

April 14, 2022

Mr. Himamauli Das
Acting Director
Financial Crimes Enforcement Network
U.S. Department of the Treasury
P.O. Box 39
Vienna, VA 22183

RE: Advancements in data collection and dissemination practices for beneficial ownership information

Dear Acting Director Das:

As NGOs working to advance corporate transparency both domestically and internationally, we write ahead of the second part of the rulemaking to implement the Corporate Transparency Act (CTA), one focused on beneficial ownership data collection and access.

Since that submission, the U.K. Government's Open Standards Board and the Data Standards Authority's Steering Board endorsed the Beneficial Ownership Data (BOD) Standard developed by Open Ownership, a nonprofit organization providing technical assistance to governments, the private sector and civil society to generate high quality data on company ownership.

The endorsement is a significant development because it makes it likely that this state-of-the-art corporate transparency standard will be adopted for implementation for the new U.K. central register for overseas entities owning UK property, as well as improving the likelihood for adoption by the U.K.'s overseas territories for their forthcoming beneficial ownership directories.

As FinCEN works on drafting the second part of the CTA rule, we urge rule writers to consider the lessons learned from our overseas ally. The U.K. created and implemented one of the first central directories to collect beneficial ownership information. They, therefore, have the longest experience with what is necessary for effective implementation of the anti-corruption law.

Additionally, in recognition of the BOD Standard as an excellent approach to structuring beneficial ownership data, commercial providers of company and beneficial ownership registry software have started adopting BODS into their products, including off-the-shelf solutions, which are already being deployed in jurisdictions.

The recent recognition by authorities in the U.K. of the value of the BOD Standard, after several years of widely reported shortcomings with the beneficial ownership directory, should be instructive to FinCEN. FinCEN has the opportunity to avoid the mistakes of those who launched first. Three aspects of the BOD Standard are particularly relevant to the effective implementation of the CTA.

1. Beneficial ownership data is most useful and valuable when combined with other sources of information to gain particular insights. Well-structured, machine-readable beneficial ownership data can be more easily analyzed and combined with other datasets. This includes other national datasets to use the data in other areas of government – such as in procurement and national security – as well as other beneficial ownership datasets from jurisdictions outside of the USA to generate insights about transnational ownership structures. The BOD Standard provides off-the-shelf guidance for collecting, sharing and

using high-quality structured data on beneficial ownership. It contains best practice guidance on using real world identifiers for people and entities to ensure interoperability enabling connections with beneficial ownership data from multiple sources, to maximize the usefulness and usability of beneficial ownership data.

2. Well-designed beneficial ownership declaration forms which are clear, easy to understand, and capture the full range of legally-declarable beneficial ownership structures, are critical to collecting data in a structured and consistent manner and to facilitate compliance. Open Ownership has published guidance for regulators and forms designers as well as providing example form templates based on experience working with dozens of countries. In addition to collecting well-structured data, well-designed forms form the basis of a verification system that reduces accidental errors and detects deliberate falsehoods.
3. While the majority of company ownership structures are simple, it is often complex and transnational ownership structures that are involved in financial crimes. Consequently, the usefulness of the data in FinCEN's beneficial ownership register will depend on how easily it can be combined with data from other jurisdictions. BODS was created with this complexity in mind and with an understanding that a transnational approach is needed to effective beneficial ownership data collection and use. BODS allows authorities to capture the necessary information about the myriad ways individuals can exercise ownership and control of a wide range of legal entities, including through legal arrangements such as trusts.

The crisis in Ukraine and the subsequent efforts to find and freeze the funds of Russian oligarchs remind us of both the need for useful, accurate and accessible beneficial ownership information and the value of cross-border information sharing. The adoption of the BOD Standard for the CTA would provide greater assurance that FinCEN could meet those needs.

We appreciate the consideration of these views. If you have any questions, or for additional information, please contact Gary Kalman, Executive Director of Transparency International U.S., at gkalman@transparency.org.

Sincerely,

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The Sentry
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