

FATF



# BEST PRACTICES ON





*Best Practices on Beneficial Ownership for Legal Persons,*

<b>ACRONYMS .....</b>	<b>3</b>
<b>Executive Summary .....</b>	<b>5</b>
<b>Section I - Introduction and key concepts.....</b>	<b>7</b>
Background and context .....	7
Scope of the paper.....	9
<b>Section II - Objectives .....</b>	<b>10</b>
FATF requirements.....	10
Relationship between R.24 and IO.5 .....	12
<b>Section III Common challenges.....</b>	<b>13</b>
Common challenges faced by countries .....	13
Challenges for specific approach.....	15
Registry Approach.....	15
Company Approach.....	17
Existing Information Approach.....	18
<b>Section IV The Suggested Effective System .....</b>	<b>21</b>
Multi-pronged approach .....	21
Roles and responsibilities of each key stakeholders .....	22
Suggested roles and responsibilities of each key stakeholder.....	23
<b>Section V Suggested key features of an effective system.....</b>	<b>26</b>
Risk assessment (relevant to core issue 5.2).....	27
Adequacy, accuracy and timeliness of information in beneficial ownership.....	31
Obliged parties to verify or/and monitor the accuracy of the information (relevant to core issue 5.3 and 5.4).....	31
Supplementary information platform in addition to company registry (relevant to core issue 5.3 and 5.4).....	37
Ongoing reporting at company level / to the reporting entities or company registry (relevant to core issue 5.3 and 5.4).....	40
Verification through different means (relevant to core issue 5.3 and 5.4).....	44
Enhanced measures for companies with foreign ownership/directorship (relevant to core issue 5.3 and 5.4).....	52
Highly effective law enforcement authorities with adequate resources (relevant to core issue 5.4) .....	55
Using technology to facilitate checking and validation (relevant to core issue 5.3 and 5.4) .....	56
Access by competent authorities ( <i>relevant to core issue 5.4</i> ).....	59
Forbidding or immobilising bearer shares and nominee arrangements ( <i>relevant to core issue 5.3</i> ) .	62
Effective, proportionate and dissuasive sanctions ( <i>relevant to core issue 5.6</i> ) .....	65
<b>Section VI Getting information on beneficial ownership of overseas entities.....</b>	<b>70</b>
<b>Section VII - Conclusion .....</b>	<b>72</b>

---

ANNEX 1: Detailed Arrangement of Mechanisms under R.24.....	73
Registry Approach .....	73
Collection and verification of information on beneficial ownership.....	73
Modalities of storage and access to that information .....	73
Supervision and enforcement of the relevant obligations .....	74
Company Approach .....	74
Collection and verification of information on beneficial ownership.....	74
Modalities of storage and access to that information .....	75
Supervision and enforcement of the relevant obligations .....	75
Existing Information Approach FIs/TCSPs and other DNFBPs.....	75
Collection and verification of information on beneficial ownership.....	75
Modalities of storage and access to that information .....	76
Supervision and enforcement of the relevant obligations .....	76
Existing Information Approach Competent authorities .....	77
Collection and verification of information on beneficial ownership.....	77
Modalities of storage and access to that information .....	78
Supervision and enforcement of the relevant obligations .....	78
Existing Information Approach Companies listed on a stock exchange.....	78
Collection and verification of information on beneficial ownership.....	78
Modalities of storage and access to that information .....	

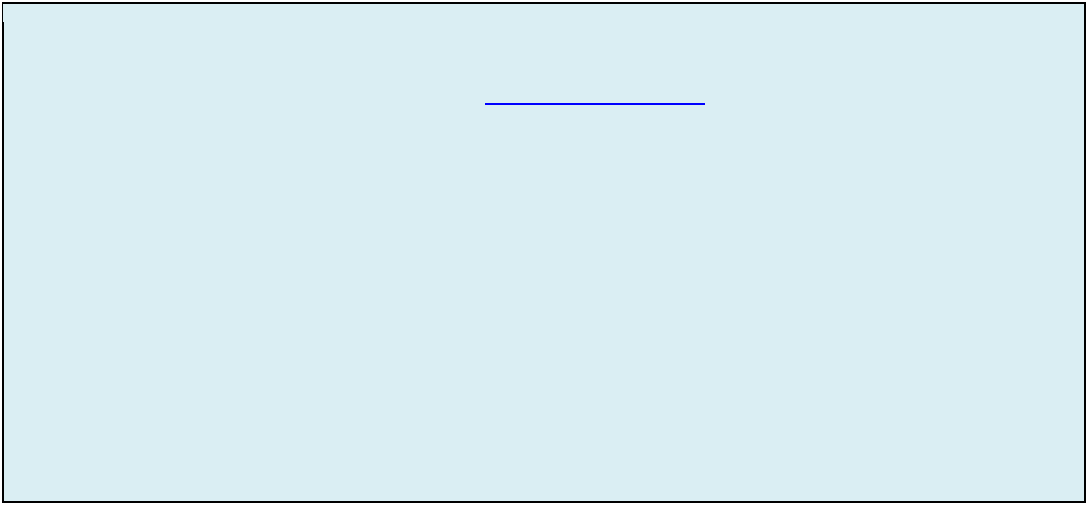




1











## FAIR Requirements

to identify the beneficial owner(s) behind legal persons, such as companies and foundations

Company Approach

Registry Approach

Existing Information Approach

mechanisms to identify owner(s) behind companies, foundations and other legal persons

Legal persons are reported from

Accurate and up-to-date basic and beneficial ownership information is available and disclosed

---

4

5

6

7

---

4

5

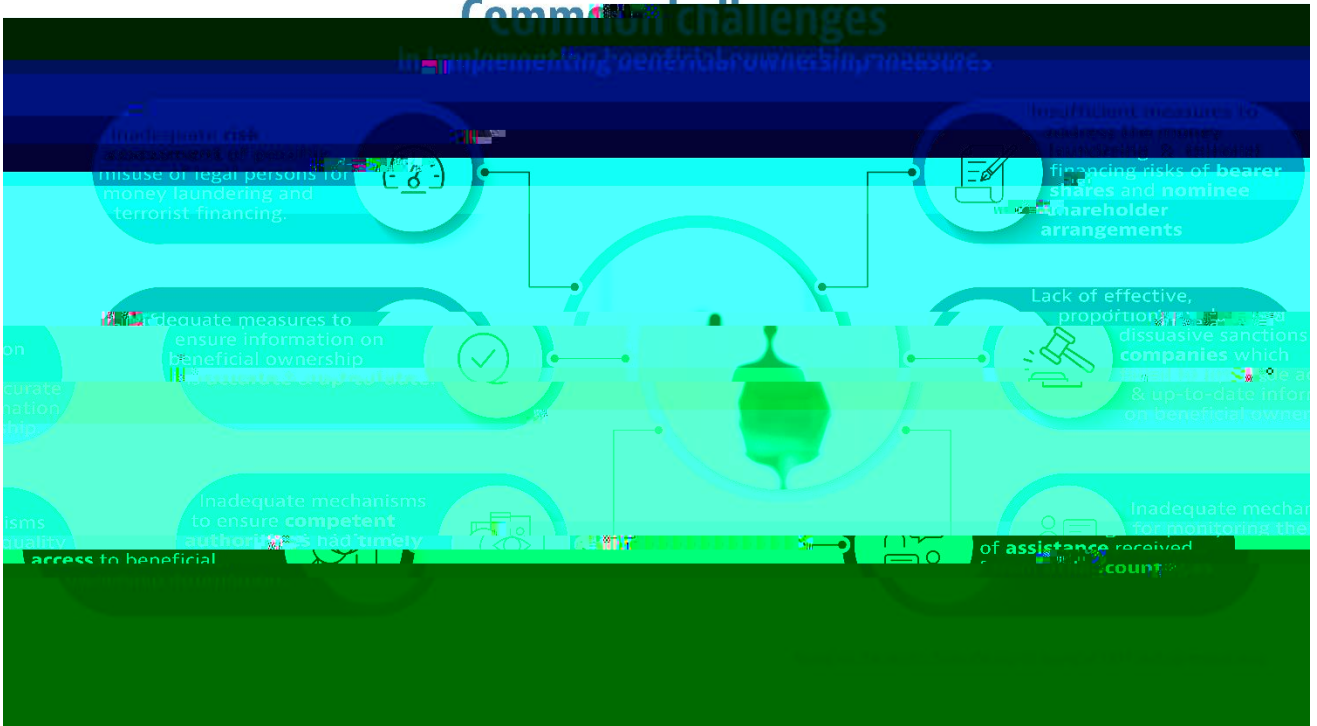
6

7



# Common challenges

## in implementing beneficial ownership measures









15  
16

17

18

19

---

17

18

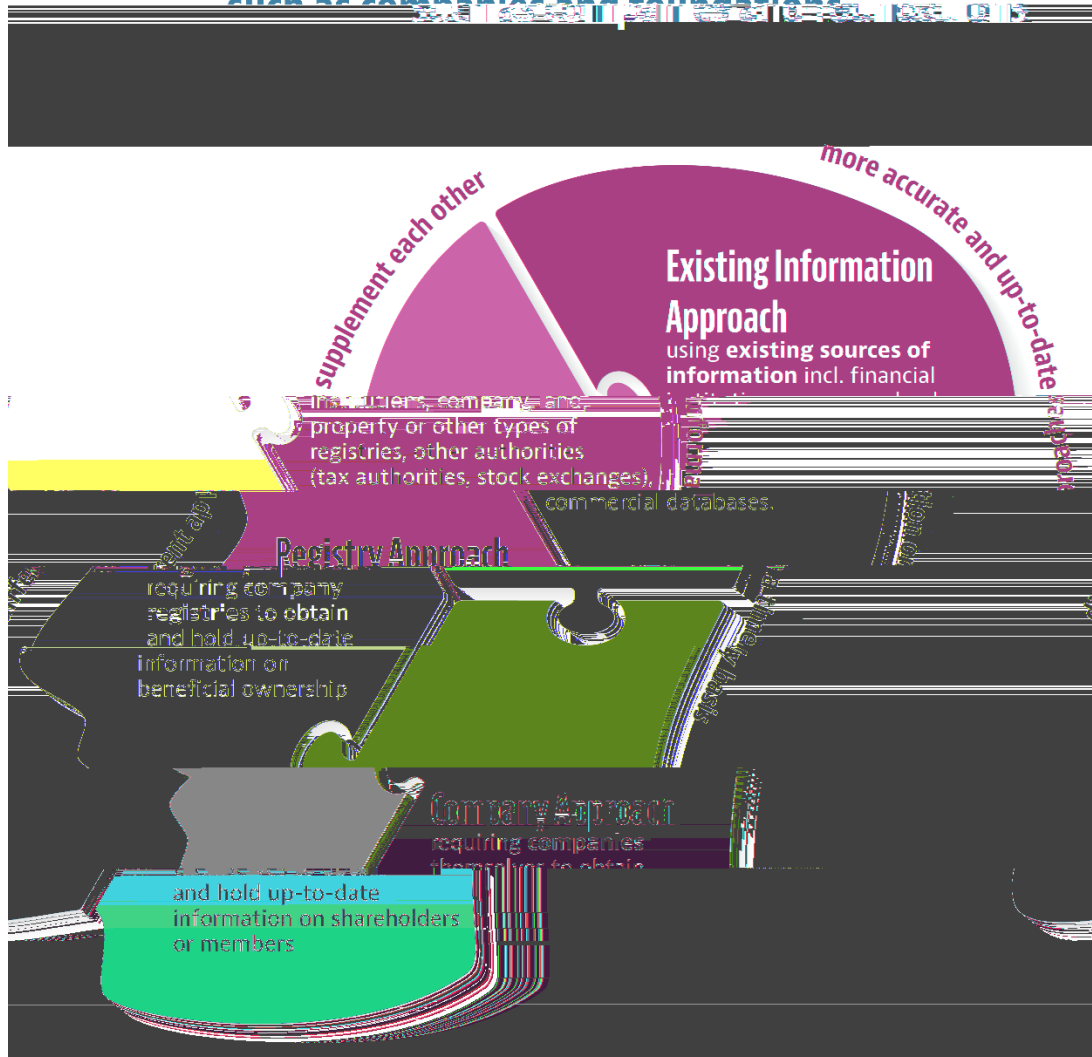
19







# Multi-pronged approach to identify the beneficial owner(s) behind legal persons, such as companies and foundations.









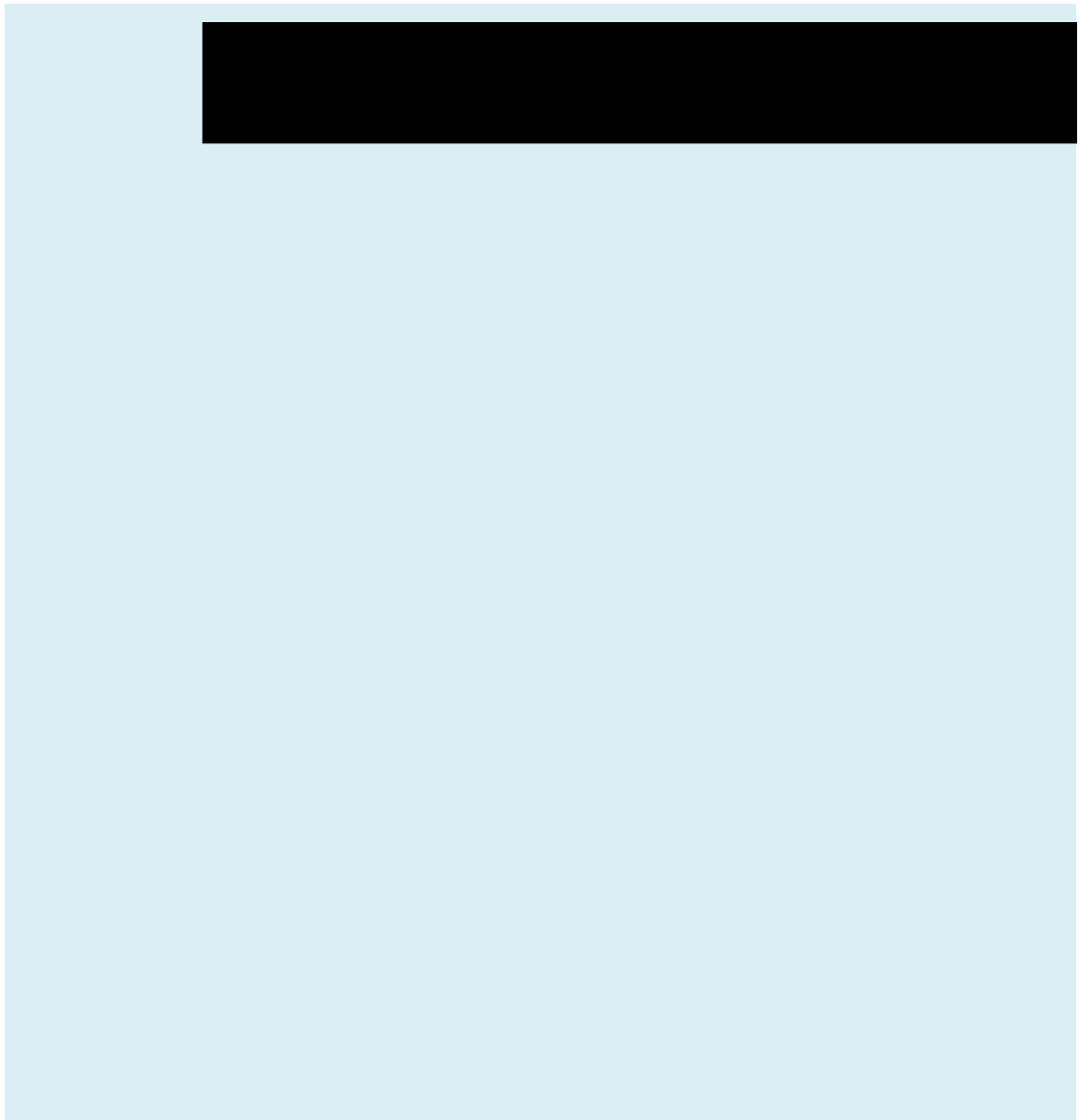


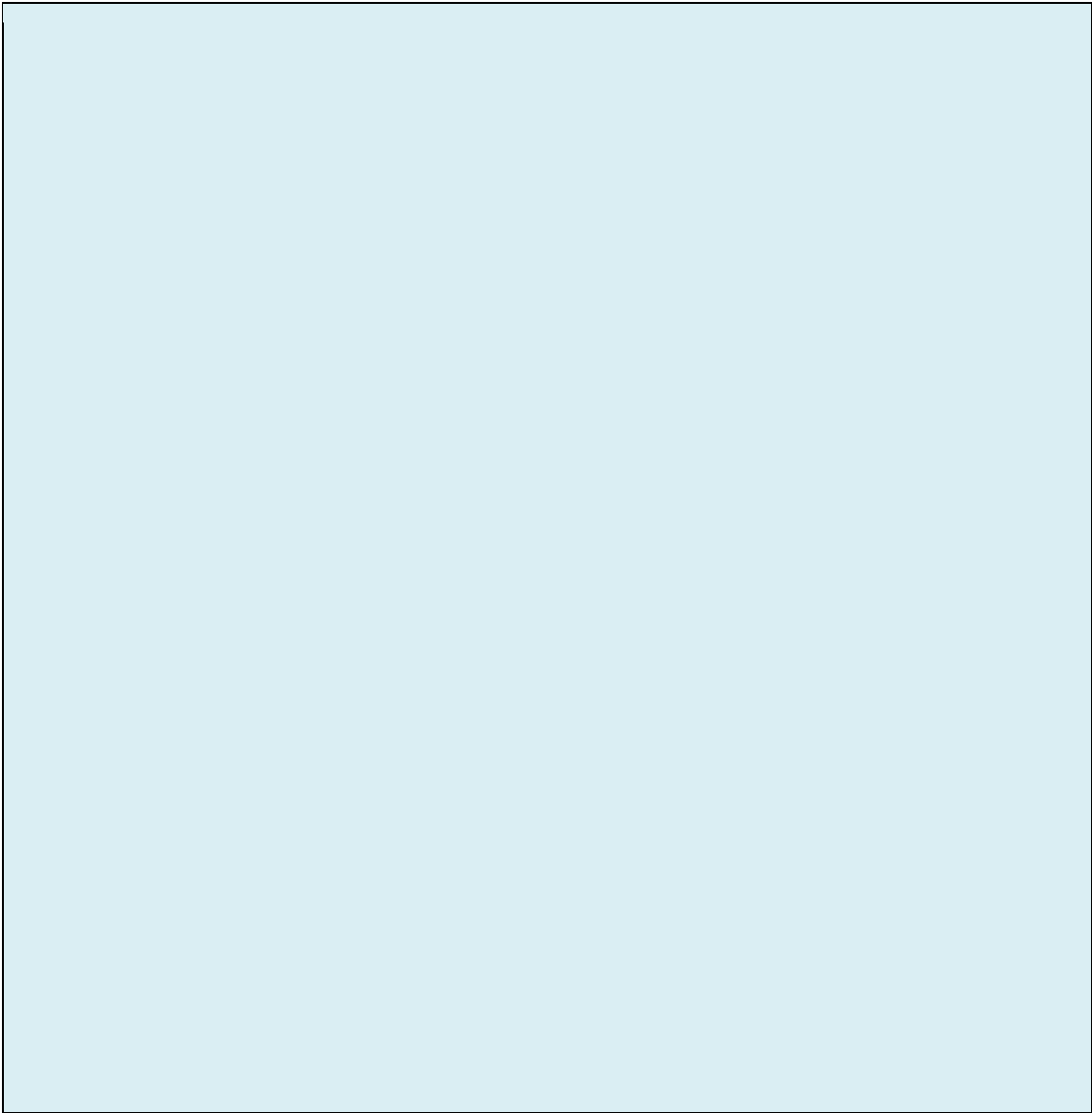


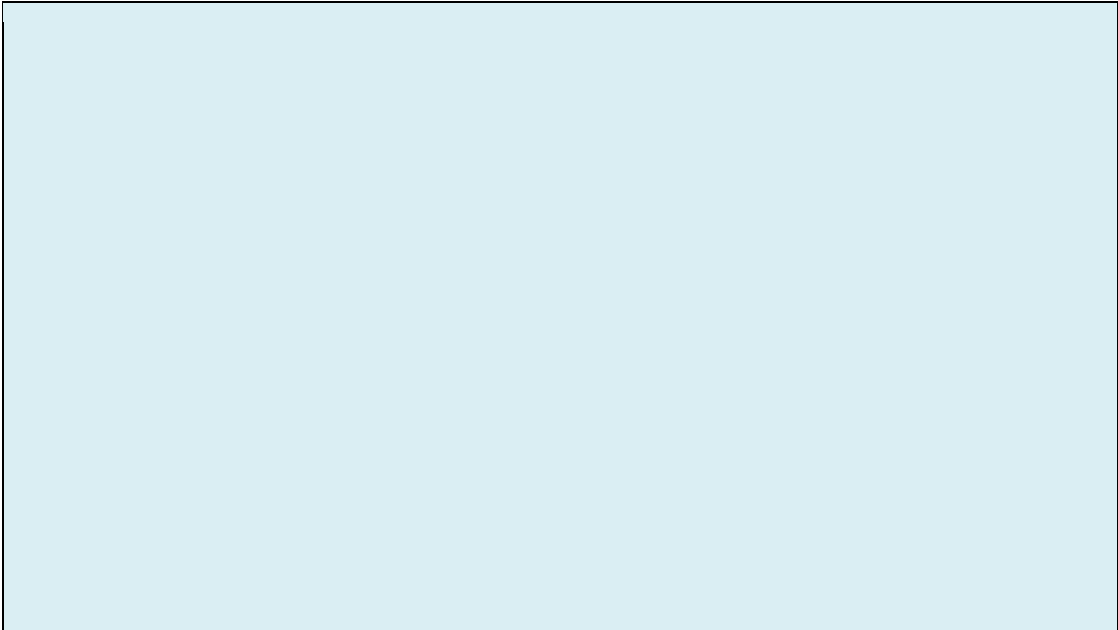
# Key features of an effective system to identify the beneficial owner(s) behind legal persons, such as companies and foundations





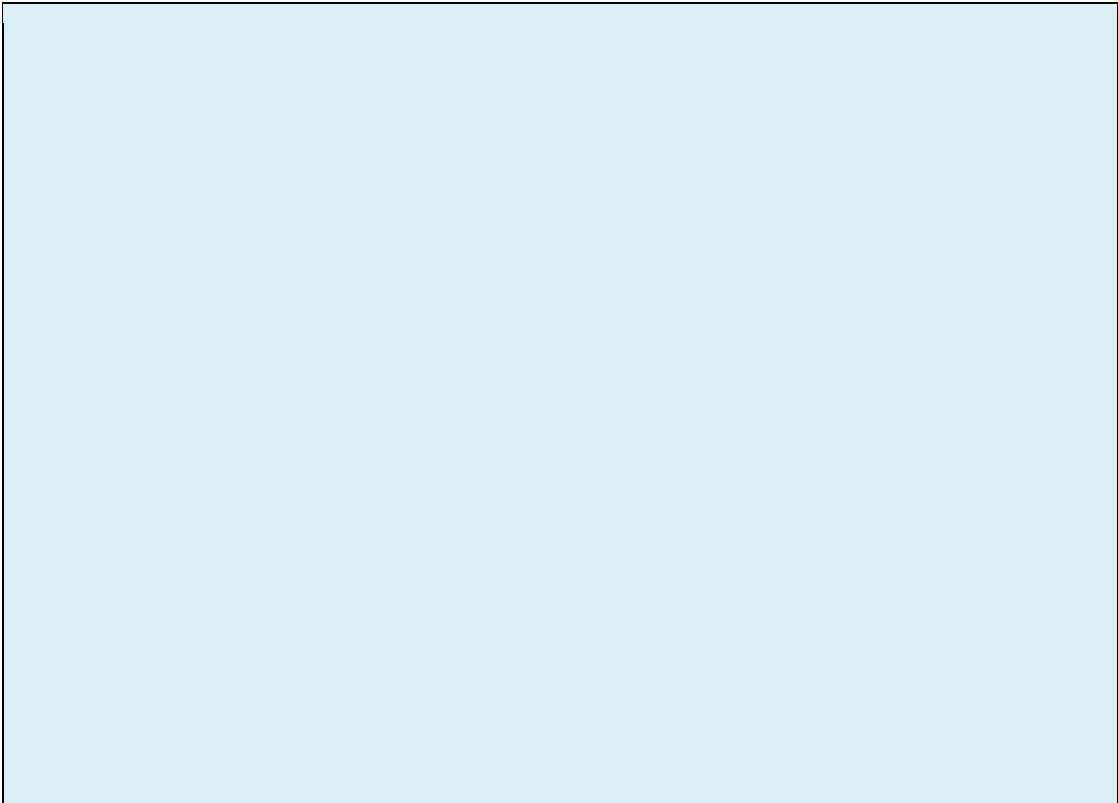




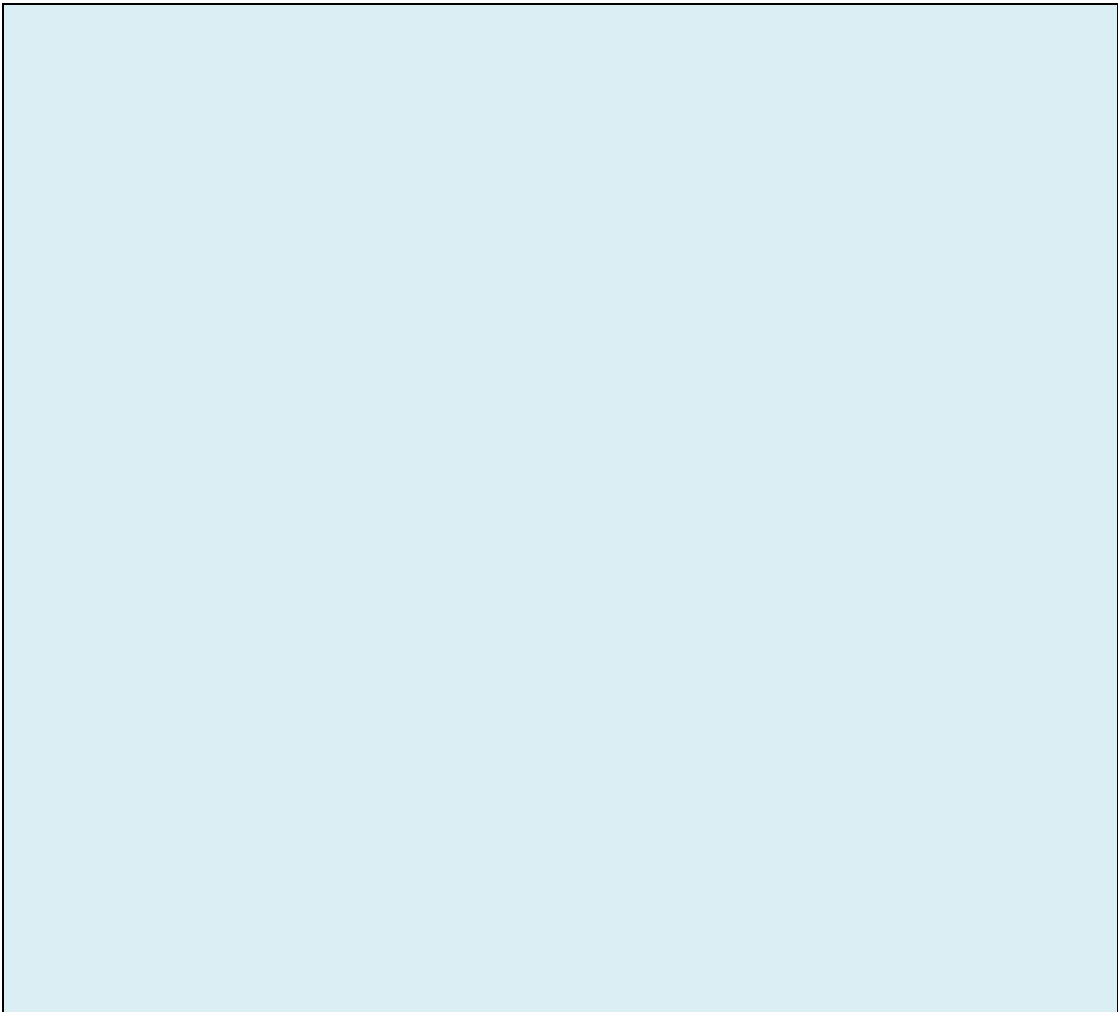
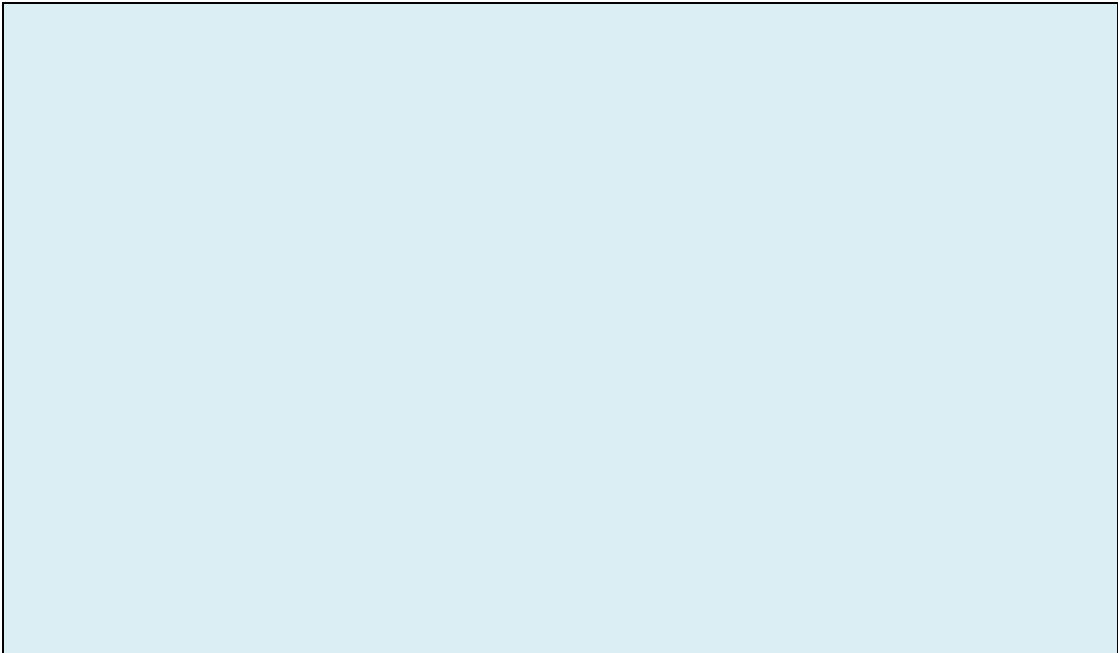




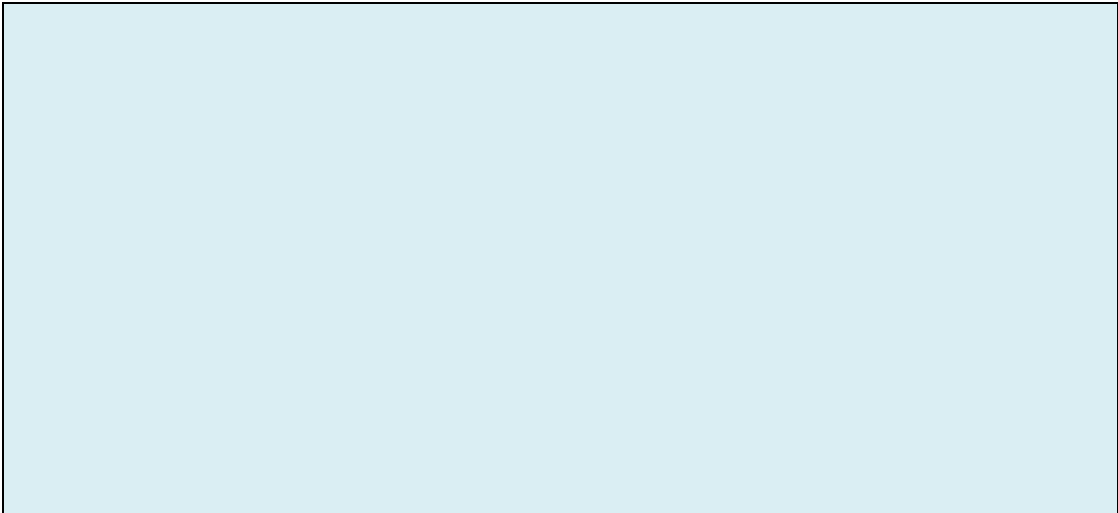
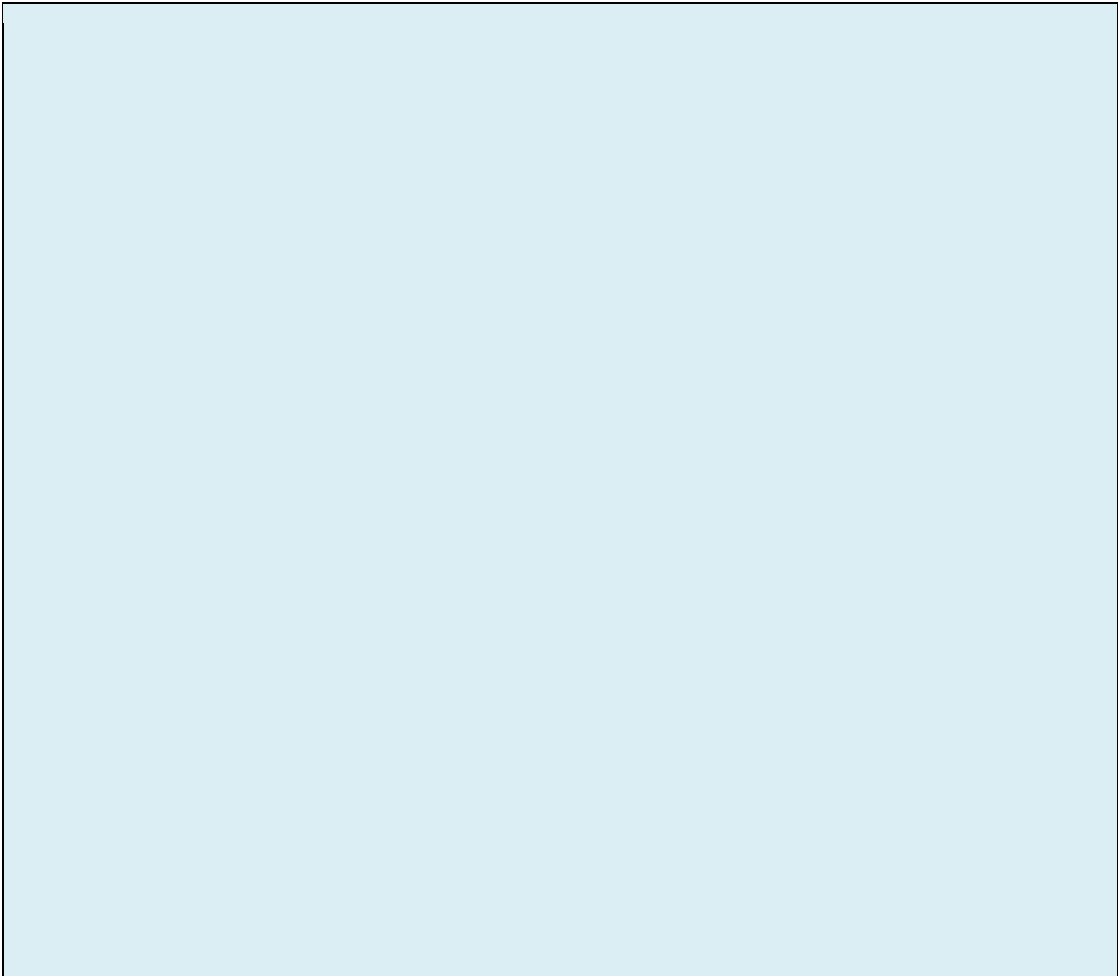




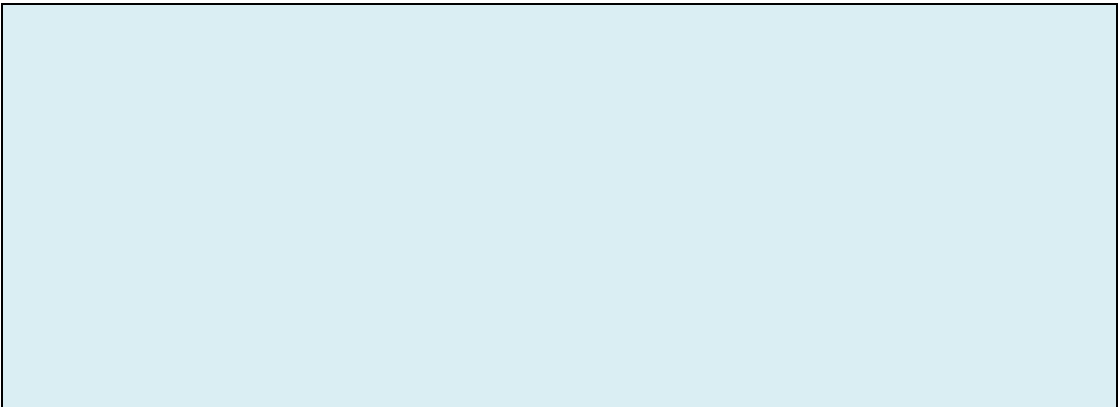
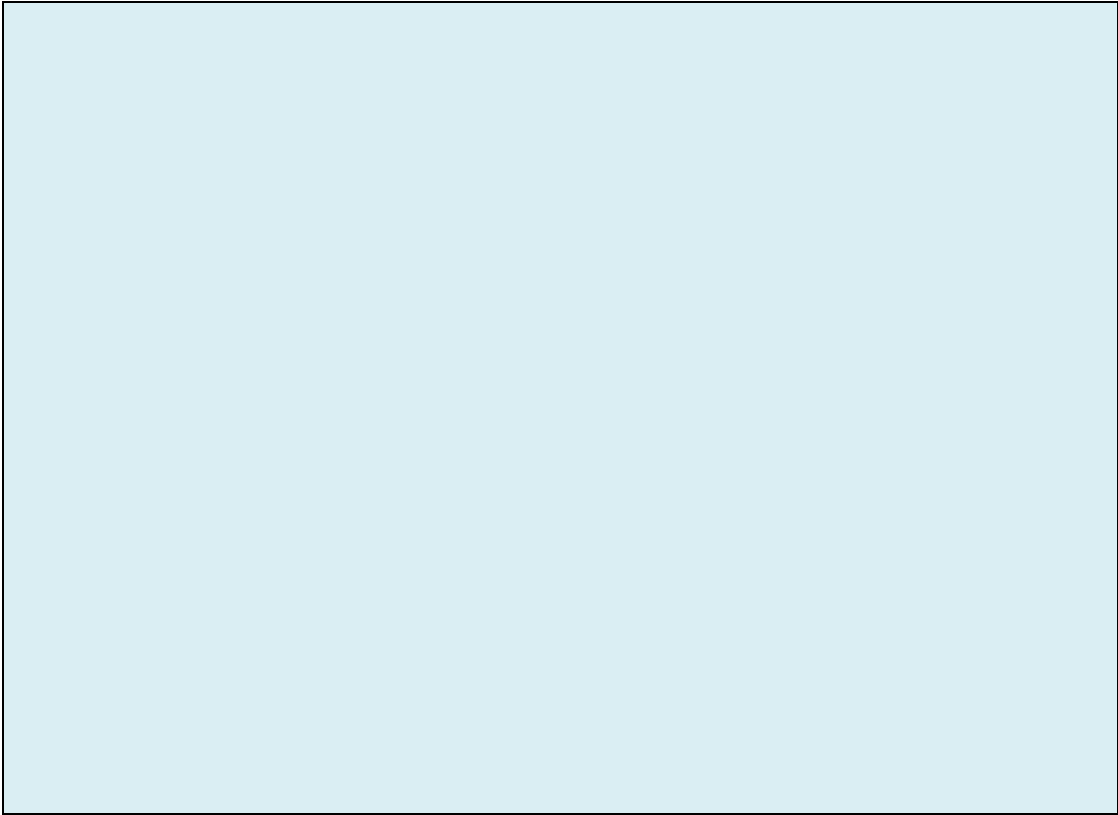




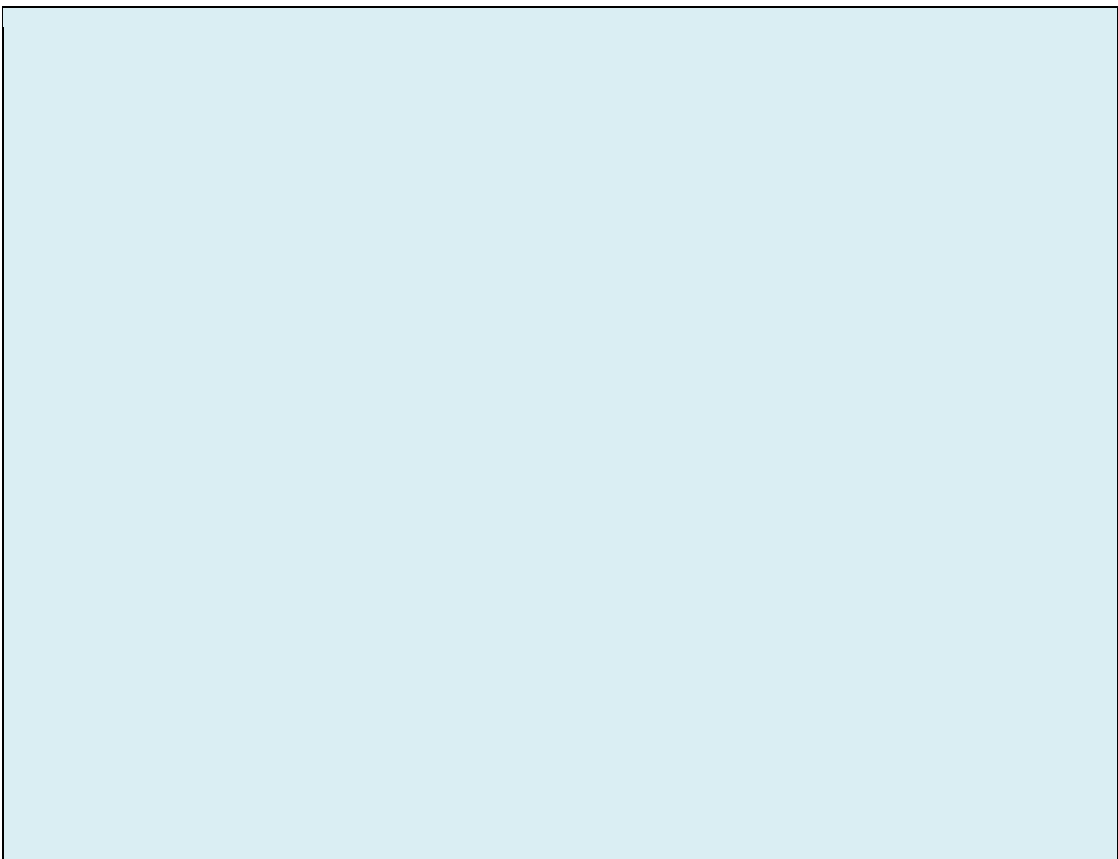
\*

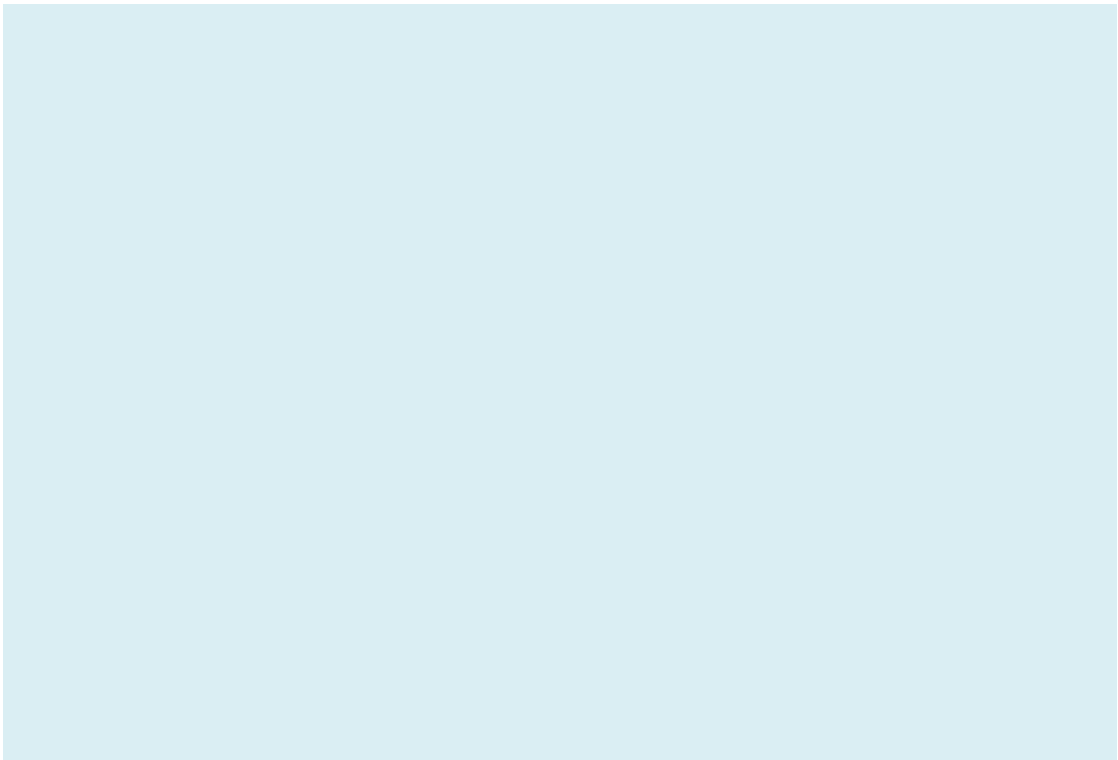


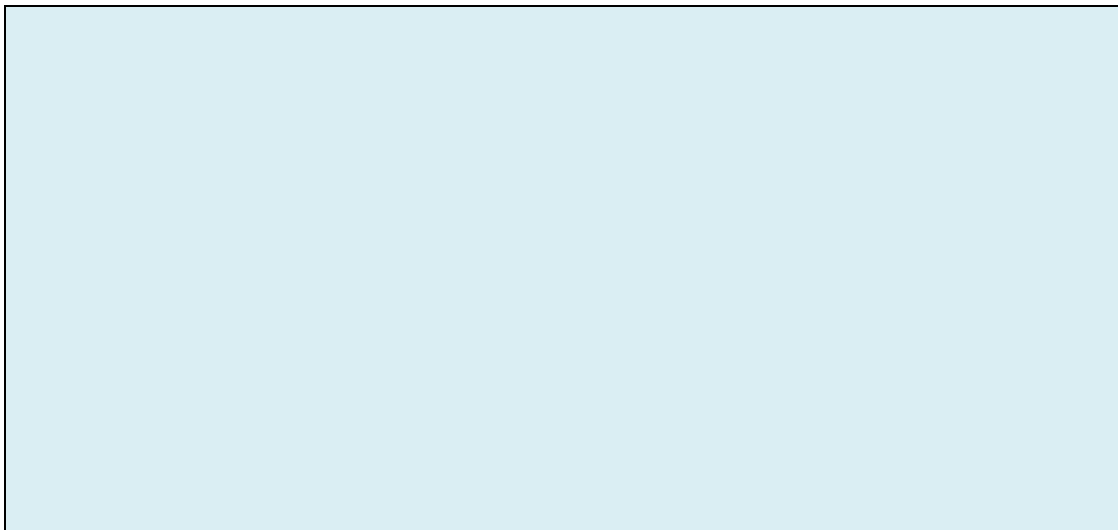
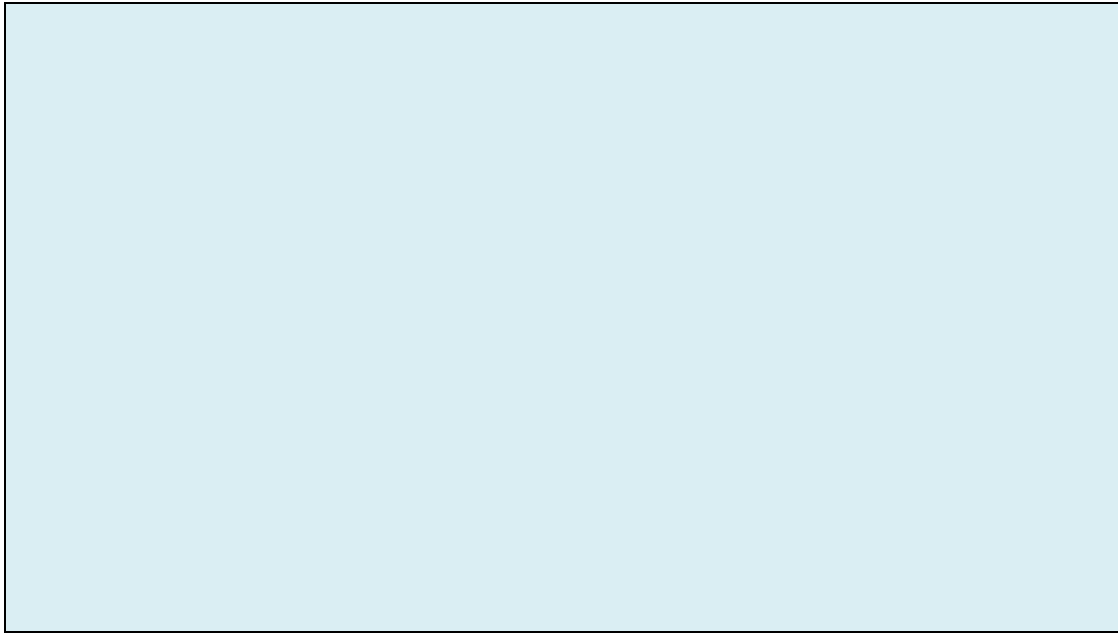


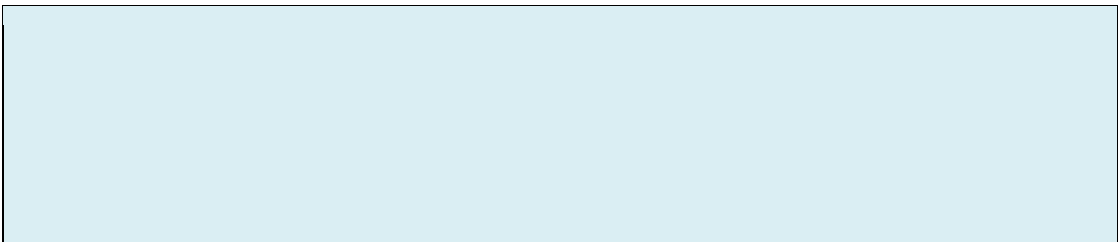
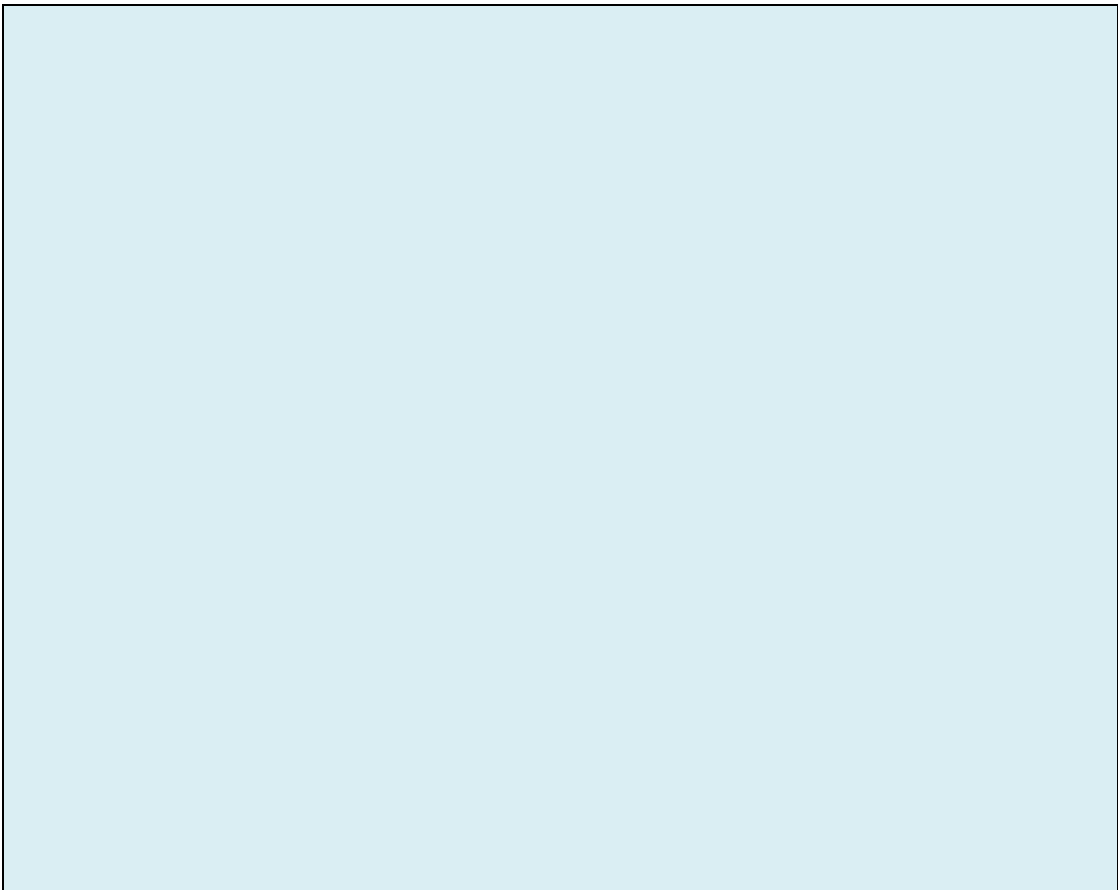
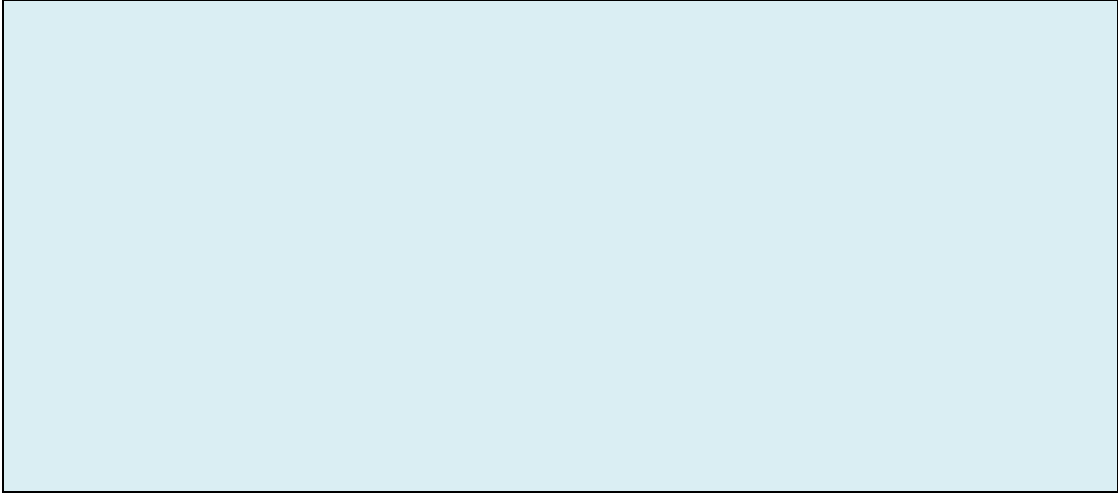


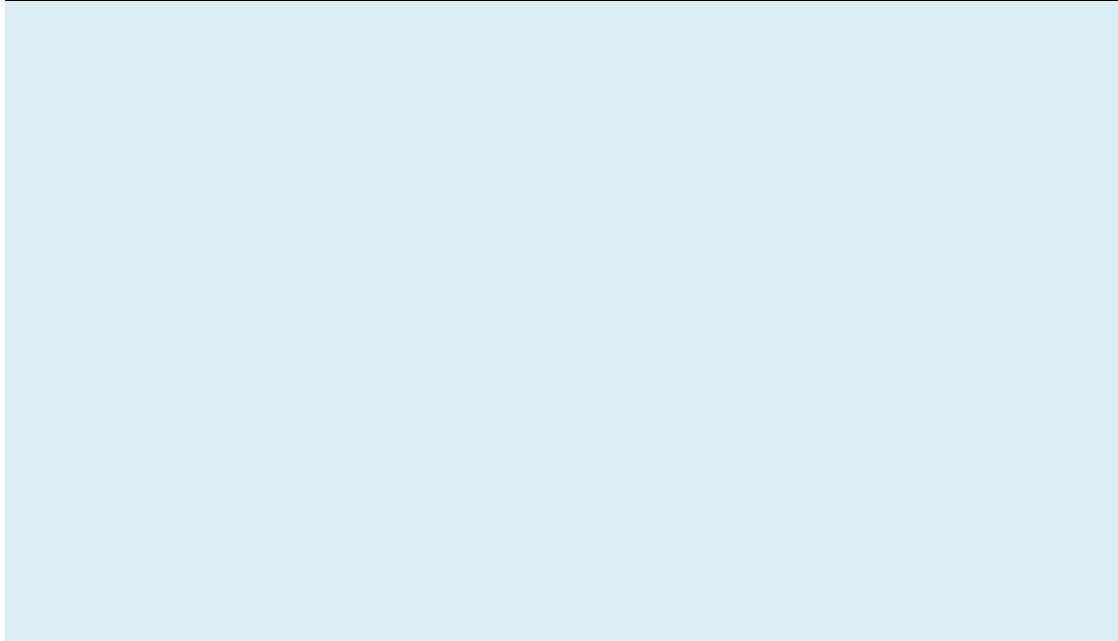






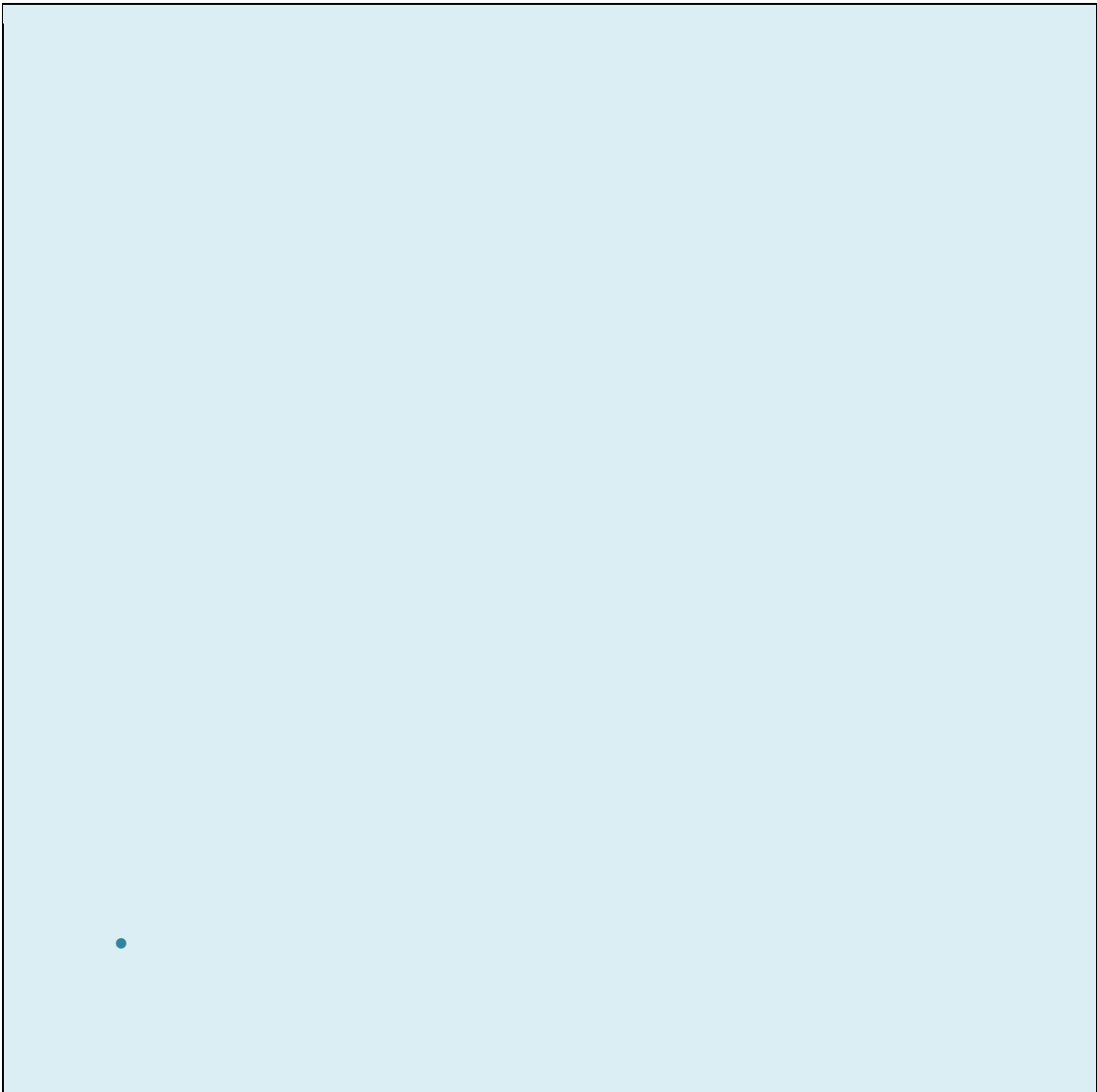
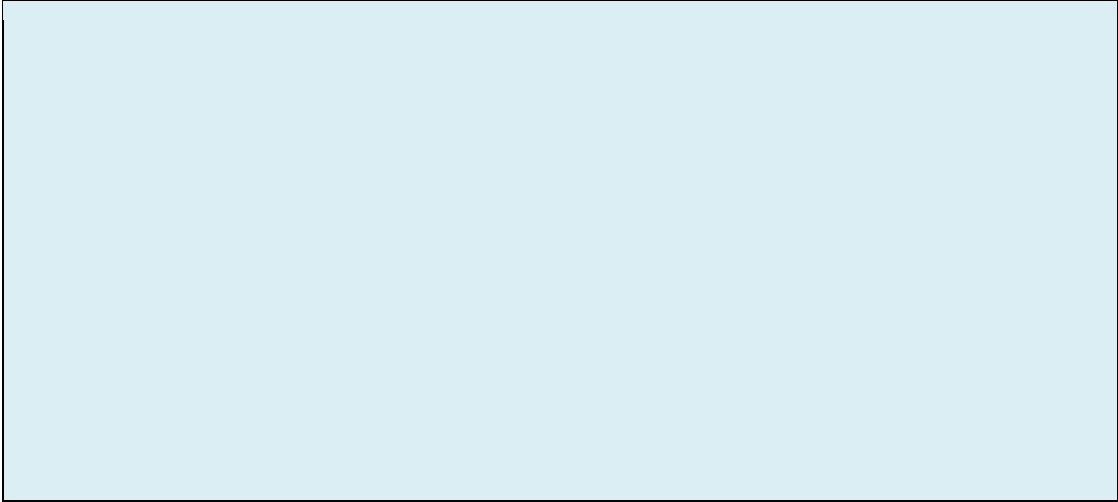




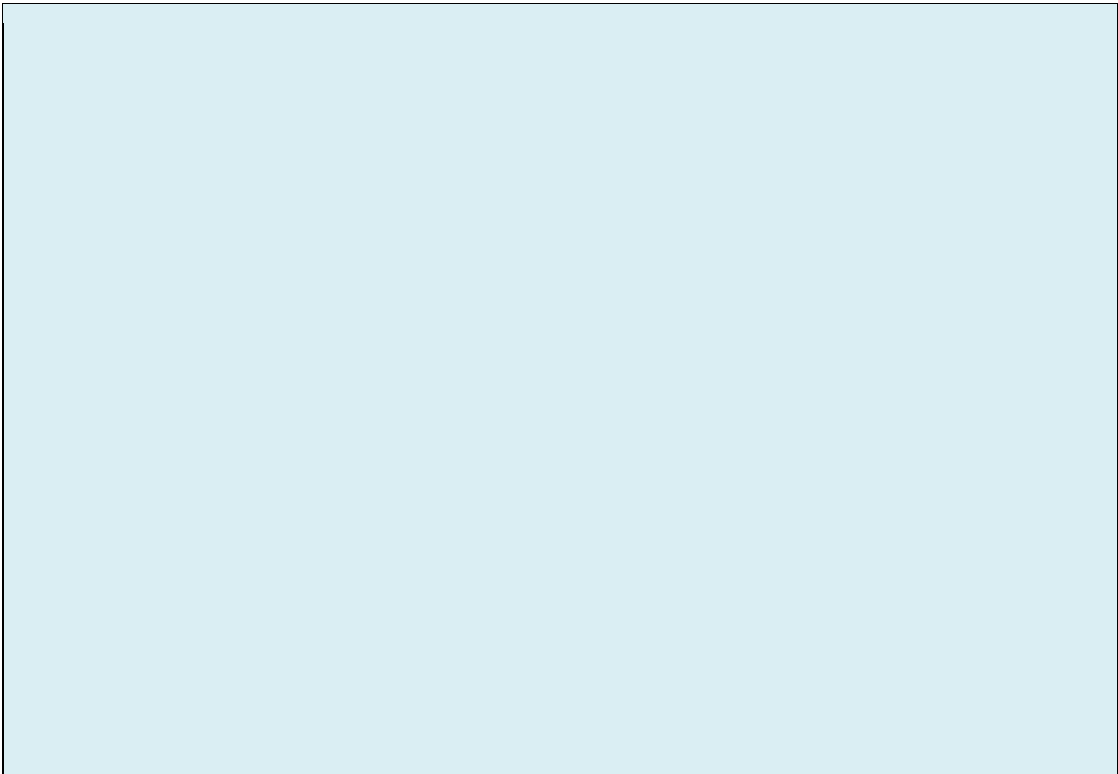




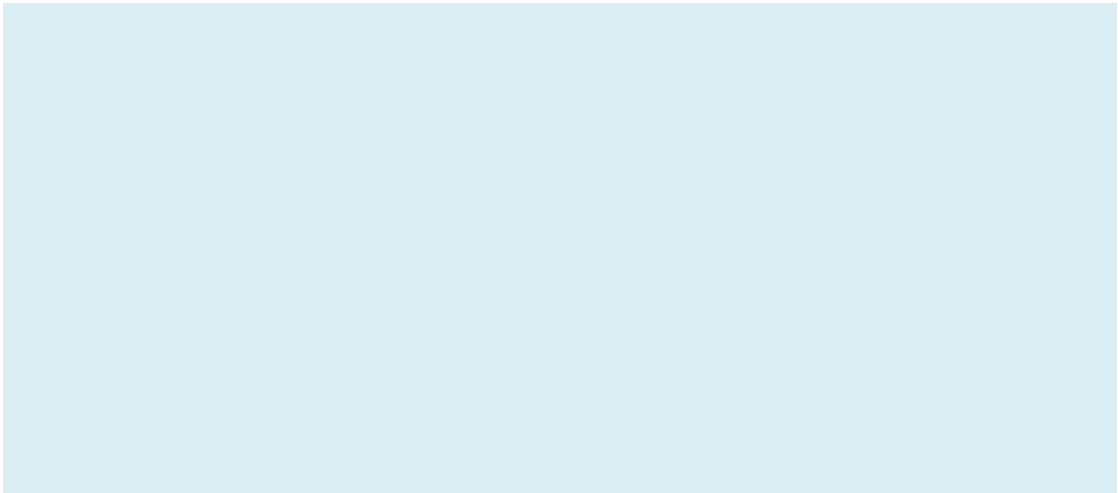
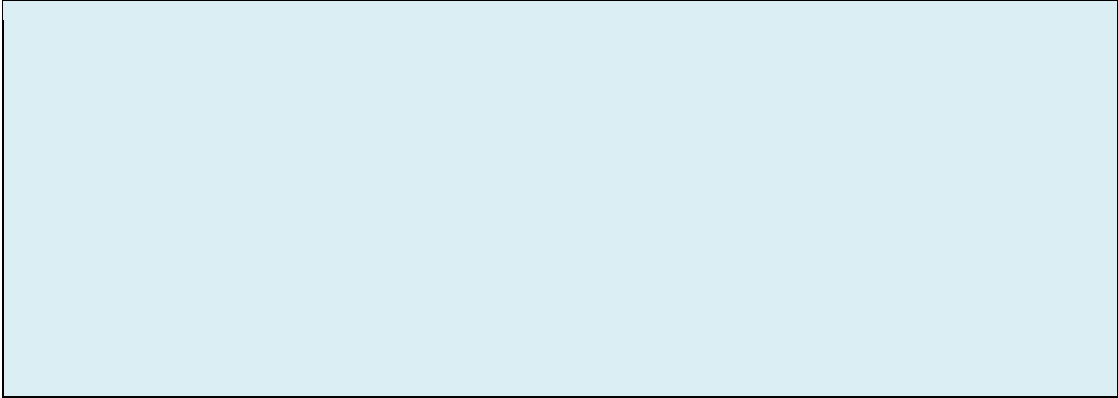


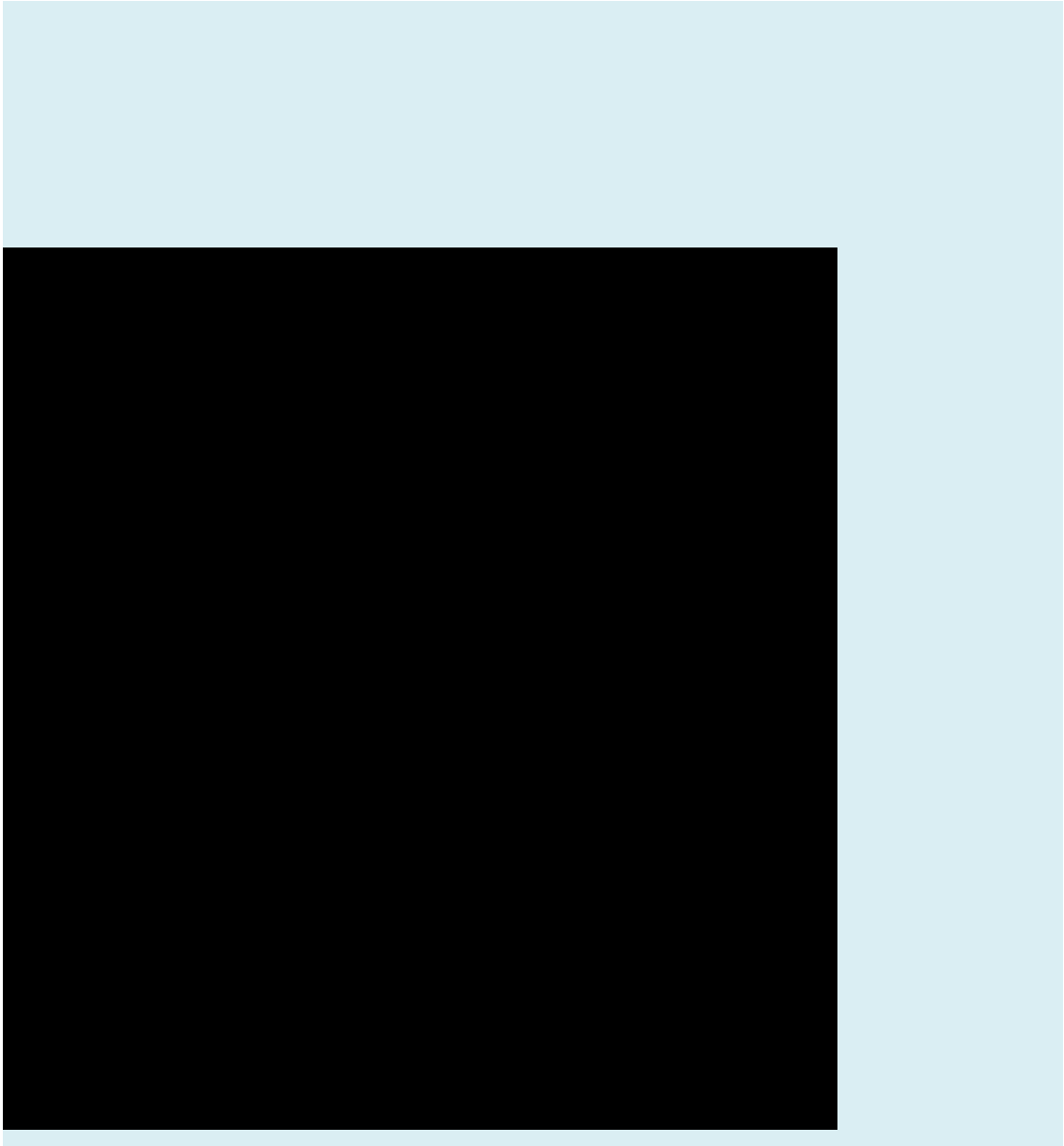
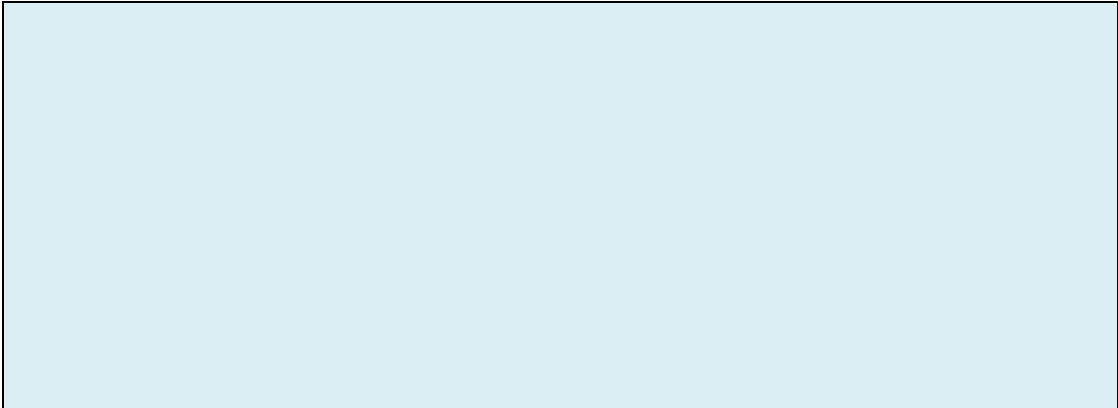


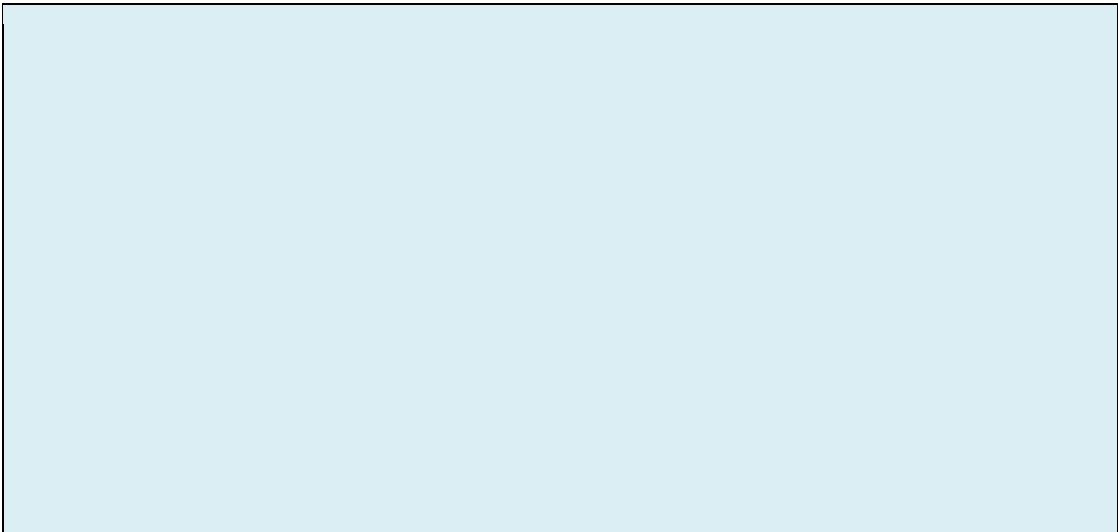
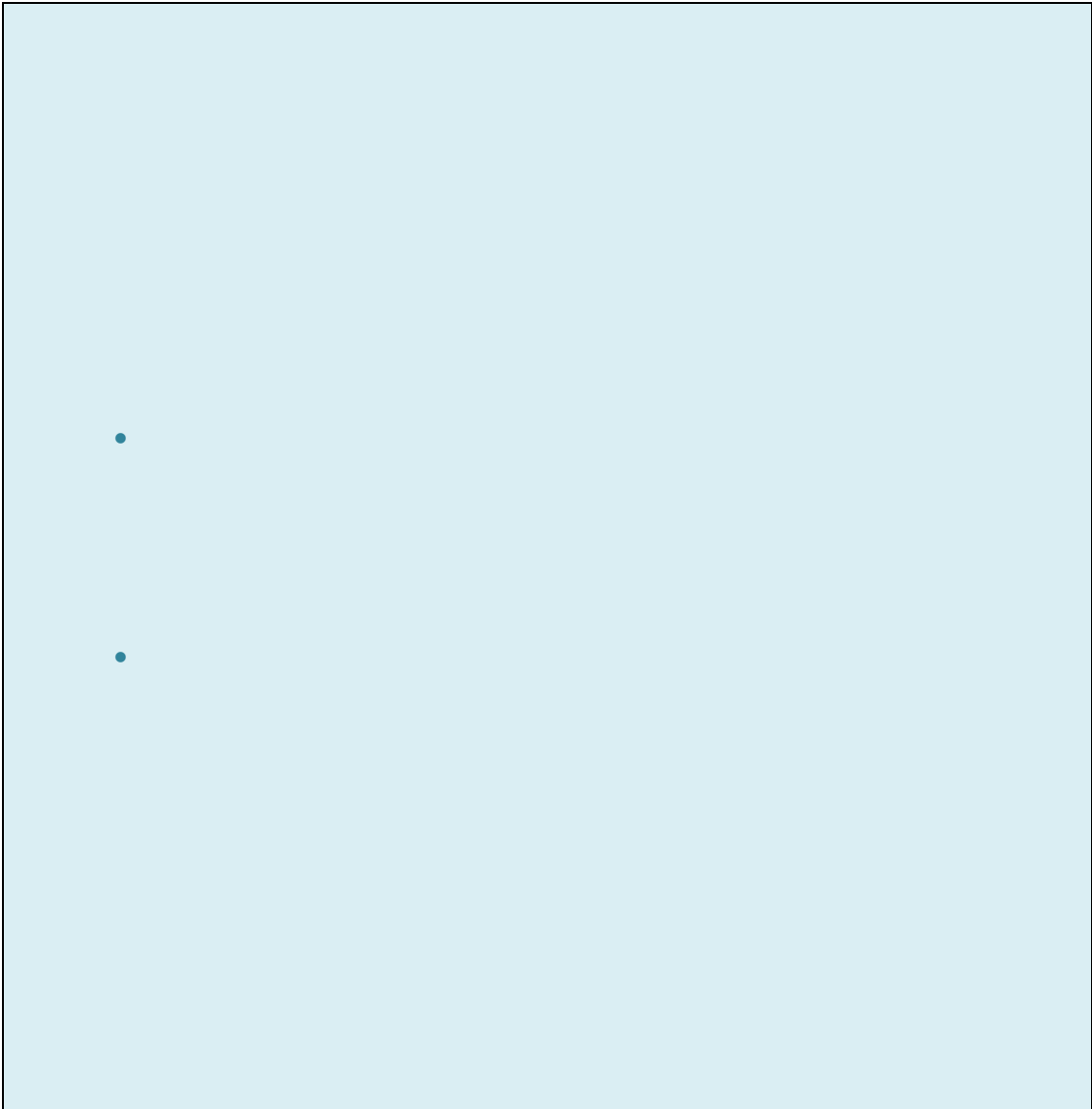


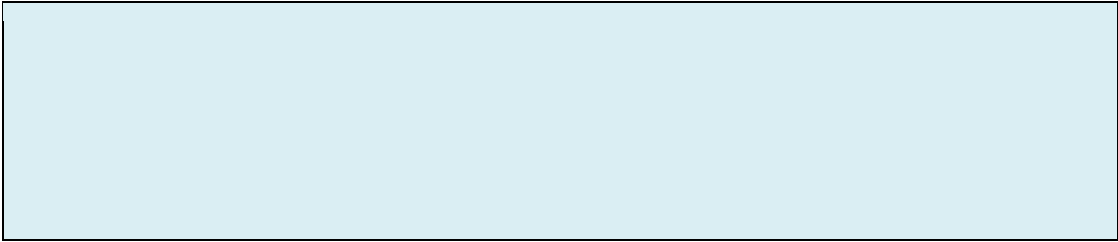
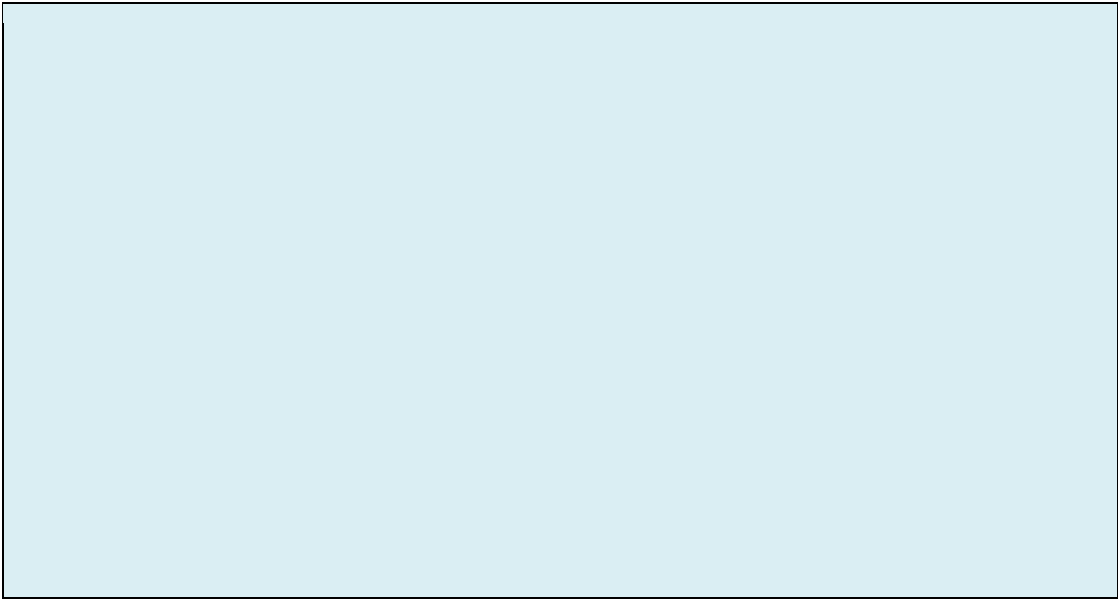


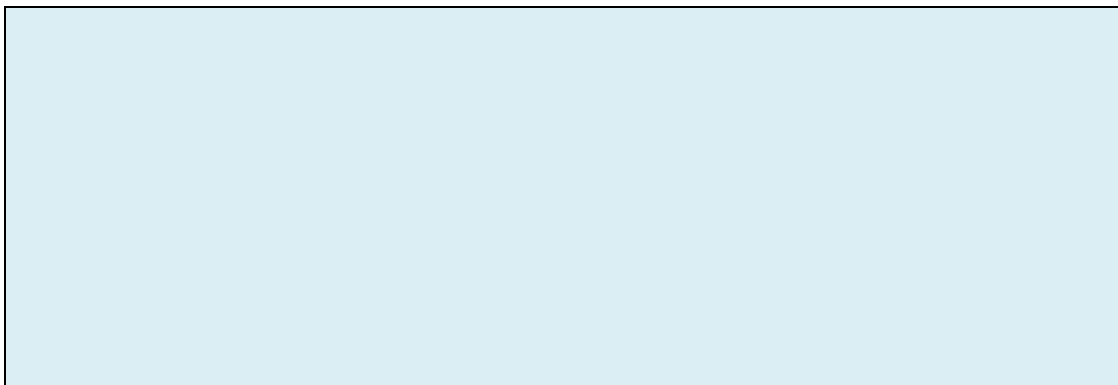
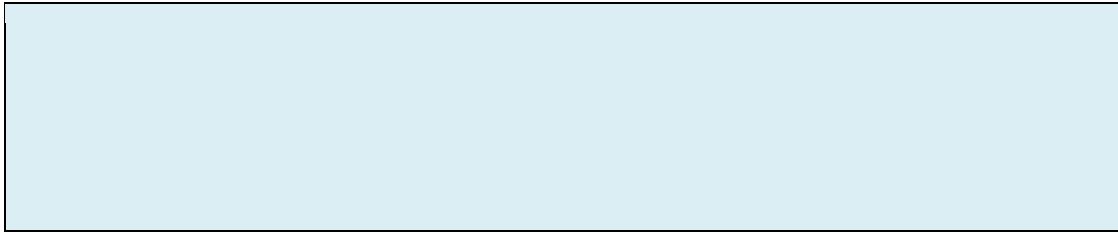


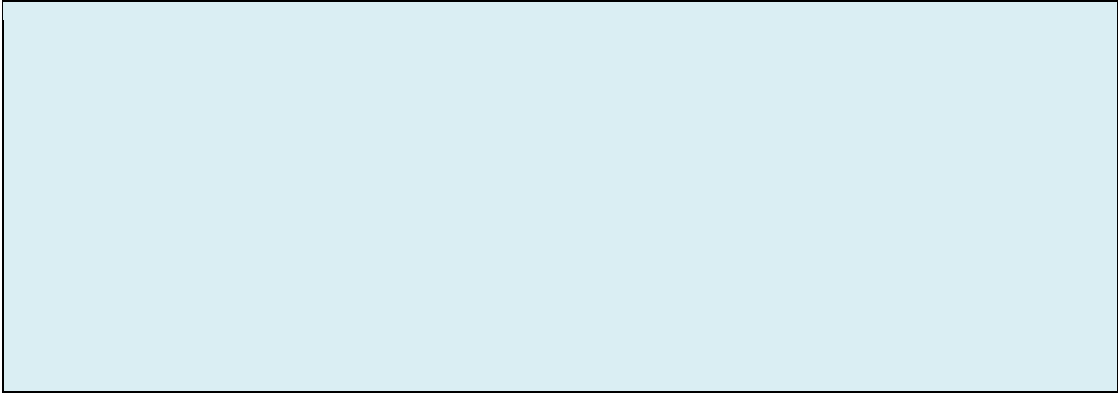
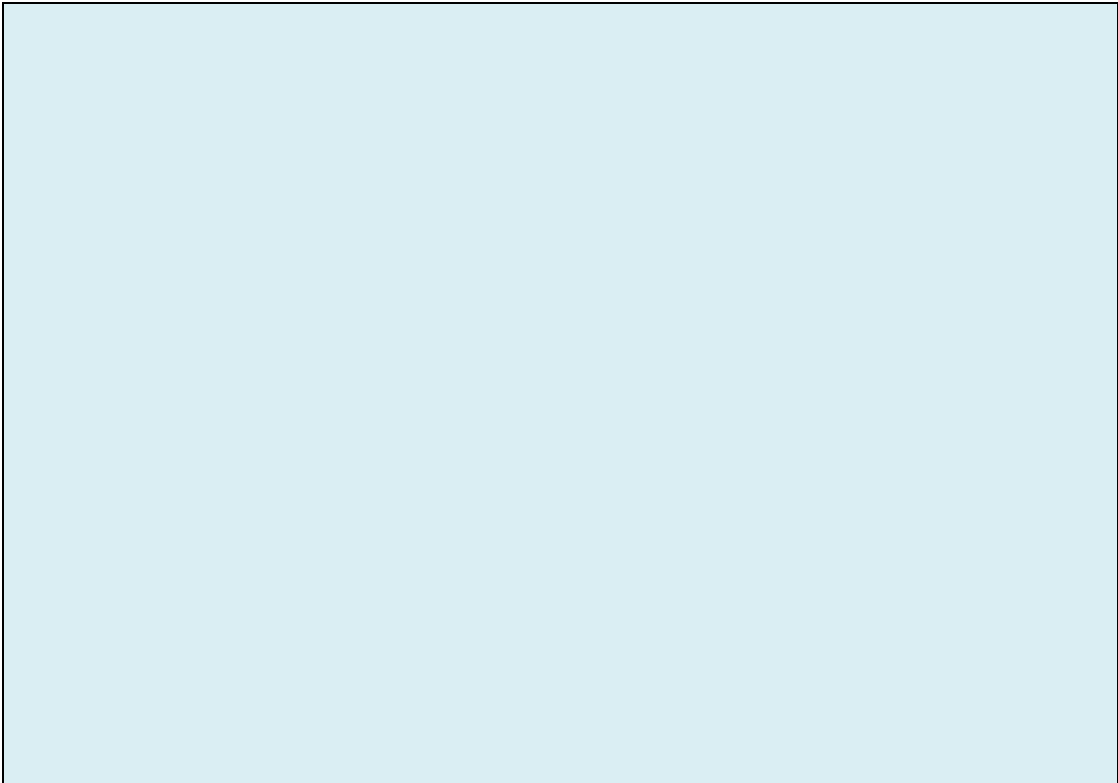




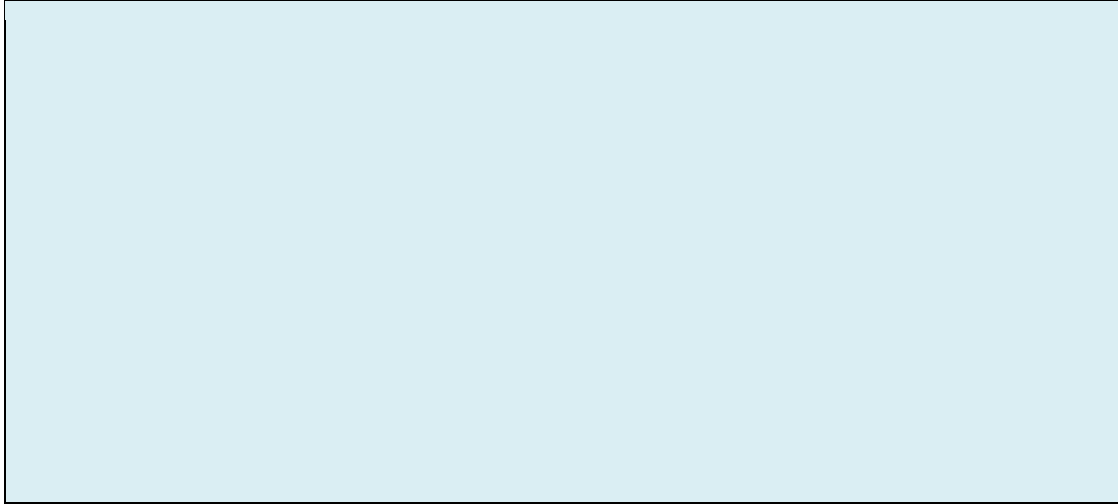


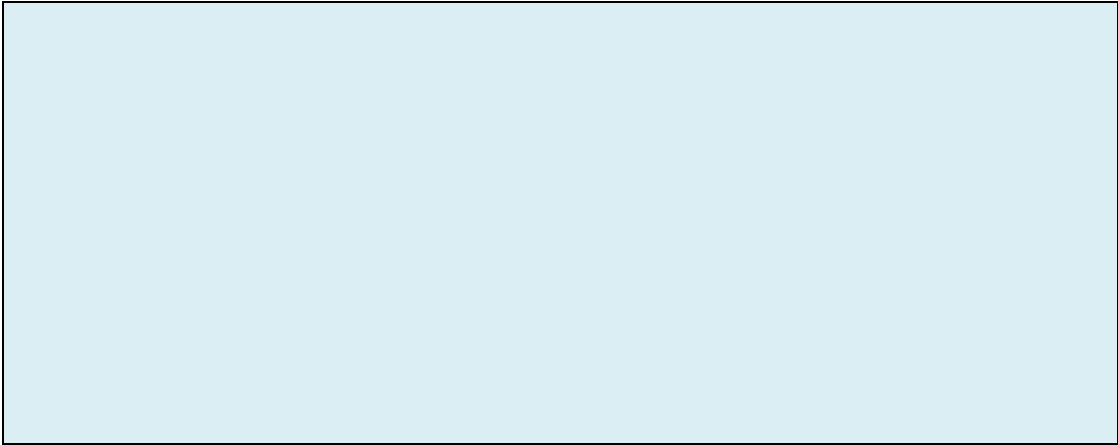


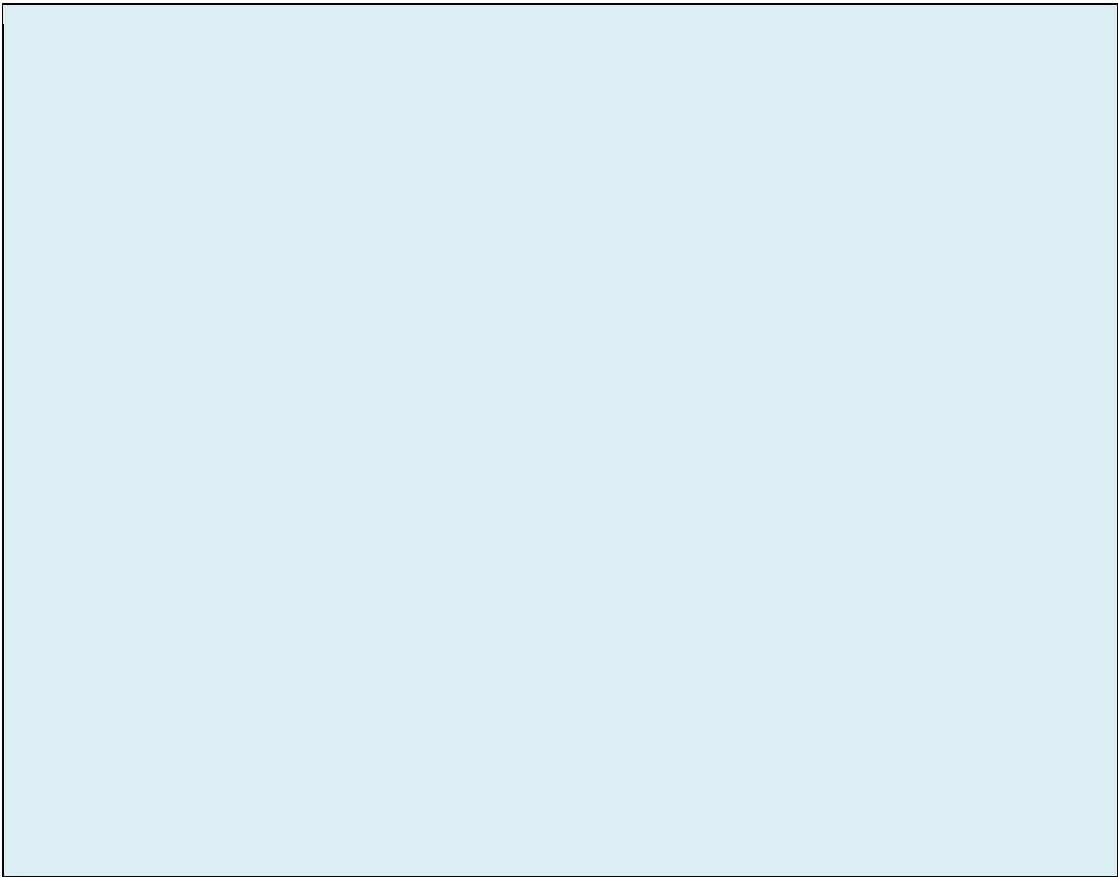
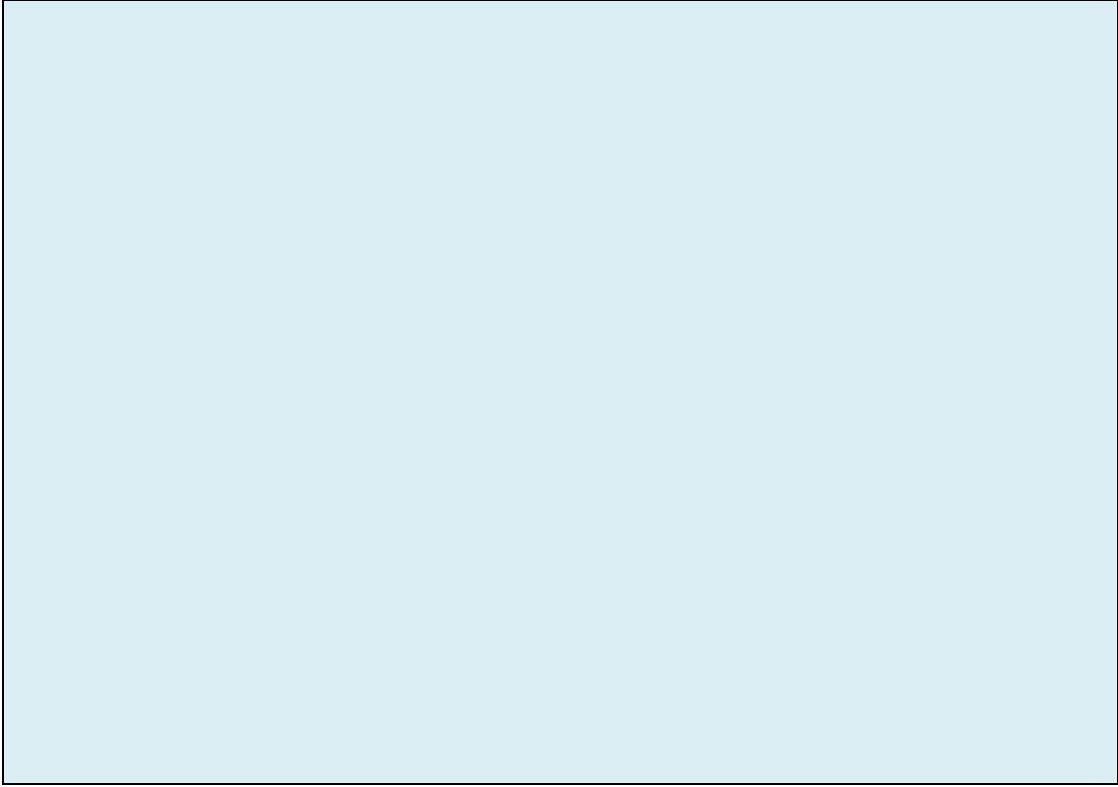


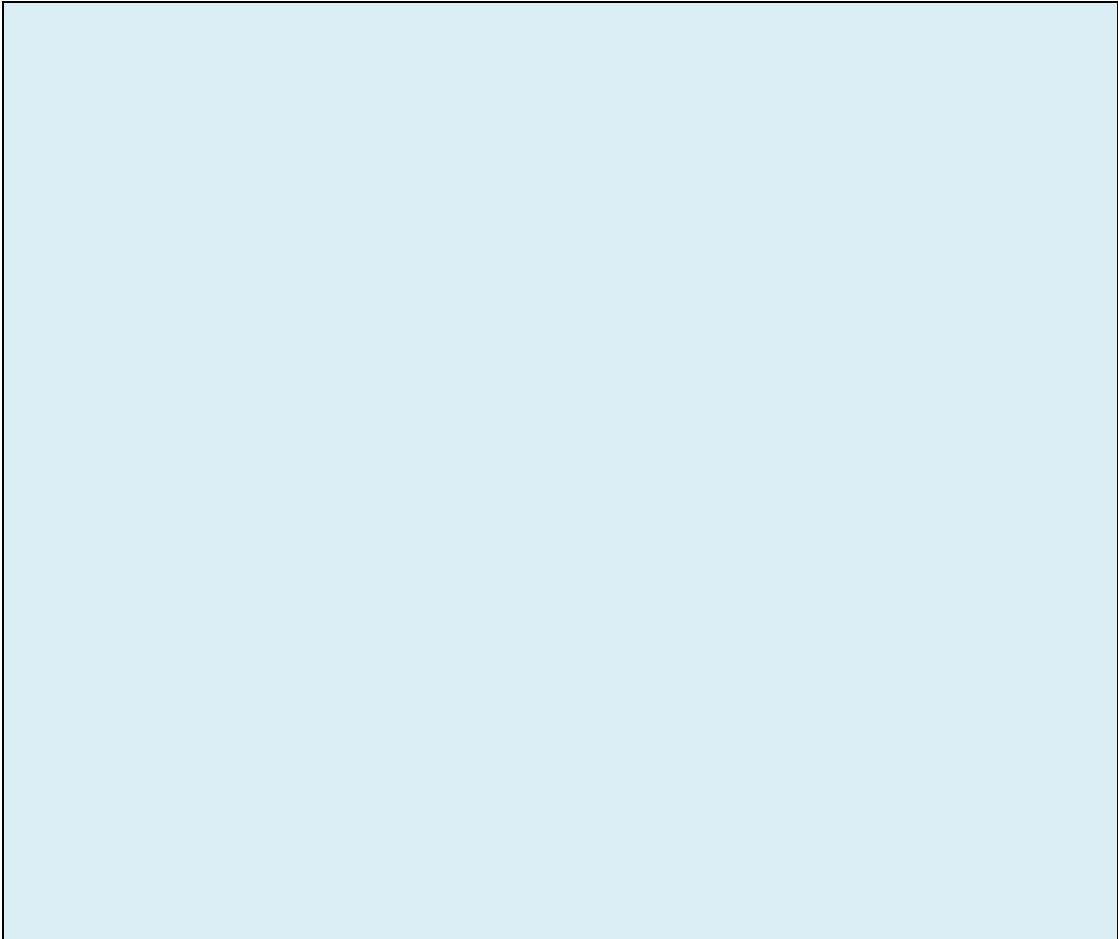




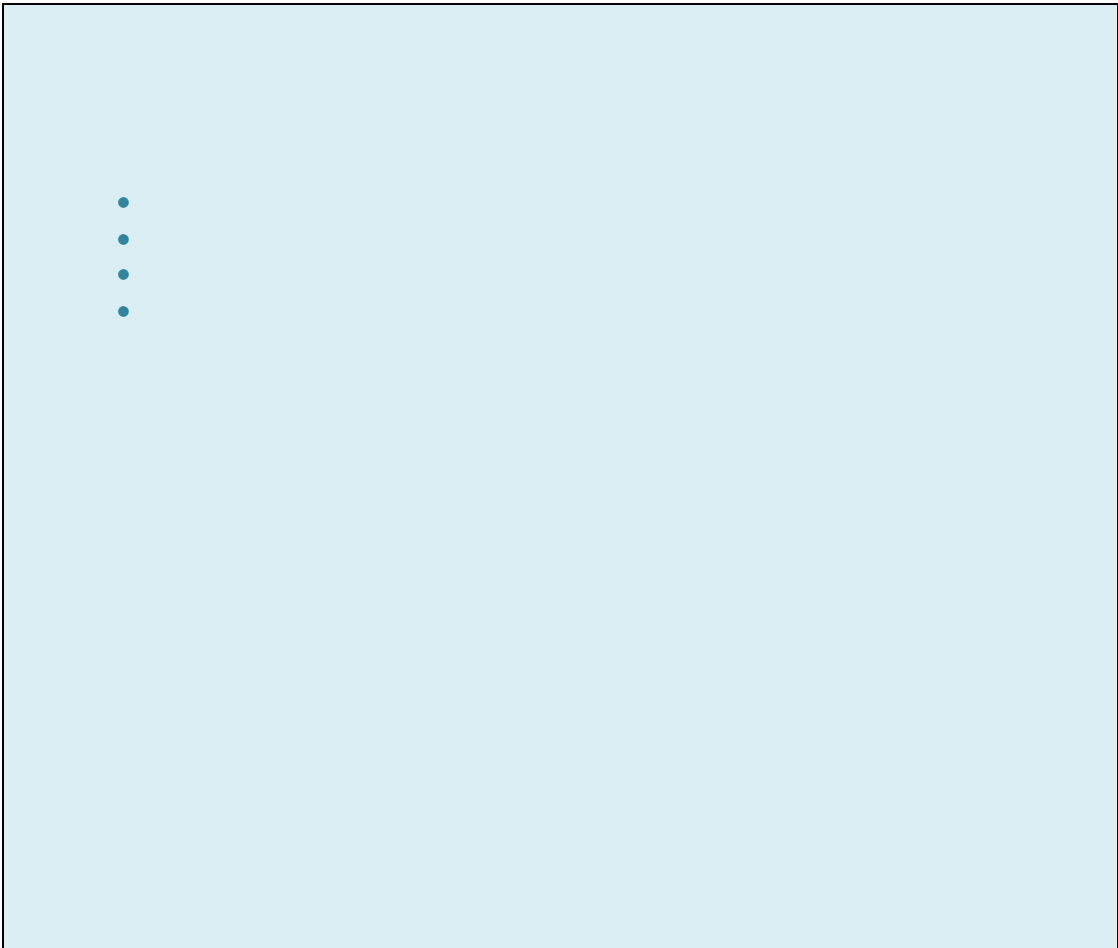
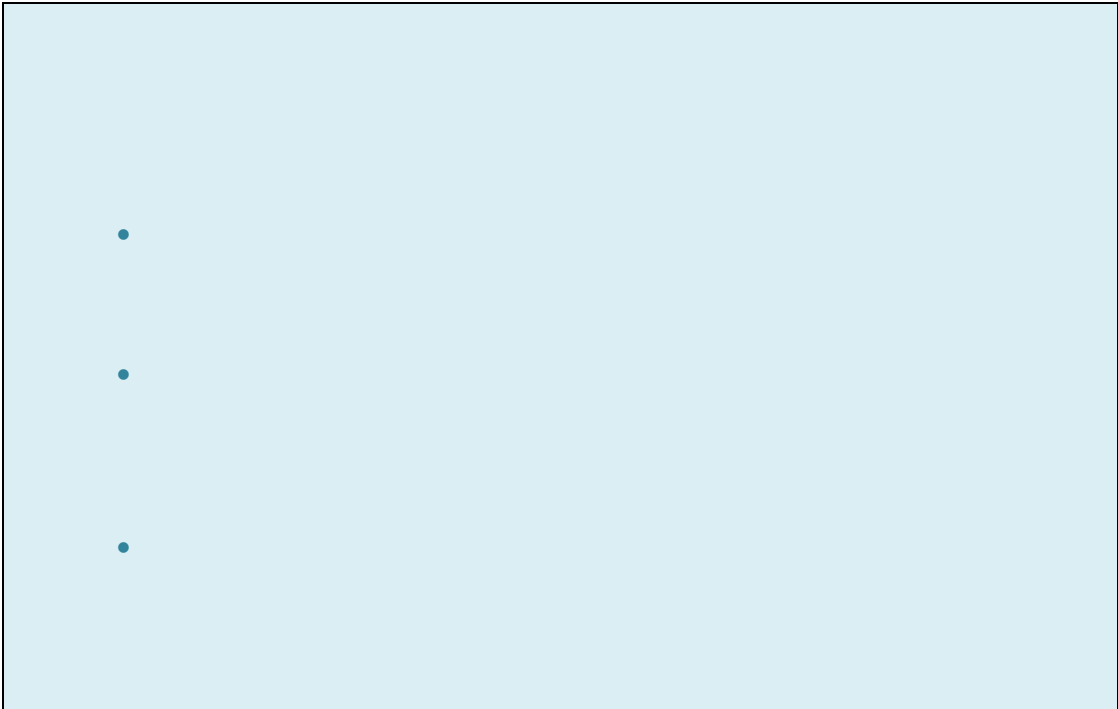


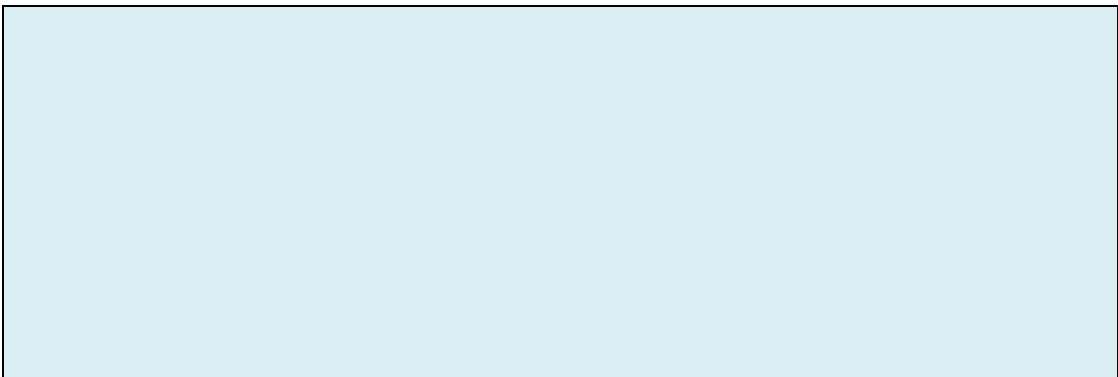
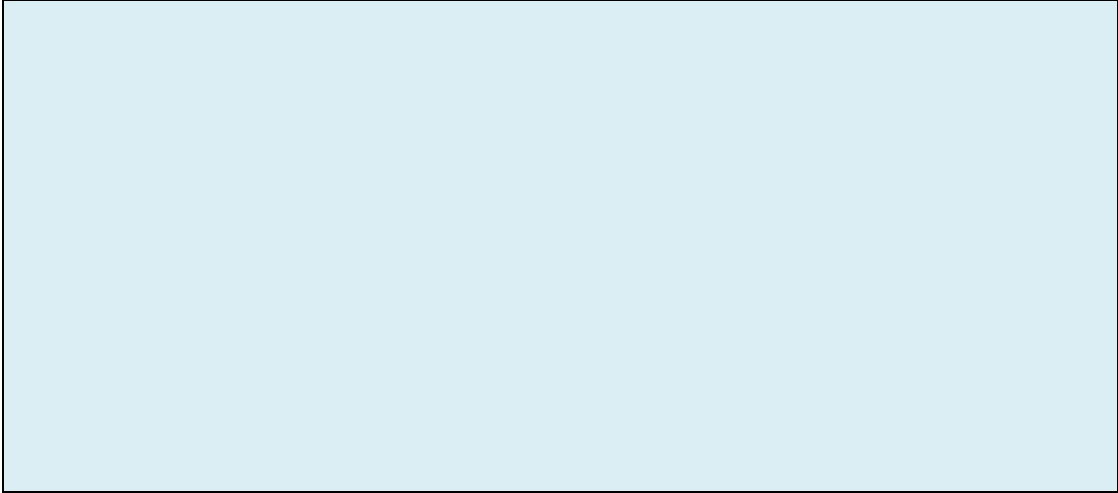


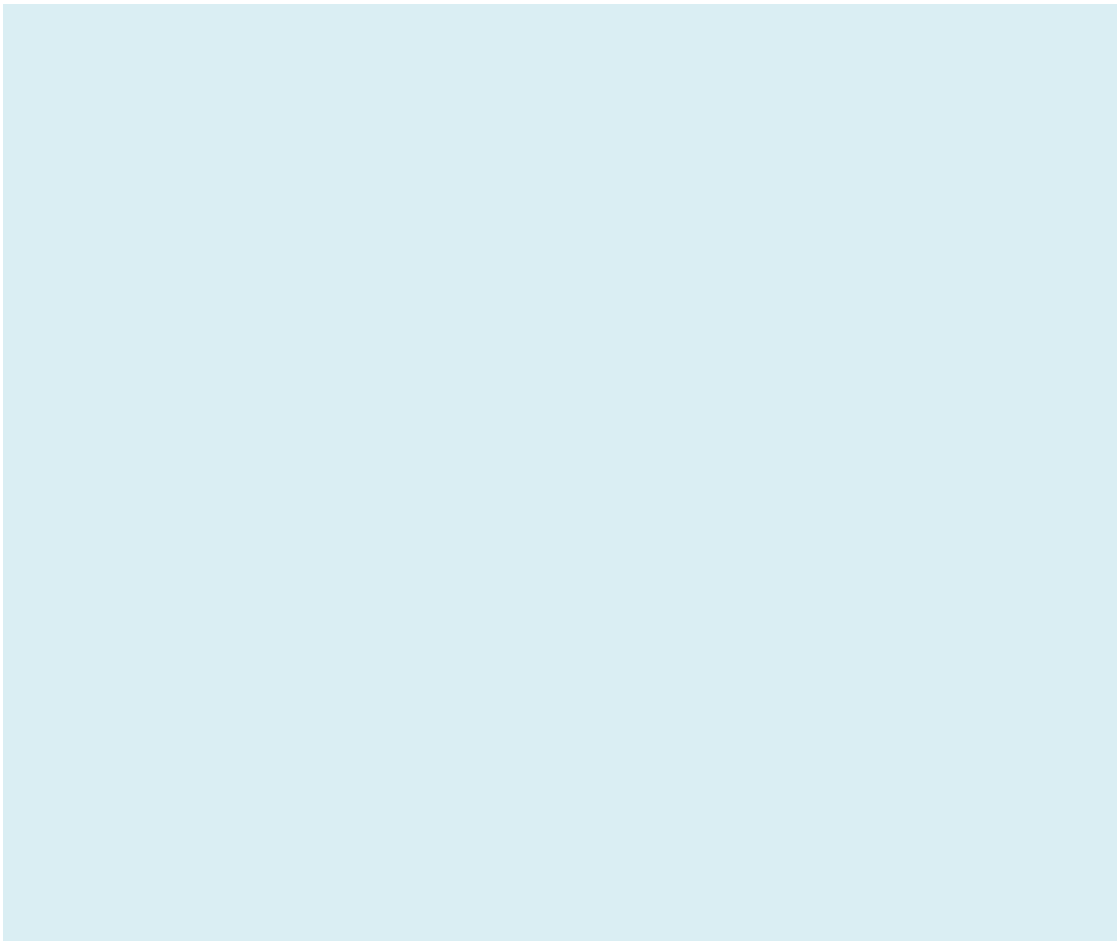




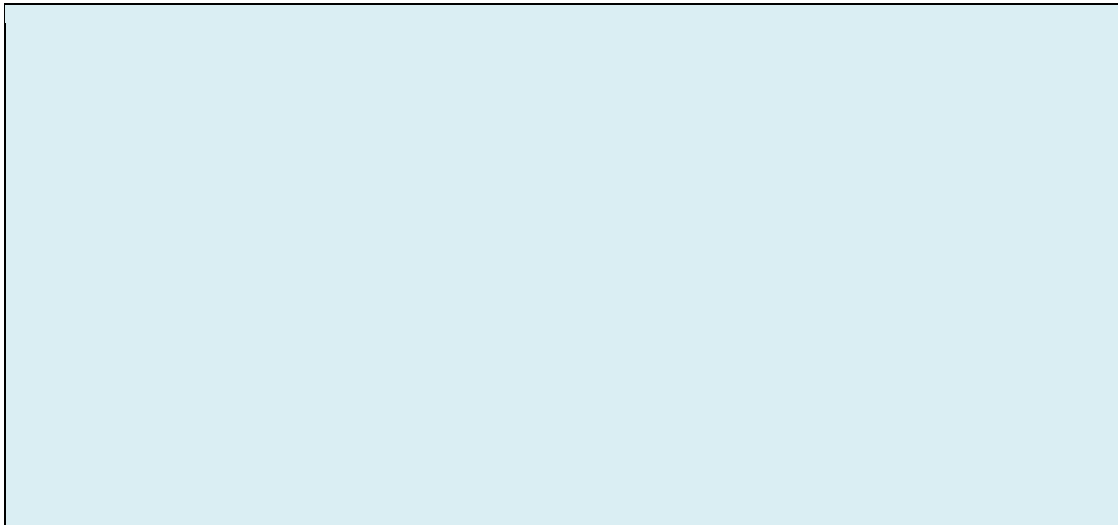
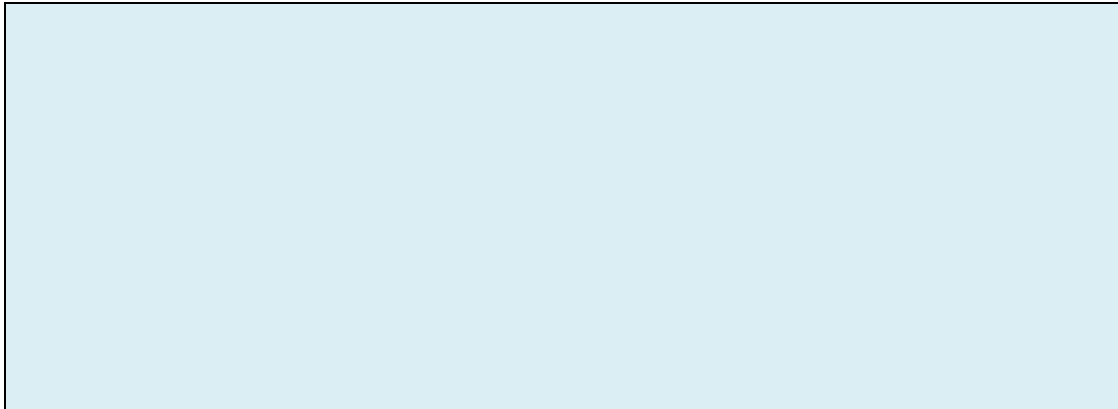


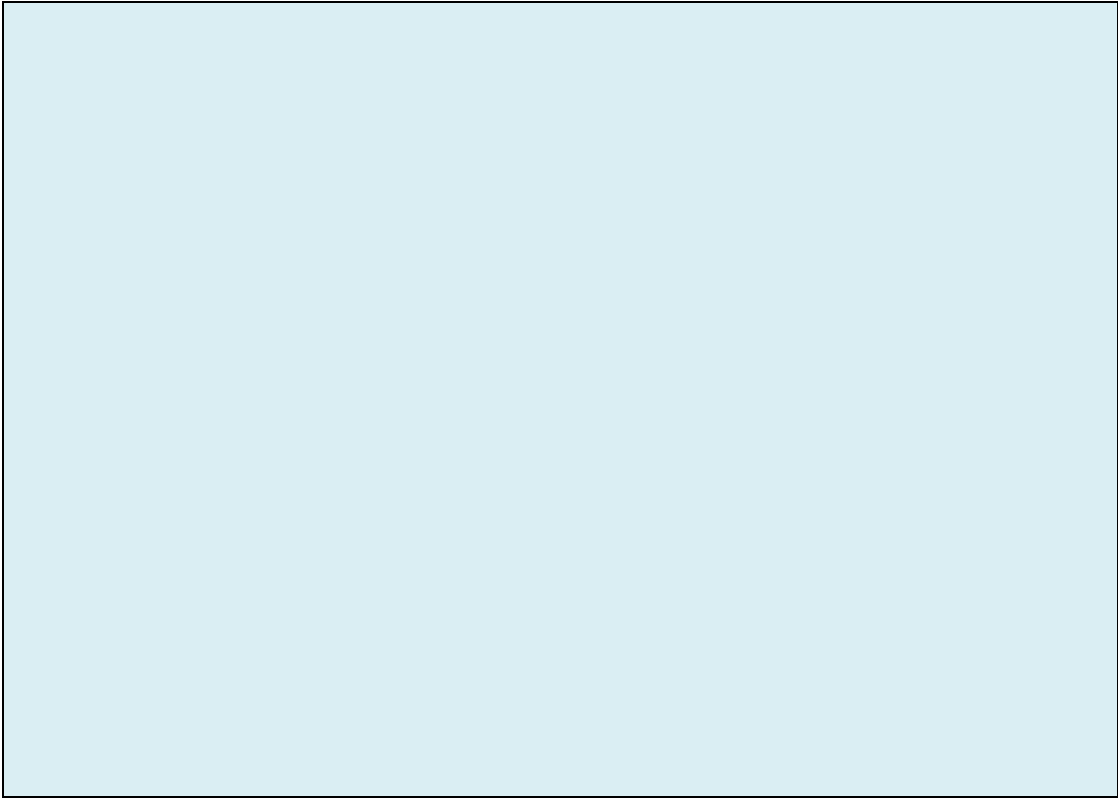
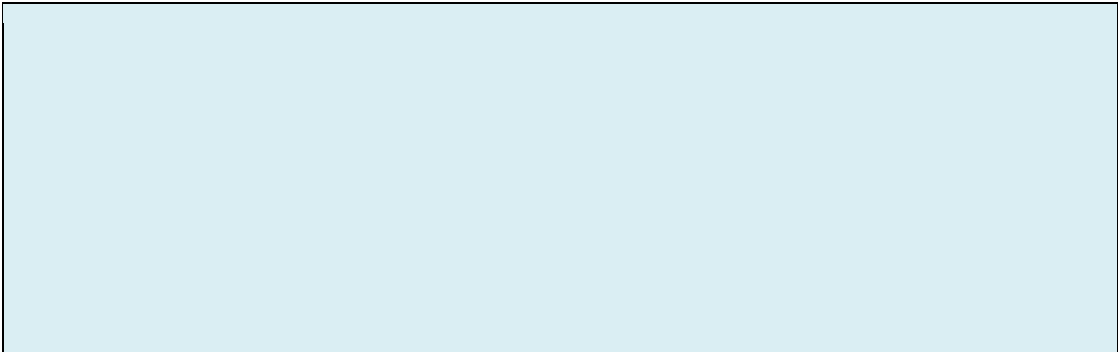




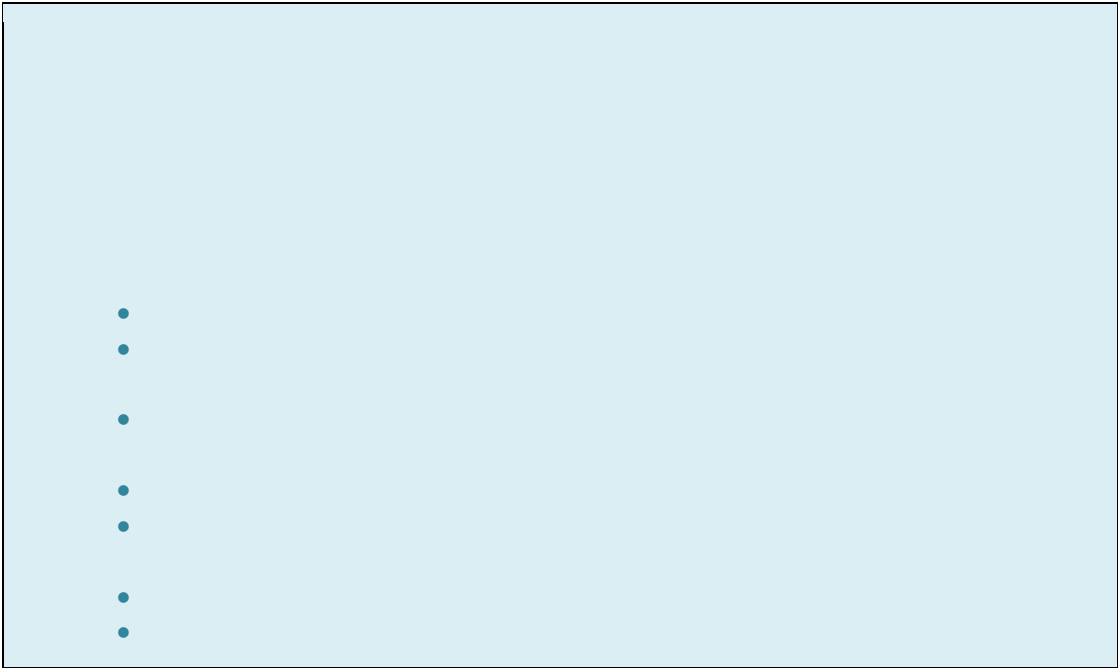






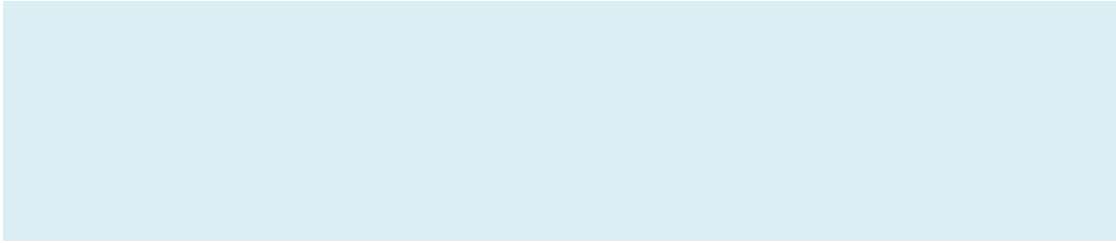


ρ













## Information on beneficial ownership of overseas entities





25















FATF



BEST PRACTICES ON BENEFICIAL OWNERSHIP FOR LEGAL PERSONS

