

WEBINAR

identifying and verifying **corporate hierarchies** and **ultimate** **beneficial owners**

get the full picture, fast

PRESENTED BY JON WILSON AND YASMEEN JAFFER | JJC FINTECH

Introduction



30 min



Today's hosts



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What are Beneficial Owners?



What is the definition of an ultimate beneficial owner

JMLSG Definition of Beneficial Owners for Corporations and Limited Companies:

Regulation 5(1),(3) 5.3.9

The ML Regulations define beneficial owners as individuals either **owning or controlling more than 25%** of body corporates or partnerships or otherwise **owning or controlling the customer**. These individuals must be identified, and reasonable measures must be taken to verify their identities.

How far do you search for Beneficial Owners?

Search until you reach:

- Natural persons OR

- Ownership dilutes OR

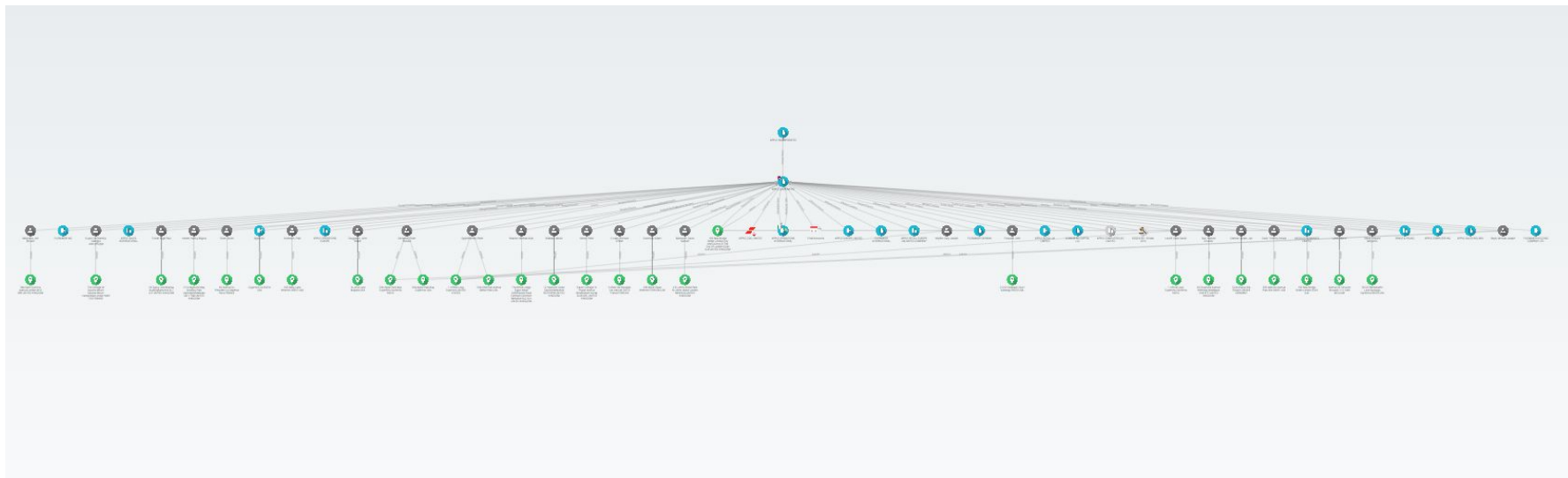
- You reach regulated/listed/sub of listed/govt entity

Ownership won't necessarily be neat within a single jurisdiction or entity type and could be through many layers depending on the structure of the client.

Case Study: Apple Inc

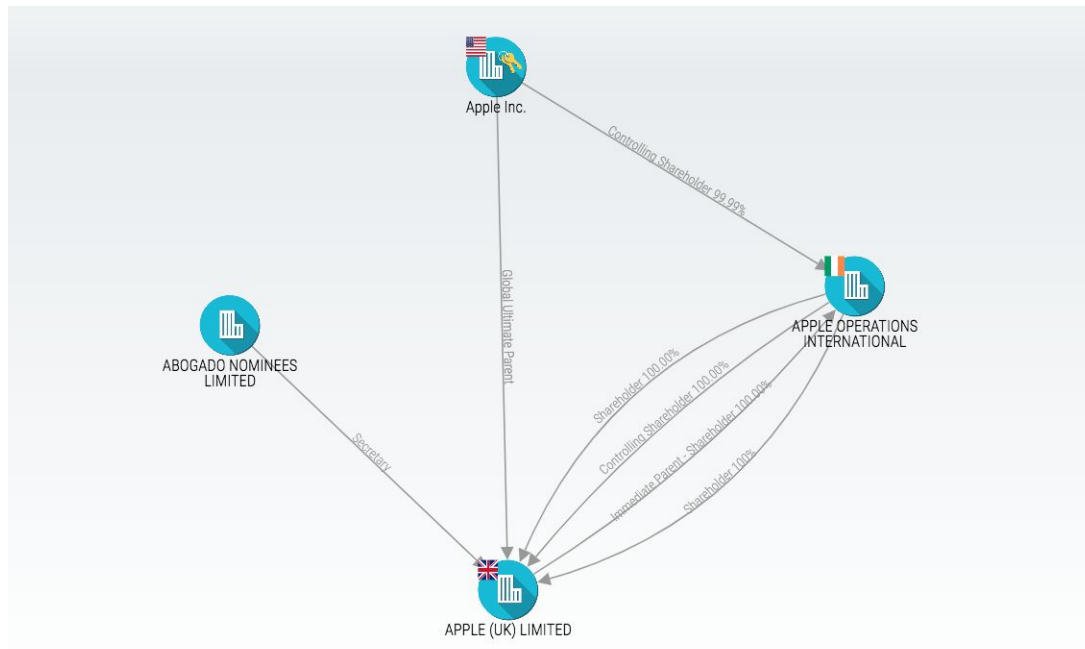


Complex Structure



Case Study: Apple Inc

Corporate Hierarchies and UBOs



Choosing the right data sources



Data aggregators are typically used to extract UBO data from public sources to create full company hierarchy structures or to hold traceability references back to the original source.

This data is relied upon as a “secondary source” which still requires confirmation with a “primary source” or with the client which is a manually intensive process.

However there are a couple of key initiatives leading towards a shift in the industry:

1. **Digitisation** – the development of algorithms to iterate through an ownership structure between data available from aggregators and to in turn confirm this against a primary source
2. **Central Public Registers** – these are being developed across the EU. The UK launched the PSIC register in 2017. A publicly available database of UK limited companies who are now expected to maintain details of their UBOs and supply this information to Companies House.

What is the Central Public Register?



A UK Government guide provides the following information on the UK PSC Register:

What is the register of people with significant control?

UK companies, SEs, LLPs and ESPs will be required to identify and record the people who own or control their company.

Companies, SEs and LLPs will need to keep a register of people with significant influence or control (PSCs) in relation to them, in addition to existing registers such as the register of directors and register of members (shareholders), and must file the PSC information with the central public register at Companies House.

What is the purpose of the PSC register?

- Increases transparency over who owns and controls UK companies
- Will help inform investors when they are considering investing in a company
- Support law enforcement agencies in money laundering investigations

Who qualifies as a PSC? An individual who:

- Holds more than 25% of shares or voting rights in the company
- Holds the right to appoint or remove the majority of the board of directors
- Has the right to exercise, or actually exercises, significant influence or control over the company

What data is available from the Central Registers?



What information will be collected and available:

- Name
- Date of birth
- Nationality
- Country
- Address
- Date they became a PSC in relation to the company
- Which conditions for being a PSC are met

Are other countries creating Central Registers?

UK were the first to create a public central register with many countries following suit.

Twenty countries engaged in the [Extractive Industries Transparency Initiative \(EITI\)](#) and are in the process of setting up public registers of beneficial owners by 2020.

Resources

UK public register - summary guide for companies

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/621568/170622_NON-STAT_Summary_Guidance_4MLD_Final.pdf

Extractive Industries Transparency Initiative

<https://eiti.org/beneficial-ownership>

FATF Guidance on Transparency and Beneficial Ownership

<http://www.fatf-gafi.org/media/fatf/documents/reports/Guidance-transparency-beneficial-ownership.pdf>

Companies House Guidance on Overseas Registries

<https://www.gov.uk/government/publications/overseas-registries/overseas-registries>

any questions?

thank you!



Thank you for coming!

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