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**Attachments:** [Response to BC PBOR consultation.pdf](#)  
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[ATT00002.htm](#)

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On behalf of Michael Barron Consulting and Engaged Consulting, I am pleased to submit the attached response to the British Columbia Government's Consultation on a Public Beneficial Ownership Registry.

Both consulting companies are United Kingdom-registered independent consultancies with considerable expertise in addressing the challenges of implementing a public beneficial ownership register.

We acknowledge that this response will be shared with agencies within the government and may become publicly available.

Regards

Michael Barron

## Response to British Columbia Government's Consultation on a Public Beneficial Ownership Registry

### Introduction

This response to the British Columbia Government's Consultation on a Public Beneficial Ownership Registry is provided on behalf of two United Kingdom-registered independent consultants who have developed considerable expertise in supporting the implementation of public beneficial ownership registries in a variety of jurisdictions. The two consultants are:

**Michael Barron**, Director of Michael Barron Consulting, who has a background in the oil and gas sector, having worked in the government relations function for BG Group (British Gas). In this role, he managed the company's relationship with the Extractive Industries Transparency Initiative (EITI). He has been an independent consultant since June 2014.

**Tim Law**, Director of Engaged Consulting, a UK-based chartered accountant with more than 25 years' experience. Tim is the founder of Engaged Consulting, an independent consulting firm and ICAEW<sup>1</sup> Member Firm formed in 2014, and has been involved in transparency and governance policy debates since the early 2000s.

Michael and Tim have collaborated to deliver a number of beneficial ownership projects, including:

- In Azerbaijan, supporting the implementation of a public beneficial ownership register for the extractive sector, funded by the Asian Development Bank,
- In the United Kingdom, acting as two of the three co-authors for a paper for the Department for International Development (DFID) entitled "Towards a Global Norm of Beneficial Ownership Transparency"<sup>2</sup>,
- In Trinidad and Tobago, supporting the implementation of EITI beneficial ownership requirements including a gap analysis, designing a new reporting template and register and providing recommendations on future actions,
- In Ghana, as members of a team supporting the government with the implementation of an economy-wide public register of beneficial ownership.

The responses below are based on our collective experience in delivering beneficial ownership transparency projects, our need to comply with the United Kingdom's beneficial ownership reporting obligations and our use of the United Kingdom's public beneficial ownership registry.

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<sup>1</sup> Institute of Chartered Accountants in England and Wales [www.iceaw.com](http://www.iceaw.com)

<sup>2</sup> [https://issuu.com/adamsmithinternational/docs/towards\\_a\\_global\\_norm\\_of\\_beneficial\\_ownership\\_9f6920e1fce9a4?e=17200343/68429367](https://issuu.com/adamsmithinternational/docs/towards_a_global_norm_of_beneficial_ownership_9f6920e1fce9a4?e=17200343/68429367)

## Consultation Topics

### *Government-Maintained Transparency Registry*

1. How would the requirement to provide the information in your transparency register to government impact your operations?

The requirement to report beneficial ownership to a government registry and to report any changes does not pose a significant compliance burden or cost. It therefore has little impact on our operations. Moreover, in the case of the UK's registry, the benefit of having access to beneficial ownership information through a public register far outweighs any compliance burden. Access to such information plays a valuable role in risk management and understanding who we are doing business with.

2. Are there any steps that could be taken to streamline the process, including the uploading process?

In general, beneficial ownership reporting processes are best combined with other corporate filing obligations to streamline the process and minimise any reporting burden.

We cannot comment specifically on the B.C. process as we are not subject to its requirements.

3. Are there any types of B.C. private companies you think should be exempted from the requirement to upload information? If so, why?

All private companies registered in B.C., whatever the size and business activity, should be obliged to report beneficial ownership information. The only exemption could be for companies listed on a recognised stock exchange. In such cases, the company should be obliged to provide details of its listing.

4. Should B.C. change the share ownership threshold from 25 per cent to 10 per cent for determining beneficial ownership?

There is a global trend towards thresholds lower than the 25% provided in FATF Recommendation 24. Lower thresholds provide a greater degree of transparency on the natural persons owning companies. It also reduces the risk of individuals (perhaps all belonging to the same family) dividing a large ownership stake to disguise ownership. There are also cases where a beneficial owner may have a low ownership stake but hold disproportionate influence, perhaps because they are a politically exposed person.

5. Should a B.C. registry of beneficial ownership be linked with those in other Canadian jurisdictions?

Yes. To maximise effectiveness, the B.C. register should be linked to registers in other Canadian jurisdictions and, if possible, to other registers globally. This allows complex ownership structures to be traced across jurisdictions and reduces the scope for criminals to hide behind structures that stretch across jurisdictions.

#### *Public Access to Government Maintained Transparency Registry*

6. How will publicly available beneficial ownership information impact your operations?

Publicly available beneficial ownership information has a positive impact on our business. It contributes to effective and low cost due diligence on potential clients and other business partners. In common with many SMEs, we do not have the managerial or financial resources to commission due diligence enquiries from third parties. Research in the UK suggests that SMEs are among the most frequent users of the UK's register.<sup>3</sup>

7. In your opinion, what degree of searching should the public have?

The public should have full searchability with API technology. Along with full searchability, the register should have a facility to report discrepancies. This allows users to make optimum use of the information. It also allows users to play a role in verifying information in the register through detecting and reporting discrepancies with other legally available information.

#### *Protection of Personal Information*

8. Are there any reasons to limit/expand the availability of information on the registry beyond what is described above in Chart 2?

The information available to the public on the registry should also include the level of ownership in the company, the date that the person became a beneficial owner and the date of the last change or reconfirmation. This information will allow users to make decisions on the risk profile of the beneficial owner and will also play a role in verifying the accuracy and timeliness of the information.

9. Are there other situations in which an individual's information should be obscured other than the scenarios described above?

There are no other reasons, other than those described in the scenarios given, that information should be obscured. The criteria for redacting information should be tightly drawn and only apply if information in the register, and not otherwise in the public domain, presents a personal safety risk. For example, being a high net worth individual or a business owner with a high profile is not sufficient reason. That information is probably already publicly available through other means e.g. social media.

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<sup>3</sup> <https://www.gov.uk/government/publications/companies-house-data-valuing-the-user-benefits>

### *Verifying Beneficial Ownership Information*

10. What role should government play in making sure the beneficial ownership information is correctly reported?

Government should play both a proactive and reactive role in verifying information in the register in order to maximise the public good of that information. A register containing unverified information is of limited use and cannot be relied up on by users. Government actions could include legislating to oblige certain users (e.g. banks, accountants and lawyers) to report discrepancies (as is now the case in the UK), enforce reporting provisions (especially in cases where there is repeated non-compliance), proactively investigate any suspicious activity in new company registrations or changes in beneficial owners, undertake screening of owners against other databases (e.g. international sanctions lists) and conduct spot checks on the information.

11. If there were a cost to search the database, would that change the way you interact with the beneficial ownership database?

A search fee may limit the use of the database to only urgent cases or enquiries where there are clear red flags or high risks.

An alternative is to charge companies for submitting information to the register, as is the case in the UK.

### *Compliance and Enforcement*

12. Do you support the use of administrative penalties to ensure compliance? If so, what range of penalties is appropriate in light of the anti-money laundering goals?

Administrative penalties are a useful measure to ensure compliance and should be sufficiently stringent to provide an effective deterrent.

13. Do you support the use of suspensions or dissolutions of the corporation by the Corporate Registrar to ensure accurate beneficial ownership information is provided? Why? Why not?

In the most serious cases, it is appropriate to suspend or dissolve corporations for failure to provide accurate beneficial ownership information.

### *Transparency Register for Other Entities*

14. How would a government-maintained registry of trusts impact your operations?

A register of trusts used for certain purposes would be a positive addition to a beneficial ownership register. In particular, in the case of employee-owned businesses where the employees' ownership is exercised through a trust. This would provide transparency of the ownership structure. In these cases, a trust could be used to disguise a situation where one

individual holds a large percentage of the company and other employees hold a much smaller share.

15. Should the public have access to a government-maintained registry of trusts? Why? Why not?

Given the wide number of uses for trusts, it is not appropriate for the public to have full access to a government-maintained register of trusts. Public access should be granted for trusts used for certain purposes as set out in the response to question 14.

16. If a registry of trusts is created, what would be an appropriate consequence for noncompliance?

There should be a series of escalating consequences for non-compliance from modest administrative fines through to prosecution and dissolution of the trust in the most serious cases.

17. How would increasing the information collected about partnerships impact your operations?

Increasing the information on partnerships and in particular limited partnerships, would have a positive impact through increasing transparency of a common means of business ownership.

18. If further information is required of partnerships, what would be an appropriate consequence for non-compliant partnerships?

As for question 16, a series of escalating consequences for non-compliance from modest administrative fines through to prosecution and dissolution of the partnership in the most serious cases.