



# **BENEFICIAL OWNERSHIP**

**TACKLING HIDDEN  
COMPANY OWNERSHIP  
IN MYANMAR**



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# WHAT IS BENEFICIAL OWNERSHIP?



**“LEGAL OWNERS”** are persons or companies listed in a company’s corporate registration, licenses or contracts as direct owners.

**VERSUS**



Persons who exercise significant influence over and receive profits from a company who are not its legal owners are referred to as **“BENEFICIAL OWNERS.”** A company cannot be a beneficial owner.

Keeping the identities of beneficial owners secret can enable illegal activities.



**TAX EVASION**



**SMUGGLING**



**ARMED CONFLICT**



**DRUG TRADE**

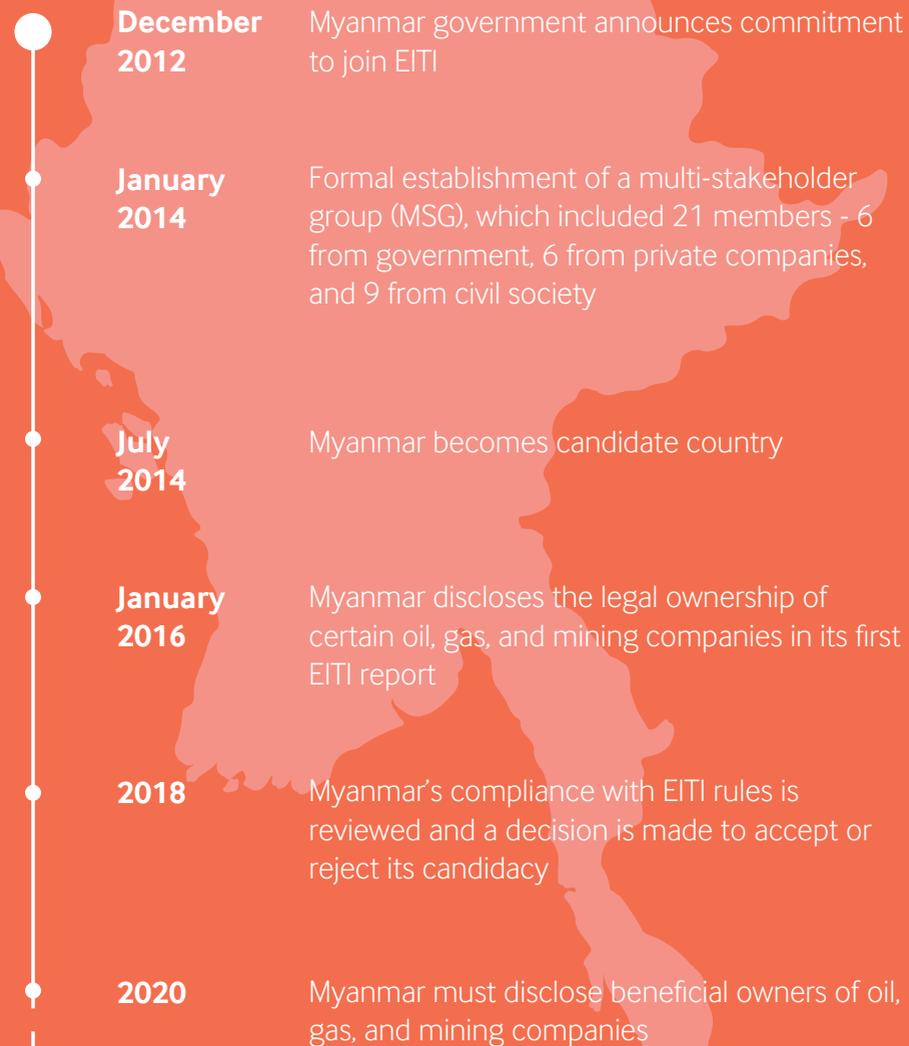
## BENEFICIAL OWNERSHIP AND EITI

The Extractive Industries Transparency Initiative (EITI), requires participating countries to disclose payments and other information about the oil, gas and mining industries. Myanmar became a candidate country in July 2014.

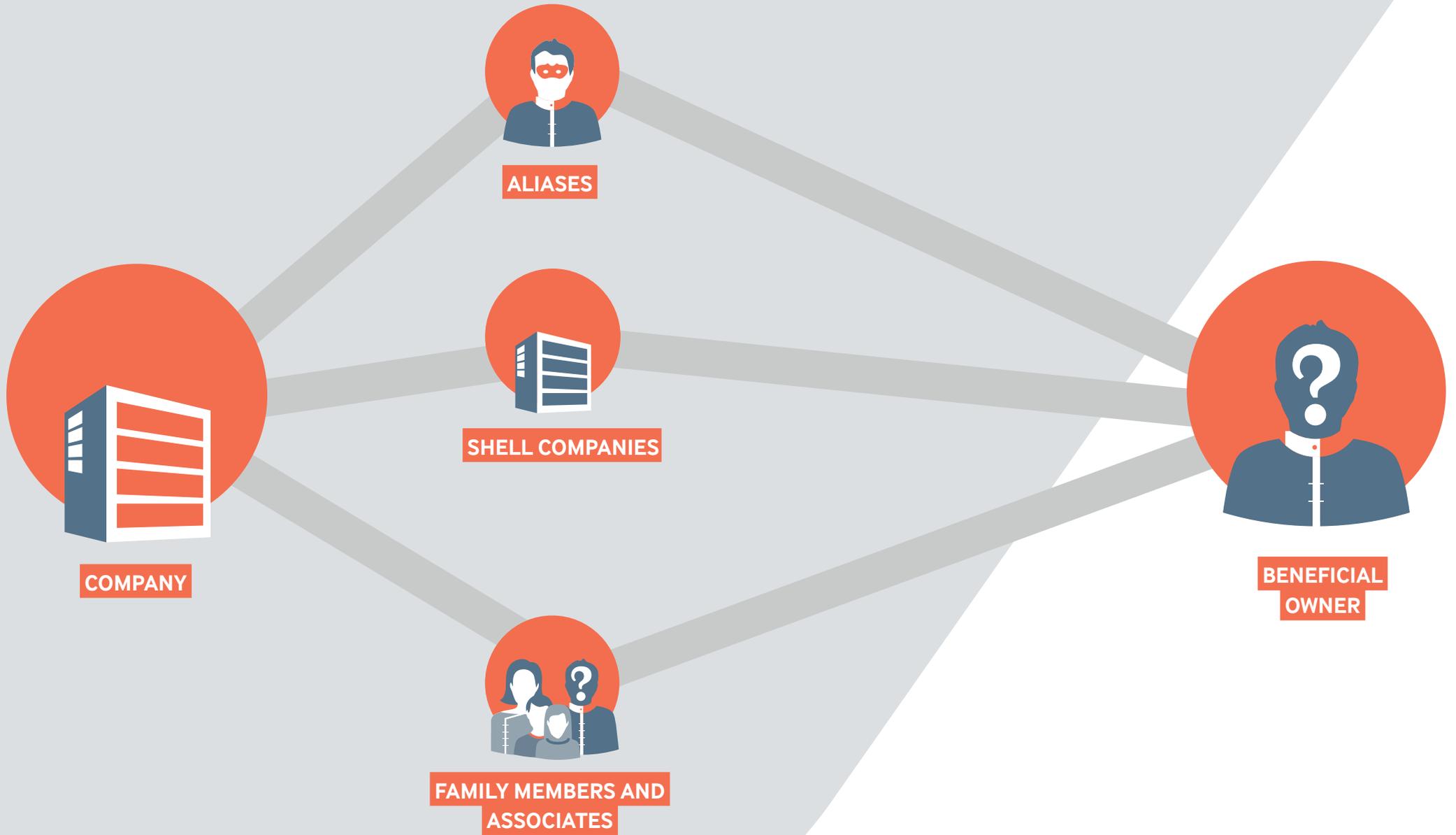
Myanmar's multi-stakeholder group (MSG)—an entity comprised of government, private sector and civil society representatives that directs the country's EITI process—is expected to publish a roadmap for disclosing beneficial ownership information by January 2017.

From January 2020, it will be required to include the beneficial owners of extractive companies in EITI reports.

## MYANMAR EITI TIMELINE



# HOW DO COMPANIES HIDE BENEFICIAL OWNERSHIP?





### FAMILY MEMBERS AND ASSOCIATES

A “trust” is a relationship where one person holds property for the benefit of another. Family members, business associates or friends may stand in for beneficial owners.



### SHELL COMPANIES

“Shell companies” are used to hold assets or serve as a vehicle for business transactions. These companies may obscure the beneficial owners of a business.



### ALIASES

Beneficial owners may hide their interests by registering under false names, or “aliases,” if there is no means to confirm the owners’ identity.



### POLITICALLY EXPOSED PERSONS (PEPs)

These are individuals entrusted with prominent public functions. To avoid the abuse of this role—through bribery, money laundering, or other means—it is especially important to disclose PEPs’ business activities.

# SEVEN STEPS TO BENEFICIAL OWNERSHIP TRANSPARENCY IN MYANMAR



## SET A CLEAR BENEFICIAL OWNERSHIP DEFINITION

The definition should make clear that only “natural persons” (not companies or trusts) can be beneficial owners. If a minimum threshold for disclosure is set in terms of ownership or control, it should be very low.



## AGREE ON IDENTIFYING INFORMATION FOR BENEFICIAL OWNERS

Information about beneficial owners should include, at minimum:

- Full legal name
- Name and role of any politically exposed persons (PEPs)
- Identifying details, such as an NRC number
- Means of control over the company
- A signed statement by senior company management verifying fullness and accuracy of information



## AGREE ON THE SCOPE AND TIMEFRAME FOR DISCLOSURES

The timeframe and scope of disclosure established should take into account local capacity, as well as requirements under the international EITI framework. Myanmar could begin by implementing disclosure among oil, gas and mining companies before broadening to other companies.

4.



#### ESTABLISH A CLEAR FRAMEWORK FOR DATA COLLECTION

Beneficial ownership disclosure should ideally be obligatory when a company:

- First incorporates
- Files annual reports
- Applies to bid for extractive licenses or other public contracts
- Signs a significant oil, gas, or mining deal with the government
- Has any significant change in beneficial ownership (within a reasonable timeframe after the change occurs)

5.



#### ESTABLISH ACHIEVABLE PROCESSES FOR CONFIRMING INFORMATION

Data collectors should have access to relevant documents in order to conduct random investigations and deeper audits of companies where concerns have been raised.

6.



#### PUBLISH INFORMATION IN AN OPEN DATA FORMAT

Information should be publicly available without restrictions on access. It can be linked to Myanmar's corporate register, and ideally to a global register of beneficial ownership. Beneficial ownership information can also be incorporated into license registries, cadasters, and EITI reports.

7.



#### COMMIT TO IMPROVING EXTRACTIVE INDUSTRIES GOVERNANCE

Stakeholders should combine beneficial ownership data with other public resources to strengthen due diligence and oversight.

## FOR MORE INFORMATION



BENEFICIAL OWNERSHIP:  
TACKLING HIDDEN COMPANY  
OWNERSHIP THROUGH  
MYANMAR'S EITI PROCESS

**NRGI & Global Witness |  
September 2016**



OWNING UP: OPTIONS FOR  
DISCLOSING THE IDENTITIES  
OF BENEFICIAL OWNERS OF  
EXTRACTIVE COMPANIES

**NRGI | August 2015**

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