
Beneficial Ownership Transparency: Compliance Assurance and Risk Management

Training Course

For the Representatives of the Private Sector

The aim of the training course

The training module is intended for the representatives of the private sector, and it is aimed at improving the participants' knowledge of the institution of beneficial ownership transparency, its importance, as well as the applicable legal requirements in the territory of the Republic of Armenia. The capacity building of the participants shall enable them to ensure their compliance with legal regulations and manage potential risks.

The description of the training course

Money laundering schemes are often managed by individuals that hide behind numerous transactions and organizations and attempt to launder their criminal proceeds through complex corporate structures and transnational flows of funds. Major cases of corruption and money laundering often involve foreign actors and complex schemes, and law enforcement agencies face challenges in obtaining evidence and identifying those responsible.

The training course addresses the issue of how the international standards for beneficial ownership transparency have been developed to prevent the abuse of legal persons and entities by criminals. The representatives of the business sector shall be introduced to the meaning of the term "beneficial ownership" and its role in the domestic anti-money laundering systems. The aim

of the training course shall be to study the domestic rules for identifying beneficial owners among legal entities, the results of creating and adding a unified register, as well as the best practice.

Within the framework of the training course, various questions related to beneficial ownership transparency shall be addressed. At the end of the training course, the participants shall be able to:

- Understand the importance of the reform related to beneficial ownership transparency for business;
- Understand the meaning of the term “beneficial ownership” in the context of international practices and domestic legislation;
- Learn about the international standards for the disclosure and publication of information on beneficial ownership;
- Learn about the legal requirements for identifying beneficial owners among legal entities in the territory of the Republic of Armenia;
- Understand the risks of not meeting the beneficial ownership transparency requirements;
- Master the technical and content-related characteristic features to submit the beneficial ownership declaration;
- Learn about international best practices of beneficial ownership transparency.

The structure of the training course

Topic 1: The Development and Objectives of the Requirements for Identifying Beneficial Ownership

Within the framework of this topic, the meaning of the concept “beneficial ownership” shall be explained, the differences between the terms “legal ownership” and “beneficial ownership” shall be studied, and the importance of identifying those that are behind the flows of funds and legal entities and that control them in the context of the fight against corruption and money laundering shall be presented. The participants shall learn about the importance of the BO reform for business, the main international documents containing the beneficial ownership transparency requirements, and the latest trends, especially from the viewpoint of introducing beneficial ownership open registers of legal entities and monitoring data reliability.

Useful links:

- “What is beneficial ownership transparency?”, *Open Ownership*, online [here](#).
- *The grounds for adopting Law N° HO-246-N “On Making Amendments and Additions to the Law on State Registration of Legal Entities, Separate Divisions of Legal Entities, Enterprises, and Private Entrepreneurs,” dated as of June 3, 2021, and related draft laws; Paragraphs 33-39; online [here](#).*
- *Guidance on Beneficial Ownership of Legal Persons, March 2023, FATF, paras 1-10, online [here](#).*
- *Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015, Article 3 (6), online [here](#).*

Topic 2: The Role of Identifying Beneficial Ownership in Domestic Systems in the Fight Against Money Laundering and Terrorism Financing

Within the framework of this topic, the participants of the training course shall learn about the list of reporting persons in the domestic system in the fight against money laundering and terrorism financing, the responsibilities of these individuals to exercise due diligence on their clients, including also the responsibilities to identify beneficial owners among clients. A brief reference shall also be made to the regulations related to verifying the identity of beneficial owners among clients, storing the collected data, and making them available to the competent authorities.

Useful links:

- *International Standards for the Fight Against Money Laundering, Terrorism Financing, and Proliferation Financing of Weapons of Mass Destruction, FATF Recommendations (February 2012), Recommendation 10, Recommendations 17-19, online [here](#).*

- Law “On Combating Money Laundering and Terrorism Financing,” Article 3, Article 16, Article 22.

Topic 3: The Formation of Beneficial Ownership Unified Registers of Legal Entities and the Introduction of Declaration Requirements

During the discussion of this topic, the participants shall be presented with the international trends in creating beneficial ownership state registers of legal entities, as well as the history of introducing the beneficial ownership declaration system of legal entities in the territory of the Republic of Armenia. The participants shall be especially introduced to:

- The cases and rules since 2009 for submitting the beneficial ownership declaration of legal entities in accordance with the procedure approved by the Central Bank Board;
- The steps undertaken on the basis of the initiative to identify beneficial ownership of legal entities in the mining industry;
- The chronology of introducing the universal declaration system of all legal entities registered in the territory of the Republic of Armenia.

The participants shall also be introduced to the comparability of the information collected in the beneficial ownership register with the information available in the databases of the Corruption Prevention Commission, as well as the current situation related to identifying beneficial ownership in the field of public procurement.

Useful links:

- *Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015, Article 30 (3).*
- *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation, (2012-2023) FATF, Interpretive Note to Recommendation 24 (Transparency and Beneficial Ownership of Legal Persons), 7 (b) (i), online [here](#).*
- *Decision № 20-N of the Central Bank Board, dated as of January 27, 2009, online [here](#).*
- *Armenia received the highest rating of “satisfactory progress” based on the results of the validation to identify beneficial ownership, dated as of 10.06.2021, online [here](#).*
- *Law № HO-246-N “On Making Amendments and Additions to the Law on State Registration of Legal Entities, Separate Divisions of Legal Entities, Enterprises, and Private Entrepreneurs” dated as of June 3, 2021; Article 9; online [here](#).*
- *Law “On Public Service” 42 (1)*
- *Law “On Procurement,” Article 28 (2) (2)*

Topic 4. The Rules for the Organizations Registered in the Territory of the Republic of Armenia Aimed at Identifying Beneficial Ownership of Legal Entities

Within the framework of this topic, the responsibilities related to identifying beneficial ownership of legal entities registered in the territory of the Republic of Armenia shall be presented, as well as the responsibilities related to the declaration procedure. The participants shall learn about:

- The due diligence and document retention requirements for organizations;
 - The submission deadlines for beneficial ownership declaration, including the amended information;
 - The electronic system of beneficial ownership declaration and the rules to use it;
 - The cases of state duty collection for the registration of the declaration and the amount of state duty charged;
 - The volume of the information to be submitted in the declaration and the types of documents to be submitted with the declaration;
 - The characteristic features of the companies with listed shares.
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Useful links:

- *Law “On State Registration of Legal Entities, Separate Divisions of Legal Entities, Enterprises, and Private Entrepreneurs”; Chapter 12.1.*
- *Order № 416-N of the RA Minister of Justice, dated as of August 30, 2021, online [here](#).*
- *Electronic [system](#) of beneficial ownership declaration*
- *Useful [materials](#) related to filling out beneficial ownership declarations.*
- *Useful [materials](#) on beneficial ownership declaration developed by the Freedom of Information Center of Armenia.*

Topic 5: The International Trends in the Formation of Open Beneficial Ownership Registers of Legal Entities in the Context of Personal Data Protection

Within the framework of this topic, the issue of balancing the interests of having an open beneficial ownership register of legal entities in the context of personal data protection and privacy guarantees shall be discussed with the participants. The participants shall be presented with the decision of the Court of Justice of the European Union, whereby the requirement of the EU directive to make beneficial ownership data of organizations available to any member of the public in all cases was declared invalid.

Useful links:

- *Law “On State Registration of Legal Entities, Separate Divisions of Legal Entities, Enterprises, and Private Entrepreneurs”; Article 6.*
- *Data protection and privacy in beneficial ownership disclosure, 20 May 2019, The B Team, The Engine Room, Open Ownership, online [here](#).*
- *Press release No 188/22 22, Court of Justice of the European Union, November 2022, online [here](#).*

Topic 6: The Consequences of Violating the Transparency Requirements of Beneficial Ownership of Legal Entities

In the framework of this topic, the participants shall be presented with the legal consequences of violating the requirements for identifying beneficial owners among legal entities. Particularly, the possible cases of compulsory liquidation of a legal entity by court order, the grounds for administrative liability and applicable sanctions, as well as the incentive norm established for the cases of administrative liability shall be discussed. The possible cases of criminal liability and applicable sanctions shall also be introduced to the participants.

Useful links:

- *Law “On State Registration of Legal Entities, Separate Divisions of Legal Entities, Enterprises, and Private Entrepreneurs,” 60.5 (6).*
- *The RA Code on Administrative Offenses, Article 169.29.*
- *The RA Criminal Code, Article 294.*
- *Useful [materials](#) on beneficial ownership transparency reform developed by the Freedom of Information Center of Armenia.*