

FATF



# FATF Report to the G20 Finance Ministers and Central Bank Governors

July 2018





The Financial Action Task Force (FATF) is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction. The FATF Recommendations are recognised as the global anti-money laundering (AML) and counter-terrorist financing (CFT) standard.

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## FATF Report to G20 Finance Ministers and Central Bank Governors

JULY 2018

1. **In March 2018, G20 Finance Ministers and Central Bank Governors reiterated their call for swift and effective implementation of the Financial Action Task Force (FATF) Standards worldwide.** They reaffirmed their support for the FATF, as the global anti-money laundering and counter terrorist financing standard-setting body, to further strengthen its institutional basis, governance, and capacity<sup>1</sup>. They also called on FATF to enhance its efforts to counter proliferation financing.
2. **Noting that virtual currencies/crypto-assets raise issues with respect to money laundering and terrorist financing, they committed to implement the FATF Standards as they apply to virtual currencies/crypto-assets.** They looked forward to the FATF review of those Standards, called on the FATF to advance global implementation, and asked the FATF to provide an update on this work in July 2018. The FATF will take this work forward under the US presidency from 1 July 2018 to 30 June 2019.
3. **Under the US presidency, FATF will prioritise work on preventing the financing of the proliferation of weapons of mass destruction; expand the current emphasis on combating terrorist financing and foster improvements in the regulation and supervision of virtual currencies/crypto-assets.** In addition, the US presidency will examine improvements in technical assistance provided to countries; seek to strengthen the FATF Global Network; continue to explore options for the future legal status of the FATF; continue work on FinTech and RegTech innovation, including initiating new work on digital identification; and take advantage of the organisation's 30<sup>th</sup> anniversary to communicate the important work the FATF has done and is doing.
4. This report provides an overview of recent FATF work in these areas and next steps.

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<sup>1</sup> [G20 Communiqué](#), Finance Ministers & Central Bank Governors, 19-20 March 2018, Buenos Aires, Argentina

## FATF's work programme on Virtual Currencies/Crypto-assets

5. **The FATF has developed a comprehensive approach to respond to the increasing use of virtual currency/crypto-asset activities for money laundering and terrorist financing.** This approach is intended to ensure that all countries exercise a sufficient level of oversight on virtual currency/crypto-asset activities taking place within their jurisdiction and to encourage a more consistent approach to the regulation of virtual currencies/crypto-assets across different countries.

6. **The FATF has several areas of work designed to encourage appropriate and consistent safeguards that will contribute to the mitigation of the associated money laundering and terrorist financing risks while avoiding unnecessary barriers to legitimate use.**

### *Money Laundering and Terrorist Financing Risks of Virtual Currencies/Crypto-assets*

7. **Virtual currencies/crypto-assets facilitate easy online access and global reach which make them attractive to move and store funds for money laundering and terrorist financing.** The FATF is actively monitoring the risks associated with virtual currency/crypto-asset payment products and services, including pre-paid cards linked to virtual currencies, Bitcoin ATMs, and Initial Coin Offerings (ICOs). In June 2018, the FATF updated its stocktake based on new and emerging cases.<sup>2</sup>

8. **Besides small-scale drug trafficking and fraud, the link between virtual currencies/crypto-assets and other predicate crimes appears to be growing.**

### *Regulatory Environment for Virtual Currencies/Crypto-assets*

9. **The FATF has conducted a stocktake to identify the different regulatory approaches among G20 participants as well as in a number of other countries.** The range of regulatory responses among the countries surveyed is broad:

- Some countries have prohibited the use of all virtual currencies/crypto-assets, or have prohibited financial institutions from dealing in virtual currencies/crypto-assets;
- Several countries apply anti-money laundering / countering the financing of terrorism regulations to virtual currency/crypto-assets (and the associated exchanges), for example by using existing AML/CFT laws and regulations governing money and value transfer services, banks, or other payment institutions, based on clarifications that these regulations apply to virtual currency/crypto-asset exchangers;
- Some countries do not specifically regulate virtual currencies/crypto-assets or exchanges dealing in them, but have broad-based requirements to report suspicious transactions, including those transactions related to virtual currencies/crypto-assets, and some go beyond regulated entities (i.e.,

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<sup>2</sup> *Overview and Analysis of Risks and Regulatory Measures*

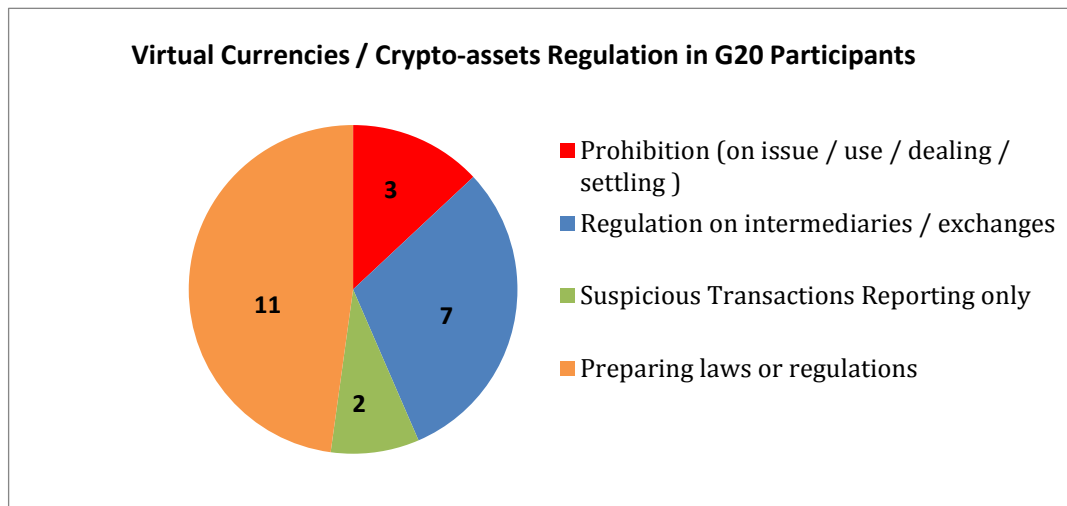
applying suspicious activity reporting requirements to virtual currency/crypto-asset exchangers);

- Many countries are in the process of establishing law or regulations.

10. The measures currently in effect in G20 participants are summarised below:

Measures currently applied	Countries
Prohibition (on issue / use / dealing / settling of virtual currencies/crypto-assets)	China, India, Indonesia
Regulation of intermediaries / exchanges and others (using new or existing AML/CFT regulation)	Australia, France, Germany, Italy, Japan, Switzerland, US
Suspicious Transaction Reporting only	Argentina, South Africa
Preparing laws or regulations	Brazil, Canada, EU, Mexico, Netherlands, Russia, Saudi Arabia, South Korea, Spain, Turkey, UK

11. The global regulatory environment for virtual currencies/crypto-assets is changing rapidly. This may make it challenging to ensure a consistent global approach, which could increase risks. Given the highly mobile nature of virtual currencies/crypto-assets, there is a risk of regulatory arbitrage or flight to unregulated safe havens.



*Global Standards and Guidance*

12. In June 2018, the FATF began to review its guidance and Standards to determine if changes are necessary to clarify their application to virtual currencies/crypto-assets and promote a more consistent approach, taking into account the results of FATF’s stocktake exercise of the different national regulatory approaches. The FATF Standards do not refer explicitly to virtual currencies/crypto-assets or the associated service providers and intermediaries.

This leaves some uncertainty about the scope of the anti-money laundering and countering financing terrorism obligations.

13. **The FATF will hold an intersessional meeting in September on how the FATF Standards apply to virtual currencies/crypto-assets.** In October 2018, FATF will consider detailed proposals to clarify the application of its Standards to activities involving virtual currencies/crypto-assets. FATF will consider whether it needs to update its 40 Recommendations to reflect the technical aspects of virtual currencies/crypto-assets. There is an immediate need to clarify how the FATF definitions and Recommendations concerning customer due diligence, money or value transfer services, wire transfers, supervision, and enforcement apply to virtual currency/crypto-asset providers and related businesses.

14. **The FATF will review its [2015 Risk-based Approach Guidance on Virtual Currencies](#) to continue assisting the public and private sectors** in implementing risk-mitigation measures.

#### *Improving Operational Capacity*

15. **Many national law enforcement authorities could significantly improve their understanding of how to effectively conduct investigations of cases involving virtual currencies/crypto-assets, and how to disrupt criminals.** The FATF will work further with investigative authorities on identifying relevant tools to support criminal investigations involving virtual currency/crypto-asset payment products and services as well as identifying technological or other limitations which hinder effective investigations when these payment products and services are involved.

### Countering the Financing of Proliferation of Weapons of Mass Destruction

16. **In February 2018, the FATF published comprehensive guidance for countries on proliferation financing,** reflecting the latest relevant United Nations Security Council obligations and providing advice on how countries can implement targeted financial sanctions and mitigate the risks of sanctions evasion.

17. **The US presidency will prioritise FATF work to combat the financing of proliferation of weapons of mass destruction.** Given the synergies that exist between money laundering, terrorist financing, and proliferation financing, the FATF can do more without imposing an undue burden on either the public or the private sector.

18. **Specifically, the US presidency will initiate an accelerated work stream to consider FATF Standards related to proliferation financing.** During the course of this year, FATF TREIN will start to deliver training on proliferation financing for member countries of the FATF and FSRBs.

### Countering the Financing of Terrorism

19. **The FATF focus on countering the financing of terrorism will be expanded under the US presidency.** As terrorist groups continue to evolve their financing means and capabilities, our response must also evolve. The FATF has made progress in implementing its counter-terrorist financing Operational Plan that

was updated in February 2018. Work has begun on guidance to help countries better understand terrorist financing risks, on the different types of disruption strategies that can be used to tackle different types of terrorist financing threats, and on a new training programme. The FATF has also completed an analysis of the best practices countries are applying in countering terrorist financing, and is now considering next steps to promote them.

20. **Under the US presidency, the FATF will focus further work on improving the effectiveness of CFT efforts, in particular reinforcing efforts to institutionalise information sharing and co-ordination on CFT among relevant competent authorities within governments.** The FATF will also continue work initiated by the Argentinean presidency to improve capacity to prosecute terrorist financing cases. This will include holding a global workshop to promote best practices to help prosecutors and judges overcome the challenges identified in pursuing terrorist financing prosecutions and convictions.

21. **More broadly, the FATF will continue working to improve global implementation of the AML/CFT standards, including by holding countries accountable for failures to address AML/CFT deficiencies through its mutual evaluation, follow-up and International Cooperation Review Group processes.**

22. **The FATF welcomes the discussion at the [No Money For Terror Conference on tackling the financing of Daesh and Al-Qaeda](#), hosted by France on 25-26 April 2018.** Leaders and Ministers reaffirmed the FATF's central role as the global anti-money laundering and counter terrorist financing standard-setting body. In line with the FATF Operational Plan, they also set out commitments to improve information sharing both domestically and across borders, reiterated the importance of the mechanisms that facilitate international co-operation, and underlined the need to anticipate and address the risk of new financial instruments being abused.

### Improving Transparency and the Availability of Beneficial Ownership Information

23. **Improving the transparency and availability of beneficial ownership information remains a high priority.** Through the FATF mutual evaluation process to-date, few countries have demonstrated that information is available to competent authorities on the beneficial owner of legal persons and arrangements, or that these persons and arrangements are prevented from being misused.

24. **The FATF completed a study of the vulnerabilities associated with the misuse of legal persons and arrangements with the Egmont Group of Financial Intelligence Units in June.** It shows how complexity can be built using chains of legal persons and arrangements in different jurisdictions and the use of informal and formal nominees to thwart law enforcement authorities. The report also demonstrates the important role that professional intermediaries can play in wilfully or unwittingly designing structures which can be misused by criminals.

25. **This report also includes a horizontal study on enforcement and supervision of beneficial ownership obligations.** This study raised understanding of how beneficial ownership requirements are being supervised, in particular among key gatekeeper professions such as lawyers and trust and company service

providers, as these professions have a particularly important role as intermediaries in company formation and management and noted a numbers of areas for improvement. The study also focused on the role of registries of companies and beneficial owners.

### Improving the Effectiveness of the Criminal Justice System: FATF Engagement with Judges and Prosecutors

26. **The Argentine presidency of the FATF initiated a global outreach programme to the Criminal Justice Systems** as the work of the Judiciary is crucial for stable and effective institutions, accountability, integrity, transparency and the rule of law, which are all pillars of an effective AML/CFT system.

27. **This initiative aimed to learn about experiences, challenges and best practices in investigating financial criminality, improve international co-operation and highlight the intricate structures that are used for legal and illegal activity.** Through several regional workshops<sup>3</sup> and in a joint effort with the FATF-Style Regional Bodies (FSRBs) and other international organisations, the FATF brought together almost 450 judges and prosecutors from more than 150 jurisdictions and observers. Relevant organisations were invited to participate to the discussions such as the Organization for Security and Co-operation in Europe, the International Prosecutors Association, the International Magistrates Association and Asset Recovery Networks.

28. **In June 2018, the FATF President presented conclusions from the set of workshops for judges and prosecutors.** These highlight useful elements and best practices in the conduct of investigations, prosecutions and convictions of money laundering, terrorist financing, and in confiscations of proceeds of crime. As criminal networks are often spread over multiple countries, international cooperation is critical for the success of investigations and prosecutions and also for asset recovery. Based on these findings, the US Presidency will continue this joint effort to enhance the effectiveness of the Criminal Justice System.

### De-risking

29. **De-risking remains a challenge and addressing it through effective implementation of risk-based measures by financial institutions and supervisors is a priority.** The FATF supports the coordinated approach on de-risking, led by the FSB, in order to help address the underlying drivers.

30. **The FATF has recently completed a survey to understand the extent to which member governments and financial institutions are using FATF guidance on a risk-based approach for money and value transfer services and on correspondent banking services.** The survey feedback generally shows these guidance documents have clarified expectations and banks have included them in

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<sup>3</sup> Americas (GAFILAT and CFATF). Asia/Pacific (APG and EAG). Africa/Middle East (ESAAMLG, GIABA, GABAC and MENAFATF). Europe (MONEYVAL and the Organization for Security and Co-operation in Europe (OSCE). FATF wrap-up workshop (Korea).



their risk-based approach. However, inconsistent application or interpretation by national authorities and the private sector remains a concern. G20 member countries could reinforce their support by clarifying regulatory expectations through their own outreach and guidance at the national level, and adjusting supervisory approaches and national rules and regulations as needed.

31. **The FATF has continued to facilitate a constructive dialogue and engagement among stakeholders.** In April 2018, the *FATF Private Sector Consultative Forum* brought together policy makers, supervisors, financial institutions including banks, remittance service providers and non-profit organisations to take stock of the latest developments and ongoing initiatives on de-risking. The FATF, together with the BCBS, CPMI and FSB, welcomed the *Wolfsberg Group Correspondent Banking Due Diligence Questionnaire* as one of the industry initiatives to help address the decline in the number of correspondent banking relationships by facilitating due diligence processes.

### FinTech, RegTech: Digital Identity

32. **The FATF recognises financial innovation, and strongly supports responsible technological developments that enhance countries' AML/CFT frameworks.**

33. **The FATF reached out to the FinTech and RegTech community at the FATF Private Sector Consultative Forum in April 2018,** engaging in a constructive dialogue on experiences in using digital ID for the purpose of customer due diligence as part of the on-boarding process, as well as recent developments in virtual currencies/crypto-assets. The FATF, jointly with the Eurasian Group (EAG), will hold its 3<sup>rd</sup> FinTech and RegTech Forum in September in Hangzhou, China.

34. **Under the US presidency, the FATF will continue its work to understand digital ID and verification technologies and will prioritise its ongoing work stream to ensure that the FATF Standards are compatible with the growing use of digital forms of customer identification.** Digital ID has the potential to enhance financial inclusion and reduce costs of customer on-boarding, as well as to better manage the risks of money laundering and terrorist financing.

*Annex*

**Executive Summary - Concealment of Beneficial Ownership<sup>4</sup>**

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<sup>4</sup> The full report will be available as of 18 July 2018.

## 1. EXECUTIVE SUMMARY

1. Criminals employ a range of techniques and mechanisms to obscure their ownership and control of illicitly obtained assets. Identifying the true beneficial owner(s) or individual(s) exercising control represents a significant challenge for prosecutors, law enforcement agencies, and intelligence practitioners across the globe. **Schemes designed to obscure beneficial ownership often employ a “hide-in-plain sight” strategy**, leveraging global trade and commerce infrastructures to appear legitimate. However, visibility does not equate to transparency, and many of the tools that were designed to encourage business growth and development, such as limited liability corporations and nominee directorship services, can be used to facilitate money laundering, tax evasion, and corruption. The globalisation of trade and communications has only increased this threat, and countries now face the challenge of enforcing national laws in a borderless commercial environment.

2. This joint FATF Egmont Group report takes a global view assessing how legal persons, legal arrangements and professional intermediaries can help criminals conceal wealth and illicit assets. The purpose of the report is to help national authorities including FIUs, financial institutions and other professional service providers in understanding the nature of the risks that they face.

3. Analysis of 106 case studies demonstrates that **legal persons, principally shell companies, are a key feature in schemes designed to disguise beneficial ownership**, while **front companies and bearer shares** are less frequently exploited.

4. **Individuals and groups seeking to conceal the ownership of assets are most likely to exercise control over those assets via a combination of direct and indirect control**, rather than strictly one or the other.

In a majority of cases, the beneficial owner used a combination of layering and direct ownership chains, as well as professional intermediaries and third parties exercising control on their behalf. In a limited number of cases, the beneficial owner exercised *only* indirect control and rarely retained direct control through a complicated structure without involving an intermediary. This demonstrates that, in many cases, the beneficial owner will maintain some level of direct control in a scheme, but will rarely do so without also involving an intermediary or “straw man” (informal nominee shareholders and directors, such as spouses, children, extended family, and other personal or business associates).

5. **Nominee directors and shareholders, particularly informal nominees (or “straw men”), are a key vulnerability**, and were identified in a large majority of case studies assessed for this report. The role of the nominee, in many cases, is to protect or conceal the identity of the beneficial owner and controller of a company

**Shell company** – incorporated company with no independent operations, significant assets, ongoing business activities, or employees.

**Front company** – fully functioning company with the characteristics of a legitimate business, serving to disguise and obscure illicit financial activity.

**Shelf company** – incorporated company with inactive shareholders, directors, and secretary and is left dormant for a longer period even if a customer relationship has already been established.

or asset. A nominee can help overcome jurisdictional controls on company ownership and circumvent directorship bans imposed by courts and government authorities. While the appointment of nominees is lawful in most countries, the ongoing merits of this practice are questionable in the context of the significant money laundering and terrorist financing vulnerabilities associated with their use.

### 1.1. Specialist and professional intermediaries

6. **The use of specialists and professional intermediaries is a key feature** of schemes designed to conceal beneficial ownership, particularly in cases where the proceeds of crime are significant. The majority of the case studies involved professional intermediaries. While it was not always explicitly stated in the case studies, approximately half of all intermediaries involved were assessed as having been complicit in their involvement. This demonstrates that complicity is not necessary to facilitate a scheme designed to obscure beneficial ownership, and that **professionals can be unwitting or negligent in their involvement**. This serves to highlight the importance of effective regulation of designated non-financial businesses and professions, and the need for increased awareness amongst professional service sectors. Nevertheless, law enforcement experience in some jurisdictions indicates that professional intermediaries are more likely to be complicit than unwittingly involved in money laundering cases.

- In the case study sample available for this report, **trust and company service providers (TCSPs)** represented the highest proportion of professional intermediaries involved in the establishment of legal persons, legal arrangements, and bank accounts. The TCSP sector was also significantly more likely to provide nominee, directorship, and other company management services to their clients, provide services to other professionals on behalf of third-party clients, and provide services to clients based internationally. However, despite their significant involvement in the establishment and management of these arrangements, TCSPs appear less likely to be the architect of schemes designed to obscure beneficial ownership. TCSPs that were assessed as having been complicit in their involvement were more likely to have been wilfully blind than fully complicit, or may have also provided legal, accounting, or other financial services. This suggests that the role of TCSPs is more likely to be transactional in nature, operating at the behest of a client or other intermediary, who are often based in another country. It also demonstrates that, **while TCSPs appear to be less likely to be the masterminds of schemes designed to obscure beneficial ownership, the services provided by TCSPs are vulnerable to exploitation by criminals and other professional intermediaries involved in these schemes**.
- **Accounting professionals** were the least represented sector in the cases analysed for this report; however, they were significantly more likely to be complicit in their involvement when compared to legal professionals and TCSPs. The accounting profession demonstrated the least direct involvement in the establishment of legal persons, legal arrangements, or banking relationships, which suggests that the key role of the accounting profession in the construction of schemes designed to disguise beneficial ownership is

the provision of expert advice. Accounting professionals represented the highest proportion of scheme designers and promoters in the case studies, and were more likely to promote their own scheme to prospective clients than to simply facilitate a scheme designed by their client. They were also the only professional sector that was not identified as having provided services to another professional intermediary on behalf of a third-party client. **It is likely that the financial acumen of the accounting profession, and the ease with which accountants can identify suspicious financial activities, limit their vulnerability to being unwittingly exploited to facilitate the concealment of beneficial ownership.** It also suggests that criminals and complicit professionals may be unwilling to involve an accounting professional unless their complicity can be assured in advance.

- In comparison to other professional intermediary sectors, **the role of legal professionals in the facilitation of schemes designed to disguise beneficial ownership, varies depending on the situation.**
    - Legal professionals were more involved in the establishment of legal persons, legal arrangements, and bank accounts when compared with accountants, but less so when compared to TCSPs. The same was also true for the provision of nominee and directorship services.
    - Lawyers were the most likely of the three professions to be involved in the acquisition of real estate as a means of laundering the proceeds of crime and obscuring beneficial ownership.
    - Legal trust accounts and client accounts were also more frequently used as a means of disguising beneficial ownership, although the accounting profession also exhibited a similar proportion of this concealment technique. Legal professional privilege was also identified as a barrier to the successful recovery of beneficial ownership information.
    - In the case studies analysed for this report, where legal professionals were involved, there were a number of cases where legal professionals appeared to be unwitting or negligent in their involvement. This suggests that, despite their reasonably high level of involvement in the establishment of legal persons and arrangements, **legal professionals are not sufficiently aware of their inherent money laundering and terrorism financing vulnerabilities.** It is likely that this is exacerbated by the low level of regulation imposed on legal professionals in many countries.
7. Analysis indicates that **the services of both lawyers and accountants are rarely required to facilitate the same money laundering scheme – the involvement of one is typically sufficient.** TCSPs were present in almost all cases that involved intermediaries from multiple sectors, and few cases demonstrated the use of both a lawyer and an accountant. Of the cases that involved multiple intermediaries from the same sector, the TCSP sector represented the overwhelming majority of these instances. When multiple TCSPs were exploited in a single scheme, almost all of the cases involved TCSPs in multiple jurisdictions. This reflects the role of TCSPs in establishing and managing local companies on behalf of foreign clients. Conversely, in instances where multiple legal or accounting professionals were used,

most cases involved the use of multiple lawyers/accountants in the same jurisdiction, and most of these intermediaries were unwittingly involved. This suggests that, in instances where multiple lawyers or accountants are utilised to facilitate a scheme, criminal clients may be attempting to avoid suspicion by limiting their engagements with any single professional.

8. A lack of awareness and education of money laundering (ML)/ terrorist financing (TF) risks among professionals inhibits the identification of ML/TF red flags. This increases their vulnerability to being exploited by clients seeking to misuse otherwise legitimate services for ML/TF purposes. The case studies for this report identified that only four intermediaries involved in these schemes identified and reported suspicious activity in line with the FATF Standards. All of these cases were from countries that regulate designated non-financial businesses and professions (DNFBPs) under an anti-money laundering/counter-terrorist financing (AML/CFT) legal framework.

## 1.2. Anti-money laundering obligations and supervision

9. Seventeen per cent of jurisdictions that participated in the FATF's Horizontal Study of supervision and enforcement of beneficial ownership obligations do not impose any AML/CFT obligations or AML/CFT supervision on any DNFBPs whatsoever, despite this being a requirement of the FATF Standards. In some cases, this is the result of resistance to regulation from the relevant sectors or professions; in other cases, it may represent an "unfinished" aspect of the AML/CFT system which has not yet been implemented. The lack of supervision in these countries is a major vulnerability, and **professionals operating in countries that have not implemented appropriate regulations for DNFBPs represent an unregulated "back-door" into the global financial system.**

10. A country with a weak AML/CFT regime will exacerbate the vulnerabilities of legal persons, legal arrangements, and professional intermediaries. Key requirements of the FATF Standards, such as Immediate Outcomes 4 and 5, and Recommendations 10, 11, 12, 22, 23, 24, 25 and 28, amongst others, all relate to the risk profile of legal persons, arrangements, and intermediaries in a given jurisdiction. However, other inter-jurisdictional variables, such as trade and finance routes, are also influential with respect to the vulnerabilities and challenges associated with beneficial ownership. These vulnerabilities differ across jurisdictions and therefore cannot be definitively assessed at a global level. Competent authorities, financial institutions and DNFBPs should be mindful of the jurisdictional vulnerabilities that affect their country/business when assessing risk.

11. Schemes designed to obscure beneficial ownership often rely on a "hide in-plain-sight" strategy. This significantly impairs the ability of financial institutions, professional intermediaries, and competent authorities to identify suspicious activities designed to obscure beneficial ownership and facilitate crime. At the same time, the FATF Standards and, by extension, much of the global AML/CFT infrastructure, centre upon the identification and reporting of suspicious activities by financial institutions and DNFBPs. Many of the case studies analysed for this report identified that information held by financial institutions was invaluable to the investigation of crime, and those countries that require the reporting of other

transactions (such as threshold and cross-border transactions) indicated that these threshold-based reports were instrumental to the identification of irregular financial activities.

12. As the global economy becomes increasingly interconnected, and the sovereignty of financial borders dissipates, it is important to ensure that authorities have access to the appropriate information required to effectively deliver their mandate, whether it be suspicious transaction reporting submitted by reporting entities or other types of information, such as threshold and cross-border reporting. Furthermore, the FATF standards provide scope for countries to use several mechanisms to enable timely access to beneficial ownership information, and some countries have recently implemented, or are currently implementing, registers of beneficial ownership information as a mechanism to enable them to do so. Systems combining one or more approaches to ensure availability and accuracy of basic and beneficial ownership information may be more effective than systems that rely on a single approach. Some jurisdictions consider the availability of beneficial ownership registers assist competent authorities access up-to-date and accurate information, including for verifying information obtained from other sources.

### 1.3. Issues for consideration

13. As a result of the analysis and consultations that underpin it, this report identifies a number of issues to help address the vulnerabilities associated with the concealment of beneficial ownership, including:

- Consideration of the role of nominees including measures that may limit their misuse.
- The need for regulation of professional intermediaries in line with the FATF Standards, and the importance of efforts to educate professionals on ML and TF vulnerabilities to enhance awareness and help mitigate the vulnerabilities associated with the concealment of beneficial ownership.
- Further work to identify possible solutions or measures to prevent the misuse of legal professional privilege (LPP) to conceal beneficial ownership information, including through the provision of enhanced training and guidance material for legal professionals.
- Ensuring financial intelligence units have access to the widest possible range of financial information.
- Increased sharing of relevant information and transaction records to support global efforts to improve the transparency of beneficial ownership.
- Further work to understand what can be done to improve the quality and timeliness of the cross-border sharing of information, including through mutual legal assistance.
- Ensuring, for countries that make use of registers of beneficial ownership, and for all countries' company registers, that there is sufficient resource and expertise associated with their maintenance. This is to ensure that the information recorded in the register is adequate, accurate, and up-to-date, and can be accessed in a timely manner.

- The need for countries to consider and articulate the vulnerabilities and threats relating to domestic and foreign legal persons and arrangements, the domestic and foreign intermediaries involved in their establishment, and the means by which criminals may exploit them to facilitate ML and other criminality.

14. A broad theme underlying all of these issues is information, including possible ways to improve the reliability, access and mechanisms to share that information more effectively at domestic and international levels. In some instances, these issues aim to inform responses by individual governments in taking further action; other issues identify areas for further research and engagement.





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