Open Ownership

Beneficial ownership data verification

Key concepts, practical steps and the importance of structured data

Stephen Abbott Pugh
Data and Technology Manager

This is not an ADB material. The views expressed in this document are the views of the author/s and/or their organizations and do not necessarily reflect the views or policies of the Asian Development Bank, or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy and/or completeness of the material's contents, and accepts no responsibility for any direct or indirect consequence of their use or reliance, whether wholly or partially. Please feel free to contact the authors directly should you have queries.

Open Ownership

Introducing Open Ownership

What we do

Open Ownership

Technical assistance

Working with implementers of beneficial ownership reforms and changes

Policy guidance and research

Resources to understand and share best practice globally

Support to use ownership data

Develop Beneficial Ownership Data Standard and Open Ownership Register

Work with extractive companies (1/2)

Open Ownership

Partnership with EITI on the five-year Opening Extractives programme.

Aim is to transform the availability and use of beneficial ownership data, for effective governance in the extractive sector.

Work with extractive companies (2/2)

Open Ownership

Technical support and guidance to major extractives companies.

We focus on making the best use of beneficial ownership information.

Open Ownership

What is beneficial ownership data verification?

Key concepts

Open Ownership

Verification is a combination of checks and processes that aim to ensure that beneficial ownership statements are **accurate and complete at a given point in time**.

Checks can be deployed at different stages in a declaration system. The aim is to **make high quality and reliable data** in order to create confidence in a register, and to **maximise its utility and impact.**

What good verification looks like

Open Ownership

A good verification system ensures data is of **high quality**:

- **Accurate** and free from accidental errors and falsehoods
- **Complete** and free from omissions

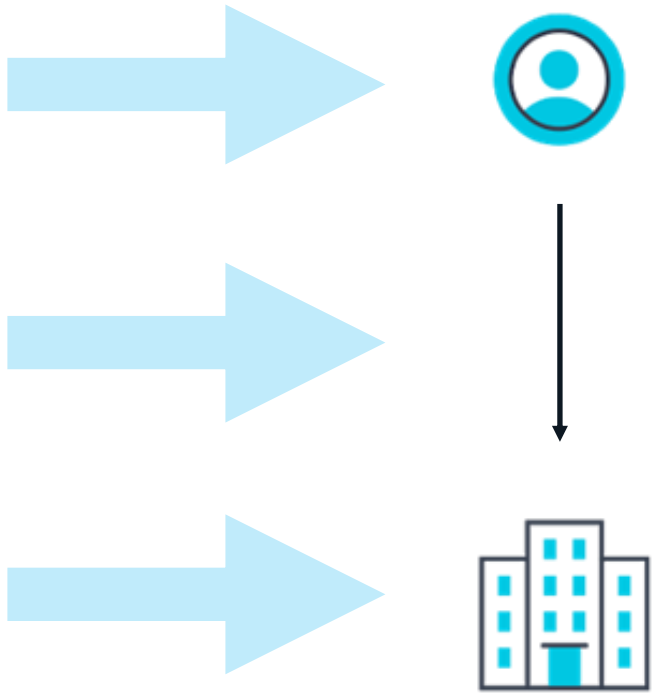
A good verification system increases **reliability** by:

- Providing **clarity about the provenance** of the data and **what checks have been done**
- **Reducing the risks** associated with the data being false
- **Triggering the appropriate alarms** when data is incomplete, false or suspicious

Submission of beneficial ownership information

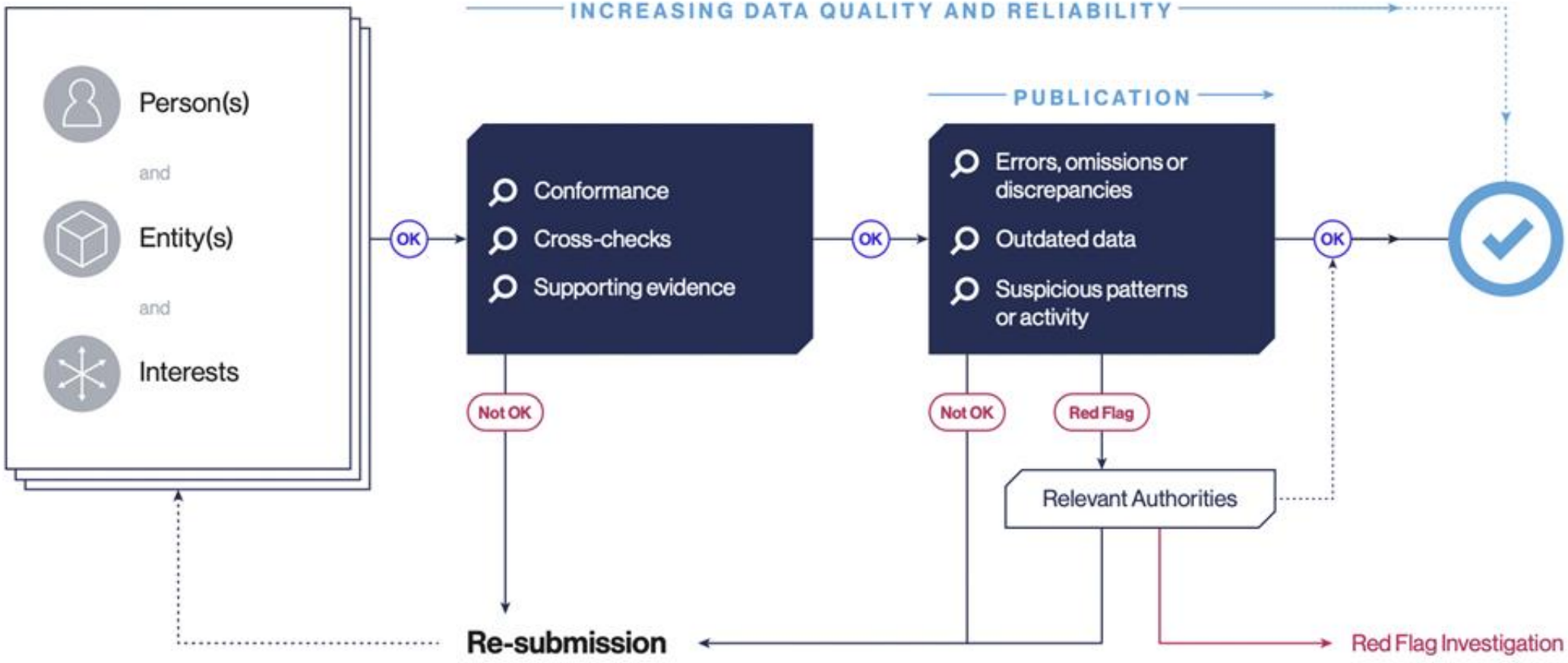
Open Ownership

- Information about the **person(s) involved in an ownership or control** relationship
- Information about the **nature of their ownership or control**
- Information about a **company or other legal entity** they own or control



Beneficial ownership data verification steps

Open Ownership



Open Ownership

Practical steps for data verification

Identifying natural persons

Open Ownership

- Name
- Alternative names
- Nationalities
- Date of birth
- Place of birth
- Identification numbers
- Place of residence
- Tax residencies
- Other addresses
- PEP status
- Details about PEP status
- Unknown person details

Identifying entities

Open Ownership

- Entity type (registered, legal, arrangement, anonymous, unknown)
- Reasons for entities being anonymous or unknown
- Name
- Alternative names
- Incorporation details
- Identification numbers
- Foundation date
- Dissolution date
- Addresses

Identifying ownership or control structures

Open Ownership

- Subject of an ownership or control relationship
- Is the ownership or control directly or indirectly held?
- Interested party

- Details about interests:
  - Type of interest
  - Interest level/percentage share
  - Start date of interest
  - End date of interest

Sanctions and enforcement

Open Ownership

- Sanctions for non-compliance with disclosure requirements, including for non-submission, late submission, incomplete submission or false submission
- Sanctions that cover the person making the declaration, the beneficial owner, registered officers of the company, and the declaring company should be considered
- Both monetary and non-monetary penalties
- Relevant agencies empowered to enforce the sanctions
- Data on non-compliance should be made available

Open Ownership

How structured data supports verification

Producing structured beneficial ownership data

Open Ownership

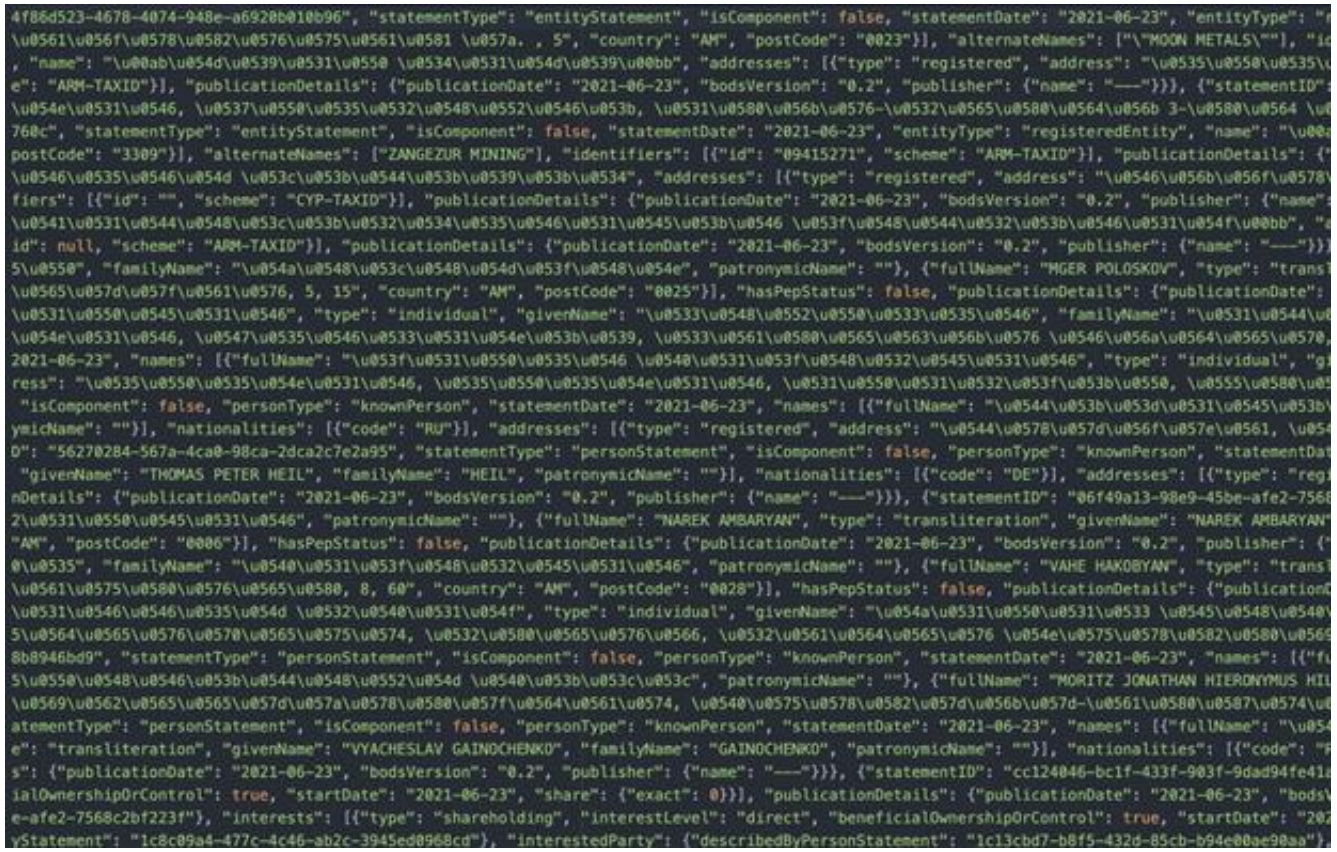
The Beneficial Ownership Data Standard (BODS) is an open standard for collecting and publishing high quality beneficial ownership data

- The data schema describes how and what data should be shared. It can inform the design of data collection and management systems
- The technical guidance provides support for publishers and users of beneficial ownership data

Visit standard.openownership.org (in English/Spanish/Russian)

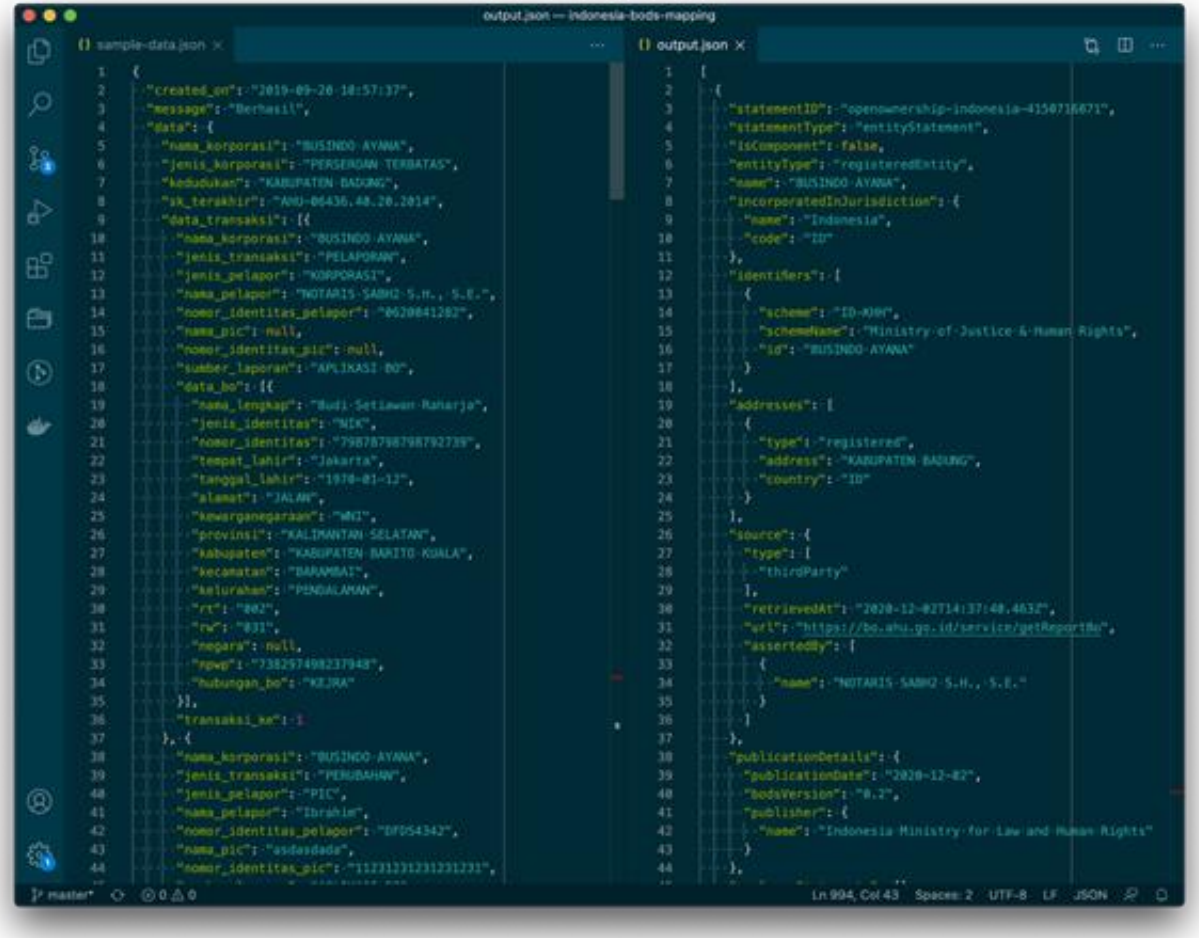
Armenia’s e-register system uses BODS

Open Ownership



Examining Indonesian beneficial ownership data

Open Ownership



Open Ownership's [2020 analysis] of the existing technical systems demonstrated how Indonesia's Ministry of Law and Human Rights could map their beneficial ownership data to BODS

How BODS allows authorities to verify data

Open Ownership

source

Source

The source of the information that links the entity and the interested party, or that supports a null statement.

Source

The source object is used to explain where information in a statement originated from, and to link to supporting information.
* Required field

type

array enum string selfDeclaration officialRegister thirdParty primaryResearch verified

What type of source is this? Multiple tags can be combined. Values should come from the source type codelist.

description

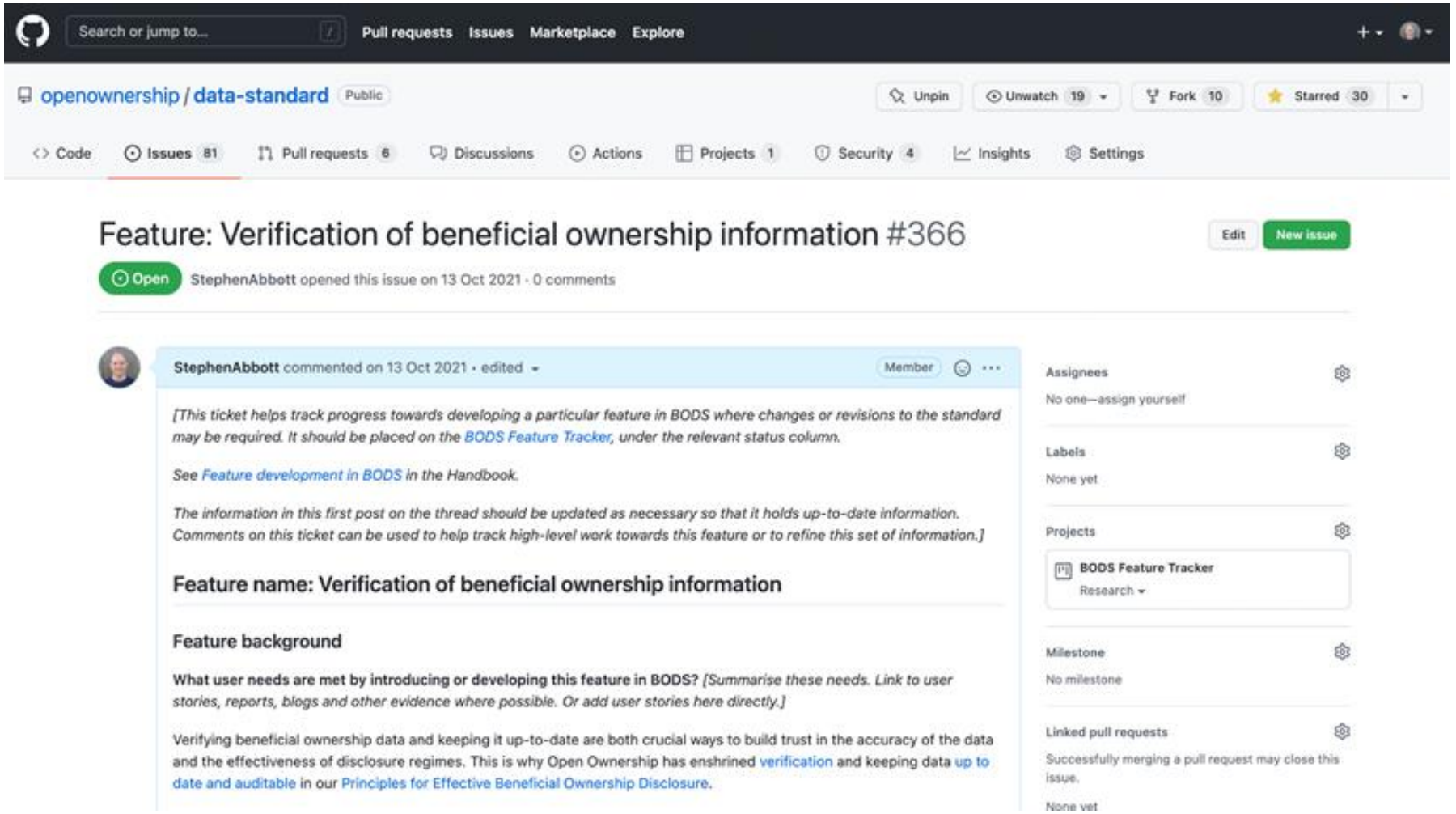
string

Where required, additional free-text information about the source of this statement can be provided here.

url

How authorities could verify data in future

Open Ownership

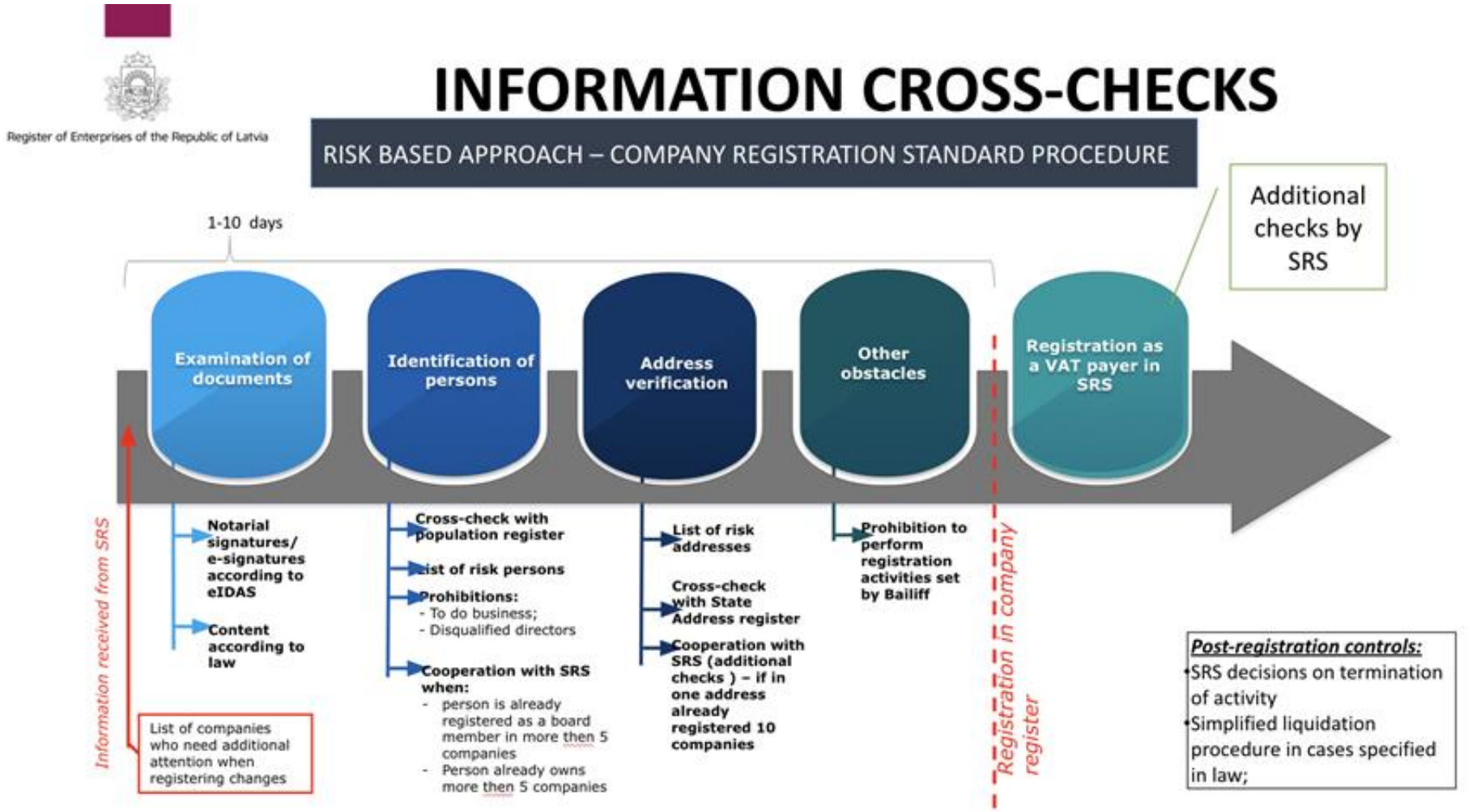


Open Ownership

International examples of data verification

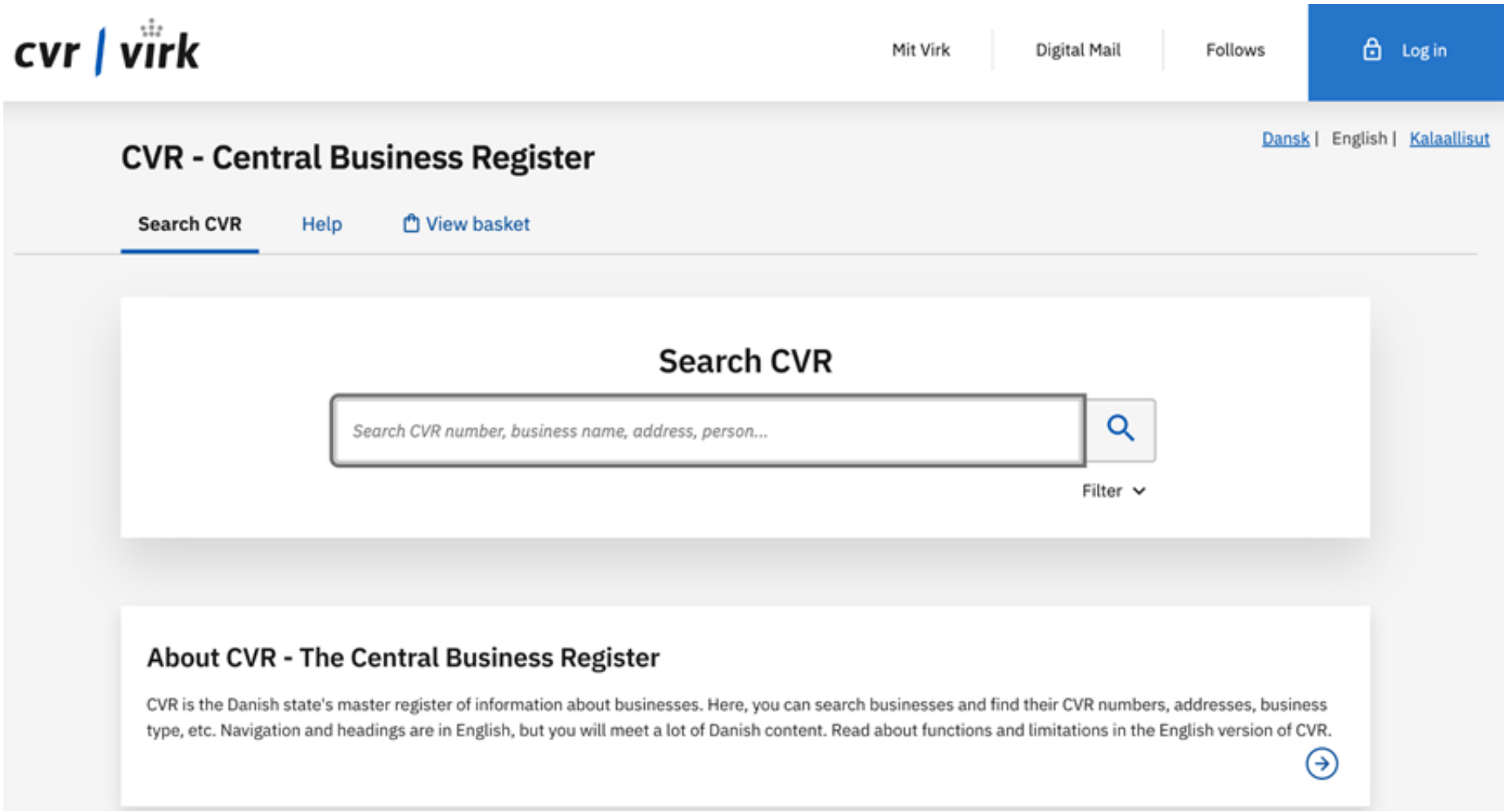
Latvia

Open Ownership



Denmark

Open Ownership



Open Ownership

Further reading

Verification of beneficial ownership

Open Ownership

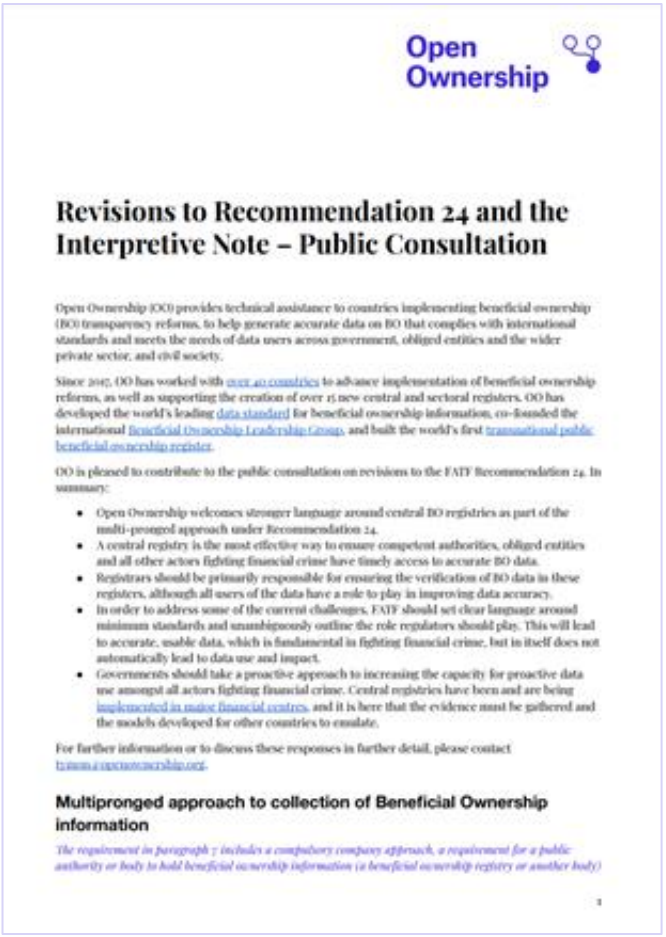
Policy briefing on verification best practice, case studies and implementation.

Available in English, Spanish, Indonesian and French.

Response to FATF Recommendation 24 changes

Open Ownership

Comments on FATF's proposed text, suggesting strengthening and clarifying the language around central registers, granting access to a range of actors, and regulating bearer shares/nominee arrangements.



Open Ownership

Revisions to Recommendation 24 and the Interpretive Note – Public Consultation

Open Ownership (OO) provides technical assistance to countries implementing beneficial ownership (BO) transparency reforms, to help generate accurate data on BO that complies with international standards and meets the needs of data users across government, obliged entities and the wider private sector, and civil society.

Since 2015, OO has worked with over 40 countries to advance implementation of beneficial ownership reforms, as well as supporting the creation of over 15 new central and sectoral registers. OO has developed the world's leading data standard for beneficial ownership information, co-founded the international Beneficial Ownership Leadership Group, and built the world's first transnational public beneficial ownership register.

OO is pleased to contribute to the public consultation on revisions to the FATF Recommendation 24. In summary:

- Open Ownership welcomes stronger language around central BO registries as part of the multi-pronged approach under Recommendation 24.
- A central registry is the most effective way to ensure competent authorities, obliged entities and all other actors fighting financial crime have timely access to accurate BO data.
- Registrars should be primarily responsible for ensuring the verification of BO data in these registers, although all users of the data have a role to play in improving data accuracy.
- In order to address some of the current challenges, FATF should set clear language around minimum standards and unambiguously outline the role regulators should play. This will lead to accurate, usable data, which is fundamental in fighting financial crime, but in itself does not automatically lead to data use and impact.
- Governments should take a proactive approach to increasing the capacity for proactive data use amongst all actors fighting financial crime. Central registries have been and are being implemented in major financial centres, and it is here that the evidence must be gathered and the models developed for other countries to emulate.

For further information or to discuss these responses in further detail, please contact team@openownership.org.

Multipronged approach to collection of Beneficial Ownership information

The requirement in paragraph 7 includes a compulsory company approach, a requirement for a public authority or body to hold beneficial ownership information (a beneficial ownership registry or another body)

Database design considerations

Open Ownership

Technical guidance on how to build a system that holds beneficial ownership information. It focuses on the requirements for publishing data to meet the Beneficial Ownership Data Standard.

Open Ownership

Contact:

Stephen Abbott Pugh:
stephen@openownership.org

Technical Helpdesk:
support@openownership.org