OPEN OWNERSHIP

Five characteristics of effective beneficial ownership data

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This briefing outlines five characteristics of effective beneficial ownership data, which together help make published data easy to use, more accurate, and interoperable.

1. The published data specifies the means through which beneficial ownership is exerted, and the percentage ownership

2. Published data is structured and granular

3. Published data includes sufficient information to allow disambiguation

4. Historical data is kept & published

5. Data is collected & published in a timely manner

These characteristics draw on established principles for publishing open data[1], and underpin OpenOwnership's approach to beneficial ownership transparency. For each characteristic, we make concrete recommendations for countries implementing beneficial ownership transparency. These are consistent with the Beneficial Ownership Data Standard, which allows beneficial ownership data to be interoperable with data from other jurisdictions.

1. The published data specifies the means through which beneficial ownership is exerted, and the percentage ownership

Why it matters

This increases the accuracy of information and limits loopholes.

Recommendations

a. Beneficial ownership should be clearly defined in law and cover key ways in which ownership or control is exerted. Typically this includes owning shares, holding voting rights, having the right to appoint or remove directors, and either having the right to exercise – or actually exercising – significant influence or control over the company.

b. Where a threshold is used to determine beneficial ownership (e.g. persons owning over x% of shares), this should be as low as is reasonably practical. OpenOwnership recommends not using thresholds where possible, as any threshold represents a loophole that may be abused.

2. Published data is structured and granular

Why it matters

Published data should be detailed, to allow red flags to be surfaced when it's linked with other data sets.

Recommendations

a. Data should be published in structured formats compliant with the Beneficial Ownership Data Standard.

b. Information on all beneficial owners should be captured. For entities without beneficial owners, or which are exempt from the requirements (e.g. publicly

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listed companies), identifying information about the entity should be recorded and published, including company name and Legal Entity Identifier (LEI) where available, or a stock ticker or ISIN.

c. Beneficial owners should be required to report specific percentages of ownership or control (e.g. Person X owns 23% of shares), and these percentages should be published.

d. The published data should indicate where information is missing, and the reason for this.

e. Where there is legitimate reason to withhold information from publication, for example due to personal safety concerns, exemptions should be clearly defined and limited in scope.

f. Countries may find it helpful to capture the full beneficial ownership chain from target company to beneficial owner, including the companies in between.

3. Published data includes sufficient information to allow disambiguation

Why it matters

Users must be provided with enough information to allow them to tell companies or people apart, and match with other datasets.

Recommendations

a. Relevant unique identifiers should be published for each company in the beneficial ownership register, such as company numbers (including country of registration for foreign companies).

b. Information such as month and year of birth, and contact address, should be published to help users disambiguate individuals and match with international datasets.

c. The published data should allow users to confidently determine whether one person is a beneficial owner of more than one company in a jurisdiction. To enable this, the system should issue publishable unique identifiers for all beneficial owners.

d. To aid disambiguation of individuals within the register database for law enforcement purposes, governments may find it helpful to collect (but not publish) unique identifiers such as taxpayer numbers for domestic beneficial owners.

4. Historical data is kept & published

Why it matters

Historical information about companies can help uncover links that are not immediately evident from current information.

Recommendations

a. When beneficial ownership or company structure changes, this information should be stored rather than replaced, and remain publicly available.

b. Companies that change their structure should keep their original identification numbers so that users can access historical information about the company.

5. Data is collected & published in a timely manner

Why it matters

Showing when company statements were made allows users to judge whether they trust the information.

Recommendations

a. The date when the beneficial ownership declaration was made should be published.

b. Companies should be required to update their beneficial ownership information within a short, defined time period after their beneficial ownership changes. In addition, mandating an annual confirmation of beneficial ownership information will help keep the register up to date.

c. A process should be put in place to identify company information that is suspected to be out-of-date, and action taken to resolve this.