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**On the importance of beneficial ownership transparency**

Tax Justice Network- Norway is a part of the Global Alliance for Tax Justice, which has been fighting for financial transparency for two decades. We have campaigned for what we term the ABCs of tax justice:

- **A**utomatic exchange of information between tax authorities of the world
- **B**eneficial ownership transparency (with information publicly available)
- **C**ountry-by-country reporting for multinational companies (also public)

Of these three, beneficial ownership transparency is perhaps the most crucial for the asset recovery agenda.

Beneficial ownership is now emerging as a global norm, endorsed by many governments, civil society and media organizations and even by parts of the business sector itself.

Transparency into who own companies, trusts, real estate and other assets will be a key element in the fight against corruption involving vast quantities of assets and in efforts at asset recovery. In order to be able to bring assets back, you need to find them first.

Globally, the norm of beneficial owner transparency has made great progress. Many countries have endorsed the need for transparency, quite a few have made specific commitments and passed legislation to establish registries, and a handful of countries have already implemented beneficial ownership registries with mandatory registration for companies or for a sub-section of companies (those applying for public contracts).

But it is crucial that we do not let beneficial ownership transparency become merely an abstract principle we endorse and perhaps legislate, and pat ourselves on the back with a “job well done”. We must pay close attention to the design, implementation and resource allocation that happens when these registries go from principle to practice. As is the case with many anti-secrecy efforts, the “devil is in the detail” also for beneficial ownership transparency.

While establishing beneficial ownership registries are ultimately going to be primarily national endeavours, they will be much less effective without international cooperation and learning – both in the establishment phase and when the registers are up and running and being evaluated.

What can we learn from the early adopters of beneficial ownership registries?

- We have seen that such registries are not very useful if they are not regularly updated, but contain dated information.
- We have seen that owners may avoid registration, by strategically distributing ownership shares between family members such that no single member has more than the register's threshold, typically 25 %. Therefore, family ownership must be viewed together.
- We know that it is important to include all corporate vehicles in such registries, and that excluding such vehicles as limited partnerships and trusts from registration requirements leaves a great deal of the "secrecy market" untouched.
- We have learned that the sanctions that the legislation opens for (fines and prison) matter very little if the institution in charge of the registry does not have sufficient resources to follow up lacking or erroneous registration. The resources that such registers receive for verification of reported information, and follow-up and potential sanctioning of non-compliant companies, will be central to this policy's effectiveness.
- As real estate is a known conduit for illicit financial flows, it is crucial that we establish beneficial ownership transparency also for this asset class.
- Beneficial ownership registries should not operate with thresholds, such as the 25 % threshold recommended by the FATF and the EU Anti-Money Laundering Directive. Lower ownership shares can still account for vast quantities of assets, and strong financial interests, that should not remain secret.

These lessons from early adopter should be taken into account when the "second generation" of countries adopt similar registries.

Even with these improvements, it is still not likely that any given design of such a register will remove all the loopholes that enable hidden ownership. But the better the registers are, the more costly it will be for those parties who wish to avoid registration and keep their financial interests hidden. Hopefully, the cost/benefit calculations will, over time, tilt in the favour of transparency.

Nor is Beneficial ownership transparency a silver bullet that will solve all the issues we face in the fight against corruption involving vast quantities of assets. It will not remove the risk for the journalists, civil society and investigators on the ground exposing corruption, that we have heard accounts of here today. And it will not at the other end of the process, ensure that exposed crimes are prosecuted fairly or at all, another issue raised at this meeting. Yet, beneficial ownership is a necessary step. We need to know how this money is being moved, hidden, laundered and spent, and beneficial ownership transparency can achieve this.

Thank you for your attention.