

UNDER THE SHELL: ENDING MONEY LAUNDERING IN EUROPE

BRUSSELS, 24 OCTOBER 2017



CONTEXT

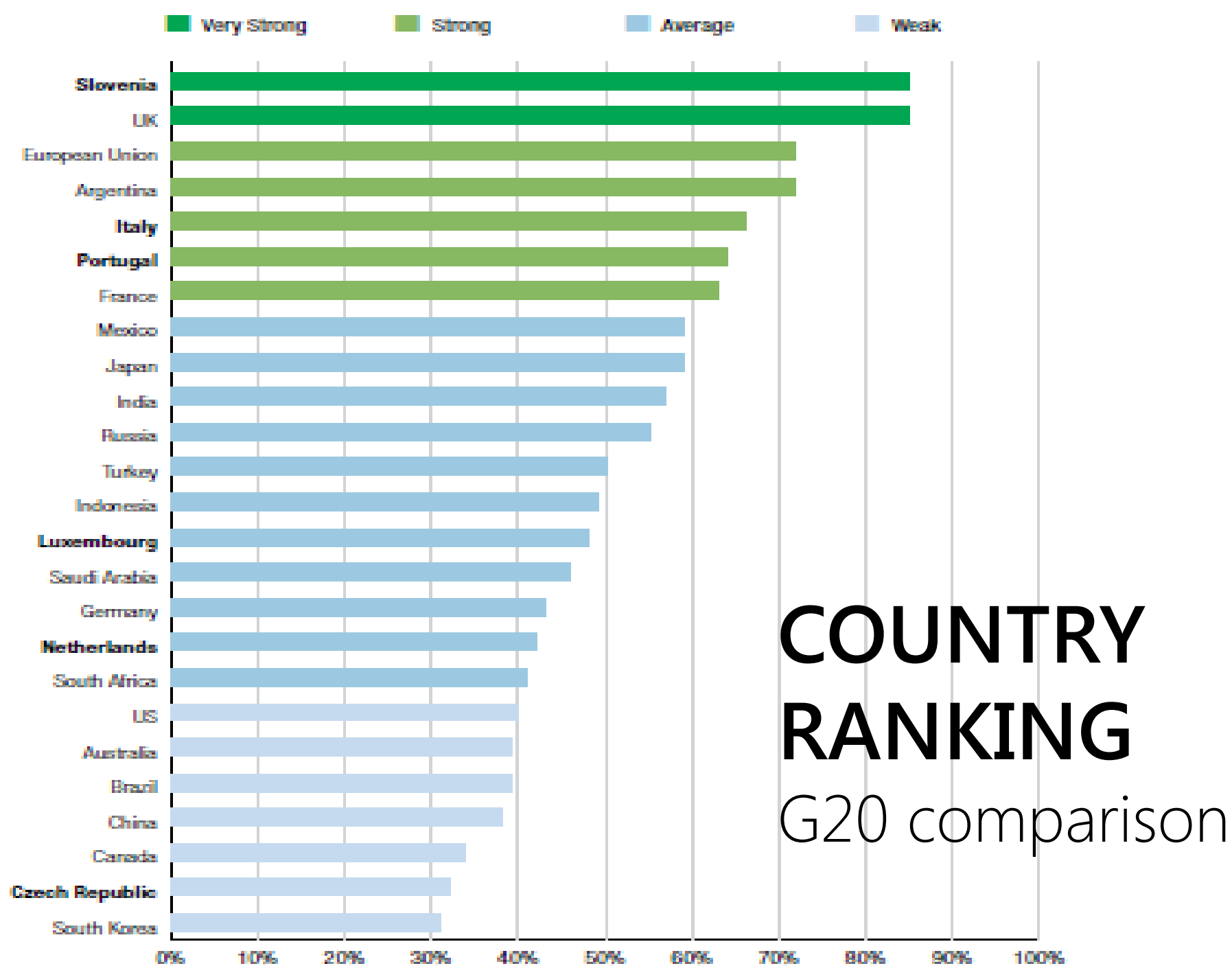
A photograph of a beach and ocean viewed through an arched stone window. The water is dark blue with white foam from waves crashing onto the shore. The sky is a deep blue with some white clouds. The foreground shows the dark, textured stone of the window frame and the floor.

- **PANAMA PAPERS:** 214,000 offshore companies and trusts / 200 countries and territories / 12 current and former world leaders / 140 politicians and public officials
- **THE RUSSIAN LAUNDROMAT:** \$20.8 billion from 19 Russian banks to 5,140 companies with accounts in 732 banks in 96 countries

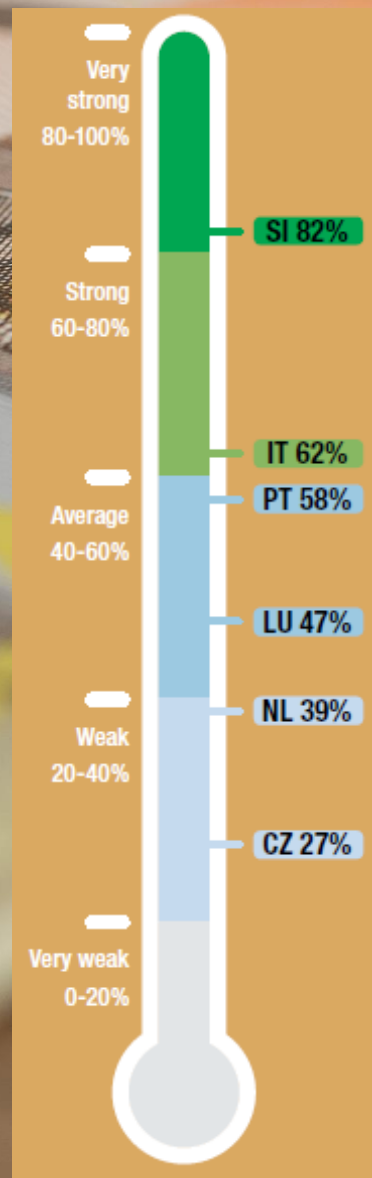
EBOT PROJECT

ASSESSING BENEFICIAL OWNERSHIP TRANSPARENCY

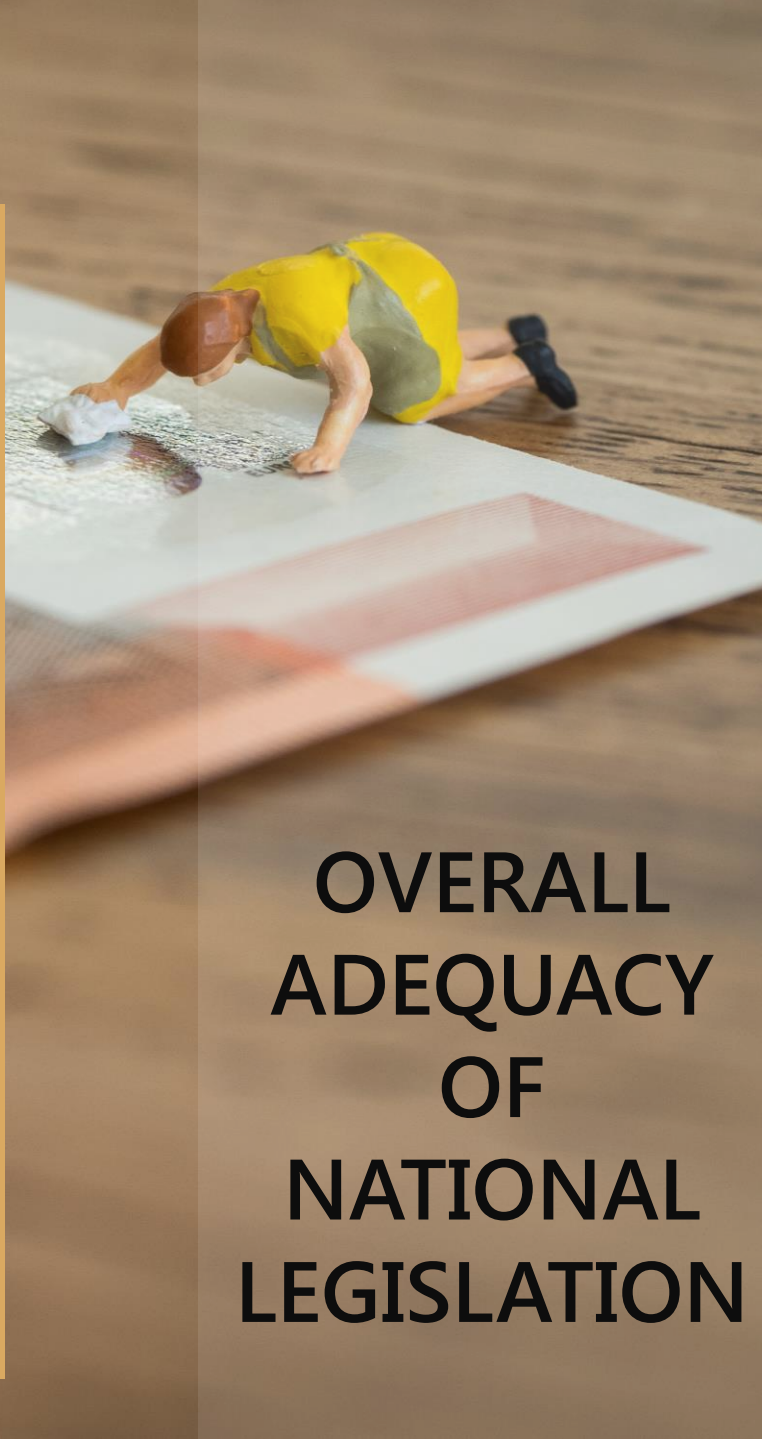
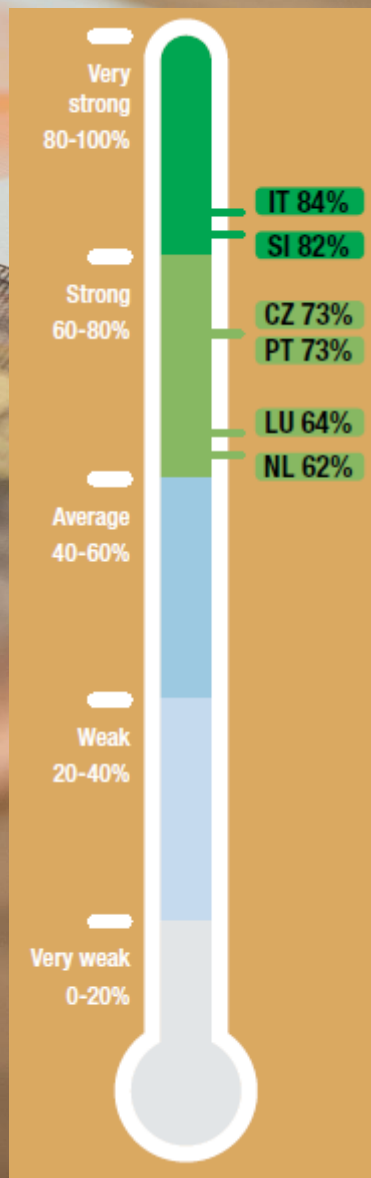
- In 6 countries (CZ, IT, LU, NL, PT, SI)
- Legislation (current & future)
- Enforcement
- High-risk sectors



CURRENT



FUTURE



OVERALL
ADEQUACY
OF
NATIONAL
LEGISLATION

COUNTRY PERFORMANCE


- Top performers:



- Next in the line:



LEGISLATIVE GAPS

- 
- A person is seen from behind, holding a large, broken, and tattered umbrella. The umbrella is dark and has many tears and holes in it. The person is standing in the rain, and the background is a blurred view of a city street with buildings and other people. The overall mood is one of vulnerability and the need for protection, which is a metaphor for the legislative gaps discussed in the text.
- A flawed legal definition of beneficial owner
- Ownership threshold too high (25%)
 - Fallback option to list senior managers as beneficial owners

LEGISLATIVE GAPS

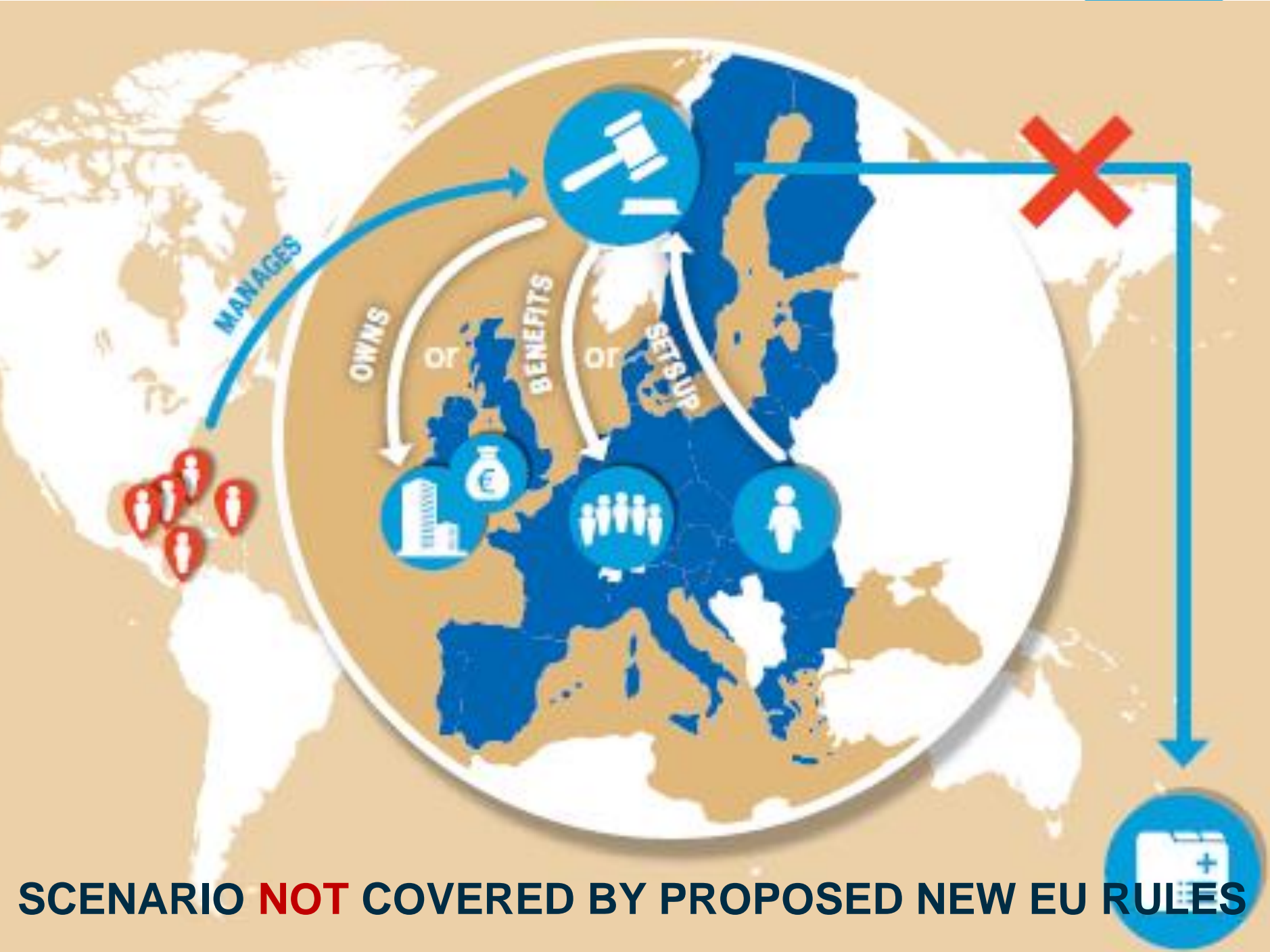
A black telescope is positioned diagonally from the bottom right towards the center of the frame. It is set against a background of a bright blue sky filled with soft, white clouds. The telescope's barrel is dark and metallic, with a silver-colored mounting bracket visible. The lens at the top is slightly out of focus, while the mounting and the sky are sharper.

Limited access to beneficial ownership data

- **Insufficient coverage of beneficial ownership registers**
- **Restricted conditions of access to beneficial ownership information**
- **Lack of data verification and sanction**



SCENARIO COVERED BY PROPOSED NEW EU RULES



SCENARIO **NOT** COVERED BY PROPOSED NEW EU RULES

LEGISLATIVE GAPS

A black telescope is positioned diagonally from the bottom right towards the center of the frame. It is set against a background of a bright blue sky filled with soft, white clouds. The telescope's barrel is dark and metallic, with a silver-colored eyepiece and objective lens. The overall composition suggests a theme of exploration or discovery, specifically in the context of identifying legislative gaps.

Limited access to beneficial ownership data

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- **Lack of data verification and sanction**

LEGISLATIVE GAPS

INSUFFICIENT REGULATION OF NOMINEES

	Nominees prohibited?	If not prohibited, are nominee directors or shareholders required to:		
		be licensed?	disclose their status to the company and keep their own record of the nominator	disclose their nominator to any relevant registry?
Czech Republic	No	No	No	No
Italy	No	Yes	Yes	No
Luxembourg	No	No	No	No
Netherlands	No	Yes	Yes	No
Portugal	No	No	Yes	No
Slovenia	No	No	No	No

ENFORCEMENT GAPS

2 countries never conducted a national risk assessment (Netherlands and Luxembourg)

Less than **2%** of total suspicious activity reports submitted to Italian authorities were reported by accountants and lawyers respectively in 2015

Less than **1%** of total suspicious activity reports submitted to Slovene authorities were reported by lawyers in 2015, which represented in absolute terms **3** suspicious transactions

0 suspicious transaction were reported by Luxembourgish notaries in 2015

4 sanctions or other remedial actions were imposed on financial institutions by the Luxembourgish financial regulator for failure to comply with AML obligations in 2015

KEY RECOMMENDATIONS: CLOSE LEGISLATIVE GAPS

- Central beneficial ownership registers:
 - Scope extended to all companies and trusts operating within the territory
 - Public & free access in open data format
 - Robust data verification and sanction mechanisms
- Comprehensive and robust legal definition of beneficial owner
- Use of high-risk instruments such as nominees prohibited or more strongly regulated

KEY RECOMMENDATIONS: **CLOSE ENFORCEMENT GAPS**



- Improve suspicious activity reporting
- Ensure proportionate and effectively enforced controls and sanctions
- Strengthen oversight of self-regulated sectors

THANK YOU FOR YOUR TIME!



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