

Transparency International EU

The global coalition against corruption

Proposed EU rules one step closer to ending anonymous companies

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Transparency International EU today welcomed the European Commission's steps to give the public access to information on who ultimately controls and benefits from secret companies. Unfortunately, the Commission left loopholes that will allow corruption, tax evasion and other anti-social acts that take advantage of secret companies to persist.

As the Panama Papers demonstrated, the true owner or beneficiary of a company ("beneficial ownership") may be masked through the use of anonymous companies and trusts in various secrecy jurisdictions. The European Commission's revisions to its [Anti-Money Laundering rules](#), published today, propose to establish to beneficial ownership registries that will allow the public, journalists and civil society to monitor the ultimate owners of assets.

"This is something we have campaigned long and hard for and we're pleased to see the Commission recognise that transparency is vital to end the system of secrecy which helps allow the corrupt to hide their stolen cash," said Laure Brillaud, Policy Officer for Anti-Money Laundering at Transparency International EU. *"Only when we can see who owns what we can stop the kind of shady practices exposed in the Panama Papers,"* continued Brillaud.

However, major loopholes remain. Registration requirements will only apply to trusts in EU Members States where the trustee is established. If everything is based in Europe except the trustee then the ultimate beneficial owner of a trust will be able to stay secret. What is more, the definition of beneficial owner allows for a senior manager to be listed as the owner of a company, which is potentially misleading.

"Once again the Commission has stopped short of full transparency around trusts," said Brillaud. *"After the Panama Papers it's clear that transparency is the only way to fix the system of secrecy which allows the corrupt to hide their stolen assets. This is a bold step by the Commission but it's not the brave leap needed to end this system of secrecy which fuels impunity,"* concluded Brillaud.

Having a more comprehensive and robust system is possible as shown by the example of France which recently established a public register of trusts by [decree](#) which would cover exactly these types of scenarios.

Transparency International EU calls on the Commission to address the remaining loopholes in

the directive as well as verifying the accuracy of beneficial ownership data and enforcing appropriate sanctioning mechanisms for inaccurate information. EU Member States must follow up on establishing clear principles for public access to beneficial ownership information.

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