

Verification of beneficial ownership

Background

The functionality of the registry of beneficial ownership is not complete without effective verification of the submitted information. At present, companies are not required to submit supporting documents confirming the validity of information on beneficial ownership. Moreover, there is no effective sanctioning mechanism for submission of false information. Verification mechanisms are yet to be developed.

Timeline

Verification of beneficial ownership data: memo

15.11.2018

Though Ukraine is a front-runner in disclosing information about companies' beneficial ownership, subject legislation still contains loopholes and is implemented only partially, while lack of effective sanctions can cause the reform never going beyond progressive legislation. In 2018, under EU-Ukraine Memorandum of Understanding on Macro-Financial Assistance, Ukraine obliged to introduce a number of measures to [...]

The European Parliament voted to support new MFA for Ukraine, conditioned on anticorruption deliverables

14.06.2018

European Parliament informs that a €1 billion macro-financial loan to help Ukraine cover part of its external financing needs in 2018-2019 was approved by Parliament on Wednesday, June 13. €1 billion loan to cover an external financing gap in 2018-2019 To be disbursed in two instalments over 2.5 years, provided Ukraine takes certain policy measures Parliament [...]

European Commission refuses to provide 3rd MFA tranche to Ukraine, ready to consider further programs

02.12.2017

Given that Ukraine has not implemented 4 commitments, including introduction of automatic verification of the electronic asset declarations and verification of beneficial ownership data, the European Commission will not disburse the last tranche of the current Macro-Financial Assistance programme. At the same time, the Commission is ready to consider further MFA to Ukraine. But from Ukraine's side it [...]

Documents

IMF

By end-December 2020, we will improve the beneficial ownership information contained in the Unified State Register of Legal Entities, Entrepreneurs and Public Associations with mechanisms to sanction legal entities for non-compliance, ensure open and public access to its information, and require that financial institutions report any discrepancies.

Full doc: <https://www.imf.org/~media/Files/Publications/CR/2020/English/1UKREA2020001.ashx>

IMF

The NBU will continue to conduct at least four quarterly inspections of banks at higher risk of laundering of the proceeds of corruption, focused on regulatory requirements related to customer due diligence and PEPs, including with regard to requirements to identify PEPs, to verify their source of wealth and beneficial ownership information. By end-January 2019, the NBU, with technical assistance from the IMF, will also prepare a roadmap to focus AML/CFT supervision on ensuring the adequacy of financial institutions' AML/CFT framework, and discontinue investigative functions.

Full doc: https://bank.gov.ua/en/file/download?file=ENG_SBA%2005122018%20LOI_MEFP_TMU.pdf

IMF

We remain committed to strengthening and mobilizing the AML/CFT framework to support efforts to tackle high-level corruption. In this respect, by end-March 2019, and in agreement with IMF staff, we will adopt amendments to the AML legal framework, including to ensure: ... (iv) that information on beneficial owners of companies is up-to-date and accurate.

Full doc: https://bank.gov.ua/en/file/download?file=ENG_SBA%2005122018%20LOI_MEFP_TMU.pdf

MFA

To ensure an improved framework for fighting and preventing money laundering, adopt an anti-money laundering law in line with the EU-Ukraine Association Agreement. The anti-money laundering law will, in particular, oblige reporting entities (such as banks, notaries and lawyers) to report, to the specially designated agency, on discrepancies between, on the one hand, data on clients' ultimate beneficial owners (controllers) contained in the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Associations and, on the other hand, information received by the reporting entities as a result of due diligence of their clients (MFA second instalment)

Full doc: https://ec.europa.eu/info/sites/info/files/economy-finance/mou_protocol_version_eu.pdf

MFA

To ensure effective verification of information on companies' beneficial ownership in the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Associations, amend the company

registration process so as to require – whenever a legal entity seeks to register or change its entry – additional information on beneficial ownership, notably (a) the type of beneficial ownership, (b) the percentage of each beneficial owner's interest, (c) a description of the ownership structure in case a legal entity is not directly and wholly owned by its members/shareholders, and (d) a reasoned explanation in case no beneficial owner can be stated (MFA first instalment)

Full doc: https://ec.europa.eu/info/sites/info/files/economy-finance/mou_protocol_version_eu.pdf

MFA

"Following the establishment of an online database on beneficial ownership of companies, put in place mechanisms to verify, post-registration and on a selective basis following clear criteria, the accuracy of the information provided by companies and enforce compliance with this obligation."

Full doc:

http://ec.europa.eu/economy_finance/international/neighbourhood_policy/doc/mou_eu_ukraine_en.pdf