

## National Asset Registry Working Paper: Consultation Response

OpenOwnership drives greater corporate transparency across the world by making it easy to publish and access high-quality, linked data about who owns companies. We are pleased to share the comments below in response to the consultation on the phase 1 pilot study for a UK asset registry.

### **a) Scope: Should any of the mentioned assets be excluded from a (national) asset registry? Should other assets be included?**

This will depend on the intended purpose of this scoping project. If it aims to demonstrate compellingly that a national asset registry is possible, recommending a narrower scope may be more practical. However, if the purpose is to articulate how beneficial a ‘gold standard’ asset registry would be for taxation and other socially and economically useful aims, then a more comprehensive approach may be better, even if it is further removed from UK reality.

Our experience supporting implementation of beneficial ownership registers of companies is that the substantive hurdles to implementation can just as easily be legal or technical as well as political. For example, UK company law does not currently give the company registrar legal mandate to substantively verify beneficial information; this contributed to the UK's initial implementation being weak on verification procedures.

Since the timeline to amend legislation to rectify this is multi-year, if a key aim of this project is to catalyse greater progress towards opening up information about asset ownership, the study may wish to explore for which asset types progress could be made without substantive legal or technical hurdles. Given that political will would likely be required to implement reform in any sector, it may also be useful to draw out the key arguments that could be made for increasing transparency over each asset type, and relate these to the needs of individuals and organisations who could use the data (below).

**b) Details of each asset and their ownership: what details should the national asset registry include: legal ownership, beneficial ownership, price/value, date of acquisition, the status of owners (e.g. foreigner, politically exposed person), etc.?**

In practice, the particular fields of information that are most impactful to publish are likely to vary according to asset type and data user. For example, an academic researcher examining wealth inequality may be principally interested in price/value, whereas an investigative journalist tracking suspicious funds may be mainly interested in the names of the beneficial owners. One approach to explore this further is to develop a series of user personas, typically achieved through focus groups and interviews with potential users of a UK Asset Registry, and evaluate commonalities in the information most requested by different users. OpenOwnership has already undertaken user research relating to beneficial ownership information about companies, and we could share findings from with the team if helpful.

Regarding beneficial ownership of companies, OpenOwnership lists [five characteristics of effective beneficial ownership data](#), which together help make published data easy to use, more accurate, and interoperable. Over the coming months we are developing this into a

comprehensive Effective Disclosure Framework, which will set out a policy and data standard for which information should be published. We would be happy to share our work in progress with ICRICT to support the next phase of the research pilot.

**c) Access: who should have access to this information? Should it depend on the status of the owner (e.g. politically exposed person, millionaire/billionaire)? Should it depend on the value or type of asset, regardless of its owner (e.g. assets worth more than 10.000GBP, physical assets only, assets under current registration, etc). If not the whole public, what statistics or other information should be available to the public?**

One approach to answering this question would be to evaluate the proportionality of publishing ownership information for each asset type or owner. Under this approach, which draws on human rights law, the infringement on the owner's privacy caused by publishing ownership information would need to be justified by the level of public benefit brought about by publication. The extent to which publishing ownership information represents an infringement on privacy is likely to vary between asset types. OpenOwnership has published [research applying this approach to beneficial ownership information about companies](#), and the approach used could also be applied to other assets.

**d) Holder of information: which authority should hold this national asset registry? Current registries, but interconnecting them? A new Register that centralises (and duplicates) information held in other registries? The authority with the best capabilities to analyse**

No response.

**e) Uses of information: How should this information be used? To calculate wealth inequality? To tackle ill-gotten assets, supporting Unexplained Wealth Orders? Other uses?**

As mentioned under b), a useful approach to determine answers to these questions may be to undertake user research to determine the variety of ways in which data may be used. In addition to involving user groups within the transparency, tax justice and related communities, consideration should be given to how data could be used to further agendas that do not align with the aims of ICRICT. For example, could information in an asset registry be used in future by state or private actors to target particular groups of individuals for negative action? How could these findings then be used to mitigate such potential negative effects? It would be beneficial to engage privacy advocates (e.g. Privacy International) to provide expertise on this.

**f) Verification of information: how should information be verified? Automated systems that cross-check data already held by the government? Involving financial institutions and corporate service providers, brokers, car dealers, art dealers, etc? Implementing a new asset ownership return, based on inheritance tax returns (which already require disclosing many types of assets to HMRC)?**

Best practice on verification of various types of information, including beneficial ownership, is a fast evolving field. OpenOwnership is providing technical assistance and advice to governments that are implementing verification mechanisms within contexts that have different legal, economic and technical constraints. Our experience suggests that there are some overall principles to effective verification of beneficial ownership data, but that the solutions need to be responsive to the existing technical, legislative and economic context. In the case of a national asset registry pilot in the UK, it is also likely that there will be very different solutions for different types of information.

When considering what verification practices would be most effective, we would encourage ICRICT to consider verification as *a series of steps that increase the level of confidence that a particular piece of information is correct, and reduce the risks associated with it being false.*

In some cases, for example verifying beneficial ownership information for companies with complex transnational ownership structures, it may be close to impossible to categorically confirm that the information disclosed is true and complete, however the likelihood that it is false or incomplete can be dramatically reduced by taking steps such as confirming identity of persons involved and cross checking the data with other sources of information. However, over time, the more countries implement good verification practices, the easier and better this should become globally (one of the main challenges is verification of information involving persons or companies from a foreign jurisdiction). In addition to reducing the risks associated with information being false, a good verification system will also raise red flags that can trigger more substantive investigation.

We will shortly be publishing a working paper consolidating our current understanding of the principles underpinning effective verification of beneficial ownership data, along with examples of practices currently in operation. We'd be happy to share the early draft of this later in February and discuss with your team how these may apply in the UK context. We're also working with Tax Justice Network and others to scope a new partnership project to pilot new approaches to verifying beneficial ownership data.