

# STRATEGY PAPER



EU AML / CFT  
GLOBAL FACILITY

# BUILDING A COUNTRY ROADMAP FOR BENEFICIAL OWNERSHIP DISCLOSURE REGIME

THE EU GLOBAL FACILITY'S APPROACH


MAY 2024



Funded by  
the European Union

 EXPERTISE  
FRANCE  
GROUPE AFD

IMPLEMENTED BY

 giz  
Deutsche Gesellschaft  
für Internationale  
Zusammenarbeit (GIZ) GmbH

This publication was written by Alexandre Taymans and Julian Hicks and designed by Camille Dupire in the framework of the technical assistance programme provided by the EU AML/CFT Global Facility Project, financed by the European Union, managed by the European Commission's Service for Foreign Policy Instruments (FPI) and implemented by Expertise France and the GIZ.

This document is a strictly confidential communication to and solely for the use of the recipient and may not be reproduced or circulated without the EU AMLCFT Global Facility project written consent.

If you are not the intended recipient, you may not disclose or use the information in this documentation in any way.

**Disclaimer:**

This publication was produced with the financial support of the European Union. Its contents are the sole responsibility of the EU Global Facility on AML/CFT and do not necessarily reflect the views of the European Union.

**For further information, please contact:**

Alexandre Taymans, Key Expert on Beneficial Ownership for the EU AML/CFT Global Facility at [ataymans@global-amlcft.eu](mailto:ataymans@global-amlcft.eu)  
[www.global-amlcft.eu](http://www.global-amlcft.eu)

# CONTENTS

<b>Acronyms</b>	<b>4</b>
<b>Executive Summary</b>	<b>5</b>
<b>1 Introduction</b>	<b>6</b>
1.1 Context	7
1.2 The support the EU Global Facility provides	7
<b>2 Implementation Success Criteria</b>	<b>8</b>
2.1 Effective governance	10
2.2 National prioritisation and clear political support	11
2.3 Resourcing, creation of a joint team and identification of an initial workplan	11
2.4 Effective communications	12
<b>3 The EU Global Facility's Methodology – a Modular Approach and Expert Support</b>	<b>13</b>
<b>4 The 4 Phases of Implementation</b>	<b>16</b>
4.1 Phase 1 - Assessment, understanding and preparation	17
4.1.1 Country Assessment	17
4.1.2 Defining Key Aspects of the BO Disclosure regime operating model	18
4.1.3 Preparation and content of the roadmap	18
4.1.4 Communications	19
4.2 Phase 2 - Achieving technical compliance	19
4.2.1 Legal Persons and Arrangements risk assessment	19
4.2.2 Legislative and regulatory action	19
4.2.3 BO guidance	20
4.2.4 BOR IT business needs, IT design, procurement, financing	21
4.3 Phase 3 – Effective implementation, supervision and enforcement	21
4.3.1 Initiating Beneficial Ownership Registry operations	21
4.3.2 Supporting appropriate implementation and enforcement of BO regulations	22
4.3.3 Design of sanctions for non-compliance	22
4.3.4 Expanding the role of the BOR – from simple repository to Competent Authority	23
4.4 Phase 4 – Horizon scanning, updating the national risk assessment, identifying novel threats and integrating with other BORs	23
<b>5 Maximising Impact - Co-operation and Leveraging of Scarce Resources</b>	<b>24</b>
<b>6 Contacting the EU Global Facility on AML/CFT</b>	<b>26</b>

# ACRONYMS

AML	Anti-Money Laundering
AMLD	The European Union Anti Money Laundering Directives
BO	Beneficial ownership
BOR	Beneficial ownership registry
BOT	Beneficial ownership transparency
CA	Competent Authority
CTF	Counter terrorism financing
DNFBP	Designated Non-Financial Businesses and Professions
EU	European Union
EU Global Facility	The European Union Global Facility on Anti-Money Laundering and Countering the Financing of Terrorism
FATF	Financial Action Task Force
FI	Financial Institution
FIU	Financial Investigation Units
FSRB	FATF-Style Regional Bodies
Legal vehicles	Corporates, legal persons, trusts and similar legal arrangements
LP/LA	Legal Persons and Legal Arrangements
MER	Mutual Evaluation Report
ML	Money laundering
OE	Obligated Entities
SRB	Self-Regulating Body

# EXECUTIVE SUMMARY

The European Union Global Facility on Anti-Money Laundering and Countering the Financing of Terrorism (the “EU Global Facility”) has been delivering technical assistance in the field of beneficial ownership transparency since 2020 in the Caribbean Financial Action Task Force (CFATF), Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), Grupo de Acción Financiera de Latinoamérica (GAFILAT), the Middle East and North Africa Financial Action Task Force (MENAFATF) and the Moneyval regions. The EU Global Facility’s approach is based on its experience in providing support to over 26 non-EU jurisdictions with differing legal and cultural contexts.

This Strategy Paper provides an overview of the holistic and modular approach that the EU Global Facility implements with partner jurisdictions when supporting them in designing and implementing their beneficial ownership disclosure regimes.

Designing, implementing, and maintaining an effective beneficial ownership disclosure regime is a complex process. It involves not just the implementation of a beneficial ownership registry, but also a wide range of institutions, legal entities, and individuals<sup>1</sup> that together support a multi-pronged approach to information gathering and verification and the effective regulation and supervision of the BO disclosure ecosystem. The EU Global Facility has the technical skills and practical experience to support jurisdictions in all aspects of this integrated process. This support is provided in a flexible manner that respects the cultural context and builds on any AML/CFT structures that already exist.

Adopting a modular approach allows for efficient design and implementation, simplifies cross border co-operation, allows for a whole of government approach, and ensures that lessons learned in

other jurisdictions can serve to further enhance the EU Global Facility’s approach and the support it provides to partner jurisdictions.

The approach set out assumes that there is already some form of AML/CFT architecture in place that can be used to support the BO disclosure regime. Where there is none, many of the same issues will apply and the methodology described will still be relevant, but BO will be just one aspect of a bigger AML/CFT implementation project.

The Strategy Paper will successively discuss and present (i) the implementation criteria for successful implementation of BO reforms within countries, (ii) the EU Global Facility’s modular approach and support provided to partner countries, (iii) the 4 Phases of design and implementation of a BO framework, and (iv) how to maximise the impact of the support and tools developed.

The Strategy Paper refers to, but does not provide a detailed review of the recently adopted European Union AML/CFT Package that will set out directly applicable AML/CFT rules and harmonise approaches to BO issues across the European union’s 27 Member States. Once fully implemented this will provide a comprehensive model addressing the design, implementation and effective on-going supervision and maintenance of effective BO regimes. It will be a useful reference for all jurisdictions, even those outside the EU, providing a structured approach to all the key issues as well as their operationalisation.

Jurisdictions that follow the EU Global Facility’s modular approach will be able to assess, design and implement a BO disclosure regime that addresses their national context, integrates with the systems of other compliant jurisdictions and that is demonstrably fit for purpose. ■

1. This includes (but is not limited) to the creation, designation, role definition and mandating of OEs, FIUs, FIs, DNFBPs, SRB’s, regulators and administrators, etc which are all involved in creating and supporting a multi-pronged approach to the provision of adequate, accurate and up-to-date BO information as required by FATF R 24 and the EU AMLD.



**EU AML / CFT**  
GLOBAL FACILITY

# 1. INTRODUCTION



Funded by  
the European Union

# 1. INTRODUCTION

## ■ 1.1. Context

The last 10 years have seen increased awareness<sup>2</sup> of the misuse of legal vehicles<sup>3</sup> by criminals and corrupt government officials in order to anonymise their illicit activities and hide the identity of the real beneficiaries, owners and controllers of assets. This lack of transparency restricts the ability of national and international enforcement agencies to prevent illicit activities or to prosecute and recover the corrupt payments, illegitimate profits and unpaid tax revenues involved.

Since 2003 multinational organisations and institutions such as the FATF, the Global Forum on the Exchange of Information for Tax purposes, and the European Union have taken increasingly rigorous actions to hamper the misuse of legal vehicles and fight the associated illicit financial flows. These steps have been designed to increase the transparency of corporate entities and legal arrangements by introducing a strong legal and regulatory framework and appropriate supervisory and enforcement requirements.

Since 2015 the EU has been instrumental in the process of designing and implementing effective BO disclosure frameworks, in particular with the setting-up of central BO Registers across the 27 member states. It has introduced legislation and regulation that harmonise approaches across the EU and that are a global model for the implementation of an effective multi-pronged approach designed to make available adequate, accurate and up-to-date BO information<sup>4</sup>.

Whilst the EU has made significant progress, and has been catalyst for improvement in beneficial ownership transparency in many jurisdictions, there is clearly more work to be done. The EU recognises that the design, implementation, and maintenance of a BO disclosure framework is complicated and resource consuming and can be challenging for many jurisdictions. Consequently the EU has established the EU Global Facility to provide practical and structured support to partner jurisdictions that builds on its experience in a range of legal and cultural contexts.

## ■ 1.2. The support the EU Global Facility provides

The EU Global Facility provides bilateral technical assistance in close partnership and coordination with a jurisdiction's own team, applying the EU Global Facility's technical knowledge and experience.

The technical assistance provided consists of both onsite and remote technical assistance tailored to a jurisdiction's specific needs. The EU Global Facility's phased approach allows jurisdictions to identify the progress they have already made and to incorporate it into a structured implementation

process. The assistance is delivered on a peer-to-peer basis by experts with technical and operational expertise.

The technical assistance generally consists of a tailored set of workstreams that lead the jurisdictions through the key pillars of an effective BO disclosure regime. These activities address matters such as the risk assessment of legal persons and arrangements, assessment of the jurisdiction's existing BO disclosure regime, the preparation of a gap closure plan (usually referred

<sup>2</sup> EG the Offshore Leaks (2013), LuxLeaks (2015), Bahamas Leaks (2016), Panama Papers (2016), Paradise Papers (2017), FinCen Leaks (2020), and the Pandora Papers (2021).

<sup>3</sup> Such as corporates, non-profit organisations, foundations, trusts and similar legal arrangements

<sup>4</sup> The EU approach is set out in its current Anti Money Laundering Directive (« AMLD », as amended in 2018 by the AMLD 5), and will be much enhanced by the proposed EU Single Rulebook that will standardise the approach to implementation and interpretation of BO related issues.

to as a “Roadmap”), communications and awareness raising activities, facilitating peer-to-peer support and mentoring as well as IT procurement and design. This approach is summarised at more length in Section 4 of this paper.

The exact nature and extent of the EU Global Facility’s technical assistance will depend on the jurisdiction’s political, social, cultural, resourcing and threat environment as well as the maturity of any existing AML/CFT architecture.

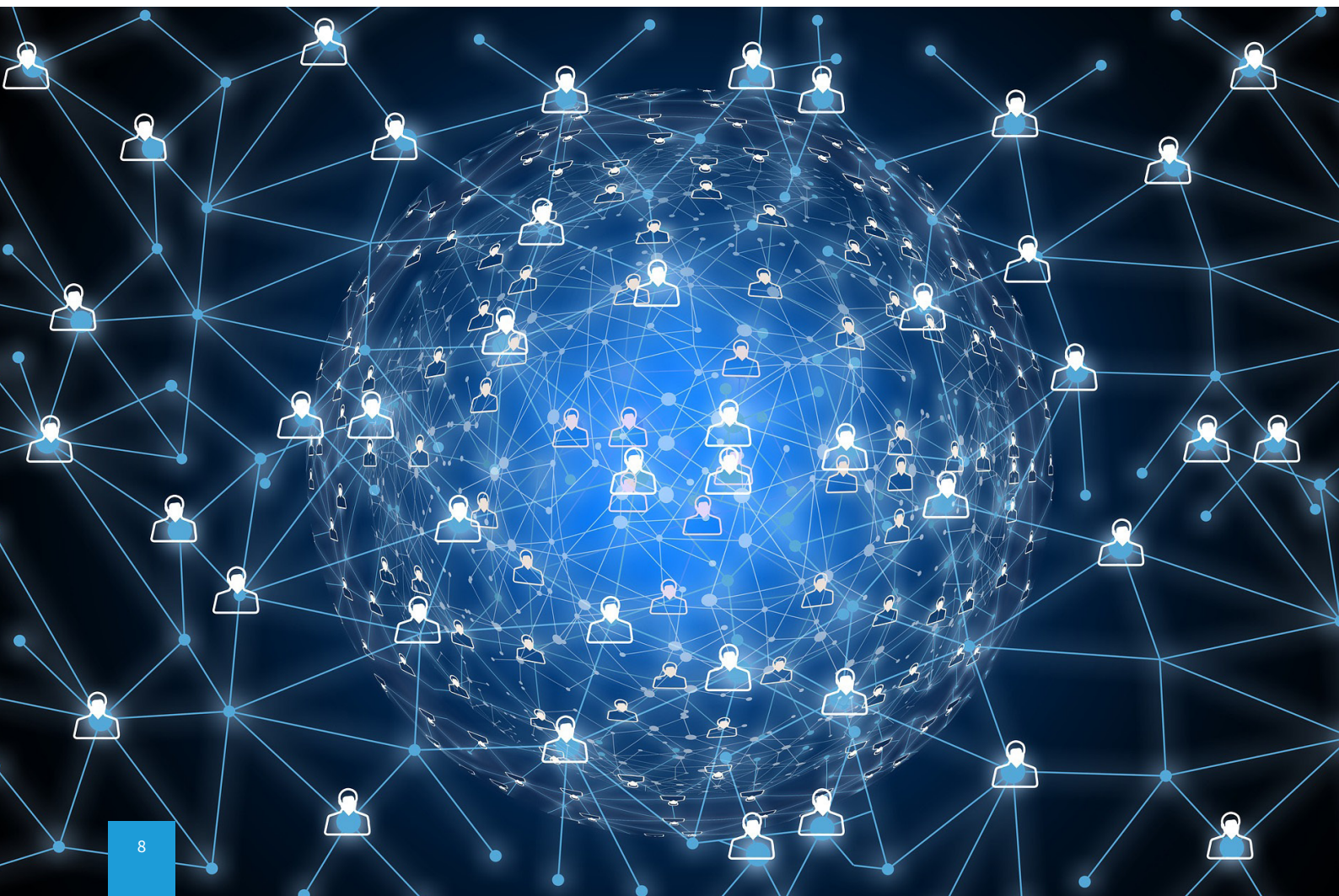
The EU Global Facility’s structured approach has a number of important benefits:

- It ensures early alignment of expectations and a standardised approach to key issues;
- It reduces workload/cost by using a tested architecture that reflects international good practice;
- It allows jurisdictions to leverage the EU Global Facility’s regional and near-country connections, especially in the areas of interoperability<sup>5</sup>, mentoring, novel threat identification and mitigation.

In addition, the adoption of a structured approach that has been successfully implemented in a number of jurisdictions reduces the risk that a state is seen as an AML/CFT “weak link” that can be exploited for criminal gain.

---

<sup>5</sup> This is the ability of one system to integrate and exchange information with another, either in-country or across national borders.







**EU AML/CFT**  
GLOBAL FACILITY

## **2. IMPLEMENTATION SUCCESS CRITERIA**



**Funded by  
the European Union**

## 2. Implementation Success Criteria

Experience has shown that the successful design and implementation of an effective BO disclosure regime will need to reflect the specific context of any jurisdiction, while ensuring alignment with international requirements.

The process will be quicker and more effective if the following key issues are addressed at the inception of the project:

- Establishment of effective governance of the project (see Section 2.1 below);
- Visible and effective senior level commitment from both the jurisdiction and the EU Global Facility - thereby ensuring that successful delivery is seen as important and a priority

- for both parties (see Section 2.2 below);
- Alignment of expectations and vision at the very start of the process;
- Adoption of a joint activity model with joint resourcing by the jurisdiction and the EU Global Facility (see Section 2.3 below);
- Agreeing a communications strategy and tailoring it for each phase; and
- Proactive identification of - and engagement with - key stakeholders both internally, externally, nationally, and internationally (See Section 2.4 below).

These issues should be revisited regularly to make sure that the decisions made remain optimal in the light of the learnings gained during the process.

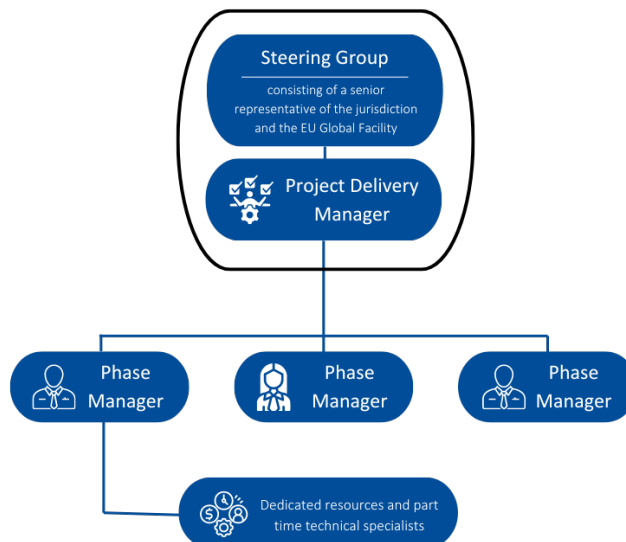
### 2.1. Effective governance

An effective governance structure will drive delivery by ensuring that expectations are discussed and agreed by both parties and that they are clearly communicated to the delivery team and key stakeholders. It will also allow for an effective way of making and disseminating key policy decisions and providing visible leadership as the project progresses.

The initial step will be to appoint the members of the steering group – normally this will be one senior representative from the jurisdiction and one from the EU Global Facility.

The members of the steering group must be visibly invested in the success of the project and have sufficient credibility to champion the project and influence senior stakeholders. They will be expected to ensure that appropriate funding and resourcing is available and to provide clear direction on policy issues. Appointing inappropriate members of the steering committee will send a message that the project is not a priority and will undermine it.

A project governance structure will normally fit the following framework, although it will need to reflect the local needs and culture:



The Project Delivery Manager (“PDM”) will often attend steering group meetings but may not formally be a member. He will ensure joint preparation of a realistic Roadmap that both the jurisdiction and the EU Global Facility commit to through Steering Group approval. The PDM will be accountable for delivering the project in line with the Steering Group’s instructions and will provide the link between those involved in operational delivery and the senior decision makers. The PDM will ensure roles, authority and accountabilities are clear and understood and that there is co-ordination between phases where more than one is being progressed concurrently.

The PDM will normally be responsible for Phase 1 deliverables (see Section 3). Separate Phase

Managers may be appointed for Phases 2 and 3 with specialist skill sets (such as legal or IT experience) that match the work being done in the phase. Depending on the scale of the project they will not just manage the work but also provide operational delivery in their specialist area. They will be supported by dedicated full time resources, and part time technical experts, including those provided by the EU Global Facility.

The Project Delivery Manager and Phase Managers will be resourced from a mix of national and the EU Global Facility staff, selected for their prior project delivery experience and specialist technical skills.

An effective governance structure should be established as soon as possible.

## ■ 2.2. National prioritisation and clear political support

Jurisdictions have many pressures and priorities can change on a regular basis. The introduction of an effective BO disclosure regime requires a number of complex policy decisions that are not always obvious and whilst the benefits are structural, they are not always immediate and visible.

As a result there is always the risk that a jurisdiction’s efforts will become bogged down in the pressures

of competing priorities, personal interest, and limited resources. It is therefore important to ensure that a BO initiative is publicly communicated, has clear objectives, a realistic timeline and early and visible public support from senior leadership. This will ensure that delegated staff align themselves with, and become champions for, the successful delivery of the project.

## ■ 2.3. Resourcing, creation of a joint team and identification of an initial workplan

Once the Steering Group has set out the project’s objectives and key parameters the PDM can begin detailed planning.

If the project is to succeed it will need to be properly resourced – in terms both of funding and human resources with appropriate skill sets. The PDM, working with phase managers, will be responsible for the preparation of a shared and realistic work and resource plan. The initial plan will need to address matters such as the budget, schedule, human resources, deliverables, dependencies, and completion date.

This initial plan should be approved by the Steering Group, who will be responsible for ensuring that the necessary resources are made available by

their respective organisations. It is essential that the plan is designed and seen as a joint effort created by project management.

The plan will need to be reviewed from time to time in the light of ongoing work to ensure that it remains fit for purpose. Any significant changes should be approved by the Steering Group.

The joint team will be resourced from both the partner jurisdiction and the EU Global Facility. The partner jurisdiction will be responsible for providing in-country expertise and the EU Global Facility will provide full and part time staff with practical experience and specialist skills. The number of staff and skill sets provided by each party will vary from phase to phase and task to task.

## ■ 2.4. Effective communications

One of the key reasons that any implementation plan or Roadmap fails is because it exists in isolation, without any effective communications strategy linking it to its internal, external, national, and international stakeholders.

A stakeholder mapping exercise should be undertaken early in the project, identifying key offices, organisations, and individuals - in both national and international, public and private sectors. These stakeholders will fall into 4 different classes, in addition to the general public:

- “Rule givers” such as national politicians, legislators and regulators, multilateral and international organisations (e.g. EU, FATF, FSRBs, IMF, World Bank);
- “Rule takers” such as financial institutions and DNFBPs (e.g. those representing the finance, insurance, banking, precious metals, and gambling industries as well as those representing the legal, notarial and accounting professions), stock exchanges, major investors and lenders, as well as key commercial entities and individuals who are likely to be impacted or have the ability to ease or disrupt implementation;
- Administrative bodies and competent authorities such as relevant ministries, law enforcement agencies, FIUs, etc;
- National and international civil society organisations.

The communication programme will involve educational, informational and consultation elements at each phase and will provide the connection between the project and its stakeholders, ensuring that the project does not become siloed and there is a common understanding – both internally and externally – of its goals and benefits.

The programme will have to engage with at least 3 different types of communications:

- Internal Communications will be vital to the successful establishment and alignment

of the delivery team, making sure that all members of the group understand the project, their role in the programme and the progress that is being made so that they can become implementation champions;

- National Communications will be key to enabling informed discussion with the public, civil society and the relevant authorities, thereby building a consensus and avoiding unnecessary resistance due to any proposed additional work load – e.g. from new registration requirements;
- International Communications will focus on ensuring that relevant international partners and organisations are aware of the project as this may increase their appetite to provide support, lending.

Stakeholders at every level and at each phase need to be informed and consulted and, where appropriate, their input should be reflected in changed plans. Failing to inform and consult appropriately can undermine the development of a supportive national sentiment and result in unnecessary misunderstanding and resistance. The process of informing must focus not just on the increased burden associated with the new BO disclosure regime but also the benefits that will arise<sup>6</sup>. If the full context is not effectively communicated the new regime may just be seen as an intrusive cost to business. This will make willing compliance difficult to achieve.

On the other hand communications must not be allowed to produce a deadlock where the absence of unanimous support results in absence of progress. Visible championing by a credible national leader and an understanding of the consequences of a weak BO regime will be key to obtaining both political and public support, although support is unlikely to be unanimous.

The communications programme is likely to be largely resourced nationally as national resources will already have the necessary cultural awareness, contacts, and credibility.

<sup>6</sup> These may include increased political stability, access to international aid, availability of financial support at a lower cost and reputational gains.



**EU AML/CFT**  
**GLOBAL FACILITY**

# **3. THE EU GLOBAL FACILITY'S METHODOLOGY A MODULAR APPROACH AND EXPERT SUPPORT**



**Funded by  
the European Union**

# 3. The EU Global Facility's Methodology - A Modular Approach and Expert Support

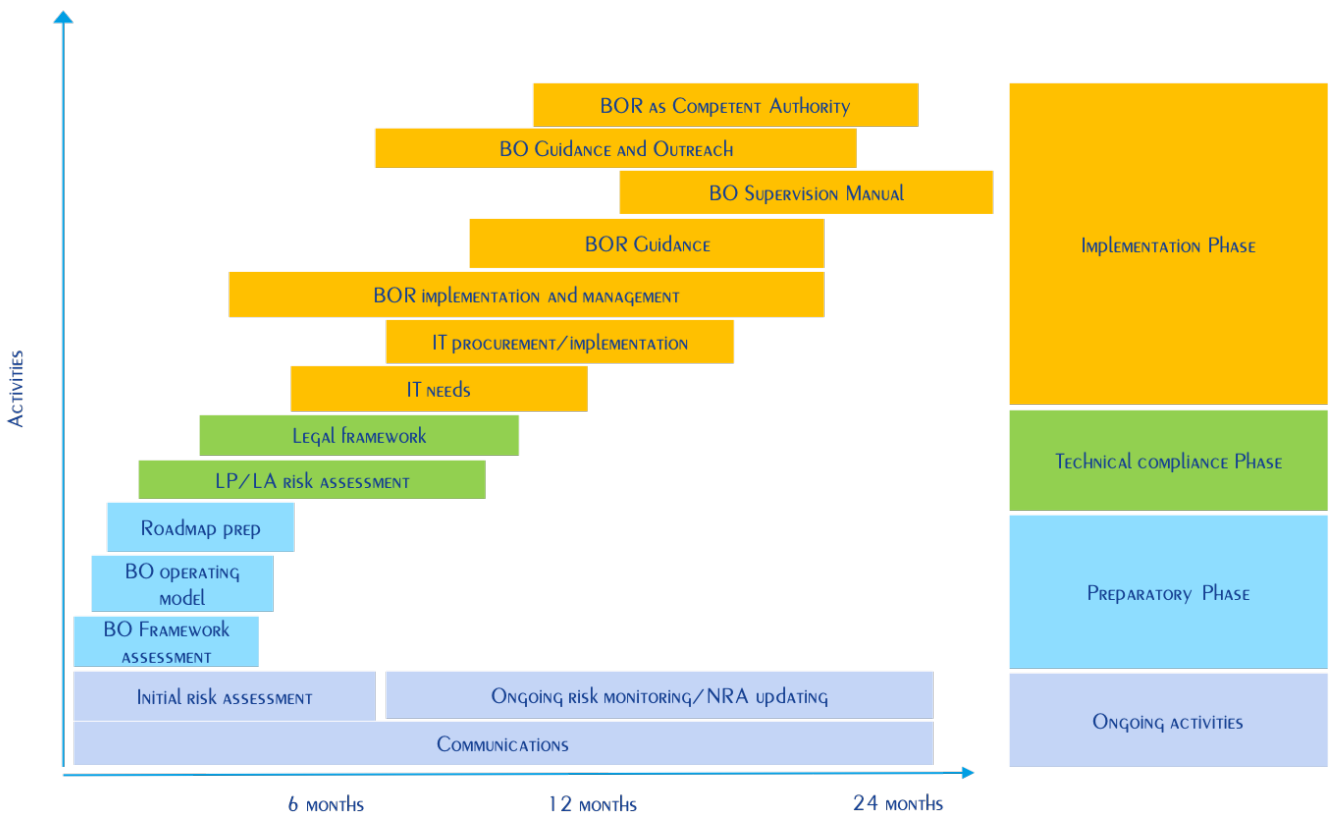
The EU Global Facility has developed a standardised implementation methodology that is sufficiently flexible to identify and address the needs of any jurisdiction. This architecture consists of 4 basic modules that focus on (i) the assessment and understanding of a jurisdiction's BO framework and context before preparation of a Roadmap designed to address the shortcomings and threats identified, ii) achieving technical compliance (iii) managing effective implementation, supervision and enforcement of the BO disclosure regime; and (iv) horizon scanning, updating the LP/LA risk assessment, identifying novel threats, and integrating with other BORs. The first 3 phases and their key elements, summarised in Section 4, are shown in the graphic<sup>7</sup> on the next page.

approach avoids the need to produce a completely bespoke solution for each jurisdiction, allows for efficient design and implementation, simplifies cross border co-operation, and ensures that lessons learnt from other jurisdictions with a similar architecture can be addressed efficiently.

In many cases the design and execution of a particular workstream will be dependent on the availability of deliverables from earlier modules. Careful thought therefore needs to be given before a decision is made to carry out different phases simultaneously or to re-order the phases. Failure to carry out the necessary work in an orderly and sequential manner will inevitably result in inefficiency, frustration and a BO disclosure regime that is (at best) only partially fit for purpose.

Adopting a standardised but flexible modular

The Phases of the EU Global Facility BO Country Roadmap



In order to support the implementation of this methodology the EU Global Facility has a team of experts with in-depth experience of the technical design, practical implementation and ongoing management of all aspects of a compliant BO disclosure regime that meets the EU and FATF requirements. This expert team has already provided support to over 26 jurisdictions with different BO disclosure regime implementation needs – from those jurisdictions that are at a very early stage to those with an already functional BO disclosure regime.

Whilst the time needed to assess, design, and implement an effective BO disclosure regime will reflect the context, resources and focus of the joint team, experience suggests that a minimum of 2 years will be needed to move through all four phases and that with full engagement from both parties, it is possible to complete Phase 2 (technical compliance) within 6 to 10 months.

---

*This footnote refers to the previous page (p.14)*

<sup>7</sup> This is indicative. The actual phasing will need to reflect the implementation environment and context





**EU AML / CFT**  
GLOBAL FACILITY

# 4. THE FOUR PHASES of IMPLEMENTATION



Funded by  
the European Union



# 4. THE FOUR PHASES OF IMPLEMENTATION

## ■ 4.1. Phase 1 - Assessment, understanding and preparation

It is essential that the context in which the BO disclosure regime is being implemented and the AML/CFT threats that the partner jurisdiction faces are properly understood before the BO disclosure regime design and implementation process begins. This work is done in the first phase and includes the preparation of a Country BO Framework Assessment, a subsequent gap identification process (that leads to the preparation of the Roadmap) and consideration of a number of policy options that will define the operating model to be adopted.

The output from this Phase 1 will ensure that the national context and risk environment are understood,

that the shortcomings of the existing AML/CFT framework are identified, the desired outcomes agreed and related policy decision are made, and that a Roadmap setting out the required action is prepared, ready for the technical compliance process to begin. At this point the design and preparation work will be largely complete – the next phases will involve preparation for effective implementation and ongoing supervision.

At the end of the first phase the Steering Group should formally adopt the Roadmap as it will record and demonstrate the parties' common understanding and commitment.

### 4.1.1. Country BO framework assessment

The country BO framework assessment (conducted largely by the EU Global Facility with input from the partner jurisdiction) will ensure there is a common understanding of the situation "as is" and the national and regional context in which the BO disclosure regime is being introduced.

The exact scope of this assessment will depend on the jurisdiction and its context and will be decided jointly by the Steering Group but is likely to include investigation into:

- Existing assessments and benchmarks (e.g. EU, FATF, Global Forum for Exchange of Information for Tax Purposes, Tax Justice Network, the Transparency International Corruption Perceptions Index, International Monetary Fund, World Bank);
- Legislation, regulation, institutions, treaty obligations and local practices that may impact<sup>8</sup> the proposed BO disclosure regime;
- Status, form, and responsibility of/for any existing AML/BO regime;
- Key governmental, professional, commercial/ industrial, NGO, civil society stakeholders and their concerns;
- Any cultural or societal issues that may support or challenge the successful implementation of a BO disclosure regime;

- Assessment of the skills and experience (whether national or EU Global Facility) needed such as:
  - A senior and visible leader prepared to drive and take accountability for the project;
  - Project management skills;
  - A detailed understanding of relevant legislation, legislative and operational processes;
  - A good understanding of local cultural issues and excellent stakeholder connections.

As part of the initial Country BO Framework Assessment the joint team will use the information gathered to identify the gaps in the existing national BO framework and its implementation - such as failure to address i) minimum requirements of the EU/FATF BO standards, ii) the issues flagged in the LP/LA Risk Assessment, iii) policy decisions that have been made and iv) developing international good practice, or to implement the regime effectively.

This gap assessment is a key reference document for the project and will need updating as additional issues are identified. It is the document on which the Roadmap that sets out the actions that will be taken is based. As such it is fundamental to all further work.

The EU Global Facility has experts who can assist with the design and carrying out of the Country BO Framework Assessment.

<sup>8</sup> This may either be positive or negative - anything which might constrain aspects of the BO disclosure regime (e.g. constitutional or other rights to privacy) should particularly be identified. Any laws relating to confidentiality of personal information, GDPR or similar should be identified to see if it limits the operation of a public registry open to all.

#### 4.1.2. Defining key aspects of the BO disclosure regime operating model

An effective Beneficial Ownership disclosure regime will consist of a large number of separate but integrated elements such as:

- a. Adoption of the Multi-pronged approach to BO data gathering, sharing and verification;
- b. Establishment of a BOR (or alternative mechanism) that can provide accurate, up to date information to appropriate stakeholders in a timely manner;
- c. Establishment and resourcing of FIUs, regulatory and supervisory bodies for the effective delivery of their BO related missions;
- d. Clarity around the roles of obliged entities, Self-regulatory bodies, FI/DNFBPs etc.

All of these elements may require the Steering Group to make complex policy decisions. One of the most important of these will be to decide the operating model to be adopted for the BOR.<sup>9</sup>

Before key decisions are made it is good practice to ensure that a communication and/or consultation programme has begun. The first stage of this programme will be to initiate an education phase raising awareness of BO issues so that subsequent consultation on the various high level policy issues with key stakeholders is more informed. The national communications staff will be responsible for identifying the range of communication channels that should be used. The output from this consultation phase can then be used to inform and guide the initial policy development process.

The PDM will be responsible for briefing the Steering Group on the policy issues<sup>10</sup>, the options available and then making a reasoned recommendation as to the preferred approach. The Steering Group will ensure that a final decision is made on each of the key issues and that it has support at the political level. Many of the policy issues will be fundamental to the design of the next phases. Serious delay and inefficiencies will be inevitable if the key policy decisions are postponed or unclear.

The EU Global Facility can help partner jurisdictions to identify the key policy issues and options, both through initial engagements with the jurisdiction as well as through remote and onsite in depth analysis and discussions with the countries experts and stakeholders.

#### 4.1.3. Preparation and content of the roadmap

The Roadmap will identify the issues that need to be addressed and sets out the actions that will be taken to do so. It is based on the gap assessment prepared following the initial Country BO Framework Assessment (see Section 4.1.1) and it is fundamental to all further work.

At a minimum the Roadmap will need to identify new legislation that is required (which might be amending existing legislation or introducing completely new legislation), conflicting legislation that needs to be repealed (e.g. if the BO Registry is to be publicly available and there are conflicting rights to confidentiality), the applicable legislative process and the likely timeline as well as IT issues (needs assessment, design, procurement, etc). It will also need to reflect any specific cultural, political or other risks that may have been identified in the initial assessments. Often the time required to complete the required legislative action is the item that drives the overall technical implementation schedule. The process and key stakeholders involved in the legislative process therefore need to be well understood.

The Roadmap will be a key progress management document allowing team members to understand their role in project delivery, as well as forming the basis of the regular progress briefings delivered by the PDM to the Steering Group. It should therefore also record important administrative details such as accountable parties, resources required and the due date for completion of actions.

The preparation of the Roadmap will require technical skill sets such as national legal experts or lawyers with commercial and legislative experience, national government relations analysts, national public relations analysts, IT experts and international EU Global Facility experts with a deep understanding of the EU/FATF BO frameworks.

<sup>9</sup> Whilst a number of different BOR operating models have been adopted by different jurisdictions, there is growing consensus that the most effective model requires there to be an online, centralised, beneficial ownership database that reflects certain commonly adopted parameters.

The LP/LA Risk Assessment (see Section 4.2.1) will be useful in making later risk-based decisions on more granular matters such as the BO definition, the scope and thresholds that should apply, how politically exposed persons should be identified, the information that should be gathered and registered in the BOR (both about the UBO and also the ownership/control chain) and any limitations on access and exchange of BO information. A full description of these technical issues to be considered can be found in the forthcoming Global Facility Handbook "Beneficial Ownership Register Design, Implementation and Management".

<sup>10</sup> Including the benefits and limitations of each of the main BO operating models and their constituent elements, and how they fit with developing international best practice.

#### 4.1.4. Communications

A key element of the work undertaken in Phase 1 will be to carry out a stakeholder mapping exercise and to identify the channels through which they can best be reached.

Phase 1 communications activities will initially focus on awareness raising across a broad range of stakeholders, and bringing all members of the joint team to a level of understanding where they can make an informed contribution, with an appreciation of how

their work fits within the overall delivery of the project.

The EU Global Facility has a range of learning modules that can be delivered remotely or in person in order to ensure that team members and external stakeholders have the required level of understanding. These modules can be tailored to the needs of the audience and range from an hour-long overview to detailed training that can span several days. The communications team will also be involved in the subsequent consultation process that seeks key stakeholders' views on key policy issues.

## ■ 4.2. Phase 2 - Achieving technical compliance

### 4.2.1. Legal Persons and Arrangements risk assessment

The legal persons and arrangements Risk Assessment ("LP/LA Risk assessment") will allow the host jurisdiction to identify, assess and prioritise the key AML/CFT threats that the jurisdiction faces<sup>11</sup>. The LP/LA Risk assessment is a substantial and resource intensive piece of work. Depending on the availability of appropriate resources, the necessary work may last up to a year. An early start and structured approach are therefore necessary if it is to avoid becoming a limiting factor on the critical path.

This assessment will provide a detailed overview of the risk environment broken down by the nature of the threat, the countries vulnerability to the threat and the nature and magnitude of the consequential impact. The evaluation of these risks will then allow the development of a set of national priorities and a strategy for addressing them whether by preventing, mitigating, or accepting the risk.

The EU Global Facility has developed its own LP/LA risk assessment methodology, and supported the ESAAMLG in developing a toolkit to support its members in conducting this exercise. This toolkit has already been used by a number of jurisdictions and the EU Global Facility has staff and consultants with the technical expertise and practical experience necessary that are ready to support partner jurisdictions carrying out this work.

### 4.2.2. Legislative and regulatory action

The Country BO Framework Assessment and subsequent BO Roadmap may highlight that the disclosure regime requires a legislative base - which in turn is likely to require legislative action of some sort. As part of this action the legal experts will need to consider the different primary legislative options available such as adoption of a stand-alone BO law, or whether the necessary legislation can be introduced in the form of amendments to existing laws - such as that which has established the Companies Registry, AML/CFT framework or tax collection. They will also need to consider whether any existing laws need to be repealed. An example might be privacy laws that are overly restrictive or a law prohibiting the sharing of data with foreign law enforcement agencies.

Any legislative action will need careful planning and an appropriate communications campaign to ensure that the proposal, its related burden and associated benefits are understood. The nature of the communications campaign will depend on the initial response to the proposed BO regime, but senior in-country decision makers and politicians are likely to be a key focus. The role of the national member of the steering group will be vital in ensuring that senior local stakeholders are sufficiently aware of key issues and willing to provide the necessary support.

<sup>11</sup> This specific risk LP/LA assessment is a new requirement that has been included in the revised FATF recommendation 24 (See [HERE](#)) as well as in the « Guidance on Beneficial Ownership and Transparency of Legal Arrangements » that relates to the implementation of the revised FATF recommendation 25 (see [HERE](#)).

### 4.2.3 BO Guidance

The concepts underlying beneficial ownership can be complicated – especially when involving complex legal structures or legal arrangements such as trusts, which may be designed to defeat the legislation and avoid transparency. It will therefore be essential that there is clarity about roles, obligations and a standardised approach to key issues.

As a result training and layered guidance will need to be available prior to operationalisation, as well as an active awareness raising programme. Separate guidance is likely to be needed for each set of key stakeholders :

- **Competent Authorities and their staff** – who will need training and guidance on their roles, mandate and the extent of any discretion in order to ensure a standardised, reasonable and predictable approach is adopted.
- **Obligated entities (FIs and DNFBPs)** – these bodies have a key role to play as part of the multi-pronged approach to BO transparency. An effective regime will not just rely on the BO or legal entity registering the necessary information, but will require that FI's and DNFBP's gather information and verify it for their own KYC/client monitoring purposes and that when the registry is established, they will also be checking the information that they have obtained against the registry entries. They are one of the key sources of information and verification and should be expected to report any discrepancies in the BO information that they identify in the BOR. As such the BOR should become a key part of their KYC process, although merely checking the BOR cannot, on its own, satisfy their KYC obligations. Whilst the legislation will need to be clear about the expectations of FI's and DNFBP's there will in practice need to be a pro-active information and education process. Existing regulators and business associations will be key to this process and written guidance addressing practical issues will be essential.
- **Legal Vehicles (legal entities and other legal arrangements)** – There will need to be clear communication about the scope of the legislation and the role and obligations of the entities to which it applies.
- **The general public** – who will want to understand how they can register information in the registry or access it, how they can report discrepancies and how the BOR supports civil society.

The EU Global Facility has experience of the key practical issues that these stakeholders are likely to face in the design, implementation, and maintenance of an effective BO disclosure regime. The EU Global Facility can provide practical assistance in the drafting of fit-for-purpose guidance for each group of stakeholders.



© iStock / 2024

### 4.2.4. BOR IT business needs, IT design, procurement, financing

A key aspect of any effective BO disclosure regime is to ensure that appropriate information is available in a timely manner to competent authorities and other bodies and individuals. This will require an IT solution that enables the design and implementation of the BO disclosure regime that has been decided as part of the Phase 1 work.

Once the first phase of work is concluded, the specialist IT team will need to start developing their own plan to ensure that the technical IT architecture is in place and ready for the implementation of the BOR. This will require the IT team to:

- a. Identify the business needs of the project's IT – which might include requirements for user data entry, open on-line access, automatic cross-verification, interoperability, and the ability to obtain on-line reports for use by regulators and supervisors. This will require focussed consultation with all classes of users to ensure that the design is as useful and user friendly as possible.
- b. Identify the technical requirements of the system that is being envisaged – which will require understanding the flexibility and capacity of any existing IT infrastructure and whether the existing IT architecture can be

made to address these needs. If not a new system may be required, although it must integrate and be interoperable with other national and international IT systems if the benefits associated with data sharing and data analytics are to be achieved. The use of AI and big data processing techniques will be key to identifying disguised ownership of complex legal structures.

- c. Prepare the necessary tender documents and specifications and then execute the tender process.

- d. Manage the IT implementation/deployment process effectively.

This activity will require specialist technical skill sets including IT design and procurement experts. Local IT experts are likely to have the best understanding of existing systems and capabilities, whilst EU Global Facility specialists will be available to provide support with issues such as inter-operability, international procurement and “future proofing” of the IT architecture.

### ■ 4.3. Phase 3 - Effective implementation, supervision and enforcement

In this stage the technically compliant regime created in Phase 2 will be operationalised. The key steps are detailed below.

#### 4.3.1. Initiating Beneficial Ownership Registry operations

Phase 1 and Phase 2 work will have put in place the legal base for the BO regime and the BO Registry, and the IT infrastructure necessary to support it.

Prior to the BOR “going live” it will be necessary to undertake a detailed operational readiness review which identifies the practical aspects that need to be addressed, such as the physical location of the BO registry, the human and financial resources required, accountability and lines of reporting, etc. This review should involve the senior individuals that will eventually lead the BOR to ensure that accountability continues through the transfer of the BOR from the project to the operational leaders.

An intensive training programme will be required to ensure that all relevant staff whether in the regulators, obliged entities or legal entities understand their roles. This training programme should be standardised, tailored to the recipients and, depending on numbers and physical location, may need to be delivered through multiple channels.

Similarly a comprehensive communications programme will be needed prior to going live to ensure that the general public are aware of the new BO registry and their rights and duties in respect to the data it holds.

The project team may wish to consider having a

“grace period” of up to 6 months allowing in-scope entities to bring themselves into compliance in an orderly way and without the threat of immediate punishment.

Without proper preparation the likelihood of effective implementation will be seriously reduced, and there is a risk that – at best – the new regime will be ignored, and at worst that it will be politically impossible to maintain the necessary legislation.

The EU Global Facility comprises experts from both EU and non-EU jurisdictions that will be able to share their experience and insights into the rolling out of their BO registration requirements and its pitfall that can be addressed early on.

#### 4.3.2. Supporting appropriate implementation and enforcement of BO regulations

Whilst the BO disclosure regime will have been carefully designed with reference to the LP/LA risk assessment, it will only be effective if its implementation and operation is supervised, there are regular inspections of relevant entities and consequences for those who fail to comply with their obligations.

This will require Regulators with clear and adequate authority, broad understanding of the topic and sufficient enforcement powers to ensure that they are taken seriously (see section 4.3.3 for more on penalties and enforcement). The Regulator’s roles will need to be clearly stated and they must have adequate experience, skills and human resourcing if they are to be effective. To ensure maximum

effectiveness they will need to adopt a clear strategy that addresses all the aspects of an effective regulatory regime. In addition to awareness raising and the development of BO guidance, aspects are likely to include detailed control, verification and monitoring procedures. These will need to be risk based so as to ensure that the highest risk activities have the closest supervision, although there must be an awareness that apparently lower risk activities cannot be ignored.

The Regulator will ensure appropriate supervision of specific sectors and obliged entities, either through supervisors that it (or some other government agency) has appointed directly, or by delegating supervisory responsibility to self-regulatory bodies<sup>12</sup> (“SRBs”). The supervisors and SRB’s will themselves need to be provided with guidance and be subject to audit and supervision to ensure that they are discharging their roles in an effective way.

Both the regulator and supervisors will require a clear mandate, setting out matters such as:

- a. Their roles and powers, including the right to demand access to and information from the entities they regulate;
- a. Whether they are to adopt a risk-based approach and if so guidance on the methodology they should apply in adopting such an approach
- b. The Regulatory Technical Standards to be applied;
- c. Creation of co-ordinating bodies for information sharing amongst supervisors;
- d. Establishment of the basis for co-operation with other national and international agencies;
- e. An obligation to share information effectively with the regulator and to produce an annual report summarising its activities<sup>13</sup>.

The EU Global Facility can offer tailored expertise to support countries in the design and implementation of their supervision and monitoring strategies. This support can involve drafting of procedures and guidelines for the management and staff of supervisors as well as onsite mentoring activities with participation in offsite and onsite controls to test these procedures and train the staff on their actual implementation.

### 4.3.3. Design of sanctions for non-compliance

Careful thought needs to be given to the design of an effective and proportionate administrative measures and sanctions regime. The administrative measures will be designed to address less serious unintentional breaches and they will be designed to incentivise compliance without antagonising end users. A more severe sanctions regime will also be required to ensure that intentional or repeated breaches result in more serious consequences.

Issues that will need to be considered will include:

- a. The national context and cultural issues that may result in certain approaches being more or less effective;
- b. How the penalties sit with other national administrative measures/penalty regimes for failure to register information (e.g. failure to file accounts, changes in company officers, etc);
- c. The persons who should be subject to penalties (e.g. just the legal entity/arrangements, officers of the legal entity/arrangements, the beneficial owners, etc);
- d. Whether there should be an initial “coming into compliance” period during which information can be registered but no penalties are levied;
- e. Whether it should be possible to confiscate profits associated with reckless or intentional non-compliance – e.g. the profits from contracts entered with a counterparty that has failed to declare its beneficial ownership, where that beneficial ownership might have been material to the contract award process.

Sanctions will need to be carefully designed, and their imposition monitored and publicised. Failure to publicly impose sanctions for appropriate breaches will send a powerful message that the BO regime is not considered important and will undermine its effectiveness.

The EU Global Facility can provide the skills and practical experience needed to support partner jurisdictions in designing and implementing their matrix of sanctions and the standard operating procedures for their implementation.

<sup>12</sup> This is often the case in respect of regulated professions such as lawyers, notaries, accountants etc.

<sup>13</sup> An example can be found here: <https://www.iab.org.uk/wp-content/uploads/2022/10/supervisoryreportlinked.pdf>

#### 4.3.4. Expanding the role of the BOR – from simple repository to Competent Authority

Experience shows that BORs are initially often just repositories for information that is registered largely unchecked. Whilst this provides a useful resource, the quality of their content can be unreliable and their full potential is achieved only once the BOR's role evolves and its mandate expands to become more pro-active.

The evolution from passive repository to something approaching a Competent Authority will require a range of additional powers, resources and capabilities including:

- A wider legislative basis to allow additional investigative, verification, and enforcement roles;
- An increase in their funding, staff and resources;
- The ability to proactively analyse the data they hold in order to identify legal bodies, BO situations and underlying connections that

- may be of concern;
- Enhanced collaboration with the national FIU in order to review, share and investigate issues of concern;
- Mechanisms allowing rapid exchange of information between national and international bodies, etc;
- 'Horizon scanning' capabilities for the identification and mitigation of novel threats.

As a Competent Authority the BOR will be adding significant value to the information it holds, often using complex algorithms and big data processing approaches.

The EU Global Facility has discussed this topic with many BOR in order to learn from their experience how to better support partner countries. This thematic work is still ongoing and further information can be found on the EU Global Facility's website ([www.global-amlcft.eu](http://www.global-amlcft.eu))

### ■ 4.3. Phase 4 - Horizon scanning, updating the LP/LA risk assessment, identifying novel threats, and integrating with other BORs

In the longer term there will be a need to ensure the BO disclosure regime remains fit for purpose and is able to address emerging trends and novel threats. Effective supervision and public enforcement will ensure that there is no complacency about compliance as threats evolve and good practice develops.

This will require the regular review of the LP/LA Risk Assessment to ensure that appropriate mitigating measures are developed as existing threats evolve or new issues are identified. The process will be made more robust if there is national and international co-operation and close liaison with other national and regional groupings.

The EU Global Facility has established connections with - and provides assistance to - a large number of multinational and international bodies including FSRBs such as ESAAMLG, GAFILAT, CFATF, MENAFATF and APGML, allowing the EU Global Facility to have a broad understanding of the cultural, technical and operational issues that each regions face. This co-operation, either directly between

multilateral organisations or via the EU Global Facility allows better and earlier identification of developing threats, joint development of mitigation measures that are compatible both within jurisdictions and on a cross-border basis and avoiding duplication of work.

In this phase ongoing communications initiatives will remain key. The stakeholders involved in the BO disclosure regime should be actively engaging with key stakeholders both nationally and internationally. By this stage both national and international relationships at both the institutional and personal level should have been created, allowing for the swift and efficient transfer of information.

The EU Global Facility's role in introducing jurisdictions to these multi-national and regional bodies and supporting their ongoing work will be key to the development of international good practice and ensuring that the national and international BO disclosure regimes remain robust, compatible and fit for purpose.



**EU AML / CFT**  
GLOBAL FACILITY

# **5. Maximising Impact Co-Operation and Leveraging of Scarce Resources**



**Funded by  
the European Union**



## 5. Maximising impact - Co-operation and Leveraging of Scarce Resources

The introduction and development of a global approach to AML/CFT issues and the supporting of national systems is a large task that requires significant human, technical and financial resources. In a world of limited resources co-ordinating, effective co-operation and the avoidance of duplication of work is key.

In order to maximise the impact of available resources across numerous bodies the EU Global Facility seeks to play a key role, both by providing technical assistance at the national level and enabling cooperation at the regional and international levels. The EU Global Facility believes that co-ordinating efforts across countries and organisations in a structured way will optimise outcomes beyond that which can be achieved by countries or organisations acting individually.

The establishment of networks based on either geographical proximity, common cultural values or the maturity of the BO disclosure regime will allow the sharing of relevant experience and mutual support. This approach will be particularly useful if mentors can be identified who are prepared to provide a sounding board and practical experience in an equivalent jurisdiction.

These co-operative networks will also be important in early identification of novel threats and developing and deploying appropriate mitigations in a co-ordinated manner. The presence of an EU Global Facility moderator to these groups will also help ensure that the EU Global Facility experience could be deployed rapidly and any challenge or issue identified and addressed rapidly.



**EU AML / CFT**  
GLOBAL FACILITY

# 6. CONTACTING THE EU Global Facility ON AML/CFT



Funded by  
the European Union

# 6. CONTACTING THE EU Global Facility

The EU Global Facility is the operational tool set up by the European Commission to support partner countries with AML/CFT framework shortcomings.

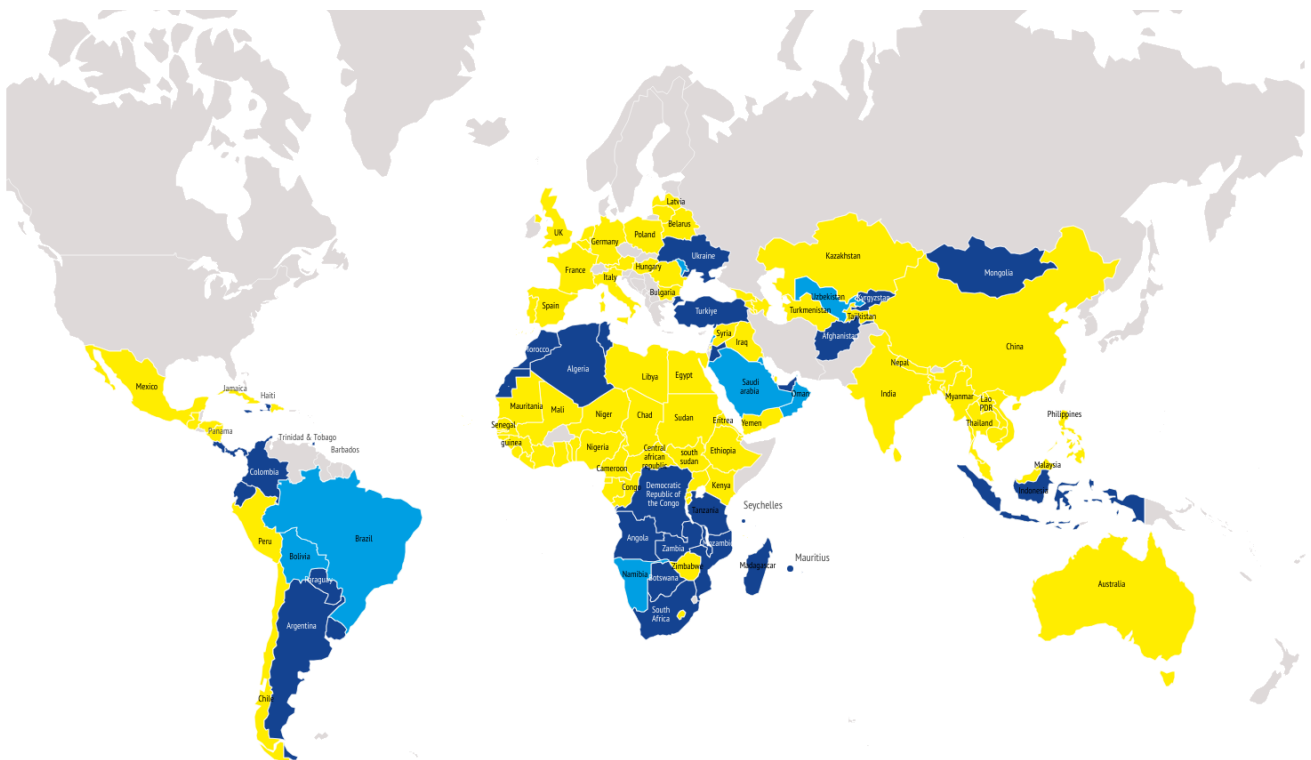
The EU Global Facility is open to approaches from any jurisdiction requiring AML/CFT support although its priority is those jurisdictions that are under increased monitoring by FATF or that are on the EU list of high-risk third country jurisdictions.

In order to receive technical assistance from the EU Global Facility, partner countries can submit requests for support to the EU Delegation in their jurisdiction or directly to the European Commission. The European Commission will then assess requests and pass on to the project team when validated. Preliminary contact may also be made directly with the EU Global Facility.

Once received, the formal request will be examined by the EU Global Facility, which will coordinate with local authorities to propose specific technical assistance activities tailored to the specificities and circumstances of the jurisdiction.

Further details can be found here: <https://www.global-amlcft.eu>

Status of the EU Global Facility's technical assistance around the globe (as of 22 May 2024)



● Participants in Regional events ● Bilateral technical assistance ● Upcoming TA



THE EUROPEAN UNION'S GLOBAL FACILITY ON  
ANTI-MONEY LAUNDERING AND  
COUNTERING THE FINANCING OF TERRORISM

[www.global-amlcft.eu](http://www.global-amlcft.eu)

 The EU Global Facility on AML/CFT

 [@globalamlcft](https://twitter.com/globalamlcft)



Funded by  
the European Union

This publication was produced with the financial support of the European Union. Its contents are the sole responsibility of the EU GF-AML/CFT and do not necessarily reflect the views of the European Union.