

# Corporate transparency in the spotlight again

DENTONS

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The leaking of reports submitted by banks to the Financial Crimes Enforcement Network (FinCEN) has once again brought into focus the scale of global financial corruption, with reports claiming the thousands of documents disclosed detailed up to US\$2 trillion of potentially corrupt transactions.

Against that backdrop, it is a positive step that the British Virgin Islands has announced that it is following other overseas territories, including Cayman, in promising to establish a public ownership register by 2023.

Similarly, it is to be welcomed that the United Arab Emirates (UAE) has introduced rules requiring companies based in the UAE mainland and commercial free zones to keep registers of beneficial owners and shareholders. Companies impacted by this registration have until 27 October 2020 to set up these registers.

In 2016, the UK was one of the first countries to create a public register of owners of companies – the register of Persons with Significant Control (PSC). In addition, in 2021 it is proposed that legislation will be passed in the UK to increase the transparency of overseas investment in the UK, through the requirement of overseas entities owning UK property to disclose their beneficial ownership structures on a publicly accessible register. Under the draft legislation, existing overseas owners of UK property would need to apply for a registration number – needed to buy, sell, charge or grant leases of more than seven years – within 18 months of the legislation being introduced, by providing their own details and those of their beneficial owners.

It is understandable in the midst of the COVID-19 pandemic, a recession and the countdown to Brexit that priorities and resources might lie elsewhere than in the fight against money laundering. However, it is important that the legislation referred to above is not only enacted but also enforced in a way that will make a difference in reducing the impact of global money laundering activity.

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