

ECRF Conference

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The role of BO registers in the fight against ML/TF

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www.transcrime.it



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 **transcrime**
Joint Research Centre on Transnational Crime

- › Joint Research Centre on Transnational Crime (www.transcrime.it)
- › Università Cattolica Sacro Cuore
- › Organised crime, Money Laundering, Financial crime
- › Approach: criminology, statistics, finance, law, IT
- › 100+ national and international research projects
- › United Nations, European Commission, Ministries in various EU MS, Central banks, LEAs, FIUs

- › Spin-off company Transcrime – Università Cattolica (www.crimetech.it)
- › Established 2015
- › Risk assessment models, Risk indicators, IT tools
- › Money laundering risk, Organised crime risk, Corruption risk
- › Partnerships with company registers and business data providers

(Some of the) projects in this field

- › EBOCS (www.eboocs.eu), EU Commission, 2014-2015
- › EBOCS II, EU Commission, 2017-2018
- › BOWNET (www.bownet.eu), Commissione EU
- › IARM (www.transcrime.it/iarm), EU Commission, 2015-2017
- › MORE (www.transcrime.it/more), EU Commission, 2016-2018
- › DIGIWHIST (www.digiwhist.eu), EU Commission, H2020
- › MONITOR, Italian Chambers of Commerce 2016 (<http://www.crimetech.it/media/MONITORCrotoneRapporto.pdf>)

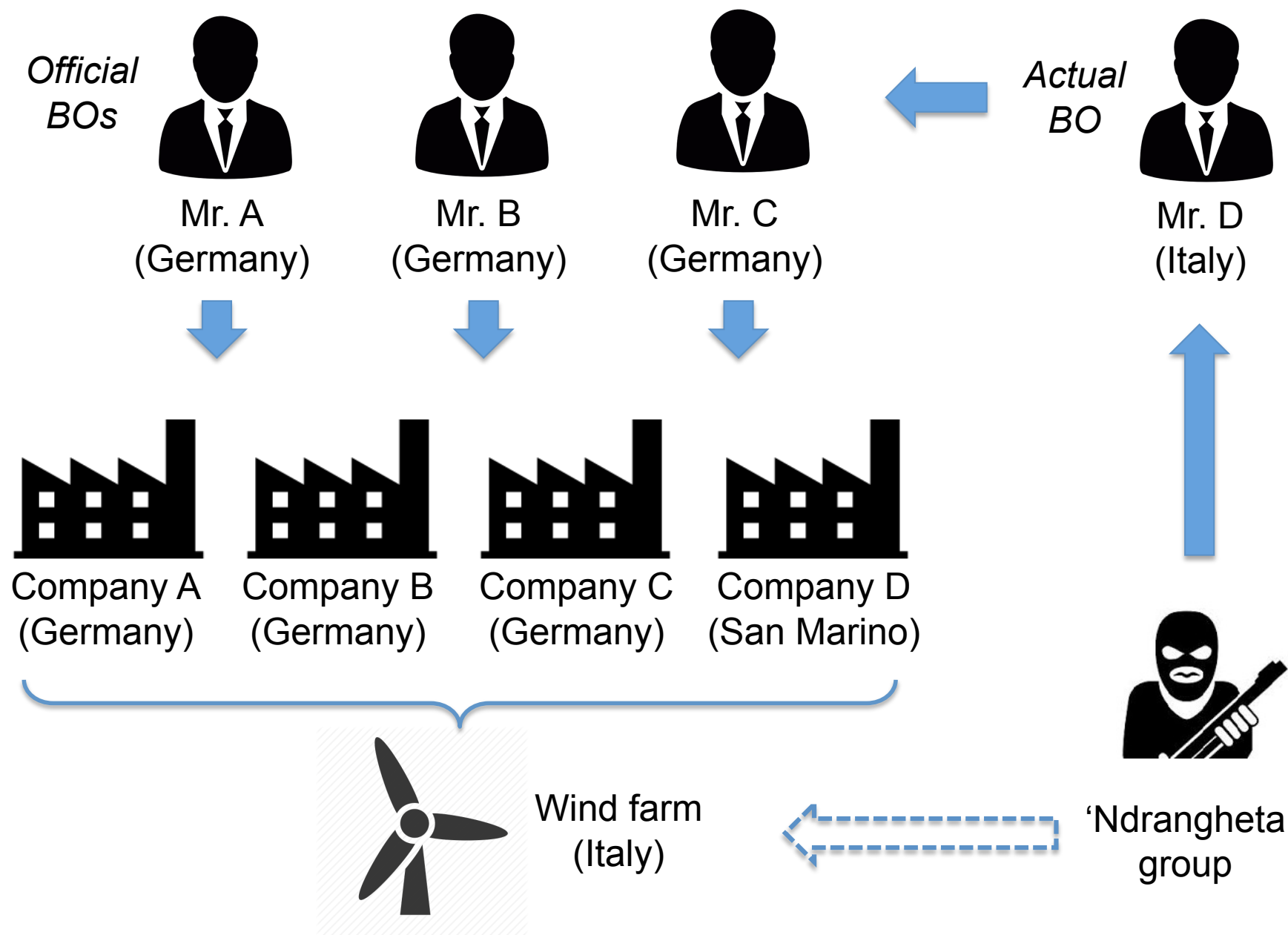


BO

david BOwie



Wild is the wind



Absolute beneficial owners

- › BO identification [?] pivot of AML regime
- › BO identification [?] CDD measure
- › Improving access to BO information:
 - › 2012: FATF Recommendations 24 & 25

*“adequate, accurate and timely information on **BO and control** of legal persons”*

- › 2015-16: 4AMLD and 4AMLD**bis** [?] central BO registers

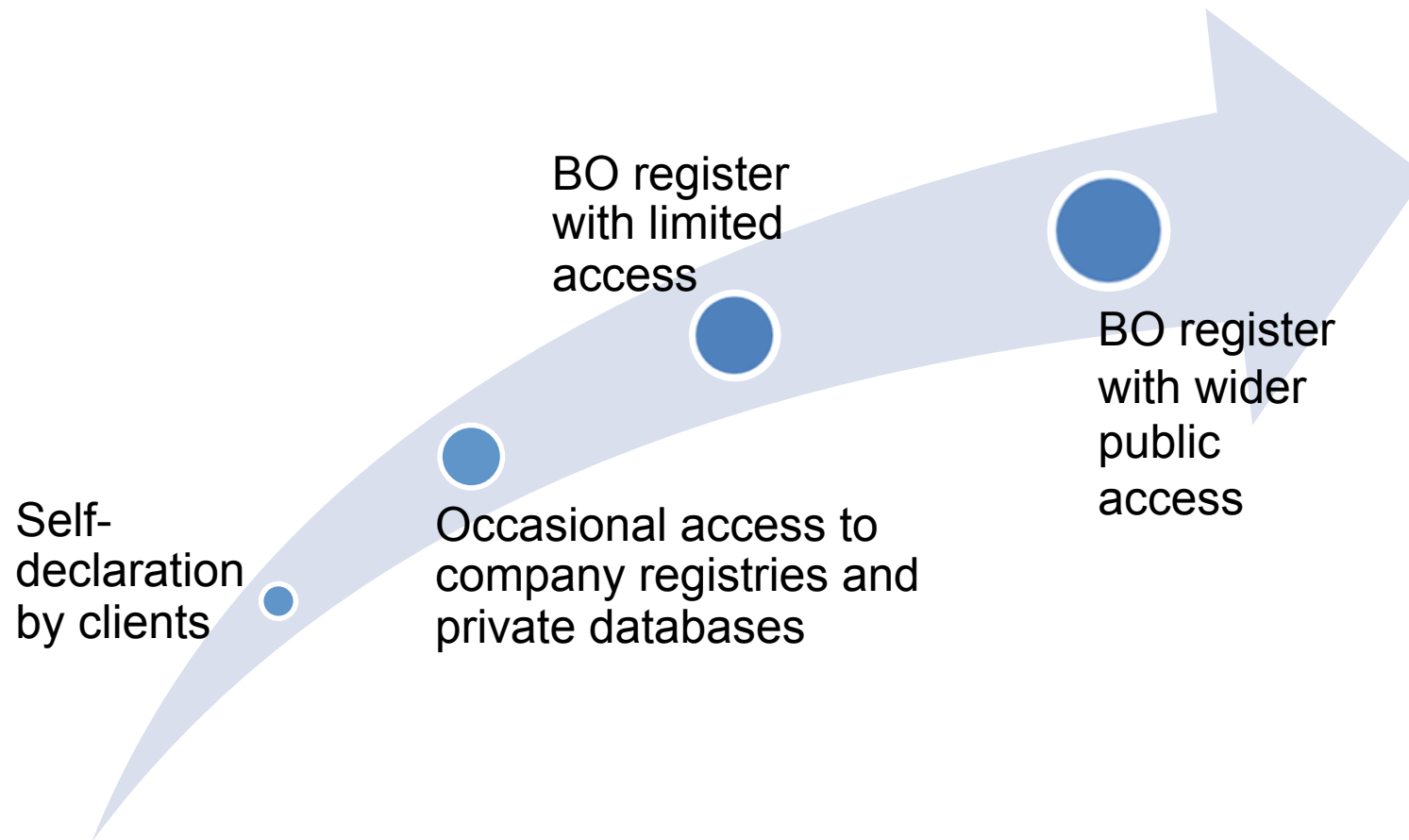
4 AMLD: “[...] *the BO information in respect of corporate and other legal entities as well as trusts and similar legal arrangements should be available to persons or organisations that can demonstrate a **legitimate interest** [...]*

4 AMLD bis: *With a view to further enhance transparency [...] Member States may grant **wider public access** in their national legislation to information on BOs [...]*



Changes

Last 10 years' evolution in BO information



A better future?

Open issues remain:

- › BO definition
- › Official vs Actual BO
- › Legitimate interest
- › Publicity vs Privacy
- › National vs International
- › Pricing
- › BO registry users' registry



Sense of doubt

- › Are *national* BO registers really useful?
- › Are we really interconnected across countries?
- › Are we interested in *people* or in *ownership links*?
- › Are BO registers the only and ultimate AML solution?



ZARA U.K. LIMITED

Follow this company

[File for this company](#)

Company number **02245999**

Overview

Filing history

People

Officers

Persons with significant control

1 active person with significant control / 1 active statement

Inditex S.A. **ACTIVE**

Correspondence address

Avenida De La Diputacion S/N, 15142, Arteixo - A Coruna, Spain

Notified on

6 April 2016

Governing law

Sociedad Anonima

Legal form

Corporate

Place registered

Registro Mercantil De La Coruna

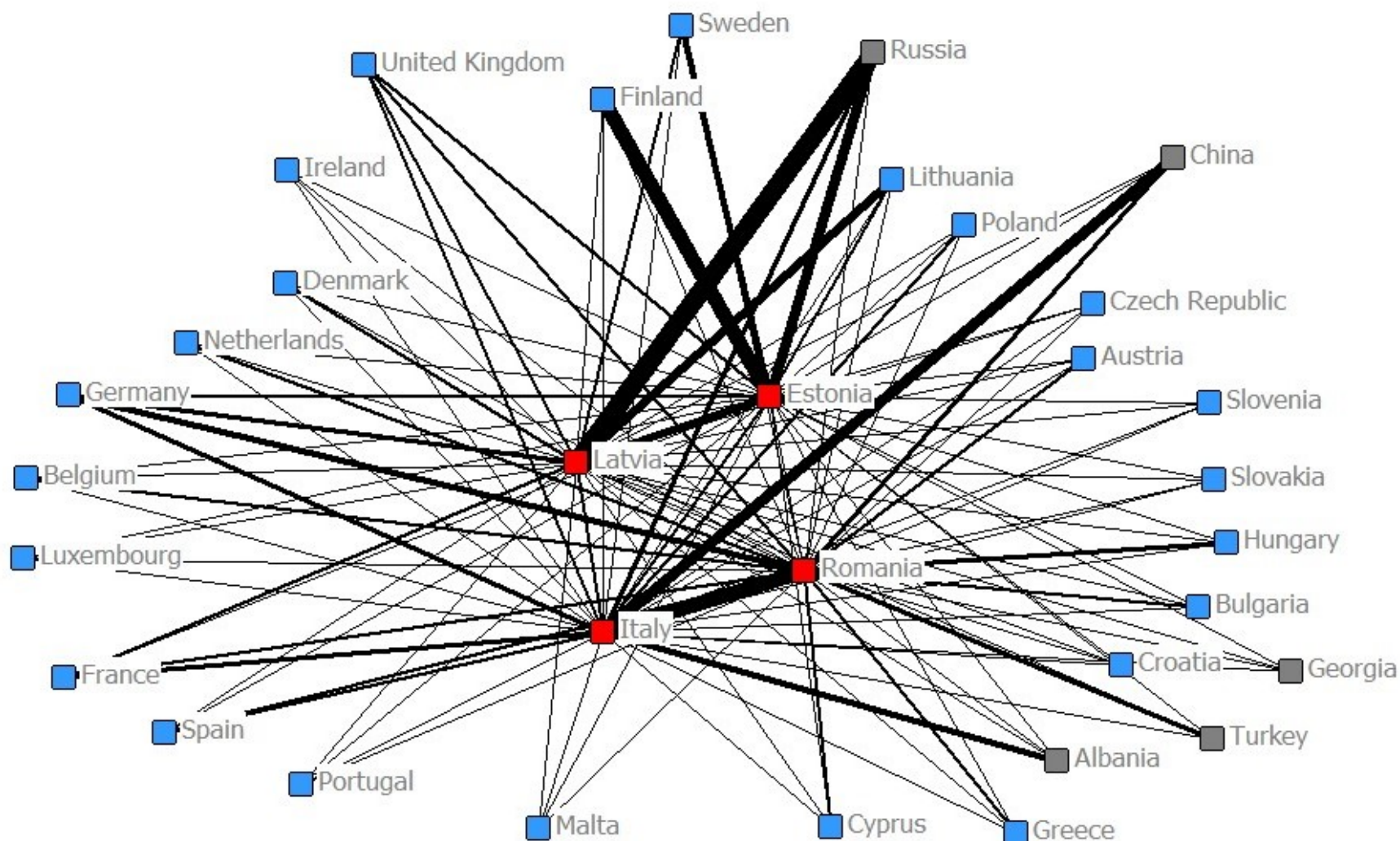
Registration number

Esa15075062



Across the universe

Cross border ownership links – Natural persons shareholders

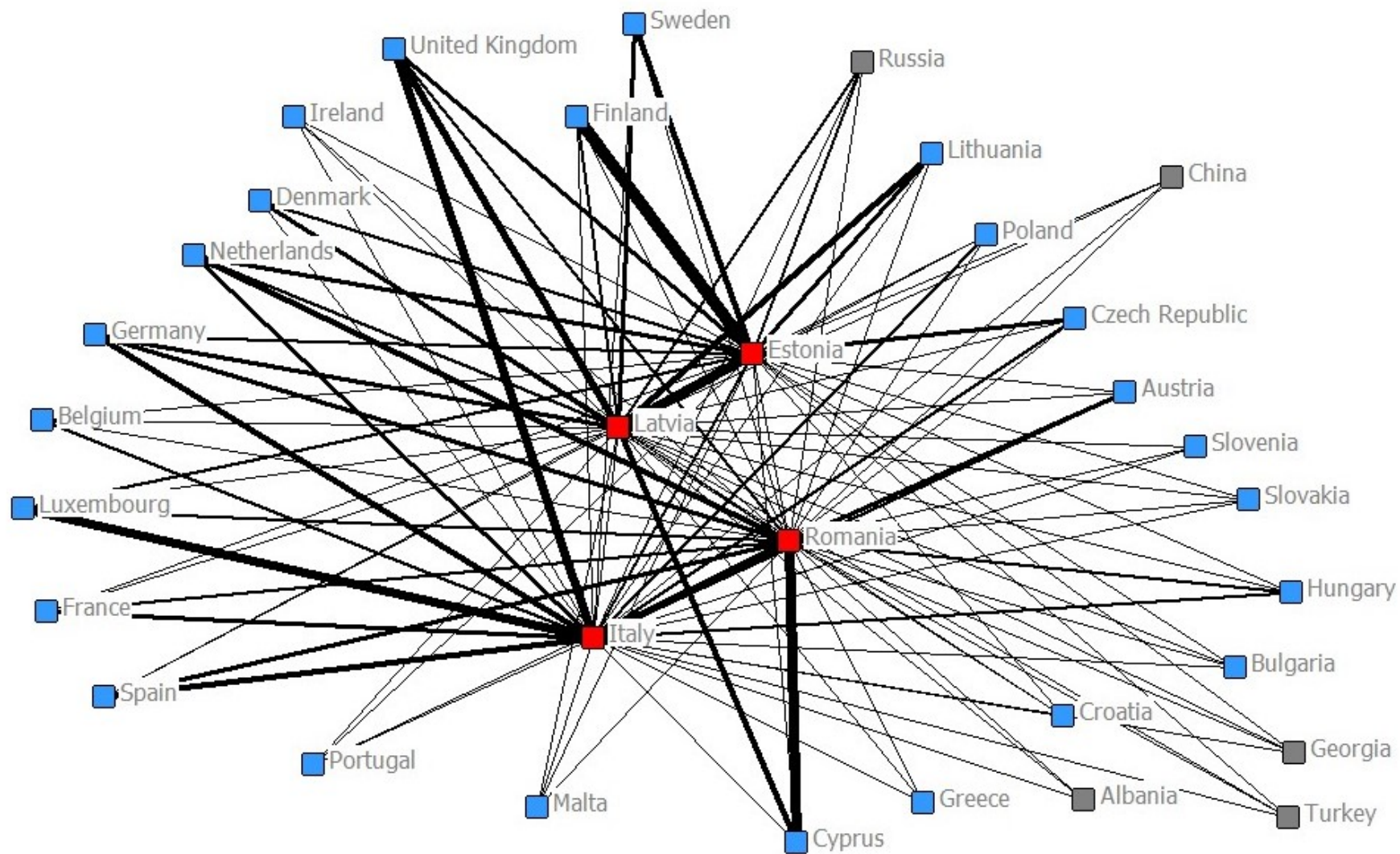


Source: Transcrime, EBOCS project



Across the universe

Cross border ownership links – Legal persons shareholders



Source: Transcrime, EBOCS project



Across the universe

- › IARM Project (www.transcrime.it/iarm)
- › ML risk assessment in Italy, the Netherlands, UK
- › First investigation of ownership structure of businesses in the three countries

	Italy	Netherlands	United Kingdom
N. Companies analysed	3.7 M	-	3.7 M
N. Shareholders	5.2 M	2.7 M	6.7 M
% Foreign shareholders (of those with available nationality)	1.7%	7.3%	6.8%
N. Beneficial Owners	4.7 M	2.7 M	8.2 M
% Foreign BOs (of those with available nationality)	1.3%	89.3%	37.9%

Source: IARM project, Transcrime elaboration BvD data



Across the universe

Top foreign BO nationalities

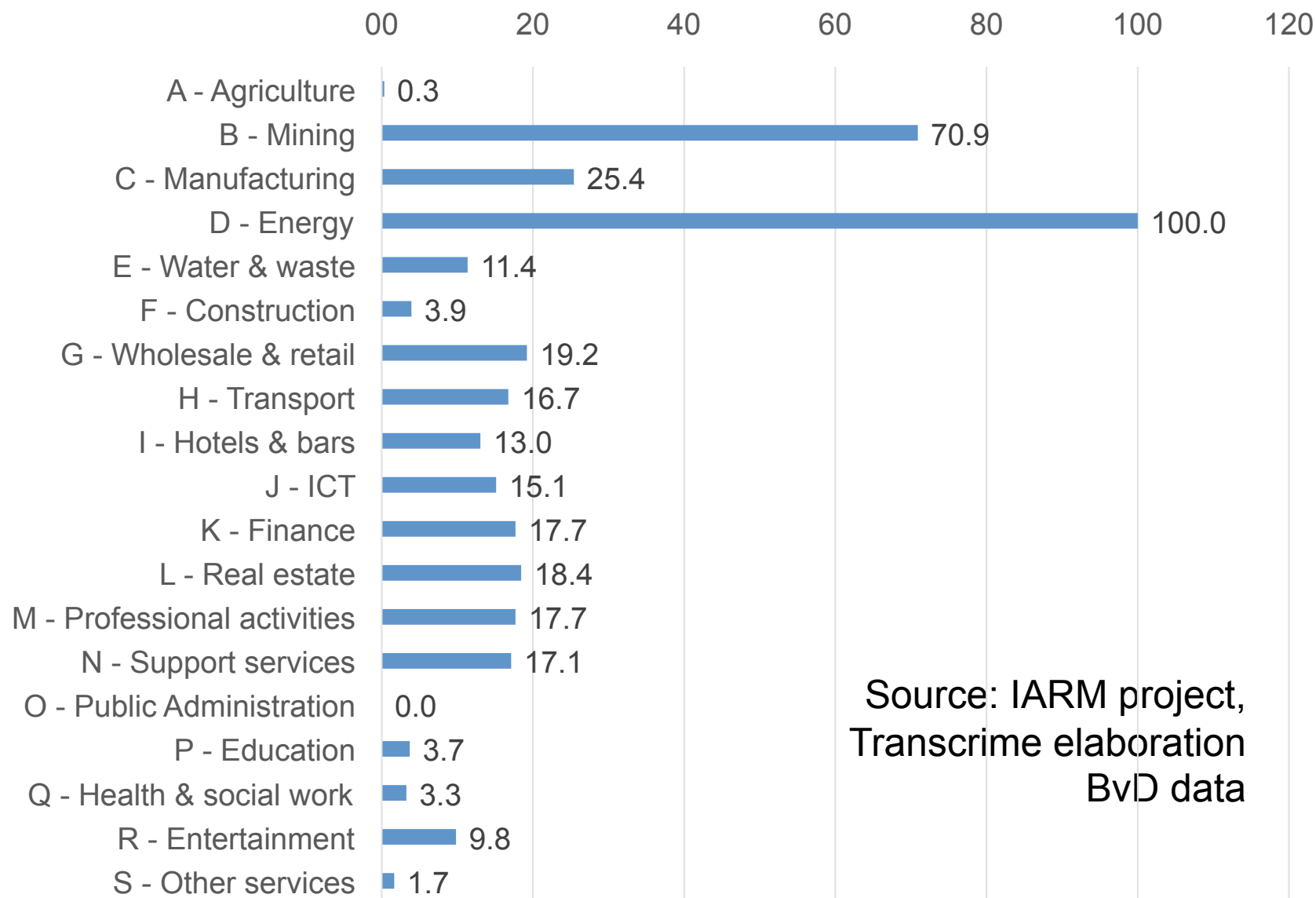
ITALY		NETHERLANDS		UNITED KINGDOM	
Nationality	%	Nationality	%	Nationality	%
Spain	21.7%	Spain	28.7%	Spain	28.7%
Germany	15.8%	Germany	24.3%	Italy	21.4%
Switzerland	13.0%	Italy	11.0%	Germany	12.5%
China	4.9%	Switzerland	7.8%	United States	6.0%
Romania	4.4%	United Kingdom	4.0%	Switzerland	4.0%
UK	3.9%	Austria	3.0%	Saudi Arabia	3.5%
France	3.6%	Belgium	2.7%	South Africa	2.4%
Austria	2.6%	France	2.6%	Ireland	2.1%
Albania	2.4%	Denmark	2.1%	Netherlands	2.0%
United States	2.4%	United States	1.9%	France	1.8%

Source: IARM project, Transcrime elaboration BvD data



Across the universe

BO exposure towards off-shore and risky countries. Average IT, NL, UK companies. Risk score 100 = max exposure

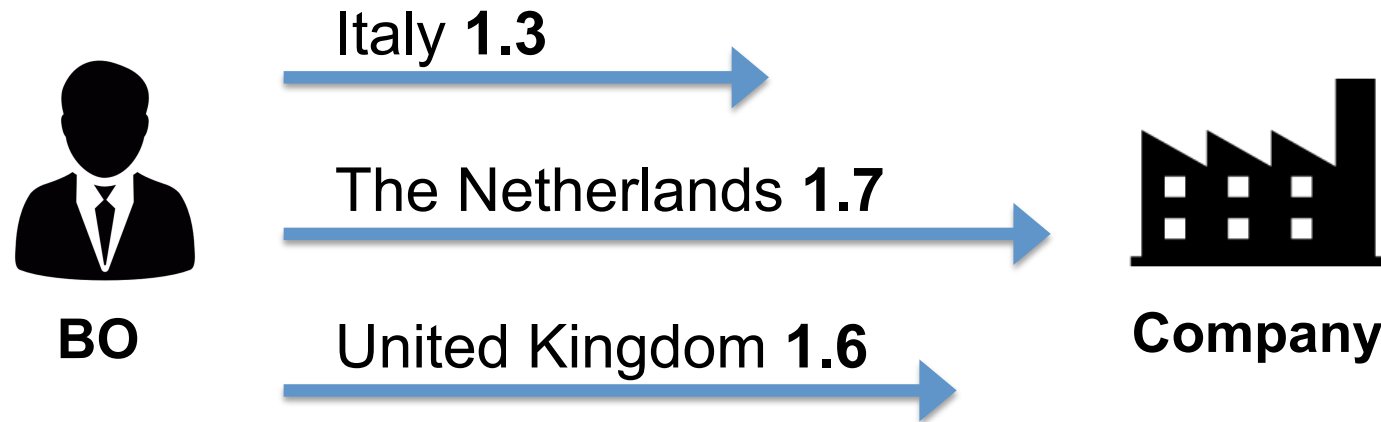


Source: IARM project,
Transcrime elaboration
BvD data



China box

Average 'distance' between a company and its BOs (if =1, then direct control)



Top regions in Italy and UK

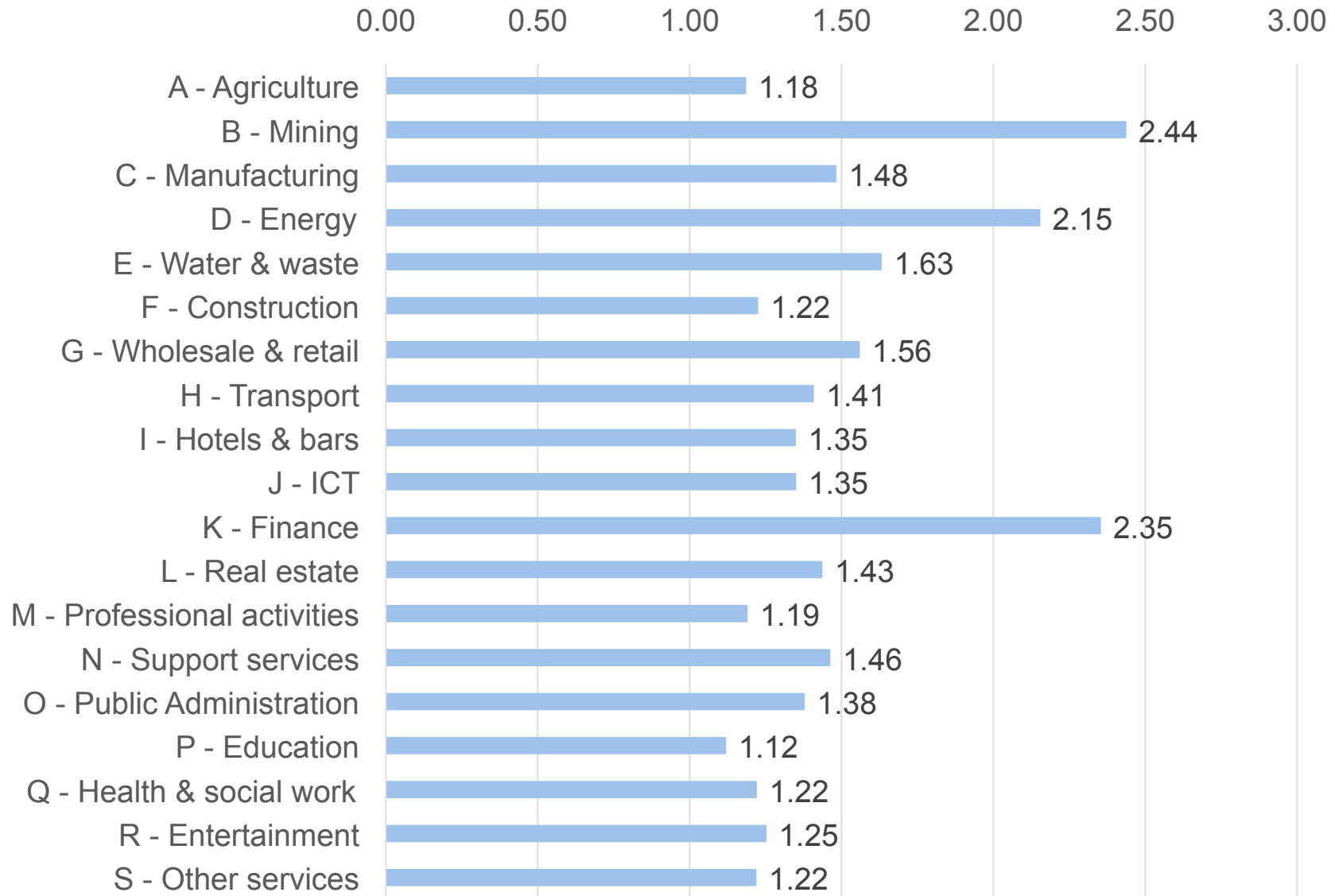
ITALY	BO distance	UNITED KINGDOM	BO distance
Imperia	1.5	Channel Islands	3.7
Catanzaro	1.5	Isle of Man	3.4
Savona	1.4	South Yorkshire	2.5
Bolzano	1.4	Greater Manchester	2.0
Milano	1.4	Norfolk	1.7

Source: Transcrime, IARM project on BvD data



China box

Average BO distance of IT, NL, UK companies by sector



Top BO(wie) songs

- › **Absolute beginners:** it is just the start of our understanding of businesses' ownership
- › **Changes:** steps further in terms of BO awareness and data availability
- › **Sense of doubt:** proliferation of registers is not the solution by default
- › **China box:** not only interested in *people*, but also in the *ownership structure* itself
- › **Across the universe:** cross-border integration is key
- › **A better future:** when all company registers (not only BOs') will be integrated



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