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UNODC

United Nations Office on Drugs and Crime

Regional Office for Southeast Asia and the Pacific

Beneficial ownership transparency in Southeast Asia

Why beneficial ownership?

- Preventing and addressing corruption and organized crime
 - Link proceeds of crime (accounts, property, funds, etc.) to legal persons, suspects and the crime
- Know who is behind a company or other investment vehicle
 - Know who you are doing business with and control for risks
 - Know who is investing in your country



Prevention and detection of money laundering and transfer of proceeds of corruption (UNCAC art. 14- 52)

States

- ***Establish comprehensive AML system***
 - *AML authorities have the ability to cooperate nationally and internationally – establish FIU*
 - *Establish effective financial disclosure systems for public officials*
 - *Produce advisories on PEPs and accounts to be scrutinized*



Financial institutions

- *Verify the identity of customers*
- *Determine the identity of beneficial owners of high-level accounts*
- *Apply enhanced scrutiny to accounts maintained by prominent public officials*
- *Report suspicious transactions to competent authorities*
- *Maintain adequate records regarding of high-level accounts for appropriate period of time*
- *No relations with banks that have no physical presence*

Art 12: Companies ➤
*transparency of those involved in
establishing and managing companies*

FATF framework for prevention of ML – main elements

Financial institutions

- CDD
- Record keeping
- Politically Exposed Persons
- Correspondent banking
- Money or value transfer services
- Reporting of suspicious transactions

Designated non-financial businesses and professions

Same requirements

States

- Ensure Transparency of beneficial ownership of legal persons and arrangements

International frameworks on beneficial ownership

Country	United Nations Convention against Corruption (UNCAC)	Asia-Pacific Group on Money Laundering (APG)	Extractive Industries Transparency Initiative	Open Government Partnership (OGP)	G20 Anti-Corruption Working Group (G20 ACWG)
<i>Cambodia</i>					
<i>Indonesia</i>					
<i>Malaysia</i>					
<i>Vietnam</i>					
<i>Philippines</i>					
<i>Thailand</i>					

Green: Member States/ Implementing Countries
 Source: UNODC compilation

Company Registries in Southeast Asia

Country	Central Registry	Legal Persons	Verification	Sanctions	Public Access
<i>Cambodia</i>	Yes	Companies, partnerships, sole proprietorships	Yes, challenging in practice	No	Basic information accessible
<i>Indonesia</i>	Yes	Companies, foundations, associations, trusts	To an limited extend	No	Yes, upon registration and fee
<i>Malaysia</i>	Yes	Companies, sole proprietorships, partnerships	Unclear	Yes (administrative & strike-off)	Yes, upon registration and fee
<i>Vietnam</i>	Yes	Companies, associations	No information available	No information available	Basic information accessible
<i>Philippines</i>	Yes	Stock and non-stock corporations, partnerships	Yes	Yes (administrative, civil, and criminal liability for directors/officers, revocation of registration)	No
<i>Thailand</i>	Yes	Sole proprietorship, partnerships and limited companies, including with foreign investment	No information available	No information available	Basic information accessible

FATF evaluations

Country	Compliance R24 & R25	Immediate Outcome 5		
<i>Cambodia</i>	Partially Compliant	<i>Fundamental improvements needed.</i>		
<i>Indonesia</i>	Partially Compliant	<i>Major improvements needed</i>		
<i>Malaysia</i>	Partially Compliant	<i>Major improvements needed</i>		
<i>Vietnam</i>	Partially Compliant	<i>Fundamental improvements needed</i>		
<i>Philippines</i>	Partially Compliant	<i>Fundamental improvements needed.</i>		
<i>Thailand</i>	Partially Compliant	<i>Fundamental improvements needed.</i>		

Definition – Beneficial Ownership

Country	Natural Person	Direct & indirect ownership & control	Threshold	Exemptions
<i>Cambodia</i>	Unclear	Not specifically mentioned	No	n/a
<i>Indonesia</i>	Yes	Yes	25%, plus other criteria	No
<i>Malaysia</i>	Yes	Yes	20%, plus other criteria	Yes for stock listed entities
<i>Vietnam</i>	Yes	Yes	25%, plus other criteria	No
<i>Philippines</i>	Yes	Yes	25%, plus other criteria	No
<i>Thailand</i>	n/a	n/a	n/a	n/a

Beneficial ownership registries in Southeast Asia

Country	Central Registry	Reporting obligation	Verification	Sanctions	Public Access
<i>Cambodia</i>	No	n/a	n/a	n/a	n/a
<i>Indonesia</i>	Yes	Limited liability companies, foundations, associations, cooperatives, limited and unlimited partnerships, foreign corporations	If deemed necessary, unclear in practice	Yes	No
<i>Malaysia</i>	Not yet	Domestic and foreign companies under the Companies Act 2016, domestic and foreign limited liability partnerships under the LLPA 2012, government- and state-owned companies	n/a	n/a	n/a
<i>Vietnam</i>	No	n/a	n/a	n/a	n/a
<i>Philippines</i>	Partially	SEC registered stock and non-stock domestic corporations	If deemed necessary	Yes	No
<i>Thailand</i>	No	n/a	n/a	n/a	n/a

Way Forward

- Registries still to be introduced or made functional in the region
- Report discrepancies on beneficial ownership to the relevant authorities
- Data format in beneficial ownership registries (searchable, historic changes, nature & extend of BO interest)
- Ensure verification and validation , application of penalties for non compliance
- Domestic and international cooperation
- Oversight through civil society



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