © National Democratic Institute for International Affairs (NDI) and Open Ownership (OO). September 2024. All rights reserved. Portions of this work may be reproduced and/or translated for noncommercial purposes with the prior written permission of NDI and OO, provided that NDI and OO are acknowledged as the source of the material and are sent copies of any translation. Please send publication requests to legal@ndi.org.

TABLE OF CONTENTS

INTRODUCTION	1
WHAT IS BENEFICIAL OWNERSHIP TRANSPARENCY?	1
WHY DOES BENEFICIAL OWNERSHIP TRANSPARENCY MATTER?	2
Fighting Crime and Corruption	2
Ensuring Fair Markets and Economic Stability	2
Promoting Governance, Democracy and Accountability	3
HOW IS BENEFICIAL OWNERSHIP TRANSPARENCY GOVERNED INTERNATIONALLY?	3
THE ROLE OF PARLIAMENT	4
LEGISLATING BENEFICIAL OWNERSHIP TRANSPARENCY	5
Setting Out Clear Objectives	7
Defining Beneficial Ownership of Different Corporate Vehicles	7
Setting Out Reporting Obligations	8
Establishing the Register and Delegating Powers to Registrars	9
Verifying Accuracy of Information	10
Mechanisms for Information Access	10
Creating Penalties for Noncompliance	11
OVERSEEING BENEFICIAL OWNERSHIP TRANSPARENCY	12
CONCLUSION	14
SOURCES	15
Use Cases of Beneficial Ownership Transparency	18
Additional Resources: Implementation Guidance	19

INTRODUCTION

The spotlight on anonymously owned companies and other corporate vehicles has intensified globally in recent years, revealing their pivotal role in facilitating illicit financial flows and corruption. Currently, most countries have committed to curbing the use of such entities by establishing platforms for disclosing information about the individuals who ultimately own, control or benefit from them. Governments worldwide have responded with laws and regulations on beneficial ownership transparency (BOT), with [over 100 countries](#) either having established or being in the process of creating central registries of beneficial owners, and over half of these providing access to this information to the general public in some form.

For BOT reforms to make a significant impact, specific standards are crucial – ensuring that beneficial ownership information is not just adequate but also accurate, verifiable and up to date. These reforms must encompass effective, proportionate, dissuasive and enforceable measures and sanctions for noncompliance. Accessibility to and use of information is paramount, extending to relevant stakeholders such as law enforcement, anti-corruption bodies, tax authorities, procurement agencies, electoral authorities, ethics bodies for politically exposed persons, and civil society. Parliaments, crucial in shaping a robust legal and regulatory framework, play a pivotal role in ensuring these standards are not only established but also adhered to in practice. This involves adapting existing laws or registries and closing legislative or regulatory gaps and loopholes to meet international standards.

Despite the critical role of parliaments, there is currently limited guidance on their involvement and best practices. This primer aims to help fill that void by addressing **the role of legislatures** in enacting and implementing effective BOT legislation. It outlines the main attributes of a robust **BOT legal framework**, emphasizing transparency and participation in policymaking. Furthermore, the guide identifies entry points for **enhanced parliamentary oversight**. Additionally, it includes references to resources that can aid legislators and parliamentary staff in building their expertise on beneficial ownership.

WHAT IS BENEFICIAL OWNERSHIP TRANSPARENCY?

BOT is an area of policy reform relating to the systematic, up-front disclosure by corporate vehicles of their beneficial ownership to a central register maintained by the government. It involves identifying the beneficial owners, who are defined as the actual individuals situated at the final link of an ownership chain. These individuals possess the ultimate right to a portion of a corporate vehicle's income or assets and have the authority to control its activities or derive substantial benefits from its assets. This information is typically collated, verified and made available to a set of users or to the general public.

While companies are the most familiar legal structures for which beneficial ownership information is commonly gathered, the scope has expanded to encompass a growing array of corporate vehicles, including trusts, partnerships and foundations. The significance of BOT lies in its role in revealing the true individuals who ultimately own, control and benefit from these corporate vehicles, promoting accountability, preventing illicit activities, and fostering a more transparent and trustworthy business environment.

“The significance of BOT lies in its role in revealing the true individuals who ultimately own, control and benefit from corporate vehicles.”

WHY DOES BENEFICIAL OWNERSHIP TRANSPARENCY MATTER?

In concrete ways, BOT lays the foundation for a more equitable, inclusive and prosperous society and is critical in combating crime, corruption and unfair practices. Specifically, BOT is critically important for fighting illicit financial flows, ensuring fair markets and economic stability, as well as promoting democracy and accountability.

The Government must [. . .] urgently [propose] legislation that will stop the abuse of U.K. property and companies for the purposes of economic crime. Economic crime through the U.K. harms our global reputation, damages our tax receipts, and endangers our national security.
Margaret Hodge, Member of the U.K. House of Commons, 2021

Fighting Crime and Corruption

BOT curbs financial and organized crime. Opaque ownership structures are a tool for criminals to launder money, finance illicit activities and organized criminal activity (e.g., terrorism, drug trafficking), and evade sanctions. Transparency makes it harder for criminals to hide their activities and assets. BO information can help [tackle money laundering](#), terrorism financing and financial crimes. It can also help governments to recover stolen assets.

BOT reduces corruption. Transparency sheds light on relationships between governments, politicians and businesses, [making it harder for corrupt practices to flourish](#). It promotes integrity in government by uncovering potential conflicts of interest.

BOT helps fight tax crimes. Tax authorities can better prevent and detect tax evasion and fraud by knowing who ultimately owns and benefits from companies.

Ensuring Fair Markets and Economic Stability

BOT levels the playing field. Hidden ownership can give unfair advantages to companies whose true owners can engage in unethical or illegal practices. Enabling companies to conduct due diligence and risk management with access to better information [can level the playing field](#) for small and medium-sized companies. The World Bank integrates BOT into [the B-READY project](#), aimed at enhancing business and investment climates.

BOT protects investors. Investors benefit from knowing who they are doing business with and who their [fellow investors](#) are, allowing them to make informed decisions and [reducing the risk](#) of fraud and financial crime.

BOT strengthens financial integrity. Weak regulatory frameworks around beneficial ownership can have [economic consequences](#). Transparency enhances financial integrity and stability.

BOT fosters competition. Information about ownership concentration helps understand market concentration and regulate competition.

Promoting Governance, Democracy and Accountability

BOT empowers citizens. Citizens' access to beneficial ownership information allows them to hold governments and businesses accountable, fostering trust and good governance.

BOT supports investigative journalism. Journalists can use the information to shed light on corruption, financial crime, and other forms of wrongdoing, contributing to a more informed society.

BOT strengthens civil society. NGOs and other civil society organizations can use beneficial ownership data to advocate for reforms and promote corporate accountability.

BOT can help safeguard democratic elections. BO data can expose the true involvement of individuals and businesses in election processes, for instance, by ensuring greater transparency in [campaign financing](#).

BOT registries can help improve public procurement and licensing. Information on company ownership and control helps governments improve [public procurement](#) and licensing by detecting fraud and corruption, better managing their own risk, and stimulating healthy competition.

BOT can improve national security and better manage natural resources. BOT information can be used to help governments know who they are doing business with in defense procurement and projects affecting the [natural environment](#). It can help address concerns about opaque political financing and electoral involvements through companies (such as the 2020 Corporate Transparency Act in the U.S.) as well as for implementing sanctions, particularly after the 2022 full-scale Russian invasion of Ukraine.

HOW IS BENEFICIAL OWNERSHIP TRANSPARENCY GOVERNED INTERNATIONALLY?

In 2000, the G7 recognized the need for beneficial ownership information, charging the Organisation for Economic Co-operation and Development (OECD) with proposing mechanisms to ensure BOT. The Panama Papers leaks and the London Anti-Corruption Summit in 2016 thrust the issue into the spotlight. Since then, the focus on BOT governance has shifted to company disclosure to government-run registers, with the first going live in Ukraine and the U.K. in 2015 and 2016.

The same year, the Extractive Industries Transparency Initiative (EITI) introduced BOT-related requirements for companies in extractive industries, leading to the creation of sector-specific registers. For example, before the Corporate Affairs Commission in Nigeria implemented an economy-wide beneficial ownership register, the Nigeria EITI had already created one for [corporate vehicles operating in the extractive sector](#). In Europe, Slovakia was one of the first countries to implement a publicly accessible beneficial ownership register in 2017 for companies participating in public procurement. By 2017, EU member states had to implement central BO registers under the EU's fourth anti-money laundering directive. Some allowed public access – a requirement for all EU states by 2020 under the fifth anti-money laundering directive. In 2021, the United Nations Convention Against Corruption Conference of State Parties [urged signatories](#) to implement central beneficial ownership registers, and in 2022, the Financial Action Task Force (FATF) – the international standard-setting body to combat money laundering and terrorist and proliferation financing – effectively [mandated central registers](#). States that do not comply risk being “gray-listed” by FATF with [severe economic consequences as a result](#).

Currently, the [majority of countries](#) are [planning](#), are [implementing](#) or have [implemented](#) central BO registers. BOT registers now extend beyond anti-money laundering, impacting anti-corruption, public procurement, taxation, resource governance, business environment improvement and national security. [Evidence suggests](#) that countries achieving more effective governance and reforms are those pursuing domestic policy goals, not just meeting FATF requirements.

“Currently, the majority of countries are planning, are implementing or have implemented central BO registers.”

THE ROLE OF PARLIAMENT

Parliaments play a crucial role in ensuring BOT by enacting and enforcing laws, overseeing government actions, holding relevant authorities accountable, promoting public awareness and engagement, and fostering good governance and international cooperation.

Passing legislation: Parliaments must pass laws that mandate the disclosure of beneficial ownership information and establish mechanisms for verifying and storing this data. These laws should be comprehensive, clear and enforceable, covering all relevant legal entities and requiring accurate and up-to-date information. Good Legislation also helps to ensure the sustainability of the reforms by making them able to withstand potential legal challenges. Legislating for reforms as to how governments collect and process beneficial ownership data is one of the key requirements placed on parliaments to ensure the effective implementation of BOT. Specifically, parliaments need to keep on top of the latest developments regarding which individuals and corporate vehicles need to be subject to reporting requirements for BOT to be rolled out effectively. This may require taking an iterative approach to legal reforms, periodically updating the laws to ensure they produce the desired policy goals.

Parliaments can ensure that BOT laws are comprehensive, clear and enforceable, covering all relevant legal entities and requiring accurate and up-to-date information.

Overseeing government action: Parliaments can exercise oversight to ensure that the government is effectively implementing BOT laws and regulations. This includes scrutinizing government policies, reviewing funding allocations for relevant agencies in support of BOT, and investigating potential departure from the intended goals or implementation of the reforms. Parliaments can also hold relevant authorities accountable for ensuring BOT implementation. This includes summoning officials for [questioning](#), [conducting public hearings](#) and [reporting](#) on findings and recommendations.

“Parliaments can exercise oversight to ensure that the government is effectively implementing BOT laws and regulations.”

Enhancing public engagement: Parliaments can raise public awareness about the importance of BOT and ensure there is public engagement in BOT initiatives. This involves organizing [public forums](#), distributing educational materials, [promoting awareness in the media](#) and engaging civil society organizations dedicated to BOT issues. In developing legal provisions for BOT, parliaments should ensure that the expert community, civil society and other stakeholders are involved in the design and execution of the reforms to increase the legitimacy of the process and the quality of the legal provisions.

“Parliaments can raise public awareness about the importance of and ensure public engagement in BOT initiatives.”

Fostering international good governance: Parliaments can contribute to international efforts to advance BOT globally by engaging with counterparts in other countries and supporting multilateral initiatives to raise standards for effective implementation. This can involve sharing best practices, promoting harmonization of BOT standards and facilitating the exchange of and access to information. Parliaments can also ensure that proposed BOT legislation meets the latest international guidance.

“Parliaments can contribute to international efforts to advance BOT globally”

LEGISLATING BENEFICIAL OWNERSHIP TRANSPARENCY¹



The National Assembly of Armenia. Source: [Ruslan Harutyunov on Shutterstock](#)

Due to the differences in legal systems and contexts, there is no single best way to legislate for BOT. The approach should be informed by many factors, such as the legal and regulatory context, including the jurisdiction’s legal system, form of government, institutional capacity and, more importantly, the policy objectives of the reforms. While the specific drafting, codification and implementation processes might vary according to each country’s specific context, the core components of a robust legislative framework discussed below apply in all cases.

Legislating for BOT can be achieved through a single piece of legislation, through an omnibus bill, or by amending one or several existing pieces of legislation, each with specific advantages and disadvantages. Central to the success of any legislative approach is clarity over objectives and consistency in how these are achieved. As mentioned, governments tend to implement more effective reforms where genuine domestic policy objectives are pursued.

“Central to the success of any legislative approach is clarity over objectives and consistency in how these are achieved.”

1. This section is based on more extensive guidance by Open Ownership. For more detail, and for country examples, please see Favour Ime and Tymon Kiepe, [Guide to Drafting Effective Legislation for Beneficial Ownership Transparency](#), Open Ownership, August 2024.

An additional consideration is also on where to place provisions in legislation – **in primary or secondary legislation.**² It is typically more time-consuming and laborious to amend primary legislation than secondary legislation. Primary legislation may also require a higher level of technical knowledge among lawmakers. Alternatively, placing certain details in secondary legislation can enable an iterative approach, provided there is a sufficient level of technical and legal knowledge in the executive to produce delegated legislation. For example, the U.K. passed its [initial legislation in 2015](#), expanded its scope to include an additional corporate vehicle type in [2017](#), and passed additional legislation in [2022](#) and [2023](#). The 2023 amendment gave the U.K. BO registrar, Companies House, powers to “check, remove or decline information submitted to, or already on, the Company Register,” among other things, such as regulations on crypto-assets. The 2023 amendment was welcomed by many, including the [director of the U.K. Serious Fraud Office](#) and [Transparency International UK](#). The 2023 amendment also raises the cost of business incorporation. The fees will fund Companies House to enforce these new measures.

Zambia passed initial legislation in the [Companies Act of 2017](#), published [secondary legislation in 2019](#), and subsequently amended the [Companies Act in 2020](#) to update its definition of a beneficial owner and define key terms used in the definition.

A checklist of the [components of effective BOT legislation](#), with relevant country examples, includes:

- Clear objective(s) for implementing BOT reform ([Kenya](#), [United Kingdom](#))
- A unified definition of BOT across all relevant legislation ([South Africa](#))
- Setting out clear reporting obligations (by who, to whom, how, when, and what) ([Denmark](#))
- Establishing the register and delegating powers to the registrars ([Argentina](#))
- Verifying accuracy of information ([Philippines](#), [Slovakia](#))
- Mechanisms for accessing information ([Armenia](#))
- Penalties for noncompliance ([Seychelles](#))

Legislatures also need to consider the legislative landscape as a whole, identifying whether any other existing legal provision must be streamlined with regard to beneficial ownership, such as those concerning tax and fiscal issues, procurement transparency, political finance, AML, privacy, and banking licensing and supervision. If needed, these existing policies should be updated. In all cases, globally accepted best practices on legislative drafting and regulatory policy should be applied with continuous public consultations to understand the impact of and update policies.



The Argentine National Congress. Source: [Anibal Trejo on Shutterstock](#)

2. Primary legislation sets out the framework for other laws, which in Westminster contexts is referred to as secondary legislation but can also be referred to as delegated legislation.

Setting Out Clear Objectives

The objective of a law is its backbone. Anchoring policy objectives broadly in the public interest, as opposed to narrowly in anti-money laundering, is particularly important concerning broader access and transparency. Parliaments must scrutinize the legislation's objective and then ensure its provisions are consistent with its policy objectives and that these provisions are necessary and appropriate to achieving those objectives. This may include reviewing policy documents – including white papers, impact assessments, and consultations – or mandating periodic effectiveness reviews by oversight institutions (such as the [Government Accountability Office](#) in the U.S.) to assist efforts to improve the BOT legislation. Consultations with experts, civil society, the private sector and other stakeholders can assist parliaments with this process and enable legislatures to define the policy goals for BOT reforms.



Parliaments must scrutinize the legislation's objective and then ensure its provisions are consistent with its policy objectives and that these provisions are necessary and appropriate to achieving those objectives.

Defining Beneficial Ownership of Different Corporate Vehicles

Parliaments need to clarify and [define foundational concepts](#) and ensure there is a unified definition in primary legislation, with additional legislation referring to this definition, specifying what the definition means when applied to different corporate vehicles, such as companies or legal arrangements. This unified definition will ensure coherence across legislation and enable verification mechanisms like discrepancy reporting to [function effectively](#). In its definition of ownership, legislation should, at a minimum, contain the following components:

Definition

- Specify that a beneficial owner must be a **natural person** who **ultimately owns, controls or derives significant benefit from** a corporate vehicle. “Ultimately” means that the individual can hold beneficial ownership both **directly and indirectly**.
- Specify a non-exhaustive list of criteria that constitute beneficial ownership, including a **broad catch all clause**.
- For legal entities, set **thresholds** (e.g., 5–15 percent) for beneficial ownership criteria based on common forms of ownership and control (e.g., share ownership and voting rights), considering a risk-based approach for specific sectors, industries or individuals based on policy objectives.
- Consider explicit prohibitions, such as for agents, custodians, intermediaries and nominees, from qualifying as beneficial owners.
- Consider explicitly clarifying that joint action by two or more individuals meets the criteria, considering each as a beneficial owner with combined ownership and control, and when joint action is assumed.

Coverage of Different Corporate Vehicles

- Define in further detail what beneficial ownership means when applied to different legal entities and legal arrangements in respective legislation, covering **all corporate vehicles with or without distinct legal personalities**.
- **Define and justify any exemptions from full declaration requirements** in secondary legislation, subject to ongoing reassessment against policy aims. This can include, for example, where corporate vehicles are already disclosing sufficient information through a different mechanism, and this information is readily available. Make the basis for exemptions clear and public, and **mandate declarations for exempt corporate vehicles**, providing the basis for their exemption and sufficient information to access relevant information.

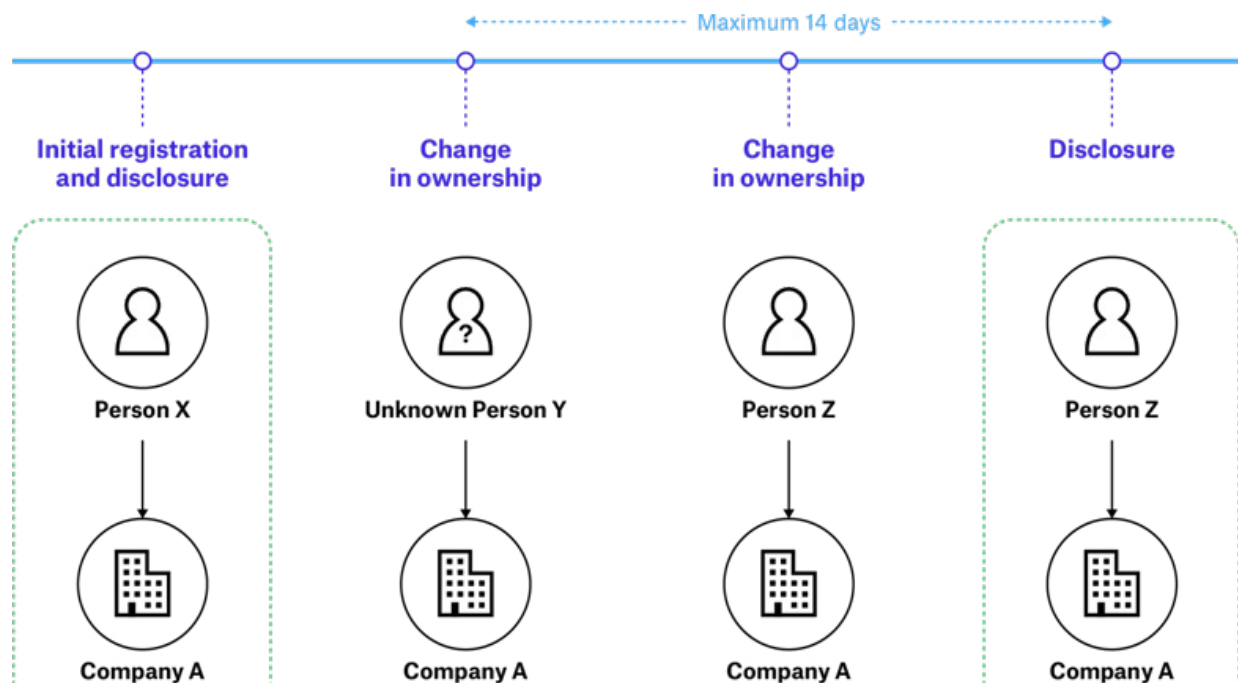
Setting Out Reporting Obligations

To be effective, relevant pieces of legislation must clearly set out who has to report, which is typically the company itself. According to the FATF, companies must maintain and hold up-to-date information about their beneficial owners. Legislation may give companies powers to help obtain this information from individuals that they know to be or have reason to believe are beneficial owners by sending notices or stopping certain rights, like dividend payouts.

Legislation must clearly specify the **events** that trigger reporting to ensure information [is up to date](#), for instance:

- Mandatory reporting should be a requirement of the initial registration and promptly after all subsequent changes to beneficial ownership (why all changes need to be reported is explained in Figure 1), ensuring that information is updated within a clearly defined time frame following each alteration.
- Legal obligations should mandate periodic confirmation of accuracy, occurring at least annually, such as through the submission of annual statements.

Figure 1. How loopholes can undermine BOT reporting



In this example, Company A has disclosed Person X to be its beneficial owner at initial registration. Later, Person Y replaces Person X as the company's beneficial owner. The prescribed period for reporting changes in this jurisdiction is 14 days. Within this period, the beneficial owner of Company A changes again from Person Y to Person Z. If there is no requirement to report all changes in BO, Person Y can legally avoid disclosure – and potentially exploit this for illicit purposes – provided that Person Z is disclosed as the beneficial owner within the prescribed period of the first change in ownership. Source: [Open Ownership](#).

Legislation should specify clearly **what information** should be included in a declaration, for instance:

- Sufficient details about the beneficial owner(s) to identify them
- The means through which ownership or control is held
- Details about the declaring corporate vehicle and the individual submitting the declaration

The information collected should include [reliable identifiers](#) to unambiguously identify individuals, entities and arrangements, as well as sufficient information to ensure data accuracy to a reasonable level. Information should be collected, ideally through online forms with accompanying guidance on how to complete them. Forms should be designed as a service informed by user needs to facilitate and enable compliance. Therefore, forms should be periodically reviewed and not included within the legislation itself.

Establishing the Register and Delegating Powers to Registrars

Legislation should provide the powers, mandate and responsibility to an authority to create and oversee a BO register. Most often, these authorities are corporate registries, tax authorities or financial intelligence units. Legislation should also specify how and for [how long records should be kept](#), which should be a reasonable and specified number of years, including for dormant and dissolved corporate vehicles. Parliaments must also consider whether different authorities should oversee registers for different corporate vehicles. In this event, the law should enable sufficient coordination, cooperation and exchange of information between registers. Legislation should also place a responsibility on the registrar to ensure information is stored digitally in an organized, accessible and usable way.

“Legislation should provide the powers, mandate and responsibility to an authority to create and oversee a BO register.”

Verifying Accuracy of Information

International standards require the [verification](#) of the identity and status of beneficial owners, ensuring accuracy. While specific verification methods are not usually detailed in legislation, parliaments need to empower the registrar to ensure accuracy. This typically involves powers such as requiring information, removing incorrect data, and taking action against noncompliance. Third parties, like AML-regulated entities (such as financial institutions or lawyers) can be required to play a role in verification. Legislation may also place the burden of proof of establishing that the information is accurate on those submitting the information, as done in Slovakia. There, [a dedicated Registration Court](#) has independent oversight and deals with claims of inaccurate information. In general, lawmakers should ensure appropriate oversight.

Mechanisms for Information Access

Parliaments must address how beneficial ownership information is shared and [accessed in legislation](#), specifying who can access it (such as government agencies, the public, the media and companies), what they can view – limited to what the users need – and how they can use it. Ideally, parliamentarians should ensure the involvement of potential users in consultations. Users may require specific information, and access levels must be tailored accordingly. Similarly, legislation should ensure there are no obstacles to the integration and interoperability of BO data with other government systems, such as the public procurement electronic platforms, tax databases or trade registries. Parliaments should also thoughtfully design access provisions, ensuring their impact on the right to privacy is necessary and proportional to achieving the objectives. Privacy risks can be reduced by excluding unnecessary and sensitive information and providing a mechanism by which those who face disproportionate risk can have some or all information withheld from publication. Legislation should be supported by privacy impact assessments and include appropriate safeguards. The easiest way to ensure relevant parties have access to the data to ensure the full potential benefits of BOT are realized is by making the register freely open to the public, although this may not be possible in line with privacy and data protection requirements in every context. At a minimum, allowing access to civil society groups, activists, and the media can increase the impact of the reforms, with these actors providing more oversight than regulatory bodies alone. Broader access is more easily justified when [governments pursue a broad range of objectives](#) anchored in the public interest.

“The easiest way to ensure relevant parties have access to the data to ensure the full potential benefits of BOT are realized is by making the register freely open to the public.”

Beneficial Ownership Transparency and the Right to Privacy

BO information comprises, by definition, personal information and therefore has a bearing on privacy and data protection. Beneficial owners, just like any other natural persons, have the right to privacy and data protection in most jurisdictions. Nevertheless, these are often not absolute rights. This means they can be limited in certain circumstances – for example, if it is in the general interest to do so or when it conflicts with other rights. A law that enables access to and processing of this information should therefore be necessary to achieving its specified purpose, and this should be [proportional to the interference with the rights it causes](#).

Generally, a risk to privacy arises from information being misused for the intended purposes. Governments can take various approaches to prevent and detect misuse. Governments should have already spelled out their policy objectives in the law and various supporting policy documents, as covered above. Methods to reduce misuse include providing information to certain users with a legitimate interest, particularly where this concerns access to a large amount of information and high flexibility in how this information can be searched and used. Other measures can include registration, attestations to use the data in line with specific purposes, and data licenses. While these specific measures are not likely to be included in primary legislation, broad provisions for access or designating certain user groups as having a legitimate interest by default may be.

Often, questions around designing access provisions are oversimplified to a false dichotomy of whether information should be made public or not. This has become a particularly lively debate following the [November 2022 judgment](#) by the Court of Justice of the EU ruling that the way the EU had legislated for public access to registers was legally invalid, for instance, by not limiting the amount of information member states made public.

To maximize the impact of the reforms, all actors who can use the relevant information to further a country's policy aims should have access to the information when needed. Governments must therefore strike a balance between the access to this information and its usability and the interference with the right to privacy this causes. Where this balance is will depend on the pursued policy aims, the domestic legal context and norms around privacy in society. Generally, implementing governments should consider how to safeguard rights to the greatest extent possible, without overly sacrificing the usefulness and usability of the BO information.

Creating Penalties for Noncompliance

Parliaments must ensure that legislation includes [consequences for all forms of noncompliance](#), such as failure to submit, late submission, incomplete submission and incorrectly submitted information. Persistent noncompliance and other obligations related to the disclosure regime, particularly for third parties, should also be addressed. These sanctions must apply to all individuals involved in making declarations and key figures within the corporate vehicle, including beneficial owners, declarants, company officers and the declaring corporate vehicle. The responsible authorities for enforcing sanctions, including the registrar, should be clearly determined in the legislation, and the registrar should possess the capability to issue basic administrative sanctions. To be effective, sanctions, whether administrative or criminal, should be proportionate, dissuasive and enforceable. Striking a balance between financial and nonfinancial sanctions is crucial; while financial penalties should be set sufficiently high, evidence suggests that nonfinancial sanctions, such as restricting business transactions with noncompliant entities or barring them from participating in public procurement, can be more impactful in ensuring compliance.

OVERSEEING BENEFICIAL OWNERSHIP TRANSPARENCY

Parliaments must play a pivotal role in overseeing the effective implementation of BOT reforms by scrutinizing government policies, assessing funding allocations and investigating potential departure from the goals and the implementation of the reforms. Crucially, legislatures are responsible for holding relevant authorities accountable, using measures such as summoning officials, conducting public hearings and reporting findings, as explained below. Parliamentarians can also try to leverage the information derived from analyses of collected BO data to bolster scrutiny of government actions, especially in areas such as enforcing ethical standards and overseeing public projects and appointments.

Legislatures are responsible for holding relevant authorities accountable, using measures such as summoning officials, conducting public hearings and reporting findings

Budgetary Oversight



The North Macedonian Assembly's Hall Macedonia. Source: NDI

Parliaments can ensure the effective implementation of BOT reforms by actively participating in budget formulation. They play a crucial role in securing adequate budget allocations for maintaining the BO database, ensuring that necessary human and financial resources are allocated during both the budget formulation and implementation phases. For example, in its June 2022 mid-year budget review, the Canadian parliament's Banking, Commerce and the Economy Committee [recommended the government allocate](#) “enough financial and human resources for the enforcement and prosecution of criminal activities uncovered through analysis of the information gathered in the registry.” Parliaments may also ask the government to consider and report on various costing options for the sustainability of the BO registry while ensuring that basic access remains free of charge or that any cost-recovery approaches do not undermine impact. For instance, the U.K.'s Companies House [funds the BO registry](#) through fees for business incorporation, North Macedonia through [user access fees](#) for AML-regulated entities while other countries (including Nigeria, Kenya and others) rely on annual budget appropriations to fund the functioning of the registry.

Parliaments may also ask the government to consider and report on various costing options for the sustainability of the BO registry

Post-Legislative Scrutiny (PLS)

Parliaments can conduct [post-legislative scrutiny](#) to comprehensively track the impact of BOT reforms. This involves assessing the outcomes and effectiveness of the implemented laws, including by requesting impact assessments from relevant authorities – such as the post-implementation [review](#) conducted in 2019 in the U.K. Through PLS, legislatures can identify gaps or potential adverse effects, ensuring that the reforms fulfill their intended purposes. This process is vital, especially considering that BOT reforms are relatively new, and their impact is continually evolving.

Drafting Secondary Legislation

Parliaments can actively oversee the drafting of secondary legislation by the government to ensure that it aligns with the legal frameworks and policy goals established in the primary legislation. This involves confirming that the right beneficial ownership information is collected and the process remains clear and accessible to disclosing entities. Regular updates on regulatory efforts and their impact can be demanded using parliamentary oversight tools. For example, [legislators held a hearing](#) in the U.S. to learn more about delayed BOT rulemaking efforts from the executive branch agency Financial Crimes Enforcement Network (FinCEN).

Parliamentary Questions and Interpellations

Parliaments can use parliamentary questions and interpellations as effective tools to track the progress of BOT reforms. Committees focused on anti-corruption or oversight can use these mechanisms to verify that the government is adhering to a clear roadmap for BOT implementation. Additionally, legislatures can request the government to develop national risk assessments, specifically considering the role of BOT in addressing applicable risks. For example, the U.S. Congress mandated in the 2021 U.S. National Defense Authorization Act that the U.S. Treasury Department conduct a study on how works of art can facilitate money laundering and terrorist finance. Section [6110\(c\)](#), as part of the Anti-Money Laundering Act of 2020, “directs the U.S. Department of the Treasury to study the facilitation of money laundering (ML) and terror finance (TF) through the trade in works of art” as well as “complete its ongoing work to close outstanding gaps in the U.S. AML/CFT regime related to [beneficial ownership](#).”

Committees

Parliamentary committees, especially those focused on anti-corruption or oversight, can actively engage in oversight efforts. Committees can demand regular updates from the government on various aspects, including reporting guidelines, data verification processes and the streamlined usage of BOT data across different government institutions. Holding hearings, like the above-mentioned example in the U.S., where legislators discussed delayed BOT rulemaking efforts, allows for in-depth exploration and evaluation of the government’s actions. For example, the European Parliament Committee of Inquiry into Money Laundering, Tax Avoidance and Tax Evasion (2017) found that some company registers and local authorities do not require or share information on a company’s beneficial owners and that such companies can be used for money laundering and tax evasion. At the time of the inquiry, only six of the EU member states had implemented the required fourth anti-money laundering directive and [called on the remaining member states](#) to implement the directive urgently.

Reports and Requests

Parliaments can request comprehensive reports from the government detailing the impact and usage data of BOT reforms. These reports, when presented to the public, contribute to transparency and accountability. For instance, the U.K. House of Commons actively requests updates on BOT implementation, [especially in the British overseas territories and Crown Dependencies](#), emphasizing the importance of parliamentary involvement.

Committees of Inquiry

Parliaments can initiate committees of inquiry into money laundering, corruption or related issues. Such committees can specifically request information about and assess the impact of BOT reforms in particular areas. One example is the [Cullen Commission](#) of Inquiry into Money Laundering in British Columbia, Canada. The Commission's [final report](#) in 2022 recommended the establishment of a publicly accessible pan-Canadian corporate beneficial ownership registry, which the Canadian government is [working toward](#) in 2024. Another example is the European Parliament [Committee of Inquiry into Money Laundering, Tax Avoidance and Tax Evasion](#), which identified gaps in beneficial ownership information sharing and called for urgent implementation of required directives.

Delegated Authorities

Parliaments can exercise scrutiny over how the executive handles BOT reforms, ensuring a consultative approach involving various actors. Requesting reports from agencies, organizing public hearings, and inviting experts and civil society representatives to share independent evaluations are essential to overseeing delegated authorities. Regular consultations with disclosing entities can provide valuable insights into the impact of reforms.

Using BO Information

Parliaments can leverage BO data for diverse oversight activities in other sectors. This includes using the information when assessing candidates for high-level offices (for instance, by verifying the accuracy of their asset disclosures), understanding industry competition, scrutinizing public contracting projects and conducting national security assessments. The multifaceted use of BO data can also enhance the effectiveness of parliamentary oversight in various domains.

“The multifaceted use of BO data can also enhance the effectiveness of parliamentary oversight in various domains.”

CONCLUSION

When implemented effectively, BOT has great potential to improve governance and accountability, and to curb all sorts of illicit activities – such as tax evasion, money laundering, procurement fraud and much more. Good legislation – with robust definitions of beneficial ownership, clear access provisions and penalties for noncompliance – provides a solid foundation for effective reforms, allowing countries to reap the full benefits of BOT reform. Parliaments play a key role in enacting these reforms and overseeing their implementation to ensure they produce the intended outcomes.

Sources

Armstrong, Kadie and Stephen Abbott Pugh. “Using reliable identifiers for corporate vehicles in beneficial ownership data.” Open Ownership, October 2023.

<https://www.openownership.org/en/publications/using-reliable-identifiers-for-corporate-vehicles-in-beneficial-ownership-data/>.

Barron, Michael, and Tim Law. “Beneficial Ownership Transparency - Exploring the Private Sector Use Case.” Center for International Private Enterprise, August 30, 2023.

<https://www.cipe.org/resources/beneficial-ownership-transparency-exploring-the-private-sector-use-case/>.

Barry, Angus. “Exploring Patterns of Beneficial Ownership Reform.” Open Ownership, February 8, 2024.

<https://www.openownership.org/en/blog/exploring-patterns-of-beneficial-ownership-reform/>.

“Business Ready (B-Ready).” World Bank. Accessed March 19, 2024.

<https://www.worldbank.org/en/businessready>.

Cullen, Austin F. “Commission of Inquiry into Money Laundering in British Columbia,” June 3, 2022.

<https://cullencommission.ca/files/reports/CullenCommission-FinalReport-Full.pdf>.

Ime, Favour and Tymon Kiepe. “Guide to drafting effective legislation for beneficial ownership transparency.” Open Ownership, August 2024.

<https://www.openownership.org/en/publications/guide-to-drafting-effective-legislation-for-beneficial-ownership-transparency/>.

“Global Coalition to Fight Financial Crime Position Paper on Beneficial Ownership Transparency.” Open Ownership, August 26, 2021.

<https://www.openownership.org/en/publications/gcffc-beneficial-ownership-transparency-position-paper/>.

Hartmann, Till. Beneficial Ownership Registers: Implementation Insights and Emerging Frontiers. Equitable Growth, Finance & Institutions Insight. Washington, D.C.: World Bank, 2024.

<https://doi.org/10.1596/41470>.

Kaur Chhina, Ramandeep and Tymon Kiepe. “Defining and capturing information on the beneficial ownership of listed companies.” Open Ownership, March 2024.

<https://www.openownership.org/en/publications/defining-and-capturing-information-on-the-beneficial-ownership-of-publicly-listed-companies/>.

Kaur Chhina, Ramandeep and Tymon Kiepe. “Designing sanctions and their enforcement for beneficial ownership disclosure.” Open Ownership, April 2022.

<https://www.openownership.org/en/publications/designing-sanctions-and-their-enforcement-for-beneficial-ownership-disclosure/>.

Kiepe, Tymon. “Beneficial Ownership Data in Procurement: Beyond Transparency and Accountability.” Open Ownership, March 15, 2021.

<https://www.openownership.org/en/blog/beneficial-ownership-data-in-procurement-beyond-transparency-and-accountability/>.

Kiepe, Tymon, Victor Ponsford, and Louise Russell-Prywata. “Early Impacts of Public Beneficial Ownership Registers: Slovakia.” Open Ownership, October 1, 2020.

<https://www.openownership.org/en/publications/early-impacts-of-public-beneficial-ownership-registers-slovakia/slovakias-innovative-approach/>.

Kiepe, Tymon. “Striking a Balance: Towards a More Nuanced Conversation about Access to Beneficial Ownership Information.” Open Ownership, October 18, 2023.

<https://www.openownership.org/en/blog/striking-a-balance-towards-a-more-nuanced-conversation-about-access-to-beneficial-ownership-information/>.

Kiepe, Tymon. “Using Beneficial Ownership Data for National Security.” Open Ownership, December 17, 2021.

<https://www.openownership.org/en/publications/using-beneficial-ownership-data-for-national-security/preventing-interference-governance-systems-rule-law/>.

Kofod, Jeppe, and Petr Ježek. “REPORT on the Inquiry into Money Laundering, Tax Avoidance and Tax Evasion | A8-0357/2017 | European Parliament.” European Parliament, November 16, 2017.

https://www.europarl.europa.eu/doceo/document/A-8-2017-0357_EN.html#_section1.

Koker, Louis de, John Howell, and Nicholas Morris. “Economic Consequences of Greylisting by the Financial Action Task Force.” Risks 11, no. 5 (May 2023): 81.

<https://doi.org/10.3390/risks11050081>.

Maslen, Caitlin. “The Impact of Grey Listing by the Financial Action Task Force (FATF).” U4 Anti-Corruption Resource Centre, October 24, 2023.

<https://www.u4.no/publications/the-impact-of-grey-listing-by-the-financial-action-task-force-fatf>.

Markle, Alanna, and Tymon Kiepe. “Who Benefits? How Company Ownership Data Is Used to Detect and Prevent Corruption.” Open Ownership, December 5, 2022.

<https://www.openownership.org/en/publications/who-benefits-how-company-ownership-data-is-used-to-detect-and-prevent-corruption/using-beneficial-ownership-data-to-reduce-corruption/>.

Markle, Alanna. “Shining a Light on Company Ownership: The Role of Beneficial Ownership Transparency in the Energy Transition.” Open Ownership, March 31, 2022.

<https://www.openownership.org/en/publications/shining-a-light-on-company-ownership-the-role-of-beneficial-ownership-transparency-in-the-energy-transition/building-transparency-and-accountability-into-the-energy-transition/>.

Open Ownership. “Access - Sufficient Information Should Be Accessible to All Data Users without Undue Restrictions.” Open Ownership. Accessed March 19, 2024.

<https://www.openownership.org/en/principles/access/>.

“Open Ownership Map: Worldwide Action on Beneficial Ownership Transparency.” Open Ownership. Accessed March 19, 2024.

<https://www.openownership.org/en/map/>.

Parliament, U.K. “Beneficial Ownership Registers: Overseas Territories and Crown Dependencies.” U.K. Parliament - Hansard, December 7, 2023.

<https://hansard.parliament.uk/commons/2023-12-07/debates/819C04D6-19A8-4FD6-94B1-CB886A9BD1B5/BeneficialOwnershipRegistersOverseasTerritoriesAndCrownDependencies>.

Parliament of Canada. "Second Report of the Committee - 44th Parliament, 1st Session (November 22, 2021 - Present)." Senate of Canada, June 6, 2022.

<https://sencanada.ca/en/committees/BANC/Report/103311/44-1>.

Subcommittee on National Security, Illicit Finance, and International Financial Institutions. "Hearing Entitled: Potential Consequences of FinCEN's Beneficial Ownership Rulemaking." Financial Services Committee, July 18, 2023.

<https://financialservices.house.gov/calendar/eventsingle.aspx?EventID=408901>.

The Financial Action Task Force (FATF). "Beneficial Ownership of Legal Persons." FATF, March 2023.

<https://www.fatf-gafi.org/content/dam/fatf-gafi/guidance/Guidance-Beneficial-Ownership-Legal-Persons.pdf.coredownload.pdf>.

The Financial Action Task Force (FATF). "Outcomes FATF Plenary, 2-4 March 2022." FATF, March 2022.

<https://www.fatf-gafi.org/content/fatf-gafi/en/publications/Fatfgeneral/Outcomes-fatf-plenary-march-2022.html>.

UK Public General Acts. "Small Business, Enterprise and Employment Act 2015." Legislation.gov.uk, 2015. <https://www.legislation.gov.uk/ukpga/2015/26/contents/enacted>.

<https://www.legislation.gov.uk/ukpga/2015/26/contents/enacted>.

UK Public General Acts. "The Scottish Partnerships (Register of People with Significant Control) Regulations 2017." Legislation.gov.uk, 2017.

<https://www.legislation.gov.uk/uksi/2017/694/contents/made>.

UK Public General Acts. "Economic Crime (Transparency and Enforcement) Act 2022." Legislation.gov.uk, 2022.

<https://www.legislation.gov.uk/ukpga/2022/10/contents>.

UK Public General Acts. "Economic Crime and Corporate Transparency Act 2023." legislation.gov.uk, 2023. <https://www.legislation.gov.uk/ukpga/2023/56/enacted>.

<https://www.legislation.gov.uk/ukpga/2023/56/enacted>.

United Nations: Office on Drugs and Crime. "Resolutions and decisions adopted by the Conference of the States Parties to the United Nations Convention against Corruption (Resolution 9/7: Enhancing the Use of Beneficial Ownership Information to Facilitate the Identification, Recovery and Return of Proceeds of Crime)." United Nations: Office on Drugs and Crime, December 2021.

<https://www.unodc.org/unodc/en/corruption/COSP/session9-resolutions.html#Res.9-7>

WM and Sovim SA v Luxembourg Business Registers, No. Joined Cases C-37/20 and C-601/20 (European Court of Justice November 22, 2022).

<https://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX:62020CJ0037>.

Images

Image of the lock <https://www.shutterstock.com/es/image-vector/magnifying-glass-opened-padlock-icon-made-2212023579>

Image of North Macedonian Assembly: NDI

Image of Argentinian Congress [Source - Anibal Trejo on Shutterstock](#)

Image of the National Assembly of Armenia [Source - Ruslan Harutyunov on Shutterstock](#)

Checkbox graphic [Source - Natcha Rochana on Shutterstock](#)

Use Cases of Beneficial Ownership Transparency

Public contracting

Kiepe, Tymon, and Eva Okunbor. “Beneficial Ownership Data in Procurement.” Open Ownership, March 11, 2021. <https://www.openownership.org/en/publications/beneficial-ownership-data-in-procurement/>.

Corruption

UNODC, Tenth session of the Conference of the States Parties to the United Nations Convention against Corruption, <https://www.unodc.org/unodc/corruption/COSP/session10.html>.

National security

Kiepe, Tymon. “Using Beneficial Ownership Data for National Security.” Open Ownership, December 17, 2021. <https://www.openownership.org/en/publications/using-beneficial-ownership-data-for-national-security/>.

Tax

Mathias, Emmanuel, and Adrian Wardzynski. “Leveraging Anti-Money Laundering Measures to Improve Tax Compliance and Help Mobilize Domestic Revenues.” International Monetary Fund, April 21, 2023. <https://www.imf.org/en/Publications/WP/Issues/2023/04/21/Leveraging-Anti-money-Laundering-Measures-to-Improve-Tax-Compliance-and-Help-Mobilize-532652>.

Chowla, Peter, and Patricia Ann Brown. “Beneficial Ownership Information: Supporting Fair Taxation and Financial Integrity.” Policy Brief. United Nations, Financing for Sustainable Development Office, January 2023. <https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/publication/PB148.pdf>.

Extractive sector governance and the energy transition

Robinson, Mark. “Opening Extractives: How Beneficial Ownership Transparency in Extractive Sectors Helps Curb Corruption.” (blog), July 20, 2022. <https://eiti.org/blog-post/opening-extractives-how-beneficial-ownership-transparency-extractive-sectors-helps-curb>.

Rialet, Julie, and Alanna Markle. “Lessons for an Accountable Transition: Leveraging Beneficial Ownership Information for Natural Resource Governance.” Open Ownership and Extractive Industries Transparency Initiative, June 20, 2024. <https://www.openownership.org/en/publications/lessons-for-an-accountable-transition-leveraging-beneficial-ownership-information-for-natural-resource-governance/>.

Markle, Alanna, and Tymon Kiepe. “Who Benefits? How Company Ownership Data Is Used to Detect and Prevent Corruption.” Open Ownership, December 5, 2022. <https://www.openownership.org/en/publications/who-benefits-how-company-ownership-data-is-used-to-detect-and-prevent-corruption/using-beneficial-ownership-data-to-reduce-corruption/>.

Markle, Alanna. “Shining a Light on Company Ownership: The Role of Beneficial Ownership Transparency in the Energy Transition.” Open Ownership and Extractive Industries Transparency Initiative, March 31, 2022. <https://www.openownership.org/en/publications/shining-a-light-on-company-ownership-the-role-of-beneficial-ownership-transparency-in-the-energy-transition/>.

Fisheries governance

Kiepe, Tymon, and Peter Low. “Using Beneficial Ownership Information in Fisheries Governance.” Open Ownership, April 30, 2024. <https://www.openownership.org/en/publications/using-beneficial-ownership-information-in-fisheries-governance/>.

Well-functioning business environment

Business Ready: Methodology Handbook. p17-20. Washington, D.C.: World Bank Group, 2023. <https://thedocs.worldbank.org/en/doc/357a611e3406288528cb1e05b3c7dfda-0540012023/original/B-READY-Methodology-Handbook.pdf>.

Lakhani, Sadaf. “The Use of Beneficial Ownership Data by Private Entities.” Open Ownership, March 31, 2022. <https://www.openownership.org/en/publications/the-use-of-beneficial-ownership-data-by-private-entities/>.

State of play

Open Ownership. “Open Ownership Map: Worldwide Action on Beneficial Ownership Transparency.” <https://www.openownership.org/en/map/>.

Tax Justice Network. “Financial Secrecy Index 2022.” <https://fsi.taxjustice.net/>.

Global Data Barometer. “Company Information.” <https://globaldatabarometer.org/module/company/>.

Additional Resources: Implementation Guidance

Ime, Favour and Tymon Kiepe, Guide to drafting effective legislation for beneficial ownership transparency, Open Ownership, August 2024, <https://www.openownership.org/en/publications/guide-to-drafting-effective-legislation-for-beneficial-ownership-transparency/>

Open Ownership, Guide to implementing beneficial ownership transparency, expected update late 2024, <https://www.openownership.org/en/publications/guide-to-implementing-beneficial-ownership-transparency/>.

Open Ownership. “Principles for Effective Beneficial Ownership Disclosure,” January 2023. <https://www.openownership.org/en/principles/>.

Townsend, Thom. “Effective Consultation Processes for Beneficial Ownership Transparency Reform.” Open Ownership, June 20, 2020. <https://www.openownership.org/en/publications/effective-consultation-processes-for-beneficial-ownership-transparency-reform/>.

“Guidance on Beneficial Ownership of Legal Persons.” Paris: Financial Action Task Force, March 2023. <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Guidance-Beneficial-Ownership-Legal-Persons.html>.

Garde, María José, Zayda Manatta, Pineda Emilio, and Roberto De Michele. “Building Effective Beneficial Ownership Frameworks - A Joint Global Forum and IDB Toolkit.” Organisation for Economic Co-operation and Development and the Inter-American Development Bank, May 2022. <http://dx.doi.org/10.18235/0004263>.

The problem

Does de Willebois, Emile van der, Emily M. Halter, Robert A. Harrison, Ji Won Park, and J. C. Sharman. The Puppet Masters How the Corrupt Use Legal Structures to Hide Stolen Assets and What to Do About It. Washington, DC: World Bank, 2011. <https://openknowledge.worldbank.org/server/api/core/bitstreams/e80259c9-d3ca-5d16-aded-fec02a3989dd/content>

Case studies

Open Ownership, Case studies, <https://www.openownership.org/en/publication-categories/case-studies/>.



NATIONAL
DEMOCRATIC
INSTITUTE

**Open
Ownership**

