

Response to FATF consultation on beneficial ownership

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Related documents:	FATF Guidance on Beneficial Ownership (Recommendation 24) - Public Consultation		
Contact person:	Fabrizio Franco, Policy Advisor Personal and General Insurance	E-mail:	franco@insuranceeurope.eu
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Are there case examples of registries and alternative mechanisms for holding of accurate, adequate, and up-to-date beneficial ownership information?

Official registers are the best solution because they allow for a structured and comprehensive approach (ie, the centralisation of all legal persons' data) and guarantee adequate, accurate and up-to-date information.

To ensure that the official register is effective, it must meet certain conditions:

- There must be measures to ensure completeness, such as an obligation for legal persons to declare their beneficial owners to the register, combined with measures to monitor compliance with these obligations (eg, effective sanctions in the event of non-declaration).
- Authorities in charge of the register should ensure the quality of the data it contains, including verification that the beneficial ownership information is adequate, accurate and up to date.
- The register should be accessible to persons subject to anti-money laundering/countering the financing of terrorism (AML/CFT) rules and free of charge, as part of the implementation of AML/CFT vigilance.
- Consultation of the register by persons subject to AML/CFT rules must be automated and suitable for mass consultations.
- Consultation of the register by entities subject to the register must be carried out by means of homogenised/standardised technical solutions (ie, it must have a single IT solution).
- The register must be consulted by means of a standardised identification key for legal persons (international identification number).

In several EU member states the procedure for consulting registers was made more effective, but further improvements are needed. In addition, further improvements are needed to the interconnection of registers at EU level. In fact, even though interconnection is the best solution for dealing with the beneficial ownership of foreign legal entities, its implementation is still far from being completed.

A different approach would be less effective, as it would not allow the same quality and reliability of information. For instance, the provision of beneficial ownership information by regulated persons would be dependent on the information-handling procedures of each regulated person. This, as well as the multiplication of sources of information could lead to a loss of efficiency.

Are there case examples of mechanisms to verify beneficial ownership information in low-risk scenarios?

When obliged entities apply due diligence measures, they strictly adhere to the principle of a risk-based approach. In cases of low risk, consulting the register alone should be a sufficient option to determine, identify or verify beneficial ownership information, without the need to apply other measures.

Other comments

- In its draft guidance, the FATF states that, when a threshold is used by countries “*such a threshold should not exceed a maximum of 25%*” and “*the results of the risk assessment may lead countries to apply different thresholds (e.g. for different sectors of the economy or for different types of legal persons)*”.

The multiplication of various thresholds below 25%, depending on country, sector or type of legal person, could make the determination of beneficial owners more complicated.

A very low threshold leads to an excessive number of persons being considered as beneficial owners. This would go against the notion of control and would lead to:

- A reduction in the reliability of registers.
 - The generation of such a large volume of data that it would become difficult to manage by the actors involved and, in particular, by the authorities in charge of the registers.
 - Difficulty keeping the registers up to date as a result of frequent changes of beneficial owners.
 - An unjustified increase in the number of discrepancy reports.
 - Therefore, a more effective approach would be to strengthen the current framework by improving the quality and completeness of the data and by encouraging the interconnection of registers of different countries.
- Paragraphs 45 and 47 are not in line with the possibility to have a risk-based approach in cases of low risk.
 - In fact, it is written that, at a minimum, there must be a company approach and a register or an alternative mechanism. This approach seems to create a very inefficient use of resources in cases of low risk.
 - The motivation for the FATF request to provide case examples of registers is not clear, as several countries already have these registers (eg, the Belgian [UBO register](#)).
The request to provide case examples of mechanisms to verify beneficial ownership and information in low-risk scenarios is not compatible with the level of risk in those circumstances (eg, the National Bank of Belgium recommends that, in situations of low and standard risk, additional measures are taken, including at least the obliged entity contacting the client to obtain relevant information about the identity of its beneficial owners, as well as supporting evidence or confirmation that the information in the UBO register is correct, up-to-date, and complete. These measures may also include consulting information published on the internet or other available information, whether this information is publicly available or can be obtained, for example, by paying external consultants. (See here: [Comments and recommendations for identification and identity verification.](#))

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