



GOVERNMENT OF BERMUDA

The Ministry of Finance

Ministry of Finance Headquarters

Ministerial Statement

To the House of Assembly

By

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Bermuda's G8 Beneficial Ownership Action Plan

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Mr. Speaker, I am pleased to be able to provide the House of Assembly with an update on Bermuda's G8 Beneficial Ownership Action Plan.

Mr. Speaker, in 2013, the G7 (formerly G8) agreed a set of common principles (the "Principles") designed to tackle the misuse of companies and legal arrangements. The Principles provided that beneficial ownership information on companies should be accessible onshore to law enforcement, tax administrations and other relevant authorities and that that information could be made available through central registries of company beneficial ownership and basic information at national or state level.

Mr. Speaker, it is instructive to note that the Principles included a provision which recognizes that one-size-fits all approach may not be the most effective and that the endorsement was made subject to each G7 member's constitutional arrangements.

Mr. Speaker, in 2014, the G7 restated its commitment to transparency by expanding the options available to all countries to include an option to develop a legislative regime which permits beneficial ownership information to be made available either through central registries or other appropriate mechanisms.

Mr. Speaker, while the G7 has declared that the Principles would be consistent with the Financial Action Task Force (the "FATF") standards on transparency and beneficial ownership, the Government of the United Kingdom has adopted a different approach which not only exceeds FATF standards but also exceeds the G7's commitment set down in the Principles. In that context, the Government of the United Kingdom committed to implement a publicly accessible central registry of beneficial ownership information. Legislation that will introduce a public register of company beneficial ownership in the UK is currently passing through Parliament.

Mr. Speaker, it is important to note that the Government of Bermuda established a legislative framework over 70 years ago, requiring persons wishing to incorporate in Bermuda to provide central authorities with information on the proposed ultimate beneficial owner (s) of a business. Ironically, there is currently no requirement in the United Kingdom for this information to be filed with a UK central authority.

This statement is intended to provide the House of Assembly with an update on activities undertaken by the Government of Bermuda to date.

Mr. Speaker, following the 2013 G7 meeting, the Government of Bermuda was asked to publish its G8 Beneficial Ownership Action Plan by the Government of the United Kingdom and to consider whether Bermuda together with other Overseas Territories and Crown Dependencies would be willing to consider the UK model as opposed to the G7 model. Given the nature and scope of the request, the Government of Bermuda was required to consult with industry, accordingly.

Mr. Speaker, since early 2013, the Government of Bermuda has been engaging with industry stakeholders with regard to the UK's request and the appropriate actions for Bermuda to take in response. This consultation concluded that there is overwhelming support for Bermuda's present disclosure regime and that Bermuda should not move to the new model of regulation until its adoption by Canada, the United Kingdom and the United States of America. Moreover to do without simultaneous similar action by competing jurisdictions would put Bermuda at a significant competitive disadvantage and severely damage our economy. This position is supported by the Cabinet of Bermuda. The Government of the United Kingdom has been advised of the Government of Bermuda's position by way of meetings with the FCO and HM Treasury, accordingly.

Mr. Speaker, I wish to reiterate that it has, of course, never been the case that we simply adopt recommendations blindly or unthinkingly. That is not the Bermuda way. The Government of Bermuda is fully committed to meeting high standards and international best practice. But we also continue to see it as critical that regulatory regimes remain appropriate, having regard to the particular nature of our

business and to the particular risks inherent within it. That means that we undertake a careful review of all changes to ensure they are suitable or whether alternative avenues may offer a better or more appropriate route. And, as we always do, we will carry forward that process in an open and transparent way, involving fully the industry and other stakeholders in the positive dialogue that we consider has offered so much to the overall effectiveness of our framework.

Thank you, **Mr. Speaker.**