

Beneficial ownership timeline

2010-2011

FATF

- STEP heavily engaged on debate about revisions of FATF Recommendations. There are initial proposals for major reform to (what has become) Recommendation 25 relating to trusts which would imply major changes to trust law in all common law jurisdictions. STEP secures UK Government support for very limited changes and eventually this view prevails.
- At the same time there are major changes proposed to (what has become) Recommendation 24 relating to companies regarding requirements to ensure that beneficial ownership information is available to competent authorities (although they do not require public registers). From the start these are supported by UK Government. Primarily due to resources, PPC decides to prioritise our efforts on trusts and Recommendation 25.

2012

FATF & EU

- Revised FATF Recommendations published.
- Work begins at national level on implementation of the revised Recommendations.
- The EU begins reviewing the 3rd AML Directive and decides a new Directive is required.

2013-14

G-8

- UK announces as part of its G-8 Presidency that it is to have a public register of beneficial ownership for companies and presses others to follow its example. There is no formal public consultation ahead of this announcement but STEP received informal briefing from Treasury beforehand and is assured that the UK Government will continue to oppose public register for trusts.

EU

- EU Commission published draft 4th AML Directive which simply follows FATF requirements for trusts – STEP informally indicates to Commission and UK Government. It has no significant problems with these proposals.
- UK Government presses for toughening up draft Directive to have public register for companies but argues for no change on trusts.

- STEP informally briefed by EU Commission that UK approach on companies is causing major problems in terms of other Member States.
- UK Government also informally indicates it is having problems holding line on trusts and invites STEP to make presentation on trusts in Brussels to all 28 Member States. STEP also invited to mount workshop in London for UK Civil servants.
- EU Parliament begins consideration of 4th AML Directive. It becomes clear that it is minded to call for public trust register as well as public corporate register. STEP begins major campaign to try and gain traction with MEPs (with assistance from STEP Ireland and STEP Malta) but EU Parliament passes motion for public trust registers with large majority.
- UK Government confirms to UK Parliament its opposition to public trust registers in the wake of the EU Parliament vote.
- Member States continue to discuss draft text for Directive. Latest draft does not call for trust registers, but STEP informally approached by UK regarding ultimate compromise which would have public register only showing name of trust and trustees, not beneficiaries. STEP indicates that this would be acceptable.

UK

- UK Government launches consultation on plan to have public register of corporate beneficial owners. Makes it plain that basic principle of public register is not negotiable but proposal is in any case widely supported by major corporate lobby groups (CBI), the banks and other professional bodies such as ICAEW.
- STEP makes submission highlighting issues where trust is beneficial owner of company. Informal briefing to civil servants leads them to accept the need to avoid beneficiaries appearing on any public register.
- Government publishes formal outcome of consultation which accepts STEP's arguments and adopts position that where trust is a beneficial owner of a corporate, the corporate register will simply show the name of the trust and the trustee.
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/304297/bis-14-672-transparency-and-trust-consultation-response.pdf
- UK launches National Risk Assessment process (as required by FATF). Major theme merging in the NRA is the issue of layering and the use of complex structures to acquire high value assets in the UK.
- STEP is invited by the NRA team to submit informal typologies paper on trusts. STEP is also invited to hold major workshop for the National Risk Assessment team next month on trust vulnerabilities to AML breaches.

CDs & OTs

- In mid-2013 UK Government writes to the CDs & OTs urging them to produce an “action plan” on beneficial ownership as part of the FATF required risk assessment process and following the UK’s G-8 announcement.
<https://www.gov.uk/government/news/g8-pm-writes-to-crown-dependency-leaders>
- UK holds a summit in London with leaders of all CDs & OTs to reinforce the message that it expects an early move to both tax transparency and public corporate registers.
<https://www.gov.uk/government/news/g8-2013-concrete-action-agreed-on-tax-transparency>
- In late-2013 call for action plans re-iterated in PM’s letter to all CDs & OTs which also confirmed a move to automatic exchange of tax information with the UK via FATCA style IGAs.
<https://www.gov.uk/government/publications/pm-letter-on-beneficial-ownership/prime-ministers-letter-on-tax-evasion-and-corporate-secrecy>
- Most CDs & OTs launch consultation exercises regarding registries and beneficial ownership information.
- In spring 2014 UK writes further letter to OTs indicating that the UK ‘hopes’ that they will match the UK’s move to public corporate beneficial ownership registries after the UK’s policy in this area was confirmed. <https://www.gov.uk/government/publications/prime-ministers-letter-on-beneficial-ownership/prime-ministers-letter-to-the-overseas-territories-on-beneficial-ownership>