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Beneficial Ownership Transparency in the Financial Sector: How Five Key Financial Hubs Approach FATF Recommendation 24

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ABSTRACT (ENGLISH)

This thesis examines how five leading financial hubs, namely the United Kingdom, the European Union, the United States, Switzerland, and Singapore, implement Recommendation 24 of the Financial Action Task Force (FATF) on the beneficial ownership of legal persons. The meaning of their differing frameworks for multinational financial institutions that operate across them is studied herein. Though each hub builds on the same standard, the resulting duties differ. The question is whether these differences amount to mere variation or to conflicting obligations.

The study is doctrinal and comparative. It relies on primary sources and secondary literature. The primary sources are statutes, regulations, the FATF instruments, and the relevant case law of the Court of Justice of the European Union. Methodologically, the analysis orders the five hubs along a spectrum of register openness. It begins with the public register of the United Kingdom, proceeds with the European Union as a median, and ends with the closed registers of the United States, Switzerland, and Singapore.

The findings are threefold. First, the abuse of corporate vehicles drove Recommendation 24 from a statement of principle into a binding requirement, a shift completed by the FATF's 2022 revision. Second, the duties imposed on financial institutions diverge but do not conflict. The burden is cumulative rather than contradictory, so a multinational can satisfy every regime by meeting the strictest. Third, these divergences track each hub's strategy of cross-border competitiveness and financial sovereignty. This is documented for the United States and reasonably argued for the others. Whether the 2022 revision has rendered corporate vehicle abuse unviable remains an open question. The FATF's fifth evaluation round will answer it.

ABSTRACT (DEUTSCH)

Diese Arbeit untersucht, wie fünf führende Finanzzentren, nämlich das Vereinigte Königreich, die Europäische Union, die Vereinigten Staaten, die Schweiz und Singapur, die Empfehlung 24 der Financial Action Task Force (FATF) zum wirtschaftlichen Eigentum juristischer Personen umsetzen. Dabei wird untersucht, welche Bedeutung ihre unterschiedlichen Rahmenbedingungen für multinationale Finanzinstitute haben, die in diesen Ländern tätig sind. Obwohl jedes Finanzzentrum auf demselben Standard aufbaut, unterscheiden sich die daraus resultierenden Pflichten. Die Frage ist, ob diese Unterschiede lediglich Abweichungen darstellen oder zu widersprüchlichen Verpflichtungen führen.

Die Studie ist rechtswissenschaftlich und vergleichend angelegt. Sie stützt sich auf Primärquellen und Sekundärliteratur. Die Primärquellen sind Gesetze, Verordnungen, die FATF-Instrumente und die einschlägige Rechtsprechung des Gerichtshofs der Europäischen Union. Methodisch ordnet die Analyse die fünf Zentren entlang eines Spektrums der Registertransparenz ein. Sie beginnt mit dem öffentlichen Register des Vereinigten Königreichs, setzt sich mit der Europäischen Union als Mittelsegment fort und endet mit den geschlossenen Registern der Vereinigten Staaten, der Schweiz und Singapurs.

Die Ergebnisse lassen sich in drei Punkte zusammenfassen. Erstens führte der Missbrauch von Unternehmensvehikeln dazu, dass die Empfehlung 24 von einer Grundsatzerklärung zu einer verbindlichen Anforderung wurde – ein Wandel, der durch die Überarbeitung der FATF im Jahr 2022 vollendet wurde. Zweitens weichen die den Finanzinstituten auferlegten Pflichten voneinander ab, stehen jedoch nicht im Widerspruch zueinander. Die Belastung ist kumulativ und nicht widersprüchlich, sodass ein multinationales Unternehmen alle Vorschriften erfüllen kann, indem es die strengsten einhält. Drittens spiegeln diese Unterschiede die Strategie jedes Standorts hinsichtlich grenzüberschreitender Wettbewerbsfähigkeit und finanzieller Souveränität wider. Dies ist für die Vereinigten Staaten dokumentiert und für die anderen Länder plausibel begründet. Ob die Überarbeitung von 2022 den Missbrauch von Unternehmensvehikeln unrentabel gemacht hat, bleibt offen. Die fünfte Bewertungsrunde der FATF wird darauf eine Antwort geben.

ABBREVIATIONS

Abbreviation	Expansion
ACRA	Accounting and Corporate Regulatory Authority (Singapore)
AML	Anti-Money Laundering
AML/CTF	Anti-Money Laundering / Counter-Terrorist Financing
AMLA	Authority for Anti-Money Laundering and Countering the Financing of Terrorism (EU)
AMLD4	Fourth Anti-Money Laundering Directive (Directive (EU) 2015/849)
AMLD5	Fifth Anti-Money Laundering Directive (Directive (EU) 2018/843)
AMLD6	Sixth Anti-Money Laundering Directive (Directive (EU) 2024/1640)
AMLR	Anti-Money Laundering Regulation (Regulation (EU) 2024/1624)
BO	Beneficial Ownership / Beneficial Owner
CDD	Customer Due Diligence
CFR	Code of Federal Regulations (United States)
CTA	Corporate Transparency Act (United States)
CTF	Counter-Terrorist Financing
DNFBP	Designated Non-Financial Business or Profession
ECCTA	Economic Crime and Corporate Transparency Act 2023 (United Kingdom)
ECLI	European Case Law Identifier
ECTEA	Economic Crime (Transparency and Enforcement) Act 2022 (United Kingdom)
EU	European Union
FATF	Financial Action Task Force
Fed Reg	Federal Register (United States)
FI	Financial Institution

Abbreviation	Expansion
FinCEN	Financial Crimes Enforcement Network (United States)
FINMA	Swiss Financial Market Supervisory Authority
FIU	Financial Intelligence Unit
FUR	Follow-Up Report (FATF)
G7	Group of Seven
HSBC	Hongkong and Shanghai Banking Corporation
ICIJ	International Consortium of Investigative Journalists
LETA	Legal Entities Transparency Act (Switzerland; German: TJPG)
MAS	Monetary Authority of Singapore
ML	Money Laundering
MLR 2017	Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (United Kingdom)
MROS	Money Laundering Reporting Office Switzerland
OJ	Official Journal of the European Union
OSINT	Open-Source Intelligence
PEP	Politically Exposed Person
PSC	Person with Significant Control (United Kingdom)
RLE	Registrable Relevant Legal Entity (United Kingdom)
SAMLA	Swiss Anti-Money Laundering Act (Federal Act on Combating Money Laundering and Terrorist Financing)
SI	Statutory Instrument (United Kingdom)
SR	Systematic Compilation of Federal Legislation (Switzerland)
TF	Terrorist Financing
TLO	Transnational Legal Order
UK	United Kingdom
UNTS	United Nations Treaty Series
US / USA	United States of America
USC	United States Code

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Chapter 1

Introduction

1.1 Research Background

Over the last two decades, a series of cases, from the Riggs Bank accounts maintained for Augusto Pinochet[1] to the Panama and Pandora Papers[2], have proven that corporate vehicles have become tools actively used for concealment. In response, the issue of concealment has moved to the center stage of global financial regulation.

The global response to this shift has been through the Financial Action Task Force (hereinafter referred to as ´FATF´) and on this particular question, through its Recommendation 24.[3] Through most of its history, the Recommendations had tolerated countries taking autonomous approaches. This position has dramatically shifted with the revisions of the FATF taking place in 2022. The revision recast what had been permissive alternatives, e.g., the registry, company, and existing information approaches, as mandatory pillars.[4] The Recommendation, therefore, marked the completion of a shift from general principle to binding obligation.

How the financial sector operates post-revision is where this standard meets practice. Recommendation 24, read together with Recommendations 10 and 22, requires financial institutions to identify the beneficial owner of their customers independently of any register.[5] While fixing only the objective and the quality of the information, the FATF has deliberately stayed silent and left the means to each country. This deliberate silence is the birthplace of

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[1] Shaw W Scott, 'Taking Riggs Seriously: The ATCA Case against a Corporate Abettor of Pinochet Atrocities' (2005) 89 Minnesota Law Review 1497, 1497–1502.

[2] Marina Aristodemou, 'Are Beneficial Ownership Laws Important? Exploring the Impact of Panama, FinCEN, and Pandora Papers on Beneficial Ownership Laws in the UK and the US' (2024) 5 Journal of Economic Criminology 100082.

[3] Financial Action Task Force (FATF), International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation: The FATF Recommendations (FATF 2012, updated October 2025) 7 (‘FATF Recommendations’).

[4] Ibid 98–99 (Interpretive Note to Recommendation 24).

[5] Ibid Recommendations 10 and 22.

divergence amongst the countries' domestic frameworks. This leaves multinational financial institutions with the obligation to satisfy several frameworks at once; each built on the same international standard, yet each implementing it differently.

1.2 Problem Statement, Objectives, and Methodology

The central concern of this study will be whether these divergences would mean mere variations or conflicting duties for multinational corporations. This study examines how five key financial hubs, the United Kingdom, the European Union, the United States of America, Switzerland, and Singapore, implement the FATF Recommendation 24, and what the results of their differing frameworks for the financial institutions that operate across all of them are.

Three hypotheses guide the analysis herein. The first argues that the abuse of corporate vehicles drove the evolution of Recommendation 24 from a statement of principle into a central, binding requirement. The second argues that all five hubs build their frameworks on Recommendation 24 yet diverge in the obligations they impose on financial institutions, and that this divergence creates conflicting duties for the multinational institutions caught between them. The final one argues that these divergences are not incidental but track each hub's strategy of cross-border competitiveness and financial sovereignty.

These five hubs were selected for this study due to the structural effects their frameworks have on the global financial system. Three of these hubs, namely the United Kingdom, the United States of America, and Singapore, are named in the FATF's 2023 Guidance, which illustrates how corporate forms can circumvent ownership thresholds, placing them at the center of the problem rather than at its edge.[6] The order in which these hubs were studied has been a conscious methodological choice. The order is set on a spectrum of countries, based on the openness of their Registers. The comparative analysis commences with the United Kingdom as the one open to general public access, followed by the European Union, acting as a median, with a regime granting access to persons with legitimate interest. The rest, each operating a closed register, follow in turn.

The method of this study is doctrinal and comparative. It relies on primary sources, e.g., statutes, regulations, the FATF instruments, and the relevant judgment of the Court of Justice

[6] FATF, Guidance on Beneficial Ownership of Legal Persons (FATF 2023) 18 ('BO Guidance').

of the European Union, as well as secondary academic literature. No empirical data has been produced herein, and in specific cases where empirical findings are relied upon, as in the assessment of pre-2022 effectiveness, they are drawn from peer-reviewed work and identified as such.[7] This method creates a boundary, upon which the author's readings regarding the third hypothesis are based upon the law and the surrounding record, not the motives the hubs have themselves declared. This has been the approach of this study, and the author has separated what the record establishes from what the author reads into it, for each jurisdiction. The cut-off date for this study is May 2026, a date at which several frameworks studied herein are rather recent or, in some cases, not yet in full force. For insights, the United States reshaped its framework shortly before this study, the European package applies from 2027, and the Swiss central register is expected in the third quarter of 2026.[8] The comparison, therefore, addresses frameworks still in formation and states its findings with that reservation.

The study proceeds in four further chapters. Chapter 2 traces Recommendation 24 from principle to requirement — the FATF's mandate and its expansion, the continuum of corporate-vehicle abuse, the 2012 consolidation, the 2022 revision, and the academic critique of anti-money-laundering effectiveness — and lays the groundwork for the first hypothesis. Chapter 3 constructs the analytical instrument: the architecture of Recommendation 24, the concept of the beneficial owner, and the allocation of responsibility among the company, the register, the financial sector, and the competent authority. Chapter 4 applies that instrument to each of the five hubs in turn, examining the same pillars in each. Chapter 5 draws the comparison together, tests the three hypotheses against it, and presents the study's findings and their limits.

[7] Terence Halliday, Michael Levi and Peter Reuter, 'Anti-Money Laundering: An Inquiry into a Disciplinary Transnational Legal Order' (2019) 4 UC Irvine Journal of International, Transnational, and Comparative Law 1, 6–7.

[8] On the recency of the regimes: in the United States, Corporate Transparency Act, Pub L No 116-283, div F, title LXIV, 134 Stat 4604 (2021), codified at 31 USC § 5336; in the European Union, the Sixth Anti-Money Laundering Directive (AMLD6), art 78(1), the accompanying Regulation applying from 10 July 2027; in Switzerland, the Federal Act on the Transparency of Legal Entities and the Identification of Beneficial Owners (Legal Entities Transparency Act, LETA) of 26 September 2025, BBl 2025 2900. Each instrument is cited in full in ch 4.

Chapter 2

The Evolution of Global AML Standards and Beneficial Ownership

2.1 Origins and Mandate of the FATF

The Group of Seven (hereinafter referred to as *´´G7´´*) established the Financial Action Task Force (hereinafter referred to as *"FATF"*) at its Paris Summit in July 1989 in response to the growing exposure of the international financial system to drug trafficking.[9] According to the G7 Economic Declaration in July 1989,

> *Its mandate is to assess the results of cooperation already undertaken in order to prevent the utilization of the banking system and financial institutions for the purpose of money laundering, and to consider additional preventive efforts in this field, including the adaptation of the legal and regulatory systems so as to enhance multilateral judicial assistance.*[10]

The body began as an ad-hoc task force with a single-year mandate to assess existing cooperation against drug-related money laundering and propose preventative measures. The first Forty Recommendations, issued in April 1990, set out specific actions for countries to align their national legal systems and to enhance international cooperation against illicit finance.[11]

The mandate of the FATF expanded gradually and its institutional character changed with each revision. In 1996 the Recommendations were revised to extend the predicate offences for money laundering beyond drug trafficking to all crimes. In the aftermath of the tragic events of September 11, the FATF expanded its mandate to deal with the issue of the funding of terrorist acts and organizations and took the step of creating Eight Special

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[9] Katie Benson, Colin King and Clive Walker, 'Dirty Money and the New Responses of the 21st Century' in Katie Benson, Colin King and Clive Walker (eds), Assets, Crimes and the State: Innovations in 21st Century Legal Responses (Routledge 2020) 1.

[10] G7, 'Economic Declaration' (Paris Summit, 16 July 1989) para 53.

[11] H Şahan Börekci, 'Evolving Phenomenon: The FATF' [2025] Güvenlik Bilimleri Dergisi 205, 208.

Recommendation on Terrorist Financing. The FATF Recommendations were revised a second time in 2003, and these, together with the Special Recommendations have been endorsed by over 180 countries, and are universally recognized as the international standard for anti-money laundering and countering the financing of terrorism (hereinafter referred to as ´´AML/CTF´´)[12] In April 2019, on its thirtieth anniversary, the FATF was granted an open-ended permanent mandate, ending three decades of repeated mandate renewals.[13]

The FATF has accomplished a remarkable feat of global standard-setting since its founding in 1989. From a world in which there were no global standards on anti-money laundering and few national standards, FATF has forged a single global standard for AML, then CFT, and now financing of proliferation of weapons of mass destruction.
Since its founding, the FATF has forged a global network of states and non-state bodies. It has created an amalgam of thirty-four member jurisdictions and two regional organizations, nine regional bodies, and 22 observer bodies, including the International Monetary Fund and World Bank. The FATF-led standard setting and assessment program has produced substantial convergence on core elements of a universal AML/ CFT regime which in turn has facilitated international communication and cooperation in the efforts to prevent money laundering and terrorism, to freeze and recover proceeds of crime, and ease financial investigation and prosecution of offenders. This is a significant political achievement. Halliday, Levi and Reuter put the FATF at the center of the global AML Transnational Legal Order (hereinafter referred to as ´´the TLO´´) The TLO utilizes assessments of country compliance with the FATF standards as a mechanism of surveillance and control.[14]
The FATF itself acknowledges this design. The Recommendations of the FATF set an international standard which the States should implement through measures adapted to their specific conditions rather than through uniform direct enforcement.[15]

The TLO is sustained by a governance structure that combines inducements with sanctions in order to ensure the compliance of the States. The said incentives are rather implicit: favorable ratings generate reputational benefits for the State, IMF being more open to cooperation. Of

[12] FATF Recommendations (n 3) 7.

[13] FATF, 'Ministerial Declaration and Mandate' (Washington DC, 12 April 2019) para 49.

[14] Halliday, Levi and Reuter (n 7) 4–5.

[15] FATF Recommendations (n 3) 7.

course, it should be kept in mind that there may be side effects of the expansion of AML powers in authoritative states in terms of monitoring and suppressing political opposition.

The inducements are reinforced by coercive pressures of escalating severity. Poor ratings mean diplomatic pressure. It would also mean that financial institutions responding with imposing enhanced due diligence, raising the cost of correspondent banking, or withdrawing services through de-risking. The most serious of these measures, is of course blacklisting by the FATF's International Co-operation Review Group.

The combination of inducements and sanctions has led to a remarkable degree of formal compliance in the adoption of laws and regulations, the creation and enhancement of state institutions, and at least a measure of conformity by domestic economic and civil society actors. Halliday, Levi and Reuter also touch upon the certain non-compliances of the ´´rich countries´´, which will be touched upon in the further chapters of this study.[16]

2.2 Corporate-Vehicle Abuse and the Exposure of the Beneficial-Ownership Gap

Corporate vehicles such as companies, trusts, foundations, partnerships, and other types of legal persons and arrangements conduct a wide variety of commercial and entrepreneurial activities. Despite the essential and legitimate role that corporate vehicles play in the global economy, they can be misused for various illicit purposes. The misuse of corporate vehicles can be significantly reduced if information regarding both the legal owner and the beneficial owner, the source of the corporate vehicle's assets, and its activities becomes available to the authorities in a timely manner.[17]

The aforementioned abuse has been the driving force for the revised Recommendation 24. The FATF acknowledges that fact that its FATF Mutual Evaluations which show a generally insufficient level of effectiveness in combating the misuse of legal persons for ML/TF globally. As per the said FATF Mutual Evaluations, less than half of countries were rated compliant or largely compliant.[18] The FATF further acknowledged that the *raison d'être* of the 2022 Revision was to close loopholes and regulatory weaknesses that – for too long -

[16] Halliday, Levi and Reuter (n 7) 6–7.

[17] BO Guidance (n 6) 4–6.

[18] Ibid 5.

have allowed fake companies be used as a cover for criminal activity or to hide wealth from tax authorities.[19]

The exposé cases of Panama Papers, FinCEN Files, and Pandora Papers showcase the significance of using corporate structures to conceal proceeds of crime, with money mainly coming from tax evasion, money laundering, and terrorist financing.[20] With the addition of scandals concerning most notably Riggs Bank, 1MDB, and Danske Estonia, but not limited to, the inability of the pre-2022 framework in combating legal loopholes was exposed.

The Riggs Bank investigation revealed, early in the millennium, systemic failures in customer due diligence for high-risk foreign clients. In June 2004, a U.S. congressional investigation revealed that Riggs Bank (Riggs) had opened, maintained, and concealed at least six bank accounts for the former Chilean dictator, Augusto Pinochet. Records reveal that Riggs consistently turned a blind eye to Pinochet's atrocities by both financing his brutal military dictatorships and concealing and laundering millions of dollars in suspicious funds held in bank accounts for Pinochet. According to the Senate Report, from 1994 to 2002, Riggs opened at least six accounts and issued several certificates of deposits (CDs) for Pinochet. Three of these accounts were personal accounts, and the other three were opened in the names of offshore shell corporations created by Riggs for Pinochet. In fact, senior Riggs officials had traveled to Chile to personally solicit Pinochet's business. The aggregate deposits by Pinochet into these accounts ranged from $4 to $8 million.[21]

Another case would be HSBC. In 2012, HSBC entered into a deferred prosecution agreement with the US Department of Justice, forfeiting USD 1.256 billion for violations of the Bank Secrecy Act and US sanctions legislation, and paid a further USD 665 million in civil penalties to federal banking regulators; a USD 375 million settlement with the Office of Foreign Assets Control (OFAC) was satisfied by the forfeiture.[22] The DOJ press release

[19] FATF, 'Beneficial Ownership' (FATF) <https://www.fatf-gafi.org/en/topics/beneficial-ownership.html> accessed 12 June 2026.

[20] Aristodemou (n 2).

[21] Scott (n 1) 1497–1502.

[22] US Department of Justice, 'HSBC Holdings Plc. and HSBC Bank USA N.A. Admit to Anti-Money Laundering and Sanctions Violations, Forfeit $1.256 Billion in Deferred Prosecution Agreement' (Press Release No 12-1478, 11 December 2012) <https://www.justice.gov/archives/opa/pr/hsbc-holdings-plc-and-hsbc-bank-usa-na-admit-anti-money-laundering-and-sanctions-violations> accessed 12 June 2026.

stated that from at least 2006 to 2009, HSBC Bank USA rated Mexico as 'standard' risk, the lowest AML risk rating it could assign. During this period, over USD 670 billion in wire transfers and over USD 9.4 billion in purchases of physical US currency from HSBC Mexico went unmonitored by HSBC Bank USA, while HSBC Mexico's own lax AML controls made it the preferred financial institution for drug cartels and money launderer.[23]Though not being a strict case related to the usage of corporate vehicles, the case underlined that without a group level identification of customer beneficial owners, international financial structures become a transmission channel of illicit funds.

Staying in the American hemisphere, the US money laundering intelligence agency: the Treasury's Financial Crimes Enforcement Network (FinCEN) Files are a cornerstone. Leaked to the public in September 2020, the FinCEN files provide a unique opportunity to gain a better understanding of the push and pull factors underlying cross-border ML flows.[24] The Files revealed the fact that major global financial institutions processed over $2 trillion in suspicious transactions for Politically Exposed Persons (hereinafter referred as ´´PEP´´) as well as criminal networks. For instance, according to the International Consortium of Investigative Journalists (hereinafter referred to as ´´ICIJ´´) a European bank moved more than $11 billion for a Russian oligarch, and a US-based financial institution processed over $1.2 billion for a fugitive financier. This enormous flow of illicit money was conducted through shell companies registered in offshore tax havens. Via these shell companies, the said financial institutions moved hundreds of millions, almost without a clue of the actual owners of these accounts.[25]

Moving to Asia, the most prominent example would be the 1 Malaysia Development Berhad (1MDB) scandal. 1MDB involves the embezzlement of over $4.5 billion from a Malaysian government investment fund between 2009 and 2015, led by the then Malaysian Prime Minister. According to the US Department of Justice, $4.5 billion was taken from 1MDB and flowed through a complex network of shell companies to government officials and their

[23] Ibid.

[24] Carmela D'Avino, 'Money Laundering and AML Regulatory and Judicial System Regimes: Investigation of FinCEN Files' (2023) 55 European Journal of Law and Economics 195.

[25] 'Global Banks Defy U.S. Crackdowns by Serving Oligarchs, Criminals and Terrorists' (ICIJ, 20 September 2020) <https://www.icij.org/investigations/fincen-files/global-banks-defy-u-s-crackdowns-by-serving-oligarchs-criminals-and-terrorists/> accessed 12 June 2026.

partners to finance lavish expenditures, such as the purchase of a yacht or even Pablo Picasso's paintings. To disguise the true beneficial owners, a complex network of shell companies was utilized. As a result, more than 400 bank accounts linked to 81 people and 55 companies, containing about 1.1 billion ringgits, are frozen due to suspected links to the misuse of 1MDB funds.[26]

At the European level, one cannot proceed without mentioning the Danske Bank case. Centering on the Estonian Branch of the bank, the main focus of the case is the usage of shell companies to process over €200 billion in suspicious transactions from Russia and other former Soviet states between 2007 and 2015. By funneling money through these shell companies, launderers were able to effectively obscure the true identities of the individuals controlling the funds and exploit the branch's relatively low reporting requirements. Danske Bank inherited these high-risk, non-resident clients when it acquired Sampo Bank in 2007, but massive failures in the bank's governance, risk culture, and oversight allowed the questionable transactions to continue for years despite numerous warnings from whistleblowers and regulators.[27] Perhaps, a trigger to the efforts of the European Union, with the latest being AMLDR6.

The author of this study would like to conclude this Chapter by mentioning perhaps the most influential of all such cases, namely the Panama Papers and the Pandora Papers. It is the biggest whistleblower case that revealed documents regarding 'financial records, emails chains and corporate filings' which were all linked back to one Panamanian law firm, Mossack Fonseca.[28] One of the most crucial questions arising from the Panama Papers is the identity of Mossack Fonseca's true clients, with over 100 ICIJ media partners worldwide revealing offshore financial secrets involving various personalities, including world leaders, politicians, criminals, and celebrities.[29] In his statement, the whistleblower explicitly states

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[26] 'A Timeline of Malaysia's 1MDB Financial Scandal' (South China Morning Post) <https://multimedia.scmp.com/widgets/vert_timeline/?id=malayscandal> accessed 12 June 2026.

[27] Elisabetta Bjerregaard and Tom Kirchmaier, 'The Danske Bank Money Laundering Scandal: A Case Study' (SSRN, 2 September 2019) 12–27 <https://ssrn.com/abstract=3446636> accessed 12 June 2026.

[28] Carmina Franchesca S Del Mundo, 'How Countries Seek to Strengthen Anti-Money Laundering Laws in Response to the Panama Papers, and the Ethical Implications of Incentivizing Whistleblowers' (2019) 40(1) Northwestern Journal of International Law & Business 87, 89.

[29] 'Panama Papers: Mass Prosecution Forces Mossack Fonseca Back into the Spotlight in Panama' (ICIJ, 1 February 2022) <https://www.icij.org/investigations/panama-papers/mass-prosecution-forces-mossack-fonseca-back-into-the-spotlight-in-panama/> accessed 12 June 2026.

that even though ´´shell companies are not illegal by definition, they are ´´used to carry out a wide array of serious crimes that go beyond evading tax.[30]

Aristodemou in her study synthesizes the case using several academic sources. Deriving from her work, it is understood that the shell companies mentioned herein were being used to fuel authoritarian regimes and their corrupt practices globally. From their study, it is understood that the length of the illicit funds even extends to the Syrian civil war.[31] In another instance, a company in Uganda paid Mossack Fonseca to help it avoid $400m in taxes, an amount that would have covered the government's health budget for a whole year.[32]

The successor of the Panama Papers has been the Pandora Papers. This most recent leak of all showed that the threat is closer than one might think. The leaks proved to the world that offshore activities take place everywhere, including in the world's largest democracies.[33] According to Aristodemou, the Pandora Papers signposted the danger posed by wealthy individuals using corporate structures to conceal their wealth.

Aristodemou believes that all these cases *(Aristodemou specifically mentions FinCEN Papers – Danske Estonia, Panama Papers, and Pandora Papers, however the author of this study believes that the following understanding of them could be attributed to all aforementioned)* contributed towards the development of regulation for shell companies and an emphasis was made on the minimization of anonymity when it comes to their creation.[34] The synthesis of all these cases is an empirical demonstration that the pre-2022 standards of the FATF were *de facto* incapable of preventing the misuse of corporate vehicles. Each of them involves a broad spectrum of individuals, from autocrats to cartels, from Europe to Africa, and the author of this study`s view proves this belief. This belief was also shared by the FATF, as evidenced by its *Guidance on Beneficial Ownership for Legal Persons*

[30] John Doe, 'The Revolution Will Be Digitized' (ICIJ, 6 May 2016) <https://www.icij.org/investigations/panama-papers/20160506-john-doe-statement/> accessed 12 June 2026.

[31] Aristodemou (n 2).

[32] Kevin Watkins, 'Forget the Camerons, the African Giveaway Is the Real Panama Papers Story' The Guardian (26 April 2016) <https://www.theguardian.com/news/2016/apr/26/forget-the-camerons-the-african-giveaway-is-the-real-panama-papers-story> accessed 12 June 2026.

[33] 'Offshore Havens and Hidden Riches of World Leaders and Billionaires Exposed in Unprecedented Leak' (ICIJ, 3 October 2021) <https://www.icij.org/investigations/pandora-papers/global-investigation-tax-havens-offshore/> accessed 12 June 2026.

[34] Aristodemou (n 2).

(hereinafter referred to as the "2023 Guidance”). Herein, they have also framed the 2022 revision as a response to the misuse of loopholes.
It is therefore the author's conclusion that the aforementioned cases form a continuum rather than a single instance. They span nearly two decades, from the Riggs case of 2004 to the Pandora Papers of 2021, with the majority occurring in the post-2012 Consolidation.

The cases are therefore not simply the explanation of why the 2012 framework was adopted. Rather, they demonstrate that the misuse of corporate vehicles persisted, perhaps we could go so far as even to say intensified. Therefore, in terms of being a catalyst, the accumulation of identified weaknesses of the AML TLO served the 2022 revision of Recommendation 24. This revision is to be analyzed in Chapter 2.4 of this study.

2.3 The 2012 Consolidation

The author of this study would like to commence the further technical analysis of the subsequent revisions of the FATF with a note. The objective of this note is to familiarize the reader with the terms that will be used repeatedly, as well as the chronology of the revisions. The FATF Recommendations are a single, constantly evolving document. The Recommendations, therefore, should not be understood as individual, separate publications. Therefore, the text FATF Recommendations, interchangeably referred to as *FATF International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation,* is a single text adopted by the FATF Plenary in February 2012 and has been amended on multiple occasions since.[35] Each amendment is approved at an FATF Plenary meeting and then processed into the same document. The FATF re-issues a consolidated file, reflecting each change. Annex II logs each amendment chronologically, including revisions to both Recommendation 24 and its Interpretive Note, adopted in March 2022.[36] In conclusion, the version cited in this study is the final version, updated in October 2025, incorporating all amendments up to that date.
The methodological consequence of this technical approach by the FATF is the fact that the current consolidated text contains the post-2022 versions of Recommendation 24 and its Interpretive Note. Therefore, the current consolidated text does not include the original 2012 wording. Where claims regarding the pre-2022 framework will be made, it is the natural

[35] FATF Recommendations (n 3) title page.
[36] Ibid 147.

result of the aforementioned that primary sources from the era will be cited alongside the consolidated text. The author of this study believes that the most adequate of them is

The methodological consequence is that the current consolidated text contains the post-2022 versions of both Recommendation 24 and Interpretive Note 24, not the original 2012 wording. Where claims about the pre-2022 framework are made, primary sources from the pre-2022 era are relied on alongside the consolidated text. The most useful is the FATF's *Best Practices on Beneficial Ownership for Legal Persons*, published in 2019, which describes the pre-2022 R.24 architecture from inside the framework while it was still in force. The author of this study believes that it is in order to proceed with the following chronological statements.

Between October 2010 and January 2011, the FATF undertook a public consultation on the first phase of its review of the FATF standards. Fifty-one written submissions were received from representatives of the financial sector; eighteen from representatives of the non-financial businesses and professions; and six from other respondents, including non-governmental organizations.

Between June and September 2011, the FATF undertook a second public consultation on a set of policy proposals concerning issues that were considered during the second phase of the review, such as, but not limited to, beneficial ownership. This time, seventy-three responses were received from representatives of the financial sector, non-financial businesses and professions, and other respondents, including non-governmental organizations. This level of interest and initiative taken by the public, in the author of this study`s opinion also proved the need seen by all stakeholders for substantial changes.[37] The process ended with the adoption of the novel FATF Recommendations in February 2012. The 2012 text still remains the basis of the current consolidated FATF Recommendations, although it has since been amended multiple times; and it is to be remembered that the version in force at the time of this study is dated October 2025.

[37] FATF, 'Review of the FATF Standards and Historical Versions' (FATF) <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Review-and-history-of-fatf-standards.html> accessed 30 May 2026.

FATF also showed its willingness to harmonize and streamline its measures in this version. The revised text integrated the measures previously contained in the Nine Special Recommendations on Terrorist Financing into the main body of the standards. The Recommendation specifically mentions that most measures previously focused on terrorist financing are now integrated throughout the Recommendations, therefore obviating the need for the Special Recommendations. This, however, did not mean a full harmonization, as three recommendations that are unique to terrorist financing were still kept in Section C of the document. These are, namely: Recommendation 5 *(criminalization),* Recommendation 6 *(targeted financial sanctions related to terrorism),* and Recommendation 8 *(non-profit organizations).*

Another important aspect of this framework has been formalizing the ´´Risk-Based Approach´´ as the foundation of the AML/CFT regime. Here we see a mention of focusing efforts in the most efficient way. Directly quoting from the 2012 Framework, the revisions were made to strengthen the requirements for higher risk situations and to allow countries to take a more focused approach in areas where high risks remain or implementation could be enhanced. This approach is set to enable countries within the framework of the FATF requirements to adopt A more flexible set of measures in order to optimally target their resources. [38]

It is the observation of the author of this study that the aforementioned emphasis of flexibility, meaning a design allowing countries to calibrate their domestic measures to their own self-assessed risk profiles, could have also shaped the 2012 Framework`s approach to the matter of beneficial ownership. FATF's 2019 *Best Practices on Beneficial Ownership for Legal Persons* states that under *the then Recommendation 24,* the countries could use one or more of the given mechanisms. These would be either/or the Registry, Company or the Existing Information approaches. Therefore, in theory, a country could have complied with the *then-current Recommendation 24 by using data already held by* financial institutions, DNFBPs, supervisors, or tax authorities, without establishing a domestic central register. [39] FATF`s own assessment data confirmed that this method was not effective for compliance with its principles. The same Best Practices document records that for R.24, only 11 out of 25 assessed FATF member states were rated as largely compliant, 12 were rated as partially

[38] FATF Recommendations (n 3) 8.

[39] FATF, Best Practices on Beneficial Ownership for Legal Persons (FATF 2019) 12 (‘Best Practices’).

compliant, and 2 were rated as noncompliant.[40] The aforementioned cases of the use of corporate vehicles for money laundering occurred during this gap in implementation.

2.4 The 2022 Revision of Recommendation 24 and the 2023 Guidance

It cannot be said that the latest revision of Recommendation 24, dated 2022, did emerge from a vacuum. At its Plenary meeting of 2–4 March 2022, the FATF amended Recommendation 24, its Interpretive Note, and the Glossary, with the amendments recorded in Annex II to the consolidated text.[41] This amendment package is the lie at the core of the FATF's institutional response to the gaps identified and documented in Chapter 2.3.

Published in March 2023, FATF's *Guidance on Beneficial Ownership of Legal Persons* states that the grounds for the revision include *a generally insufficient level of effectiveness in* combating the global misuse of legal persons for ML/TF[42]. Here, the FATF Mutual Evaluations are referred to, and the author of this study has also analyzed their results in Chapter 2.2.

The substantive policy shift introduced in the revision is *the multi-pronged approach*.[43] As mentioned in Chapter 2.3, the pre-2022 framework gave the right to countries to choose any one of the three, namely the Registry, the Company, and the Existing Information Approaches.

Each of these three components is now codified under Paragraph 7 of the revised Interpretive Note to Recommendation 24. Here, there are three components given to be in compliance with. The first component requires the countries to hold their domestic companies accountable for obtaining and holding adequate, accurate, and up-to-date information on the company's own beneficial ownership, much like the aforementioned *Company Approach.* The second component holds countries accountable for holding accurate and up-to-date information on the beneficial ownership of legal persons by a public authority or body, much like the aforementioned *Registry Approach.* The third and final component requires the countries to assess and apply any further supplementary measures necessary, including

[40] Ibid 7.

[41] FATF Recommendations (n 3) 147.

[42] BO Guidance (n 6) 5.

[43] FATF Recommendations (n 3) 97.

information held by regulators, stock exchanges, or financial institutions, much like the aforementioned *Existing Information Approach.*[44] What previously were permissive alternatives have therefore morphed into operating as three mandatory pillars. Without these pillars in place, full compliance with Recommendation 24 cannot be achieved.

The 2023 Guidance emphasizes the oneness of these pillars. It states that the three pillars of ensuring that beneficial ownership information is adequate, accurate, and up-to-date are equally important, and none should be prioritized at the expense of the others.[45] Countries that had built their systems on a single pillar, i.e., through reliance solely on data from tax authorities or financial institutions in a broader sense, currently operate a non-compliant framework. The same position that had satisfied the 2012 discharges now constitutes failure. The FATF, after the exposition of the abuse cases discussed in Chapter 2.2, recorded a textual prohibition.

The revision also tightened substantive requirements, hand in hand with the aforementioned structural reshaping. The 2023 Guidance specifies that beneficial-ownership information should be updated within a reasonable period, indicatively within one month of any change.[46] The revision further expands its application to foreign legal persons with sufficient links to the country, as well as to legal persons born within the country. These links may be establishing a permanent establishment, having a significant business activity, or significantly investing within the country.[47]

The 2023 Guideline shares its empirical baseline under which it will eventually be measuring the success of the revision. As has been recorded in the FATF's stock take of mutual evaluations, countries have had an insufficient compliance level on Recommendation 24, with less than half of the countries rated compliant or largely compliant. A further finding of the FATF was that in many countries, information on the beneficial owner (in addition to the legal owner) of a company was not available as it was not collected and/or sufficiently verified at the time the corporate vehicle was created, nor at any stage throughout its

[44] FATF Recommendations (n 3) 98.

[45] BO Guidance (n 6) 21.

[46] Ibid 27.

[47] Ibid 9.

existence.[48] This insufficiency will be the benchmark against which the 2022 revision`s success will be judged during the next (fifth) round of mutual evaluations.[49] The fifth round of mutual evaluations has commenced in 2024, under the Assessment Methodology of 2022, in 2024. Results are pending.[50]

The shift of policies discussed in this Chapter defines the comparative analysis that follows in Chapter 3. Each of the financial hubs studied herein had to translate the multi-pronged requirement into their inner architecture. The divergences in how they have done so, are the subject of this comparative analysis.

2.5 Academic Critique of AML Effectiveness

The revision of 2022, examined within Chapter 2.4, is perhaps the most significant doctrinal development in the TLO since 2012. The effect and outcomes of it, however, cannot be assessed without recognizing the broader academic literature that questions whether the TLO achieves its stated objectives. This section will report the said critique. It ought to be underlined that the author of this study neither endorses nor adopts this critique wholesale. Its significance lies in the fact that we may use the critique and its arguments as empirical tools to demonstrate that the pre-2022 framework was ineffective. It will further assist the reader to understand the revisions made to Recommendation 24 as a response to the said failure, rather than as a mere extension of a functioning order.
Halliday, Levi, and Reuter are leading contributors to the theoretical account. Their study characterizes the AML TLO as one of the most punitive and penetrative ones yet and proposes that the order is of a ´´disciplinary´´ form. Their study defines the AML TLO as pervasive in its reach into the financial World, yet the source of its sustainability is indicated by something other than demonstrated results.[51] The verdict of their study on the formalization of norms and the construction of regulatory/monitoring institutions is positive. Yet, the verdicts reverse once they measure the effectiveness of the AMLTLO by program and outcome. The study finds that very little emphasis was placed on either, and that no credible evidence links effective AML systems to the financial-stability goals invoked to

[48] Ibid 5.

[49] Ibid 45.

[50] FATF, 'Mutual Evaluations' (FATF) <https://www.fatf-gafi.org/en/topics/mutual-evaluations.html> accessed 31 May 2026.

[51] Halliday, Levi and Reuter (n 7) 1–2; on the disciplinary characterisation see also 21–23.

justify them.[52] They further add that the dataset on which the AML TLO has built its foundation is weak or absent in critical pillars.[53]
Pol`s study builds its case on tangible evidence. Their study questions whether the AML TLO is the world's least effective policy experiment. The figures he provides lie on the affirmative side. When a measure on the success rate of the United Nations is adopted, his data provides that the authorities recover roughly 0.1% of illicit funds globally. When confiscations not directly attributable to AML mechanisms are excluded, the figure may be as low as 0.05%, meaning that criminal enterprises retain up to 99.95% of their proceeds.[54] The study further states that the costs of complying with the then-current AML TLO exceeded the sums recovered from criminals more than a hundredfold.[55] The core argument of Pol's study, as understood by the author of this study, is that the weakness is structural. The AML TLO is based upon principles of rule-based compliance, yet it has not yet been meaningfully tried against outcomes based on the reduction of crime. His worries stem from the fact that, though the trial is yet to yield a verdict, the AML TLO now dictates laws and practices across more than 200 jurisdictions.[56]

The most staggering empirical data comes in the form of a field experiment from Findley, Nielson and Sharman. Posing as would-be customers to money launderers, the authors sent 7,456 solicitations to corporate service providers, each asking for a company to be formed.[57] The experiment tested the AML TLO in practice. As has been established, the pre-2022 framework required these providers to obtain certified identification documents prior to the incorporation of any corporate vehicle. The finding regarding this measure however was concerning as almost half of the replies the authors received, 48.2% to be precise, did not require certified identity documents, and more than a fifth, 22.1%, did not require any photo identity documents at all.[58] The sharpest result of them all perhaps came from the United

[52] Ibid 8–9.

[53] Ibid 10–11.

[54] Ronald F Pol, 'Anti-Money Laundering: The World's Least Effective Policy Experiment? Together, We Can Fix It' (2020) 3(1) Policy Design and Practice 73, 75, 88.

[55] Ibid 73, 86.

[56] Ibid 76–77.

[57] Michael G Findley, Daniel L Nielson and JC Sharman, Global Shell Games: Experiments in Transnational Relations, Crime, and Terrorism (Cambridge University Press 2014) 61.

[58] Ibid 60.

States of America (hereinafter referred to as ´´USA´´). While the percentage of providers who supplied an anonymous corporate vehicle stayed at 16.4% internationally, the number was 41.5% in the USA.[59]

A claim that the FATF had also recognized this failure is not a novel point, as we have already covered in Chapters 2.2. to 2.4. of this study. We had already mentioned the self-admissions of the FATF drawn from its mutual evaluations. The field study, therefore, has been a complement to the theoretical. Another chronological lead could be traced apart from the aforementioned. In 2009, a dedicated FATF Expert Group, formed to address disagreements over Recommendation 24, stated the following: ´´The FATF has for many years noted the importance of corporate vehicles as one of the key mechanisms used in money laundering schemes … [and this] is also fundamental to other important areas such as anti-corruption, corporate governance and work to combat tax evasion , to name a few”.[60]

Yet, in its review between 2010–11, the FATF faced a direct choice: whether to apply more pressure on countries to meet this standard or to water down the standard to match the actual laws in member states. The compromise decision in 2012 was to leave the content of Recommendation 24 unaltered, which was seen as a defensive victory by those most concerned with untraceable shell companies, such as the World Bank /UN Stolen Asset Recovery Initiative and NGOs like Global Witness.[61]

It is therefore the understanding of the author of this study that the FATF, having itself recorded the weakness of the standard, chose in 2012 to keep it rather than lower it, *also not tightening*. From this perspective, the 2022 revision reads less like the tightening of a machine's rules than like the FATF patching its own software. The FATF was patching defects it had long known were there.

Closing the chapter, that the abuse of corporate vehicles drove the revision of Recommendation 24 is, on this evidence, the author of this study's own reading. Neither any of the aforementioned studies (nevertheless would be anachronic), nor any FATF document makes this claim.

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[59] Ibid 61.

[60] Ibid 64.

[61] Ibid 65.

2.6 Closing remarks to Chapter 2

This Chapter has followed Recommendation 24 from principle to requirement. It set out the *raison d'être* of FATF, its founding mandate, and its expansion across three decades. The Chapter has located where beneficial ownership sits within the AML TLO and shown the process of requirements hardening over the decades. The grounds in which why, recorded across nearly two decades of cases and confirmed by the FATF's own evaluation data have been demonstrated. The institutional answer of 2022, recasting three optional mechanisms as three mandatory pillars was examined on a technical basis.

This examination, however, has not been in detail. The framework of Recommendation 24, the theory beneath it, and the allocation of responsibility between stakeholders will be the subject of Chapter 3. The analysis therein will the instrument with which the five financial hubs will be compared.

Chapter 3

FATF Recommendation 24: Framework, Theory, and Responsibility Allocation

3.1 The Architecture of Recommendation 24

In Chapter 2.4 of this study, it was established that the 2022 revision had recasted three optional approaches of the late framework as three mandatory pillars under paragraph 7 of the Interpretive Note. Herein, the said pillars will be examined from the inside. The comparison made herein will therefore focus on four elements: the precise scope of each obligation, the common standard governing them, the two rules that address specific concealment techniques, and finally, the allocation of responsibility among the stakeholders.

3.1.1.1 The Company Pillar

This first pillar imposes a tripartite obligation on the company in question. The company in question is obligated to maintain adequate, accurate, and up-to-date information on its beneficial ownership; cooperate with competent authorities in establishing that ownership; and provide the same information to financial institutions and DNFBPs.[62] A special emphasis should be made on the final obligation as it holds a particular place within this study. This obligation marks the point in which duties of corporate transparency intersect with obligations of the financial sector. A significant proportion of the following comparisons will depend on how each of the given jurisdictions operationalizes the said intersection.

3.1.1.2 The Register Pillar

This second pillar is rather institutional and also comes with a choice for the country to make. It is stated that the country must lodge beneficial ownership information either with a public authority or body, in practice, a register, or with an alternative mechanism that affords competent authorities' equally efficient access. The choice here, however, is constrained. The

[62] FATF Recommendations (n 3) 98.

interpretive note states that an alternative mechanism cannot rest on basic information or existing information alone, and the country must operate a specific mechanism that delivers efficient access to the beneficial ownership data itself. [63]

3.1.1.3 The Supplementary Pillar

The third pillar calls on the countries to undertake a self-assessment. The country shall assess its domestic framework, spot any further measures necessary to determine beneficial ownership, and implement.[64] Chapter 2.4. of this study has established this pillar as binding, rather than being of a permissive nature. Though the content herein is broadly framed, it is precisely this broadness that the differences between national jurisdictions will be filled in their own unique methods.

The reader might have observed a repetitive emphasis on the framing: *adequate, accurate, and up to date*. This has not been a choice of the author of this study, but a conscious choice of the FATF itself. The Interpretive notes have set this framing as the qualitative standard, cutting across the three pillars. The Interpretive Notes define each term individually:

i) *Adequate*, meaning information sufficient to identify the natural persons who are the beneficial owners and the means by which they exercise ownership or control.
ii) *Accurate*, meaning information that has been verified against reliable, independently sourced documents, with the depth of verification calibrated to risk.
iii) *Up-to-date*, meaning information that is as current as possible and refreshed within a reasonable period (e.g., within one month).[65]

The Interpretive Note then turns from establishing the principles of transparency to defending it in the following Section, *Obstacles to Transparency.* This section follows the two above, namely, *Beneficial Ownership Information* and *Timely Access to Adequate Accurate and Up-to-date Information. Obstacles to Transparency f*ocuses on two financial devices that have long enabled the separation of ownership from the official record.[66]

[63] Ibid.

[64] Ibid.

[65] Ibid 99.

[66] Ibid.

3.1.2.1 Bearer Shares

The Interpretive Note prohibits the issuance of new bearer shares and bearer share warrants and, for those already in circulation, requires one or more of three measures within a reasonable time: conversion into registered form, immobilization with a regulated intermediary, or notification of the holder's identity to the company.[67] The rule contains a narrow exception for instruments issued by listed companies, provided that those companies are already subject to adequate disclosure requirements.

3.1.2.2 Nominee Shares

A country must prevent the misuse of nominee shareholders and directors through one or more of three mechanisms: disclosure of nominee status and the nominator's identity; licensing coupled with record-keeping; or outright prohibition. [9]

It ought to be underlined that, in the footnotes, it is stated that the requirements given above do not apply to companies listed on a stock exchange whose bearer instruments are exempt where exchange rules or law already require disclosure sufficient to ensure transparency of their beneficial ownership.[68]

When read together, the three sections mentioned above describe a framework that is comprehensive. To explain step by step,

i) The company collects the information
ii) The register (or the alternative mechanism) records the information that is shared by the company. It also ensures accessibility to the relevant stakeholders.
iii) The financial sector processes and verifies the information.

Yet, the Interpretive Notes standardize only the objective and the required quality of the information to ensure who the beneficial owner is. The methods, however, are largely left to the country's choice. Whether it may be the threshold for ownership of the company in question, the type of register in which the information will be recorded, or the safeguards to be put in place. The five hubs that will be studied herein, therefore, will be using different

[67] Ibid 99–100.

[68] Ibid 99.

approaches to arrive at the same port. It is in these compasses, and the political interests behind them, that the methodical differences become clear.

3.2 The Concept of Beneficial Ownership

Until now, this study has employed the term "beneficial owner´´ freely. The concrete definition has yet to be made. This definition is the axis upon which the entirety of the Recommendation 24 turns, and the ground zero of the partition of the five financial hubs studied in the following Chapters. The comparative analysis will need a fixed point of reference. This section will therefore establish the baseline laid down by the FATF, against which the domestic choices within the countries' legislatures will be measured.
The term is built upon the existence of a natural person. The Glossary to the Recommendations defines the beneficial owner as the natural person who ultimately owns or controls a legal person, and provides that only a natural person may be an ultimate beneficial owner, though more than one may hold that status at once.[69] Therefore, we conclude that a company, trust, or any other form of legal entity cannot be the final point of inquiry. The quest to reach the beneficial owner must trace a chain until it reaches a natural person, or persons, who ultimately are behind the veil.

This starting point gives rise to the central distinction in the Recommendation: the matters of 'legal' and 'beneficial' ownership are, in fact, of a separate nature. In practice, the legal owner, the person recorded as the one ultimate holder of shares of a company, may be a completely different individual than the one ultimately controlling the company, whether this control is imposed directly or through intermediaries. The Guidance is explicit that those who exercise ultimate control are to be identified as beneficial owners, irrespective of whether they hold shares above any minimum threshold.[70] Therefore, a register solely recording information regarding legal ownership cannot be successfully compliant with Recommendation 24.

Recommendation 24 approaches beneficial ownership through two main gateways:

a) The natural person(s) who ultimately have a controlling ownership interest in a legal person, if any; and

[69] FATF Recommendations (n 3) 126.

[70] BO Guidance (n 6) 16.

b) The natural person(s) exercising ultimate effective control over the legal person through other means than ownership interests, if any.[71]

These two gateways are of a cumulative nature, meaning that a compliant framework ought to capture both.

3.2.1.1 Beneficial Ownership through Ownership Interests

The first of these gateways operates by means of a threshold. The Guidance states that a country may determine the beneficial owner of a company through a maxim focusing on a certain percentage of shares in a company that they hold. The Guidance further sets a ceiling upon this said figure, 25%.[72]

The ceiling is not a target, but a maximum. The FATF, within the following paragraphs of the Guidance, refers to a risk-based approach. It invites countries to set a lower figure where the risk so demands. The FATF underlines that the lower the threshold, the less vulnerable the domestic regime is to loopholes, as low thresholds can enable authorities to capture more information on those with ownership or control over corporate vehicles and increase identification efforts.[73] The FATF, however, is well aware that a corporate vehicle so precisely designed could be diversified in a way that there would not be a single shareholder, whether acting alone or together with other shareholders, who exercises control of the legal person through ownership.[74]

Therefore, the figure of 25% should be regarded as a ceiling, not as a harmonized standard. It is the point of view of the author of this study that, in fact, the FATF encourages thresholds lower than this ceiling within its Guidance. The thresholds actually adopted by each of the financial hubs to be studied herein will be a crucial point providing insight into their domestic framework. The threshold actually adopted by each hub is one of the points of divergence examined in this study.

[71] Ibid 15.

[72] Ibid 16.

[73] Ibid.

[74] Ibid 18.

3.2.1.2 Beneficial Ownership through Control

The second gateway, concerning de facto control of the corporate vehicle, reaches beyond the threshold. A natural person holding few shares, or none, may still very well be directing the legal entity. The Guidance sets out several paths by which such control could be exercised. They may be; differential voting rights, where one class of shares carries disproportionate votes; the power to appoint the majority of the senior management; control through financing, where a creditor governs the company by the terms of a convertible loan, although a bank will rarely be regarded as a controller by the mere act of lending; and informal control, exercised through close personal connection rather than through any instrument at all.[75] Control in this sense may therefore very well exist despite only a minority holding, or even in the absence of any formal shareholding. In a scenario where the framework would have been limited solely to the threshold, such an individual would no doubt have remained unrecorded.

The following question arises. What would be the case for legal persons that issue no shares, thus escaping any threshold requirements expressed in shared ownership? For these types of entities, beneficial ownership through control is the sole getaway. The Guidance, from the view of the author of this study, gets rather concrete. It names, for example, both the non-stock company of the USA and the company limited by guarantee of the United Kingdom (hereinafter referred to as ´´UK´´). The Guidance explains that both these types of companies are open to structures concerning both for-profit and non-profit structures. It warns that each are marketed at times precisely to defeat ownership disclosure and controlled foreign company rules.

Partnerships, the Guidance also notes, raise the same problem. It is noted by the FATF that in some jurisdictions, such as the British Virgin Islands, those who form a partnership may elect whether it carries legal personality at all. Foundations, which have no owners and are directed by a board, must likewise be approached through the gateway of control, rather than ownership.[76]

What deserves emphasis, and what this study carries forward, is that the Guidance does not illustrate the control gateway in the abstract. When it comes to examples, it names particular

[75] Ibid.

[76] Ibid 19.

jurisdictions, and three of the five hubs examined in this thesis appear among them. The United Kingdom and Singapore are named as the jurisdictions in which recent listing reforms have made dual-class share structures more common, and the United States and, once more, the United Kingdom are named as the homes of the share-less corporate forms that no ownership threshold can reach.[77]

It would, of course, be empirically premature to draw a conclusion that the Guidance offers concrete findings of non-compliance with the Recommendation by naming them. Nonetheless, the pattern observed is worth retaining. Corporate structures that call upon the control gateway are concentrated within the domestic jurisdictions of the countries under study. The following chapters will examine whether this connection holds and how each of the studied jurisdictions defines and enforces control based on beneficial ownership. The answers will be at the core of this study`s concern with the balance between transparency and cross-border competitiveness.

3.3. The Allocation of Responsibility

The comparative study mentioned in the paragraph closing Chapter 3.2. cannot commence, however, until the final element of the framework is established. Having set out the Architecture of the Recommendation 24 and the concept of the beneficial owner, a third structure remains. The Recommendation allocates responsibilities among stakeholders in a country's financial sector to achieve successful compliance. The Guidance is emphatic that, for the multi-pronged approach to function, the responsibilities of the various parties must be clear.[78]

Four actors carry these responsibilities, and the manner in which their domestic jurisdiction allocates them among them is, as the following chapters will show, a key point of divergence amongst the studied jurisdictions.

3.3.1.1 The Company

The structure begins with the company in question. Under this pillar, the company is required to obtain and hold adequate, accurate, and up-to-date information on its own beneficial

[77] Ibid 18.

[78] Ibid 21.

ownership, cooperate with the competent authorities in determining that ownership, and cooperate with financial institutions by supplying the identical information.[79] The Guidance is careful to add that a list of shareholders does not discharge this duty, for such a list records legal ownership and not necessarily the beneficial owner behind it.[80] The company, to put it simply, is the source of the information upon which every other actor relies on.

3.3.2 The Register

The information provided by the company should, of course, be in a form that allows the competent authorities to access it efficiently. A public authority, *de facto* a register, is the most direct means for stakeholders to access information regarding the company in question, as it allows access from a single and verified source. The effectiveness of the register, however, is naturally conditional. The Guidance ties it to the registrar possessing sufficient resources and the power to question the information it receives.[81] The Guidance grants countries the right to operate an alternative mechanism instead of a beneficial ownership registry, on the condition that it provides competent authorities with efficient access to adequate, accurate, and up-to-date beneficial ownership information. Where a country relies instead on an alternative mechanism, the onus falls on it to operate a specific mechanism that delivers efficient access to reliable information; a loose reliance on pre-existing records will not suffice.[82]

The Guidance does not leave the alternative mechanism at the level of principle. It sets out seven considerations against which such a mechanism is to be designed and judged;

i) a clear legal framework authorizing access and compelling disclosure,
ii) a scope wide enough to capture every relevant legal person, including foreign ones and those that are not clients of any financial institution or DNFBP,
iii) sufficient resources,
iv) awareness among the competent authorities of the mechanism and how to use it,
v) rapid and efficient access through a defined process,
vi) complete, reliable, and verified underlying information,

79 FATF Recommendations (n 3) 98.

80 BO Guidance (n 6) 28.

81 Ibid 30.

82 Ibid 35.

vii) and oversight coupled with data-protection safeguards.[83]

Two out of these seven conditions are of essence to this study. The first of them is concerning the scope, as it demonstrates the limits of any system put in place that bases its data solely on customer due diligence, as such a system would be restricting itself to only those who are actually customers. The second would be concerning the governance and protection of data. This is where an essential intersection between transparency and rights to privacy. This tension will particularly be examined under the case study concerning the European Union (hereinafter referred to as the ´EU´)

3.3.1.3. Financial Institutions and DNFBPs

Under Recommendations 10 and 22, financial institutions and DNFBPs are independently obligated to identify the beneficial owner of their customers, verify their identity, and understand the customer's ownership and control structure on an ongoing basis.[84] In this regard, they may also be acting as a secondary source feeding the wider dataset, and they may be required to report discrepancies between the beneficial ownership they record through customer due diligence and that held by the register.[85]

Two boundaries are set to determine the place of the financial institutions and DNFBPs. The first is that the information that financial institutions and DNFBPs obtain through customer due diligence does not, on its own, qualify as an alternative mechanism. A country may build its framework upon it, however successful compliance cannot be achieved disregarding the Registry pillar.[86] Secondly, the existence of a functioning Registry does not relieve financial institutions and DNFBPs of their obligations. The financial institutions and DNFBPs should not solely be relying on the information provided by the registry during customer due diligence.[87]

Therefore, the role that the financial institutions and DNFBPs occupy is flexible in practice. Its duty remains unavoidable under any circumstance, yet the extent of the duty depends on

[83] Ibid 35–36.

[84] Ibid.

[85] Ibid 38.

[86] Ibid 27–28.

[87] Ibid 37.

the domestic framework. The choice is of the country, whether to rely on its registry or incorporate customer due diligence as a second line, as crucial as the registry.

3.3.1.4. Competent Authorities

The structure concludes with the competent authorities, in particular the financial intelligence units (hereinafter referred to as ´´FIU´´). This structure`s ultimate goal to be frank is to serve them. The FIUs or the law enforcement agencies in a broader sense must be able to obtain timely access to beneficial ownership information, whether it is held by the company, the register, the alternative mechanism or the financial sector, and they must hold the powers necessary to compel its production.[88] The information is ultimately collected so that when demanded by an investigation conducted by the FIU, the corporate veil could be properly lifted.

The framework, therefore, identifies its stakeholders and the minimal obligations falling upon each. Yet, the balance of the interchangeable responsibilities is not fixed. In practice, a country with a properly functioning public register may require less from the financial sector`s customer due diligence, whereas a country relying on an alternative mechanism may place a heavier burden on the shoulders of the financial sector. Both of these models, establishing that to function properly, would be fully compliant with Recommendation 24. The two limits identified within this Chapter are therefore in place to balance the role of the financial sector in countries' frameworks. Within the middle ground, the FATF has used its right to silence. It is from this silence that our studied countries diverge and subject multinational financial institutions to conflicting duties regarding customer due diligence. For ease of reference, the framework developed in this chapter is presented visually below. The graphic sets out its main elements and the relationships between them.

3.4. Closing Remarks to Chapter 3

The purpose of this Chapter has been to assemble the instrument with which the five countries studied herein will be measured. This instrument is now completely assembled as the architecture of Recommendation 24 has been constructed, the concept of beneficial owner has been fixed at the basis at the center of this architecture, and the boundaries of the stakeholders have been clarified.

[88] Ibid 39.

The foregoing sections have shown, each in its own way, that Recommendation 24 outlines the objective and the quality of the beneficial owner information, and leaves the means on how to collect the said information to the countries. Therefore, the instrument built herein is not a list of correct answers, but questions. For each country, we will be studying:

i) what ownership threshold has it adopted beneath the FATF ceiling,
ii) how widely it draws the gateway of control; whether it holds beneficial ownership in a register or in an alternative mechanism, and how heavily it leans upon its financial sector in consequence,
iii) how it guards against the obstacles of bearer instruments and nominees,
iv) how it reconciles the demand for transparency with the claim of privacy.

To none of these does the Recommendation 24 give us a single answer.

Chapter 4

The AML/CTF Framework and Beneficial Ownership in the Five Financial Hubs

This chapter will analyze how five jurisdictions, namely the United Kingdom, the United States of America, Switzerland, and Singapore, have reflected Recommendation 24 within their domestic jurisdictions. These countries have not been selected because they are exemplary members of the FATF, but because how they define and treat the concept of beneficial ownership carries structural consequences to the global financial system.

The author has chosen a methodological approach for the order in which these countries are studied. The order is chosen with a spectrum, using the openness of their registers as its axis. As having its Register being fully open to the general public, the United Kingdom is the initial analysis. Following the United Kingdom will be the European Union, with its tiered access regime sitting in the middle of the spectrum of transparency. The United States of America will be the first country to have a register with a closed nature, followed by Switzerland. Singapore, with the longest-standing non-public register policy, will be analyzed last.

Each analysis is conducted by analyzing the four pillars upon which they are all built. Under the Company pillar, how the country defines the concept of beneficial ownership, the legal entities subject to the provisions, and their duty of identification/verification will be studied. The Register pillar examines how beneficial ownership information is filled, held and stored as well as the question of access. The Financial Institution pillar studies duties vested upon banks and other obliged firms, obligations operating in parallel with those of the Company. Lastly, under the Authority pillar, how the supervisory and enforcement architecture operates.

The author searches for clues in answering two questions within this chapter. The initial question is whether the regimes vary between these jurisdictions to such a level, and if this is the case, would they be creating conflicting duties of compliance to multinational financial institutions? Secondly, whether each hub`s framework would be in parallel with underlying strategies for financial competitiveness and/or sovereignty. Both questions, under the understanding of the author, will be tried to be resolved under the comparative synthesis of Chapter 5. This Chapter will be setting out the doctrinal grounds of which that Chapter will be standing upon.

4.1 The United Kingdom

The UK, supported by the arguments developed below, sits at the transparency-forward end of this study's comparative spectrum. It was a comparatively early adopter of a beneficial-ownership register, backing companies' duties with criminal liability. The UK framework shifted significantly in 2025, when the Economic Crime and Corporate Transparency Act 2023 (hereinafter referred to as ´´ECCTA 2023´´) came into force. The decisive change was the move from registers kept by the companies themselves to verified notification to a central register.[89] The following sections will analyze the framework under four actors and the obligations resting upon them.

4.1.1. The Company

The first pillar of the framework, which all the other pillars rely upon, analyzed herein will be the company. The UK translates this pillar into domestic law through the people with significant control (hereinafter referred to as ´PSC´) regime, in Part 21A of the Companies Act 2006.[90]

The obligation resting upon the company is one of an operational nature. The company in question ought to take reasonable steps to find out whether anyone is a registrable PSC or a registrable relevant legal entity (hereinafter referred to as 'RLE') and, if so, to identify them.[91] Where the company would know, or would have a reasonable ground to believe that a person is qualified, it must serve an information notice requiring the person in question to confirm status and supply particulars,[92] and it may compel third parties who are in possession of the

[89] Economic Crime and Corporate Transparency Act 2023, s 64 and sch 2 (‘ECCTA 2023’), brought into force by the Economic Crime and Corporate Transparency Act 2023 (Commencement No 6 and Transitional Provisions) Regulations 2025, SI 2025/1118, reg 2(1)(i).

[90] Companies Act 2006, pt 21A, inserted by Small Business, Enterprise and Employment Act 2015, s 81 and sch 3, para 1; Small Business, Enterprise and Employment Act 2015 (Commencement No 3) Regulations 2015, SI 2015/2029, reg 4(a).

[91] Companies Act 2006, s 790CB.

[92] Ibid s 790D(1)–(2).

identity of the controller to disclose it.[93] Parallel notice duties attach to changes in particulars and to cessation of control.[94]

In cases where the company would fail to comply with the aforementioned duty, the registerable PSC or RLE is not relieved of responsibility. A person who is aware that they are a registrable PSC or RLE must, of their own motion, notify the company of that status and provide the required particulars within one month,[95] and the same self-reporting duty attaches to any change and to ceasing to qualify.[96] This reciprocal framework does prevent the ´´soft underbelly´´ of a duty purely based on the company. Nevertheless, the transparency could very well fail whenever the company itself is passive, uncooperative, or in the worst case, even complicit.

The framework requires detailed information, extending beyond basic customer due diligence. For an individual PSC, the required particular information is the name, a service address, the country of usual residence, nationality, date of birth, usual residential address, the date control was acquired, and the nature of that control.[97] For an RLE, they are the corporate name, principal office, service address, legal form and governing law, register and registration number, and the nature of control.[98]

As per Part 1 of Schedule 1A, an individual would qualify as a PSC by fulfilling at least one of the five specified conditions.[99] These conditions would be:

i. holding, directly or indirectly, more than 25% of the shares[100] or,
ii. holding more than 25% of the voting rights[101] or,
iii. holding the right to appoint or remove a majority of the board[102] or,

[93] Ibid s 790DA.
[94] Ibid ss 790E and 790EA.
[95] Ibid s 790G(2)–(3).
[96] Ibid ss 790H and 790HA.
[97] Ibid s 790K(1).
[98] Ibid s 790K(3).
[99] Ibid sch 1A, pt 1, para 1.
[100] Ibid sch 1A, para 2.
[101] Ibid para 3.
[102] Ibid para 4.

iv. having the right to exercise, or the actual exercise of, significant influence or control over the company[103] or,

v. ability to influence or control exercised through a trust or a non-legal-person firm[104]

These first three could be categorized as the ones which are formal and quantitative. D, would be of a qualitative nature and E would rather be an extension of the test provided therein

Now, the concept of ´´significant control´´ introduced in D is worth mentioning. This condition is indeterminate. This is reflected in the statute itself, the Secretary of State must issue guidance on the meaning of "significant influence or control," and regard must be had to that guidance in interpretation.[105] Section 4.1.5 will examine how far this element would go and what it reveals about the UK`s approach to informal control.

The Schedule does not stop at the formal title. By extending beyond the boundaries of legal ownership, it prevents the framework from being circumvented through loopholes. Indirect holdings are mentioned within the framework. They are defined as a person holding an interest where they have a majority stake in an entity that holds the share or right, including through a chain of such entities.[106] Shares held by a nominee are treated as held by the principal;[107] rights are attributed to whoever controls their exercise;[108] and holdings under a joint arrangement are aggregated.[109] Integrated with the concept of RLE, under which an intermediate body that is itself subject to disclosure requirements must be identified,[110] the effect of the aforementioned rules is to prevent control from being concealed behind the veil of an intervening company or through a nominee arrangement.

The characteristic feature of this pillar is the punishment of non-compliance. Non compliance with this pillar is criminal, not merely administrative, like the following. Failure by the

[103] Ibid para 5.

[104] Ibid para 6.

[105] Ibid sch 1A, para 24(1)–(2).

[106] Ibid sch 1A, paras 9 and 18.

[107] Ibid para 19.

[108] Ibid para 20.

[109] Ibid para 12.

[110] Ibid s 790C(6)–(7).

company or its officers to comply with the information duties is an offence.[111] This feature will be further examined under the pillar of the competent authority.

4.1.2. The Register

The second pillar of the framework analyzed herein will be the Register. The function of the Register is twofold; it ought to hold the beneficial ownership information and to constantly verify it. Perhaps it could be said that the most significant of the 2025 reforms concern this pillar. The model prior to ECCTA 2023 coming into force was built on each company keeping its own PSC register, which has since been abolished. The chapter of Part 21A concerning the aforementioned framework was abolished, and since the companies have been reporting to the central register, the Company House.[112]

The notification duty resting upon the company is continuous. A company that has had confirmation of a person's status and required particulars ought to notify the registrar within fourteen days.[113] Where the information rests as supposed, and the confirmation is yet to come, a PSC, the company must nonetheless notify the registrar of the unconfirmed person;[114] it must notify any change in the particulars[115] and any cessation of control.[116] Negative cases fall under the duty to report as well. A company is also obligated to report cases where a proposed PSC did not in fact materialize upon incorporation, and where it has no PSC at all.[117] The register is therefore fed by the company's own disclosures and kept up to date through a continuous system of notifications.

The Register`s duty is no longer passive. The ECCTA 2023 recasts its duties as an active gatekeeper by conferring four statutory objectives. Below refers to these duties:

i) to ensure that those required to deliver documents do so properly,
ii) to ensure that the information on the register is accurate and complete,

[111] Ibid s 790F.
[112] Ibid pt 21A, ch 3 (ss 790M–790VA), omitted by ECCTA 2023, s 219(1)(2)(b) and sch 2, para 19; in force from 18 November 2025: SI 2025/1118.
[113] Companies Act 2006, s 790LA(1)–(3).
[114] Ibid s 790LC.
[115] Ibid s 790LD.
[116] Ibid s 790LF.
[117] Ibid ss 790LG and 790LH.

iii) to ensure that the records do not create a false or misleading impression to the public and,

iv) to prevent companies and others from carrying out, or facilitating, unlawful activities.[118]

In unison, these duties shift the Register from a passive framework that is responsible for filing to an active gatekeeper of corporate information.

Identity verification requirements abolish the dependency of the UK Register for self-declarations. A registrable person should, upon the wishes of the Registry, confirm that their identity is verified, and must maintain that verified status throughout the period of their control.[119] In return, a legal entity must be keeping a registered officer, an individual of verified identity.[120] The concept of a verified identity is defined by the statutes.[121] This is what is establishing the framework as a sophisticated, verified notification. As the Registry accepts an identity only after it has been independently confirmed, a controller can no longer be a fictitious or unverified name simply written on a filing.

It is to be noted that the aforementioned regime of verification is not in force in its entirety. As the cut-off date of this study, June 2026, though the verification duties resting upon individuals have fully commenced, several duties resting upon relevant legal entities are commenced partially, on rather specified circumstances.[122]

4.1.2.1 The Register of Overseas Entities

This pillar is not limited to companies incorporated within the UK. The PSC regime in Part 21A reaches only companies incorporated within the UK. Even in the scenario in which a company owned land within the UK, a company incorporated abroad would be out of scope entirely. This would be paving the way to an obvious loophole. Hypothetically, a person could hold immovable property within the UK through a foreign company without ever disclosing their identity. Therefore, a second Register was needed. The Economic Crime

[118] Companies Act 2006, s 1081A, inserted by ECCTA 2023, s 1(3).

[119] Companies Act 2006, ss 790LM and 790LQ.

[120] Ibid ss 790LO and 790LR.

[121] Ibid s 1110A.

[122] Companies Act 2006, ss 790LM–790LT, inserted by ECCTA 2023, ss 64 and 219. As of 1 June 2026, ss 790LO, 790LP, 790LR, 790LS and 790LT are in force for specified purposes only: SI 2025/1118.

(Transparency and Enforcement) Act 2022 (hereinafter referred to as 'ECTEA 2022') was the UK's response to this loophole. It would be establishing a second register, devoted to overseas corporate vehicles and their beneficial owners.

The registrar of companies for England and Wales must keep a register of overseas entities.[123] An overseas entity seeking registration is obliged to deliver an application containing the required information about itself and about each of its registrable beneficial owners. This application should be submitted together with a statement that the duty to take steps to identify its owners has been fulfilled.[124] The registrable beneficial owner is defined by reference to the same gateways of ownership and control as the PSC test, now applied to the overseas entity,[125] and the required particulars follow the same schedule-based pattern as the domestic regime.[126] The duty to take reasonable steps to identify the beneficial owners rests, as under Part 21A, upon the entity itself.[127] Registration is not a single event: a registered overseas entity is bound by a recurring updating duty, obliging it to deliver fresh statements and information after the end of each update period.[128]

The framework of verification sets the Overseas Register apart from the domestic. While the domestic regime verifies the controller's identity, the overseas regime requires an independent third party to verify the ownership information. ECTEA 2022 requires verification through regulations,[129] and the Register of Overseas Entities (Verification and Provision of Information) Regulations 2022 set a demanding standard. An overseas entity may not register, update, or apply for removal until a "relevant person" has verified the relevant information.[130] The "relevant person" is a third-party agent defined under the Money Laundering Regulations 2017.[131] The verification conducted by the independent third-party

[123] Economic Crime (Transparency and Enforcement) Act 2022, s 3(1) ('ECTEA 2022').

[124] Ibid s 4(1).

[125] Ibid sch 2.

[126] Ibid sch 1.

[127] Ibid s 12.

[128] Ibid s 7(1).

[129] Ibid s 16(1).

[130] Register of Overseas Entities (Verification and Provision of Information) Regulations 2022, SI 2022/725, reg 6(1).

[131] Ibid reg 3.

expires after three months.[132] Within this framework, the offshore can no longer vouch for its own owner; an independent, regulated UK-based professional must.[133] This link will be mentioned under the following pillar.

Enforcement is also a point of divergence in both. While the domestic PSC framework is enforced mainly by criminal offense, the Overseas Register is enforced mainly via land ownership, amending the Land Registration Act 2002. An overseas entity cannot, in substance, be registered as the owner of UK land, nor make qualifying dispositions of it, unless it is on the register. The Act also lets the Secretary of State compel an entity that already holds such land to register.[134] In practice, therefore, a corporate vehicle whose beneficial owner(s) is not identified is blocked from entering the UK property market. This blockade is the tool of enforcement. This tool will be revisited in 4.5., in connection with the UK`s competitiveness strategy.

4.1.3 The Financial Institution

The third pillar of the framework is going to be the financial institution. What sets this pillar apart is the fact that it conducts its own due diligence. The relevant statute is the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017. We will observe that, in fact, this is the pillar where the divergence between the studied jurisdictions will be the highest.

Within this framework, a financial institution must apply customer due diligence when it establishes a business relationship, and in the further circumstances the Regulations specify.[135] That due diligence requires it to identify the customer and verify its identity, to identify the beneficial owner and take reasonable measures to verify that person, and to understand the ownership and control structure of a corporate customer.[136] Therefore, the duty of customer due diligence ultimately falls upon the institution.

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[132] Ibid reg 6(2).

[133] Ibid regs 3, 6(1) and 7(2).

[134] ECTEA 2022, ss 33–34 (s 33 introducing sch 3, which amends the Land Registration Act 2002).

[135] Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, SI 2017/692 (‘MLR 2017’), reg 27(1).

[136] Ibid reg 28(2)–(4).

There is a risk-based approach to this inquiry. In the higher-risk situations the Regulations specify, e.g., a connection to a high-risk third country, a politically exposed person (hereinafter referred to as ´´PEP´´), or a complex or unusually large transaction, the financial institution has the duty of taking further measures. These measures including e.g. examining the background and purpose of the transaction, intensifying its ongoing monitoring, obtaining additional information on the customer and the beneficial owner, establishing the source of their funds and wealth, and obtaining senior management approval for the relationship.[137] By contrast, simplified due diligence is not an exemption, at the same time not being applicable to all cases. The financial institution may apply it only where it has determined that the relationship presents a low degree of risk. The type of measures, the extent, and the timing could be adjusted. Nevertheless, compliance with Regulation 28 is a must, meaning that the business relationship should be at all times sufficiently monitored, and any suspicious transactions should be detected.[138] For the study at hand, the point to underline is the fact that the obligation resting upon the financial institution to identify the beneficial owner of the legal person it has established a business relationship with is ever present, independent of the estimated risk. The varying factor is merely the depth of the examination of what lies behind the veil.

A point of derivation of the UK is the duty binding this pillar back to the Register. In the scenario where the financial institution detects a discrepancy between the beneficial ownership information it has gathered and the information held on the register; it must report that discrepancy to the registrar.[139] The financial institution thereby becomes a data mine for the Register. The independent due diligence obligation resting upon the financial institution, therefore, goes further than a self-defense mechanism, but a ´´two-factor authentication´´ to the public record. This said, the duty of reporting is not shared by all the case studies herein, marking one of the points at which the common FATF basis is applied on a spectrum by the countries. A multinational financial institution may therefore be obliged to report to the Register in the UK, but not in another. This divergence is of the kind, and the conflict of obligations to be compliant with a domestic jurisdiction, is one of the points which this study seeks to identify.

[137] Ibid reg 33(1) and (3A).

[138] Ibid reg 37(1)–(2).

[139] Ibid reg 30A.

On a final note, we may note that a financial institution may choose to delegate this exercise upon a qualifying third party. In such a scenario, the financial institution remains ultimately liable for any failure.[140]

4.1.4 The Competent Authority

The final pillar will be the Competent Authority, obligated to enforce the duties resting upon the latter three. With many of the functions appearing within the latter sections, this pillar will be the unifying force.

The enforcement mentioned herein is of a criminal nature. A company, by default, every officer of it, failing to comply with the information-gathering duties commits an offense punishable, on indictment, by up to two years' imprisonment.[141] Failure to notify the registrar[142] and breach of the identity verification duties[143] are also offences, though punishable by fine rather than imprisonment. There is a gradation which could be observed, as the heaviest of sanctions is reserved for the core duty of identifying the beneficial owner. The rest, the later steps of notification and verification are only subject to fines.

The Registrar is not merely a recipient of this information. It is responsible for scrutinizing it and safeguarding the accuracy of it. Its statutory objectives charge it with keeping the record accurate and preventing the facilitation of unlawful activity.[144] In discharging them, it acts upon the discrepancy reports that financial institutions are bound to file.[145] This allows a rather tandemic cooperation between this pillar and the Financial Institutions. The Financial Institutions identify any discrepancy; the Registrar corrects the public record.

For entities incorporated outside of the UK, the framework of enforcement differs. The sanction imposed upon them is not of punitive measure but is exclusion from the ´´land market´´ of the UK. This puts registration as a precondition for accessing and dealing with property in the UK.[146]

[140] Ibid reg 39(1).

[141] Companies Act 2006, s 790F(2).

[142] Ibid s 790LJ(3).

[143] Ibid s 790LT(3).

[144] Ibid s 1081A; see section 4.2 above.

[145] MLR 2017, reg 30A; see section 4.3 above.

[146] ECTEA 2022, ss 33–34; see section 4.2.1 above.

Financial institutions are subject to an anti-money laundering supervisor, who is the Financial Conduct Authority for the most. Failure to meet the anti-money laundering supervisor`s requirements may be subject to civil penalties, as well as criminal liability.[147]
What completes the picture of the framework that we are creating is the matter of Access. As the information is held centrally, stakeholders may very well rely on a single, consolidated record. Within the following section, whether there is public access, and what the answer would reveal about the broader policy of the UK, will be considered.

4.5 Transparency, Competitiveness, and Sovereignty

The author of this study argues that the choices of the UK reveal a consistent choice of policy. The policy is maximizing transparency, strengthening it through verification duties upon the relevant stakeholders and go as far as to enforce it through criminal sanctioning. The clearest expression of the policy is the Register being fully open to public access. Any person, with internet access, might inspect the information recorded within the Register.[148] This leads to the beneficial ownership information within the UK is open to anyone, e.g. the civil society, investigative journalists, professionals utilizing the register for open-source intelligence (hereinafter referred to as ´´OSINT´´) and academics.

There are, nevertheless, certain qualifications. A PSC may keep its usual residential address from public disclosure,[149] and the Secretary of State may restrict the use or disclosure of PSC particulars in defined cases.[150] Therefore the framework is open for public access by default, with opt-outs for personal safety of the persons with significant control.

The choice of policy herein allows a strategic reading, a reading which is advanced by this study. The author of this study is of the belief that countries do not base their policies merely on the Registers being tools of compliance. On the global stage, the Registers are also reputational assets. A financial hub that could demonstrate clean ownership within its borders portrays itself as a safe economic zone for legitimate businesses. A non-verified public register would be nothing more than a piece of paper, whereas a verified one can operate as a

[147] MLR 2017, regs 76 and 86.

[148] Companies Act 2006, s 1085.

[149] Ibid s 790ZF.

[150] Ibid s 790ZG.

powerful symbol of credibility. From this reading, the author of this study would argue that the UK treats its transparency as part of its proud market identity.

Furthermore, there is also a dimension of sovereignty within such political choices. The UK demonstrates that it sets the standards of beneficial ownership within its own territory, and the decision to build open base standards is a further assertion of its autonomy. How this policy will be compared with the approaches of the other hubs studies herein will be a question answered for the later comparative analysis.

This reading, however, should be narrowed down. Policies built on transparency entail costs for privacy and confidentiality, and certain jurisdictions draw the line elsewhere. Therefore, the more conservative but responsible argument would be that the UK has settled the conflict between transparency and privacy in favor of transparency. It will solely be this choice, as other claims would be of a speculative nature and not academic, that the comparative study will test against the other hubs studied herein.

4.2. The European Union

At the date of the writing of this study, the AML regime of the European Union (hereinafter referred to as the ´EU´) is in the middle of a shift, and two regimes coexist. The latter regime is the fourth AML Directive, as amended by the fifth.[151] The incoming regime is going to be the AML package of 2024, consisting of a novel AML Regulation, a sixth Directive as well as the foundation of a new supranational AML authority.[152] The reason why this study

[151] Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC [2015] OJ L141/73 (‘AMLD4’), as amended by Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 [2018] OJ L156/43 (‘AMLD5’).

[152] Regulation (EU) 2024/1624 of the European Parliament and of the Council of 31 May 2024 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing [2024] OJ L 19.6.2024 (‘AMLR’); Directive (EU) 2024/1640 of the European Parliament and of the Council of 31 May 2024 on the mechanisms to be put in place by the Member States for the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Directive (EU) 2019/1937, and amending and repealing Directive (EU) 2015/849 [2024] OJ L 19.6.2024 (‘AMLD6’); Regulation (EU) 2024/1620 of the European Parliament and of the Council of 31 May 2024 establishing the Authority for Anti-

nonetheless takes the 2024 package, rather than the expiring directives, as its primary object will be explained in the further paragraphs.

The dates are decisive. The Regulation applies only from 10 July 2027.[153] The Sixth Directive is subject to the same date of transposition, and on that date, it will be repealing the Fourth Directive.[154] Until the time comes, the binding framework is the one that of the Fourth Directive, as amended.

Two qualifications however prevent a clean cut-off date. First, the Sixth Directive has brought some provisions related to the Register forward. The central register article therein was due by July 2025, and the connected provisions in July 2026, ahead of the general deadline.[155] The said Authority has been operational since July 2025.[156] The transition process in this sense is staggered, rather than immediate.

This study compares how five hubs design their policies on beneficial ownership transparency, not how those policies will be enforced in the next quarter. EU`s current design as it is in the novel package, and not in the latter directives, which are to be repealed. The methodological choice of this study therefore will be building on the novel package and referring to the Fourth and Fifth Directives only as a background, demonstrating what is being replaced.

This choice is of significance for the hypotheses of this study. With the novel AML package, EU did not merely update its rules for the AML framework; it has shifted its legal form. The core duties rested upon the obliged entities are now enshrined within a Regulation, which is binding in its entirety and directly applicable in all Member States.[157] The implementation of the Regulation is supervised meanwhile by a new EU-level authority. This strategic shift to a

Money Laundering and Countering the Financing of Terrorism and amending Regulations (EU) No 1093/2010, (EU) No 1094/2010 and (EU) No 1095/2010 [2024] OJ L 19.6.2024 (‘AMLA Regulation’).

[153] AMLR, art 90.

[154] AMLD6, arts 77 and 78(1).

[155] AMLD6, art 78(1), second subparagraph (art 74 by 10 July 2025; arts 11–13 and 15 by 10 July 2026).

[156] AMLA Regulation, art 108.

[157] AMLR, art 90.

directly applicable source of law is one that the comparative analysis herein will be examining.

4.2.1 The Company

The novel package rests the initial duty on the shoulders of the Company. Each legal entity incorporated within the EU must obtain and hold adequate, accurate and up-to-date information on its beneficial owners, and must disclose that information to obliged entities carrying out customer due diligence.[158] The legal entity is obliged to be keeping the information actual. The obligation is to keep the information current: it must obtain the information within 28 calendar days of its creation, update it within 28 calendar days of any change, and verify it at least annually.[159] Therefore, the information provided by the Company is the initial source of the framework, not a passive object of inquiry.

The term "beneficial owner" is defined by the Regulation in two ways. A natural person qualifies through an ownership interest in the entity, or through control of it, whether by ownership interest or by other means.[160] The threshold is set directly: the EU states that an ownership interest means the direct or indirect holding of 25% or more of shares, voting rights, or other ownership interests, with indirect holdings calculated across the ownership chain.[161]

The figure of 25% is not a threshold introduced for the first time via the novel package, the legal character of what it enforces has shifted, so has its reach. Under the Fourth Directive, a holding of 25% plus one share, or of more than 25%, was only an indication of ownership, and Member States had autonomy to treat a lower percentage as indicative.[162] The regulation turns this indicative figure into a definition of a binding character.[163]

Most significantly, the novel package shifts the wording from *more than 25%* to *25% or more*. This, in simpler terms, means that a controller owning exactly a quarter of shares of a

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[158] Ibid art 63(1).

[159] Ibid art 62(2).

[160] Ibid art 51.

[161] Ibid art 52(1).

[162] AMLD4, art 3(6)(a)(i).

[163] AMLR, art 52(1).

legal entity now falls within the definition, whereas under the old test it arguably did not. The discretion to go lower has not disappeared; it has moved upward, from the Member States to the Commission. By 10 July 2029, the Commission may, by delegated act, set a lower threshold for categories of corporate entities exposed to higher money-laundering risk. The thresholds being as a rule, no higher than 15%, and in any event below 25%.[164] The shift is of legal character.

The control route is rather the more intentional part of the framework. Control by other means in this sense is analyzed independently of ownership. The analysis is not a residual test, applying only when ownership cannot be identified.[165] The means here include the power to exercise a majority of the voting rights, to appoint or remove a majority of the board, or to direct the distribution of profits.[166] The Regulation does not allow a natural person who holds below the 25% threshold to escape identification where that person nonetheless controls the entity through any means possible to them.

A device of the old regime is also abandoned by the new. In cases where no beneficial owner could be identified, the Fourth Directive would accept the senior managing official to be the beneficial owner.[167] The novel Regulation, in such cases, however, requires the Company to keep records of the steps taken and provide a reasoned statement explaining why.[168] The new framework expects companies to justify the failure of identifying a beneficial owner. Possible circumventing loopholes are hereby shut down.

4.2.2. The Register

The second pillar examined will be the central register. The duty of the Company regarding information on beneficial ownership is not solely holding, but to reporting it. The Company is obliged to report the said information to a central register without undue delay after creation, report any change within 28 calendar days, and verify the entry at least annually.[169] Each

[164] Ibid art 52(2).

[165] Ibid art 51, second paragraph.

[166] Ibid art 53(3).

[167] AMLD4, art 3(6)(a)(ii).

[168] Ibid art 63(3)–(4).

[169] Ibid art 63(2).

Member of the Union is actively maintaining such a register, and they all are interconnected at the Union level. Through the Registers, the private information of the Company shifts to a quarriable record.

Accessing to the records kept in the Register however is not direct, but through a tiered framework. It is through this design that the choice of the EU becomes visible. Competent authorities, together with tax and other designated public authorities, receive immediate, unfiltered, direct and free access.[170] The controversy lies on the front of the general public.

Doors which were opened to "any member of the general public"[171] were shut down by the Court of Justice of the EU. Judgement of the Court on the *WM and Sovim SA v Luxembourg Business Registers* case held that provision of general public access was invalid. The ground was the general public access being a serious interference with the rights to private life and to the protection of personal data under Articles 7 and 8 of the Charter.[172] It was further added by the Court that that the access of the general public was a considerably more serious interference than the earlier regime of legitimate interest, without any countervailing anti-money laundering benefit to justify it.[173]

The novel package is a mirror of this judgement. Access is now restricted to persons with legitimate interest in combatting money laundering. The access for the persons with legitimate interest moreover is limited to a set, including the beneficial owner's name, month and year of birth, country of residence and nationality, and the nature and extent of the interest held.[174] Journalists, the civil society and academia find their place within persons presumed to holding such an interest.[175] What is worth noting is that 2027 was not awaited by the EU to make such a correction. It was achieved via amending the old Directive itself

[170] AMLD6, art 10.

[171] AMLD5, art 1(15)(c), amending AMLD4, art 30(5).

[172] Joined Cases C-37/20 and C-601/20 WM and Sovim SA v Luxembourg Business Registers EU:C:2022:912 [44] and operative part ('Sovim').

[173] Sovim (n 173) [85].

[174] AMLD6, art 12(1).

[175] Ibid art 12(2).

through a transitional provision that replaced general public access with reservation to persons with legitimate interest from July 2025.[176]

The author of this study believes that the clearest expression of the balance within the EU`s framework is reflected under this pillar. The policy is neither a closed one nor a public one. The Register is one that is of controlled access, calibrated to a purpose. This calibration distinguishes the EU from the UK`s open-by-default Register. It is this restraint, the access being granted for a select few, that the comparative analysis of this study reads as the EU's deliberate choice of financial sovereignty.

4.2.3. The Financial Institutions

Under the Regulation, financial institutions, including credit institutions, are obliged entities.[177] They therefore are obliged to carry the burden of verification alongside the Company. Should we establish the Company as the source of beneficial ownership information, then the financial institution would be the testing actor.

The Regulation prescribes in detail how financial institutions are ought to test beneficial ownership information. When applying customer due diligence, an obliged entity must identify and verify the customer; identify the beneficial owners and take reasonable measures to verify them, so that it knows who they are and understands the ownership and control structure; understand the purpose of the relationship; screen the customer and the beneficial owners against financial sanctions; determine politically-exposed-person status; and conduct ongoing monitoring of the relationship and its transactions.[178] These are operative duties, binding the financial institutions directly.

The duty of identifying the beneficial owner falls ultimately on the financial institution. The financial institution cannot simply rely on the Register. The Regulation requires the entity to collect prescribed information, including, for corporate customers, the identity of any nominee shareholders and nominee directors.[179] The Register in this case is a source of information, not a substitute in any case for the self-assessment of the financial institution.

[176] Ibid art 74, amending AMLD4, art 30(5); art 78(1), second subparagraph.

[177] AMLR, art 3(1)–(2).

[178] Ibid art 20(1).

[179] Ibid art 22(1)(b)(iv).

The link binding the two pillars, is the duty of reporting discrepancies. Where an institution finds a discrepancy between the central register and the beneficial ownership it has itself established, it must report that discrepancy to the Register, without undue delay and within 14 calendar days, stating whom it considers the beneficial owner to be and why.[180] Minor discrepancies such as typographical errors, or outdated data, where the owner is otherwise known, may be resolved via referring them to the customer for correction. In cases where the customer does not correct in time, the financial institution is then obligated to report.[181] Here, it could be argued that the financial institution de facto acts as an auditor of the Register, regarding the accuracy of the information therein.

This brings the analysis to the second hypothesis of the study. The claim of this study has been that all five hubs studied herein had built their AML frameworks on Recommendation 24 yet diverge in the duties imposed upon financial institutions. This divergence is what is leaving multinational institutions to deal with solving a compliance puzzle across jurisdictions. The EU has blocked the path for such divergences to arise within Member States. Thanks to the recent shift, the customer due diligence duties are enshrined within a Regulation, not within a Directive, anymore. This ensures that these duties apply identically across all twenty-seven Member States. The tight margin of national autonomy set by the latter Directive no longer exists. For this reason, as stated, the divergence of multinational corporations cannot surpass the borders of the EU.

The UK requires the same kind of reporting from its financial institutions, as has been explained under Chapter 4.1. of this study. What remains to be studied, however is whether the two duties are in demand of the same; the same trigger, the same deadline or the same information. This is required to better understand the position of a bank operating both in the UK and the EU. This question is left to the synthesis sections.

4.2.4 The Competent Authority

This pillar is structured rather differently from the others. The Competent Authority is of a two-tiered structure, national and supranational, not a single institution. What is institutionally introduced within the novel package is the creation of a supranational layer.

[180] Ibid art 24(1).

[181] Ibid art 24(2)–(3).

At the national level, a FIU is operated by each Member State, receiving and analyzing reports of suspicious activity and passing on the results.[182] Each Member State also designates supervisors, equipped with the powers and resources to oversee the obliged entities operating within its territory.[183] This structure is a continuation of the framework of the directive era; there is cooperation among the member states, nevertheless, the enforcement stays national.

The new actor introduced to the stage with the novel package is the Authority for Anti-Money Laundering and Countering the Financing of Terrorism (hereinafter referred to as ´AMLA´). The Regulation assigns AMLA with Union-wide responsibilities. These responsibilities include monitoring risk across the internal market, supervising, and supporting the national authorities.[184] AMLA is tasked with more than coordination. It directly supervises a small group of selected obliged entities, financial institutions of the highest-risk operating across several Member States, applying the Regulation to them itself rather than through a national supervisor.[185] Furthermore, AMLA provides support and coordination, including joint analyses of cross-border cases to the FIUs.[186] AMLA has been operational since July 2025, as examined under section 4.2. of this study, with direct supervision introduced gradually thereafter.

4.2.5 Transparency, Competitiveness and Sovereignty

The EU sits at the median of the spectrum between transparency and privacy. Following the judgement of the ECJ in *WM and Sovim*[187], the EU has restricted access to persons with a legitimate interest in combatting money laundering. Access is therefore calibrated to purpose: open enough to serve journalists, civil society and academia, closed enough to satisfy Articles 7 and 8 of the Charter. The author reads this calibration, together with the institutional choice analysed below, as the EU`s assertion of its sovereignty.

[182] AMLD6, art 19.

[183] Ibid art 37.

[184] AMLA Regulation, art 5.

[185] Ibid arts 12–13 and 37.

[186] Ibid art 40.

[187] See section 4.2.2 above.

The author further observes a parallel between how the EU has structured its authorities and its AML framework. The Regulation imposes the same rules in every Member State. Under the new framework, AMLA, at least for the most significant obliged entities, does the same for the enforcement of the framework, instead of leaving the practice to the national supervisors. In practical terms, AMLA acts as an EU-level supervisor, not a forum of national supervisors. What this centralized control means for EU`s policy of competitiveness and sovereignty and what points of divergence there are compared to the other financial hubs studied herein this study, is a question left to the comparative synthesis.

4.3 The United States of America

The United States of America (hereinafter referred to as ´USA´) has founded its regime of beneficial ownership some considerable time after both the UK and the EU. A centralized beneficial ownership register was required by the EU under the Fourth AML Directive of 2015,[188] and the UK established its PSC Register in April 2016.[189] The United States Corporate Transparency Act (hereinafter referred to as 'CTA') was enacted on January 2021,[190] and the duty of reporting to the federal register did not begin until January 2024.[191] The difference is nearly a decade.

Two instruments are to be underlined under this regime, the first being the CTA, establishing a reporting duty on the federal level through the Financial Crimes Enforcement Network (hereinafter referred to as ‘FinCEN'). The second would be the Customer Due Diligence Rule for Financial Institutions, issued by FinCEN in 2016, in force since May 2018, which had already required obliged financial institutions to identify beneficial owners when a business relationship was established with the creation of an account.[192] FinCEN's interim final rule of 26 March 2025 redefined the term ´´reporting company´´, by excluding legal persons incorporated within the USA, which has narrowed the scope of the CTA to foreign legal

[188] AMLD4, art 30.

[189] Small Business, Enterprise and Employment Act 2015, s 81 and sch 3 (n 91); Small Business, Enterprise and Employment Act 2015 (Commencement No 3) Regulations 2015, SI 2015/2029, regs 4(a) and 5.

[190] Corporate Transparency Act, Pub L No 116-283, div F, title LXIV, 134 Stat 4604 (2021), codified at 31 USC § 5336 (‘CTA’).

[191] 31 CFR § 1010.380(a) (2024) (effective 1 January 2024).

[192] Customer Due Diligence Requirements for Financial Institutions, Final Rule, 81 Fed Reg 29,398 (11 May 2016), codified at 31 CFR § 1010.230 (‘CDD Rule’); compliance required from 11 May 2018.

persons doing business within the country. The Customer Due Diligence Rule with this administrative reform however, remained untouched.[193] The result of shift has been leaving a jurisdiction with a divided architecture of transparency; with its federal reporting regime overlooking domestic legal persons, alongside a duty of identification enforced on banking entities remaining in force.

4.3.1 The Company

CTA rests the reporting obligation on ´´reporting companies´´. This term covers any corporation, limited liability company or similar entity created by a filing with a State, and any foreign entity registered to do business in the United States.[194] The Act goes on to exempting twenty-four categories, e.g. banks, registered investment vehicles and large operating companies.[195] The definition of a ´´beneficial owner " within the context of the CTA is defined as an individual who, directly or indirectly, either exercises substantial control over the entity or owns or controls not less than 25% of its ownership interests.[196]

The route reaching the beneficial owner through a test of control is defined in considerable detail and extends to a broad spectrum. Under the Rule, an individual exercises substantial control by serving as a senior officer, by holding the power to appoint or remove a senior officer or a majority of the board, or by directing or substantially influencing important corporate decisions. These decisions may vary from mergers and major expenditures to the choice of business lines and the payment of senior officers.[197] The control in this sense does not necessarily have to direct. The control may very well be ascertained through board representation, majority voting power, financing arrangements, intermediary entities, or nominee arrangements.[198] A point to be underlined is the fact that the Act has forbidden the issuance of bearer shares, a classic tool of corporate anonymity.[199]

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[193] Beneficial Ownership Information Reporting Requirement Revision and Deadline Extension, Interim Final Rule, 90 Fed Reg 13,688 (26 March 2025), amending 31 CFR § 1010.380(c)(2)(xxiv).

[194] 31 USC § 5336(a)(11)(A).

[195] Ibid § 5336(a)(11)(B).

[196] Ibid § 5336(a)(3)(A).

[197] 31 CFR § 1010.380(d)(1)(i).

[198] Ibid (d)(1)(ii).

[199] 31 USC § 5336(f).

A legal entity falling under the scope of reporting companies should be filing its information directly with FinCEN, without a company registrar sitting in between. This reporting consists of the full legal name, date of birth, current address and a unique identifying number from an acceptable document of its beneficial owner.[200] While the statute allows any amendments to be reported within a year, the Rule tightens the deadline to only thirty calendar days.[201]

4.3.2 The Register

The Register pillar is where the USA diverges the sharpest. It is strictly not public. The information is stored in a strictly confidential nonpublic database.[202] The information therein could be disclosed to only a selected few via FinCEN, e.g. federal agencies engaged in national security, intelligence or law enforcement; state, local or tribal law enforcement with court authorization; foreign authorities through a federal intermediary; federal regulators. Comparable to EU, the information could be shared with financial institutions, however only with the precondition that the reporting company consents to it.[203]

4.3.3 The Financial Institution

The duties conferred upon financial institutions are enshrined in a separate legal instrument, the CDD Rule. Under this it is the duty of the financial institution to identify and verify the beneficial owners of a customer when an account is opened.[204] For this purpose, the definition of a beneficial owner is an individual owning 25% or more of the entity's equity, together with a single individual with significant responsibility to control or manage it. The institution should obtain such information through a prescribed certification or its equivalent and verify such information with a risk-based approach. The information should be recorded and retained for a period of five years.[205] This duty predates any legal instrument founding a

[200] Ibid § 5336(b)(2)(A); 31 CFR § 1010.380(b)(1)(ii).

[201] 31 USC § 5336(b)(1)(D); cf 31 CFR § 1010.380(a)(2)(i).

[202] 31 USC § 5336(c)(2)(A).

[203] Ibid § 5336(c)(2)(B).

[204] CDD Rule (n 193): 31 CFR § 1010.230(a)–(b).

[205] Ibid § 1010.230(b), (d), (i)(2) and app A.

register on a federal level. It survived the structural reforms and was preserved by the very Act which established the said register.[206]

4.3.4 The Competent Authority

Both halves of the framework converge on a single competent authority. FinCEN, a bureau of the Department of the Treasury, maintains the federal register established by the CTA, issues and administers the CDD Rule, and holds the exemption power through which the 2025 reform was effected. The supervisory and enforcement architecture is therefore centralised to a degree unmatched by the other hubs studied herein, where the register and the financial-sector supervisor sit in separate institutions.

4.3.5 Transparency, Competitiveness and Sovereignty

The 2025 reform therefore sits at the center of the American story. FinCEN`s redefinition of ´reporting company´ to be covering solely legal foreign entities operating within the USA was done so not by an amendment of a legal instrument, but by invoking the statute`s own power of exemption.[207] FinCEN went onto even exempting the information of any United States person even where a foreign company reports.[208]

This point is of significance to the third hypothesis of this study, claiming the divergences observed between the case study are not accidental, but are justified through each of the countries` policies in pursuit of cross-border competitiveness. The Secretary, carrying an executive order on deregulation, determined that putting domestic countries under the scope of reporting obligations would not serve the public interest. There was also a mention of incurring costs, as it was stated that this descoping would save roughly nine billion dollars a year in terms of compliance costs.[209] Reporting duties were asymmetrically kept in scope for foreign entities. FinCEN argued that they present heightened illicit-finance risk, citing the FATF and a national-security memorandum on Iran.[210] Therefore, the USA weaponized a

[206] CTA (n 191) § 6403(d)(2)(B) (uncodified).

[207] 31 USC §§ 5336(a)(11)(B)(xxiv) and 5318(a)(7).

[208] 31 CFR § 1010.380(c)(1)(ii), (c)(2)(xxiv) and (d)(4).

[209] Beneficial Ownership Information Reporting Requirement Revision (n 194) 13,691 and 13,694.

[210] Ibid 13,688 and 13,692–93.

regime that was essentially established to cover domestic companies and aimed it at foreign ones.

This essentially is the contribution of the USA to the third hypothesis of this study. The statutes initially mandated broad transparency. The executive branch then descoped domestic legal entities while the bank-level duties remained untouched. How the author of this study reads these developments in terms of the USA`s policies regarding financial competitiveness and sovereignty will be touched upon at the comparative synthesis section of this study.

4.4 Switzerland

The Swiss beneficial ownership architecture is structured considerable divergent from the latter, and it was the last to be built. The duty of identifying beneficial owners rested entirely on financial intermediaries through the Anti-Money Laundering Act (hereinafter referred to as ´SAMLA´), enacted in 1997. This was the case for almost three decades.[211] Under this regime, Swiss legal persons were keeping an internal register, as per the Code of Obligations, accessible to the authorities upon request. There existed, therefore, no central federal register.

On September 2025, the Federal Act on the Transparency of Legal Entities and the Identification of Beneficial Owners (hereinafter referred to as ´LETA / TJPG´), was adopted by the Swiss Parliament. Expected to enter into force in the third quarter of 2026, LETA will be creating Switzerland's first central beneficial ownership register. This section will be setting out how the four pillars of the new LETA regime will be operating once in force, while also keeping note of the duties derived from SAMLA that continue alongside them.

4.4.1 The Company

With LETA, Swiss legal entities are obligated for the first time in history to identify and report. Corporations, limited liability companies, cooperatives, and investment companies with fixed and variable capitals, as well as specified foreign legal entities are under LETA`s scope.[212] A beneficial owner is identified as a natural person who ultimately controls the entity, directly or indirectly, alone or in concert with third parties, by holding at least 25 per

[211] Federal Act on Combating Money Laundering and Terrorist Financing of 10 October 1997, SR 955.0 ('SAMLA').

[212] Federal Act on the Transparency of Legal Entities and the Identification of Beneficial Owners of 26 September 2025 (Legal Entities Transparency Act), BBl 2025 2900 (‘LETA’), art 2(1).

cent of the capital or votes, or by controlling it "in another way."[213] A rule shared with the EU here is observed when it comes to cases where such an individual cannot be identified. If this were the case, the most senior member of the executive body is treated as the beneficial owner. [214] The legal entity is obliged to identify the beneficial owner via obtaining their name, date of birth, nationality, residence, and details of the nature and extent of the control exercised. Such information should be verified by the legal entity with due care.[215] The dataset after verification ought to be reported to the federal Transparency Register. In cases of amendment, the notification should not exceed a month after learning.[216]

Should there would be an identified intent with any latency, there is a foreseen fine, up to CHF 500,000.[217]

4.4.2 The Register

The federal Transparency Register is the cornerstone of the Swiss reform. Maintained by the Federal Office of Justice, it is held in electronic form. The Register is not open for public access.[218] The scope of access is kept considerably narrow and the approach is tiered. The Swiss FIU, public authorities engaged in international administrative tax assistance, and embargo-enforcement bodies are given full access to the Register.[219] Financial intermediaries and certain advisers subject to SAMLA may have access, but this access will be limited to their purpose.[220] It is therefore observed that the Swiss model is closer in practice to that one of the USA compared to the UK or the EU.

4.4.3 The Financial Institution

Duties vested upon the financial institutions proceed under SAMLA but are now joining forces with the Register. When a financial intermediary opens a business relationship with a legal-entity customer, it must identify the individual who ultimately controls that customer, utilizing the very same test mentioned on LETA applies to the Company itself: anyone holding at least 25% of the capital or votes, or otherwise controlling the entity, and failing

[213] Ibid art 4(1).

[214] Ibid art 4(2); cf SAMLA (n 212) art 2a(3).

[215] LETA (n 213) art 7.

[216] Ibid arts 9–10.

[217] Ibid art 43(b).

[218] Ibid art 20.

[219] Ibid art 21.

[220] Ibid art 26.

that, the most senior member of the executive body.[221] An intermediary is responsible of verifying the information with risk appropriate diligence, documenting its enquiries, retaining the records for at least ten years, and reporting any suspicion of money laundering or terrorist financing to the Money Laundering Reporting Office Switzerland. (hereinafter referred to as ´MROS´).[222]

To this framework already in place, LETA includes a novel duty. In cases where the intermediary would identify a discrepancy between the Register and the information it holds, and the discrepancy raises concerns about the reliability of the register that remain unresolved even after the customer has had an opportunity to correct the entry, it must report it to the Register within thirty days.[223] This duty creates a duty of constant communication between the financial intermediary and the Register, a model closer to the UK and the EU, unlike for the provisions regarding the Registry itself, than of the USA.

4.4.4 The Competent Authority

The duties of a Competent Authority are shared amongst two federal departments. The Register is maintained by the Federal Office of Justice.[224] A separate control body, operating under the Federal Department of Finance, is the enforcer of LETA. This *Kontrollstelle* may issue directives, categorize entities by risk, and conduct verifications. It is one of the few authorities retaining full access to the Register.[225]

Just as the duties vested upon the financial institutions, the latter framework of SAMLA runs alongside. The Swiss Financial Market Supervisory Authority (hereinafter referred to as ´FINMA´), supervises SAMLA-obliged financial intermediaries. However, the suspicious activity reports are received by MROS.[226]

4.4.5 Transparency, Competitiveness and Sovereignty

While studying Switzerland`s place under our third hypothesis three features are to be underlined. Chronologically, the Swiss reforms arrived the latest, arguably only after

[221] SAMLA (n 212) arts 3, 4(1) and 2a(3).

[222] Ibid arts 4, 6, 7(3) and 9.

[223] LETA (n 213) art 30(1)–(2).

[224] Ibid art 20(1).

[225] Ibid art 39.

[226] SAMLA (n 212) arts 12, 16 and 23.

sustained pressure of the FATF. FATF placed Switzerland in enhanced follow-up in its mutual evaluation dated 2016. The country remained under the formal scrutiny of the FATF through 2020 and 2023, through two consecutive enhanced follow-up reports.[227] The second feature is accessibility, as the Register remains closed to the general public. The third is what is reformed by the novel regime. The financial intermediaries remain on the first line of verification duties. They are responsible of identifying who the customer is, double-checking against the Register, and reporting to the Register in cases of discrepancy. It is correct that Switzerland has complied with Recommendation 24 in terms of what it demands regarding the architecture of a central Register, it has successfully kept the doors of it closed to the general public by keeping the financial intermediaries on the front line. The meaning of this design will be further studied as a part of the comparative synthesis.

4.5 Singapore

Singapore`s beneficial ownership architecture could be examined within three layers. Each legal person keeps an internal register of controllers, nominee directors, and nominee shareholders; a central register is kept by the Accounting and Corporate Regulatory Authority (hereinafter referred to as ´ACRA´) and financial institutions identify beneficial owners, under the provisions of the Monetary Authority of Singapore`s (hereinafter referred to as ´MAS´) Notice to Banks numbered 626 (hereinafter referred to as ´MAS Notice 626´). As legal instruments, while Part 11A of the Companies Act 1967, inserted by the Companies (Amendment) Act 2017 is the basis of the Company and Register regimes,[228] MAS Notice 626, dated and last revised on June 2025, is the basis of the financial institutions.[229] Both instruments have been in force for long enough that this section, apart from the EU and Switzerland, will be describing operative instruments rather than pending reforms.

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[227] FATF, Anti-Money Laundering and Counter-Terrorist Financing Measures – Switzerland: Enhanced Follow-Up Report & 2nd Technical Compliance Re-Rating (FATF 2020) 1 ('2020 FUR'); FATF, Anti-Money Laundering and Counter-Terrorist Financing Measures – Switzerland: 4th Enhanced Follow-Up Report (FATF 2023) 1 ('2023 FUR').

[228] Companies Act 1967 (Singapore) ('Companies Act'), pt 11A, inserted by Companies (Amendment) Act 2017 (Singapore) (Act 15 of 2017), s 47.

[229] Monetary Authority of Singapore, MAS Notice 626: Prevention of Money Laundering and Countering the Financing of Terrorism – Banks (28 March 2024, last revised 30 June 2025), issued under Financial Services and Markets Act 2022 (Singapore), s 16 ('MAS Notice 626').

4.5.1. The Company

Each company, domestic or foreign, registered in Singapore, apart from the ones kept exempt via the Fourteenth and Fifteenth Schedules, is required to keep an internal register of "registrable controllers."[230] A controller under this regime is defined as any individual or legal entity with either a "significant interest" or "significant control" in the company.[231] Significant interest under this framework would be defined as more than 25 per cent of the shares or of the voting power while significant control would be extending to the right to appoint or remove a majority of the directors, the holding of more than 25 per cent of voting rights at members' meetings, or the right to exercise significant influence or control over the company.[232] The duty to investigate, obtain prescribed particulars of each controller, update them on any amendments, and to register such changes to the ACRA Registrar rests on the Company. A reciprocal duty is also vested upon the controllers themselves, with being obligated to disclose their status and any subsequent changes to the structure of the company.[233] Non-compliance with such obligations results in a fine of up to S$25,000.[234]

It is distinctive of Singapore to require the Companies to keep two separate internal registers from the controller register. Each company is obliged to keep and maintain a separate register of any of its directors who serve in a nominee capacity for another person, and a register of any of its shareholders who hold shares as nominees.[235] These Registers directly respond to the risks flagged by the FATF.

4.5.2 The Register

The operations of ACRA's central register are not independent of the Company's duties. The system is founded on the controller particulars that companies are required to submit under Part 11A.[236] Section 386AN(5) (Companies Act) explicitly defines its position on the question of access. It is stated therein that the Registrar must not disclose, or make available for inspection, the central register to any member of the public.[237] There remains no certain

[230] Companies Act (n 229) s 386AA(1).

[231] Ibid s 386AB.

[232] Ibid Sixteenth Schedule, paras 1–2.

[233] Ibid ss 386AF, 386AG, 386AH, 386AJ, 386AK and 386AN(2).

[234] Ibid s 386AN(4).

[235] Ibid ss 386AKA, 386AL and 386ALA.

[236] Ibid s 386AN(2).

[237] Ibid s 386AN(5).

criteria on who exactly should be given access rights. The Register is open to "prescribed persons under prescribed circumstances",[238] pointing to a circumstantial approach. This ambiguity puts Singapore closer to the likes of the USA and Switzerland.

4.5.3 The Financial Institution

When one would study the framework on the level of financial intermediaries, banks are the sole point of reference in the Singaporean jurisdiction, it is observed that all operating in Singapore are subject to customer due diligence.[239] While entering a business relationship, the bank is obliged to put the customer through a three-tiered control test to determine the controller(s):

i. Determining the natural person in ultimate control. If not conclusive,
ii. Determining those who ultimately control or have ultimate effective control. If neither could be identified,
iii. Determining the natural persons exercising executive authority within the entity.[240]

Though the Company pillar had established the benchmark of 25% for significant control, the Notice does not adopt a fixed percentage threshold. The MAS Notice 626`s standard is based on a risk-based approach; identification is conducted through such an approach based on who "ultimately" owns the customer.[241] From the point of view of the author, there are no duties vested upon the financial intermediaries regarding the verification of the information recorded in the Registry. Their duty is limited to running their due diligence compliant with the domestic standards, and unlike the Swiss example, without any statutory duties on reporting discrepancies.

4.5.4. The Competent Authority

Two Regulators share the duties of a Competent Authority within Singapore. While ACRA administers Part 11A of the Companies Act, the central register and its powers of enforcement,[242] the Monetary Authority of Singapore (hereinafter referred to as ´MAS´)

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[238] Ibid s 386AN(6).

[239] MAS Notice 626 (n 230) para 1.1.

[240] Ibid para 6.14(a).

[241] Ibid paras 6.13 and 6.14(a).

[242] Companies Act (n 229) s 386AM.

administers the MAS Notice 626, acting under the Financial Services and Markets Act 2022, administering compliance of the banks.[243]

4.5.5 Transparency, Competitiveness and Sovereignty

Singapore`s position under the third hypothesis of this study could be studied under three layers. Firstly, by being the only country studied herein, they are the sole jurisdiction addressing this specific risk underlined by the FATF, as they have founded separate registers of nominee directors and nominee shareholders. The second would be the nature of its Register being of a non-public nature, aligning with those of the USA and Switzerland. Alas, it is characteristic of Singapore that the banks, under MAS Notice 626, base their duty of identification on whoever ultimately owns its customer, without applying the 25% threshold. The implications of these facts will be analyzed during the comparative synthesis.

[243] MAS Notice 626 (n 230) para 1.1.

Chapter 5

Comparative Synthesis & Conclusion

This study has built an instrument of assessment and then applied it to its case studies within the preceding Chapters. In Chapter 3, Recommendation 24 was disassembled to its particles, keeping the concept of beneficial ownership at its center, and inspected the allocation of responsibility among the four pillars. These pillars have been, of course, the company, the register, the financial sector, and the competent authority. With this instrument, Chapter 4 studied how the Recommendation was implemented within the studied countries. Finally, it is the author`s aim within this Chapter to synthesize these readings and close the study.

Our hypotheses for this study will be tested in order. Section 5.1. will test the hypothesis which the author argues that all five countries studied herein have built their framework with Recommendation 24 being the cornerstone, yet they diverge in the duties imposed upon financial institutions. Section 5.2 will test the third hypothesis, namely the effort to identifying whether these divergences would be in parallel with underlying cross-border competitiveness and financial sovereignty policies. Section 5.3. will return to the first hypothesis studied in Chapter 2. The Chapter will then end with Section 5.4. setting out the findings of this study, alongside their limits.

5.1 Divergence in the Duties Imposed upon Financial Institutions

The second hypothesis initially questioned whether the multinational institutions would be subject to duties which are in conflict. The author, at the end of the study, now believes that though the duties diverge, there are close to no contradictions. There have been no cases identified in which a multinational corporation complying with one country`s standards would be in violation of the other. The divergence creates a cumulative burden rather than a contradiction. The cumulation means that the burden on the corporation increases as it moves to the more open part of the spectrum.

The diverging obligations all spring from the same root, Recommendations 10 and 22, which obliges financial institutions to carry out independent identification and beneficial owners of their customers, as studied under Chapter 3.3. of this study. The divergence is not whether the financial institution should be checking what is behind the veil, the answer is certainly yes, but to the depths one must go.

Below, the author has chosen to visualize two main points of divergence between the hubs studied herein.

Jurisdiction	Identification threshold	Duty to report discrepancies to the register
United Kingdom	More than 25%	Yes
European Union	25% or more	Yes
United Kingdom	25% or more	No
Switzerland	At least 25%	Yes
Singapore	No fixed percentage	No

As studied, the author's understanding is that these obligations cumulate but do not contradict. A multinational corporation could very well choose to comply with the strictest of the standards where it operates and satisfy every regime at once. None of the frameworks studied herein vest an obligation onto a financial institution that another forbids. Therefore, the burden lies in the duplication of efforts for the financial institution. The compliance cost here is of significance. Its significance has been proven within this study under Chapter 2.5. where it was recorded that compliance already costs more than the sums recovered from criminals. In Chapter 4.3. we have also laid out the fact that the USA itself declared the price of compliance at nine billion USD a year, which was the argument for the shift therein.

The second hypothesis of this study, therefore, remains, though revised. All five hubs share the same roots, Recommendation 24, yet diverge in how they built the pillars above. The clearest of divisions would be identifying jurisdictions in which the financial institution is obliged to work with the domestic Register. In the UK, the EU, and in Switzerland, they are tied back to the Register as they must be reporting their findings, whereas in the USA and Singapore, their duty ends with their own customer due diligence. Why such division may exist is a question studied in the following section.

5.2 Divergence, Competitiveness and Sovereignty

The third hypothesis of this study is in the belief that the divergences identified in Chapter 4 run parallel with the underlying policies of cross-border competitiveness and financial sovereignty. Section 5.1. pointed out to such divergences, this section asks why.

The questioning commences with how open the Registers are, established by the hub in Chapter 4. The picture is as follows:

Jurisdiction	Access	Strategic reading of the author, within Chapter 4
United Kingdom	Public	Transparency utilized as a reputational asset and an assertion of sovereignty
European Union	Tiered, by legitimate interest	Access calibrated to purpose; sovereignty asserted through supranational supervision
United States of America	Closed	Domestic descoping for competitiveness; transparency weaponized as an assertation of sovereignty, redirected at foreign entities
Switzerland	Closed	Minimal compliance under FATF pressure, confidentiality retained behind the financial institution
Singapore	Closed	A closed, risk-based model serving its standing as a financial hub

In a cumulative reading, the author believes that the two motives, competitiveness and sovereignty, that the hypothesis predicted are in parallel to the divergences. For each hub, with an approach they believe to be scientific, the author separates what the records they analyzed established from what his reads into them are.

The UK has chosen to keep its Register open to the public. Based purely on the facts, the UK has settled the conflict between transparency and privacy on the side of transparency. The author reads this as an assertion of sovereignty and a clean market, aiding the reputation of the UK. The author underlines that this is strictly not a rationale declared by the UK itself.

The European Union places its core duties in a directly applicable Regulation and enforces them through a supranational supervisor, while opening its Register only to those with a legitimate interest. These are facts; the argument of this being an assertion of sovereignty is a reading of the author.

The USA diverges from the others as the motive herein is directly stated by the hub. The domestic entities were de-scoped from the domestic framework to save compliance costs. The argument of competitiveness is therefore not purely a reading but a documented fact.

Switzerland was the chronologically latest of the reformers, with the framework shifting only after three rounds of follow-up by the FATF. The author's reading of the author that Switzerland has complied with the bare minimum, with a closed Register, rests on a recorded timeline rather than on speculation.

Concluding the Singaporean case, however, is the hardest. The facts are settled here, its Register is closed, and its banks identify the beneficial owner through a risk-based test rather than a fixed threshold. The author recognizes, however, that these facts could very well be read in two separate paths. They may reflect a deliberate strategy, namely, keeping ownership confidential to remain an attractive financial hub. They may reflect nothing more than a cautious regulator. Therefore, the author can only go so far as to state that Singapore's design fits the hypothesis; however, without any confirmation.

The author therefore holds their third hypothesis, but with caution. In the USA, where they have been explicit, the link between the design of their framework and political interests is clear. Yet, as there is no such case for the rest of the hubs, the link could be argued with reason, but cannot be proven.

5.3 Revisiting the First Hypothesis

The first hypothesis of this study argued that the abuse of corporate vehicles drove the evolution of Recommendation 24. Chapter 2 has set a chronological list of cases where the abuse was proved from Riggs to the Pandora Papers. The Chapter also demonstrated through the FATF's own evaluation data and the academic critique that the pre-2022 framework was ineffective against that abuse. Therefore, the author believes that no further proof ought to be set out in this section.

One reservation to underline is that this argument is, though well-grounded, ultimately a reading of the author. Neither the FATF nor any of the studies relied upon makes the claim in those terms. The effectiveness of the novel regime could very well be tested, but it would remain out of the scope of this thesis.

5.4 Findings and Limits

This study has compared the beneficial ownership frameworks built by five financial hubs to be complying with Recommendation 24 of the FATF and meanwhile tested three hypotheses. The findings could be summarized as the following:

Hypothesis	Finding
The abuse of corporate vehicles drove Recommendation 24 from principle to binding requirement	Supported, established in Chapter 2
All five hubs share a Recommendation 24 base, yet diverge in the duties imposed on financial institutions	Supported, as reformulated. The divergence is of cumulative nature, not contradictory.
Those divergences track each hub's competitiveness and sovereignty interests	Supported, with qualification. Documented for the USA. Reasonably argued for the rest.

The methodology of this study has been defined. The study has been purely doctrinal; it has utilized only laws, official documents, and academic literature. No data has been produced by the author himself. When empirical findings were relied upon, as in Chapter 2, they were from peer-reviewed academic publications. The strategic readings in Section 5.3. are the author's own conclusions, deriving from the law and related documents, rather than the reasons the hubs have stated themselves. The frameworks analyzed herein are also very recent, some not even in force. While the USA has reshaped its framework a calendar year prior to the date of this study, the EU`s and the Swiss rules will be applied in the near future. Therefore, the comparative analysis herein studied regimes taking shape in real time.

Whether the 2022 FATF revision has strengthened the AML TLO to the point where corporate vehicle abuse is no longer a viable option is a question that will remain open. This question will not be answered by the study, but by the results of the FATF's fifth round of evaluations. Until it is published, the success rate of Recommendation 24 cannot yet be tested.

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