

Public Statement on Pandora Papers

Statement by the FATF President

Paris, 21 October 2021 - The Financial Action Task Force (FATF) has noted the revelations in news reports, dubbed the Pandora papers.

Obscuring the true owners of corporate, trust, and other structures, and those who control them, is a common technique to hide illicit profits. The FATF has long warned of the dangers associated with networks of anonymous shell companies and legal arrangements.

The FATF introduced global standards to prevent the concealment of company information as far back as 2003. Over 200 countries have committed to requiring their financial institutions and non-banking institutions - such as lawyers, accountants and real estate agents - to identify and verify beneficial ownership information on companies formed or operating in their jurisdictions.

However, the findings of the mutual evaluations in the FATF's Global Network highlight a lack of effective action. Out of more than 100 mutual evaluations, only one-third of countries have laws and regulations related to the transparency of legal persons and arrangements that comply with FATF standards. Just 10% take effective measures to ensure the transparency of company and trust ownership.

Recognising the urgent need to take further action to combat the misuse of shell and front companies by illicit actors, the FATF has been leading work to update international requirements on the transparency of beneficial ownership. It held a public consultation earlier this year on potential amendments to its global standard on the transparency of legal persons, such as companies. It is now releasing the proposed amendments to the FATF Recommendations for public consultation. These amendments will require all countries to take additional measures to mitigate the risks - including prohibiting the issue of bearer shares globally and requiring countries to establish a beneficial ownership registry or use an alternative system that also enables efficient access to beneficial ownership information by competent authorities.

The FATF will continue to work to improve corporate and financial transparency to prevent money laundering, terrorist financing and proliferation financing. Tougher global standards to promote transparency of beneficial ownership information and the more effective use of that information to hold to account those who hide behind the corporate veil or other structures, will be major steps forward. By taking collective action against illicit financial flows, we can help prevent and combat financial crime, curb corruption and tax evasion and support sustainable economic growth.