

G20 High-Level Principles on Beneficial Ownership Transparency

The G20 considers financial transparency, in particular the transparency of beneficial ownership of legal persons and arrangements, is a high priority. The G20 Leaders' Declaration from St Petersburg states, 'We encourage all countries to tackle the risks raised by the opacity of legal persons and legal arrangements'. In order to maintain the momentum, Leaders called upon Finance Ministers to update them by the 2014 G20 Leaders' Summit on the steps taken by G20 countries 'to meet FATF standards regarding the beneficial ownership of companies and other legal arrangements such as trusts by G20 countries leading by example.'

At their meeting in Sydney in 2014, Finance Ministers and Central Bank Governors requested the ACWG provide them with an update before their April meeting on concrete actions the G20 could take to lead by example on beneficial ownership transparency and the implementation of relevant FATF standards. Following the G20 ACWG meeting in Sydney, ACWG co-chairs reported to Finance Ministers and Central Bank Governors that the ACWG agreed that G20 countries will lead by example by developing G20 High-Level Principles on Beneficial Ownership Transparency that will set out concrete measures G20 countries will take to prevent the misuse of and ensure transparency of legal persons and legal arrangements.

Improving the transparency of legal persons and arrangements is important to protect the integrity and transparency of the global financial system. Preventing the misuse of these entities for illicit purposes such as corruption, tax evasion and money laundering supports the G20 objectives of increasing growth through private sector investment.

The G20 is committed to leading by example by endorsing a set of core principles on the transparency of beneficial ownership of legal persons and arrangements that are applicable across G20 work streams. These principles build on existing international instruments and standards, and allow sufficient flexibility to for our different constitutional and legal frameworks.

1. Countries should have a definition of 'beneficial owner' that captures the natural person(s) who ultimately owns or controls the legal person or legal arrangement.
2. Countries should assess the existing and emerging risks associated with different types of legal persons and arrangements, which should be addressed from a domestic and international perspective.
 - a. Appropriate information on the results of the risk assessments should be shared with competent authorities, financial institutions and designated non-financial businesses and professions (DNFBPs¹) and, as appropriate, other jurisdictions.

¹ As identified by the Financial Action Task-force

- b. Effective and proportionate measures should be taken to mitigate the risks identified.
 - c. Countries should identify high-risk sectors, and enhanced due diligence could be appropriately considered for such sectors.
3. Countries should ensure that legal persons maintain beneficial ownership information onshore and that information is adequate, accurate, and current.
4. Countries should ensure that competent authorities (including law enforcement and prosecutorial authorities, supervisory authorities, tax authorities and financial intelligence units) have timely access to adequate, accurate and current information regarding the beneficial ownership of legal persons. Countries could implement this, for example, through central registries of beneficial ownership of legal persons or other appropriate mechanisms.
5. Countries should ensure that trustees of express trusts maintain adequate, accurate and current beneficial ownership information, including information of settlors, the protector (if any) trustees and beneficiaries. These measures should also apply to other legal arrangements with a structure or function similar to express trusts.
6. Countries should ensure that competent authorities (including law enforcement and prosecutorial authorities, supervisory authorities, tax authorities and financial intelligence units) have timely access to adequate, accurate and current information regarding the beneficial ownership of legal arrangements.
7. Countries should require financial institutions and DNFBPs, including trust and company service providers, to identify and take reasonable measures, including taking into account country risks, to verify the beneficial ownership of their customers.
 - a. Countries should consider facilitating access to beneficial ownership information by financial institutions and DNFBPs.
 - b. Countries should ensure effective supervision of these obligations, including the establishment and enforcement of effective, proportionate and dissuasive sanctions for non-compliance.
8. Countries should ensure that their national authorities cooperate effectively domestically and internationally. Countries should also ensure that their competent authorities participate in information exchange on beneficial ownership with international counterparts in a timely and effective manner.

9. Countries should support G20 efforts to combat tax evasion by ensuring that beneficial ownership information is accessible to their tax authorities and can be exchanged with relevant international counterparts in a timely and effective manner.

10. Countries should address the misuse of legal persons and legal arrangements which may obstruct transparency, including:
 - a. prohibiting the ongoing use of bearer shares and the creation of new bearer shares, or taking other effective measures to ensure that bearer shares and bearer share warrants are not misused; and
 - b. taking effective measures to ensure that legal persons which allow nominee shareholders or nominee directors are not misused.

The G20 is committed to leading by example in implementing these agreed principles. As a next step, each G20 country commits to take concrete action and to share in writing steps to be taken to implement these principles and improve the effectiveness of our legal, regulatory and institutional frameworks with respect to beneficial ownership transparency.

