



## The 2019 Global Asset Registry workshop

### 1. Introduction

Wealth inequality poses serious risks to economies, to societies more broadly, and to the functioning of democracies. Wealth results in power and opportunities, which are unequally distributed. And yet the actual magnitude of wealth inequality is unknown because of the deep financial secrecy that surrounds it. The Global Asset Registry has therefore been proposed to provide the missing wealth data. In addition, a registry would also prove a vital tool against illicit financial flows, by ending impunity for hiding and using the proceeds of crime and corruption.

The Independent Commission for the Reform of International Corporate Taxation (ICRICT) held a conference in New York in September of 2018 to discuss a roadmap to a Global Asset Registry, as described in [this declaration](#).

A workshop to develop further the concept of a Global Asset Registry (GAR) took place at the Paris School of Economics on 1-2 July, 2019. The workshop was organised as a closed roundtable to foster dialogue and intervention from everyone on an equal footing, allowing experts to speak at a personal level (not necessarily on behalf of the institution they work for). The workshop's agenda and list of participants is available in the Annex.

The next sections give an overview of the discussions and some proposals endorsed by the workshop organisers. While comments and feedback from all participants have been received, this brief does not necessarily reflect the views of all participants or all institutions that attended the workshop.

### 2. Why a GAR?

Many countries, especially developed ones, already collect troves of information on their taxpayers or citizens either census, statistics, the provision of goods and services, the collection of taxes and the enforcement of laws, especially against wrongdoings. However, most authorities work in silos, collecting sometimes duplicated information but refusing to share that information with other authorities, either local or foreign ones. With every authority seeing only part of a person's wealth or income, hardly any authority ever gets to see the whole picture, that would allow other data to be revealed (eg if someone's wealth cannot be explained by their declared income). The GAR would work to break those silos, and allow relevant information to be centralised and accessible, enabling the analysis, cross-checks and red-flagging for all stakeholders to do their job.

The GAR, understood simply as a central database of assets and their owners, would be highly valuable for several purposes. First, it would enable the concentration of capital to be calculated, as well as the consequent levels of global inequality. This would also allow countries to set up wealth taxes, if they wished to do so or at least to measure each person's overall contribution to society in the form of taxes based on their wealth. Second, the GAR would help in the fight against illicit financial flows and kleptocracy. In this regard, the GAR could allow tax authorities in developing countries, particularly the resource-rich countries, to track offshore assets held by their national elites. For example, by comparing a person's wealth revealed by the GAR and their declared income, authorities would be able to determine whether a person could justify their level of wealth, or whether there are suspicions of unjustified enrichment or even worse, corruption or money

laundering to be further investigated<sup>1</sup>. A well-functioning GAR would be able to detect and red-flag cases even for people about whom there are as yet no suspicions of wrongdoing yet. While sophisticated criminals would be unlikely to hold assets under their own name, the GAR would be able to spot the nominees (eg family members, friends, drivers, gardeners, etc) whose declared income does not match their wealth, and who are likely exploited to hold the criminal's assets. A GAR would help law enforcement to pursue investigations in a more effective and/or timely manner. It would also facilitate international cooperation and access to information that is held abroad. Related to this, a GAR would also facilitate asset recovery, given that it would contain the details of criminal's assets and their location.

Lastly, the GAR would also help regular citizens and businesspeople. A well-functioning GAR would allow wealth tax returns and asset declarations to be pre-populated (pre-filled), simplifying the job for regular citizens who would only need to confirm the information. It would also allow financial institutions, investors, tort victims and other actors to obtain necessary information to fulfil their obligations or goals. For example, it will be easier for banks to perform customer due diligence on account holders. Investors could prevent fraud by ensuring that those offering business opportunities actually own the assets. For voluntary creditors and tort victims it will be easier to collect their debt.

### 3. Transparency building blocks towards a GAR

There are three global transparency advancements that could serve as building blocks towards a global asset registry. The first one refers to **beneficial ownership registries**. These are a key development because the GAR would be useful only if the individuals who ultimately own, control or benefit from assets (the "beneficial owners") are known. If individuals are allowed to hold assets through secretive entities it will not be possible to measure wealth concentration and inequality, nor to prosecute financial criminals (because their identities will remain hidden). Beneficial ownership registries have started to be implemented in many countries, especially in the European Union. The approval of the amendment to the EU's 4<sup>th</sup> anti-money laundering directive (referred to as AMLD 5) requires public beneficial ownership registries for companies and legal persons. However, beneficial ownership registration is triggered only when an EU company is incorporated, but not when a foreign company owns EU assets such as real estate. In the case of trusts, while new acquisitions of real estate will trigger registration, access to trusts' beneficial owners will not be public, but only after proving a legitimate interest. In other words, existing laws for beneficial ownership registration in the EU may not cover all relevant legal vehicles that own assets in a given country. To address this loophole, either the GAR (or national registries) should start collecting asset ownership information at the beneficial ownership level, or beneficial ownership registration laws should expand their scope to cover any foreign or local legal vehicle that owns assets in the country.

The second advancement refers to the OECD's **Common Reporting Standard (CRS)** for automatic exchange of bank account information. Positively, more than 100 jurisdictions committed to implement it. Nevertheless, the United States is still refusing to implement it and many lower income countries are not able to meet all the conditions imposed by the OECD to join the system. In addition, while the CRS covers financial account information (eg depositary accounts and custodial

---

<sup>1</sup> For example, the UK has started to issue "Unexplained Wealth Orders" against foreign politically exposed persons or persons that have been involved in serious crimes, who own assets worth more than GBP 50,000, where the suspect's known income would be insufficient to obtain the asset: <https://www.transparency.org.uk/unexplained-wealth-orders-a-brief-guide/>; and <https://www.occrp.org/en/daily/7724-first-ever-uk-unexplained-wealth-order-issued>

accounts) other assets relevant for the GAR are not included, such as real estate, cash, art or gold held in freeports or safe deposit boxes, or crypto-assets such as bitcoins. When the OECD starts developing the CRS upgrade, it will be important to expand its scope to cover some of these currently excluded types of assets.

The third relevant transparency framework refers to ownership information about **real estate**. The EU is currently exchanging ownership information of real estate pursuant to the Directive on Administrative Cooperation (DAC 1) but only when such information is “available”. Nevertheless, AMLD 5 requires EU Member States to ensure their timely access to real estate ownership information and to possibly interconnect registries.

#### **4. The ideal GAR scope and access**

A comprehensive and effective GAR could function as a global inventory of all relevant assets. This would serve all purposes (measuring inequality, tackling illicit financial flows related to tax abuse, money laundering and corruption). While workshop participants held different views in relation to access to ownership information, publicity of information (possibly depending on the status of the person as a public official or not) would ensure access to data by all relevant stakeholders, both local and foreign: authorities, obliged entities, civil society organisations, journalists, etc. Importantly, public access would free resources from those managing the GAR (otherwise they would need to handle each request for information). It would also prevent tipping anyone off, and it would help protect the life of journalists who are investigating corruption or money laundering cases. Public access would ultimately be about challenging the current power structures. Powerful people (authorities, secret services, big companies, lawyers, hackers) already have access to a trove of personal information on many people. It is the regular people who know little about those in power.

#### **5. Alternative intermediary steps towards a GAR**

Given the current lack of ownership information related to most assets, and the different cultural and legal frameworks in most countries about public access to financial information, it is likely that intermediary steps will be necessary as first steps towards the GAR.

In relation to the GAR’s scope, there are different approaches. On the one hand, from a systemic, macro or significance approach, the GAR could start with assets known to be related to wealth concentration and holdings of the top 0.01%. This would include real estate and financial wealth. On the other hand, from a corruption and money laundering perspective, real estate and luxury assets such as yachts and private jets, art or jewellery would be very relevant, even if their existence and ownership is harder to track. Another approach would be to start with existing asset registries, such as real estate and cars, that are registered in most countries.

##### **5.1 Start from existing asset registries**

The first option is to start with existing asset registries given that there is already ownership information about them and that they are already considered relevant either for the well-functioning of the market economy or for tax purposes.

The obvious choice, given their availability and relevance for all purposes is to start with registries for immovable property (land and buildings). The process could involve three steps, starting from the easiest:

- i. Interconnecting existing real estate registries and publishing information, at least statistical data.

- ii. Ensuring there is beneficial ownership information about each unit of land or real estate, either because the immovable property register collects beneficial ownership information, or because the country has a beneficial ownership register that requires registration for any legal vehicle owning real estate in the country.
- iii. Ensuring the entire territory of a country is covered, including all existing buildings.

After the immovable property register is upgraded and interconnected, or in parallel, the partial GAR could start collecting information about other low-hanging fruit, meaning assets which are already subject to registration. The most likely options would include luxury cars, yachts and planes. A third step could include art, antiques and other valuables held in freeports, open warehouses or banks' safe deposit boxes.

## **5.2 Increase transparency for financial assets**

The second option relies on increasing transparency for financial assets given that they are a key component of wealth, even if there are no current asset registries.

This would entail starting with creating registers of listed securities that involve central securities depositories (CSDs). Upgrades would involve extending the registration of end-investor information for private equity and unregulated financial instruments as well as crypto-assets. A complementary source of information would be upgrading the CRS to collect and report information about the details of the securities held by each account holder of custodian accounts (currently, the CRS only cover the total value and income held in custodian accounts, but not the specific securities held there):

- i. CSDs should establish segregated accounts where each end-investor is identified. One possibility would be the application of blockchain technology for this purpose. If proven impossible, in the short term, each intermediary should report the list of end-investors and their percentage holdings so that the CSD may publish the percentage of each security owned by each end-investor, without disclosing through which custodial institutions and funds the securities are held. For example, a CSD would publish: "0.00001% of Apple is owned by John Smith (through a number of undisclosed intermediaries, including investment funds and custodial banks)".
- ii. The CSD should also centralise information about private equity and currently unregulated financial instruments that are traded over the counter. The only way to exempt private equity from CSD registration is for example for companies whose owners are already published in beneficial ownership registries.
- iii. The CSD, or an alternative register should then centralise information about crypto-assets.
- iv. The OECD's CRS for automatic exchange of information could complement information held by CSDs by requiring custodial institutions to collect and report information about the securities held by each account holder, and by requiring institutions issuing, trading or exchanging crypto-assets to be covered by the CRS reporting obligations.

If CSDs will only cover information at the end-investor level, countries should establish beneficial ownership registries to allow the identification of the beneficial owners of the end-investors.

## 6. Transparency to track progress

While the ideal GAR should involve public access to beneficial ownership information of assets, either aggregated or in detail depending on the person (eg for politically exposed persons), until the GAR or any of the intermediary steps take place, governments should publish some information to allow civil society, academia and journalists to track progress in the measuring of inequality and the fight against illicit financial flows.

While governments should publish data or at least statistics on any new advancement towards the ideal GAR, including any of the two intermediary alternatives mentioned above, governments should also publish information about current asset registries or transparency advancements, and how they are addressing inequality and the fight against illicit financial flows.

Public statistics should refer to:

- i. Overall taxes paid (including a decomposition with income tax, wealth and property tax, capital gains tax, etc), total net wealth and income (including decomposition by asset categories: stock, bonds, mutual funds, real estate, etc.) and numbers of individuals (including a decomposition between residents and non residents) by net wealth bracket (e.g. net wealth below USD 1K, between 1K and 10K, between 10K and 100K, between 100K and 1 million, 1 million and 10 million, 10 million and 100 million, 100 million and 1 billion, etc.). Government should make clear how they used domestic and international automatic exchange of bank information and other registers and surveys in order to produce this information. They should also publish an evaluation of the extent to which the new exchanges based on the CRS allowed them to improve over time the monitoring and taxation of high wealth holders.
- ii. Investigations, convictions and asset recovery related to tax abuse, money laundering and corruption cases, indicating the values involved.
- iii. Percentage of land (out of the total national territory) for which there is ownership information, indicating whether the land is owned by individuals or legal vehicles, and indicating concentration by land area and value of owned land.
- iv. Automatic exchange of bank account information (exchanged based on the CRS) indicating the total number of accounts and their values (balance account and income) held by non-residents in each country, as well as held abroad by a country's residents. CRS statistics should also have information about the residency of legal and beneficial owners (to understand what types of entities and from which countries are chosen by a country's residents to hold their foreign bank accounts), the number and type of financial institutions that are reporting information, and other details to determine the effectiveness of automatic exchange of information. See for example the Tax Justice Network's proposed [template for CRS statistics](#), [explanations on how to use CRS statistics](#), and [examples of countries already publishing CRS statistics](#).
- v. The public statistics mentioned above should be compared year after year to determine the effectiveness of the new transparency advancements (eg beneficial ownership registries, automatic exchange of information, interconnected real estate registries, etc) and see whether governments are achieving better results in measuring and addressing inequality, as well as to tackle illicit financial flows.

## **7. Next steps**

The Independent Commission for Reform of International Corporate Taxation (ICRICT) is running a feasibility/gap study in the UK for the establishment of a (local) GAR. This could be replicated for other countries, especially in the EU, which is at the vanguard of transparency advancements. It would be especially relevant to cover also other financial centres, such as the United States where most of the global elites have investments.

In parallel to this, the GAR workshop organisation team will be working on the preparations for the next workshop to start developing pending issues, including:

- Defining the scope and developing the GAR concept into a full-fledged (political) proposal. More stakeholders and different voices will be included.
- Proposing governance issues about the GAR: who should host it, who should have access to it, and how it may be used by different stakeholders.
- Technical requirements: how data should be standardised to start interconnecting existing registries (this will also cover relevant data security issues).

Lastly, the GAR workshop organisation team will try to coordinate responses and cooperation within participants about any open proposal to improve or upgrade current transparency frameworks, such as further amendments to relevant EU Directives (eg AMLD 5, DAC), an OECD reform to widen the scope of the CRS, etc.

## Annex

### Global Asset Registry Workshop– Agenda

Location: Paris School of Economics

<b>JULY 1</b>		
8.30-9.00	Registration	
9.00-10.00	1) Welcome, introduction & expectations/elevator pitch	<p>Thomas Piketty (Paris School of Economics / ICRICT)</p> <p>Toby Quantrill (Christian Aid / ICRICT)</p>
10.00-11.30	2) Where are we now? Current transparency frameworks	<p>-Beneficial ownership: Andres Knobel (Tax Justice Network)</p> <p>-Automatic exchange of bank account information: Philip Kerfs (OECD)</p> <p>-EU access to real estate information: Sebastian Mack (Greens in the EU Parliament)</p> <p>-Asset declarations: Maira Martini (Transparency International)</p>
11.30-11.45	<i>Coffee break</i>	
11.45-13.00	3) Current cases of registration of immovable and movable property	<p>-Land registration in the UK: Guy Shrubsole (Who owns England)*</p> <p>-Real estate registration in Germany: Christoph Trautvetter (Tax Justice Network Germany)</p> <p>-Yachts and planes registration in the US: David Szakonyi (George Washington University)</p>
13.00-14.00	<i>Lunch</i>	
14.00-15.15	4) Current cases of registration of intangibles	<p>-Central Securities Depositories: Delphine Nougayrede (Columbia Law School)</p> <p>-Investment entities and AML: Joshua Kirschenbaum (German Marshall Fund)</p> <p>-Crypto-currencies: Lahis Pasquali Kurtz and Gustavo Ramos Rodrigues (Institute for Research on Internet and Society)</p>

15.15-15.30	<i>Coffee break</i>	
15.30-17.00	5) Access to information: confidential or public?	-Data and Human Rights: Sergio Chaparro Hernández (Center for Economic and Social Rights)* -Public access: Chris Taggart (Open Corporates) -Public access: Naomi Hirst (Global Witness)
<b>JULY 2</b>		
8.30-9.00	Registration	
9.00-10.00	6) Summary of day 1: what we take forwards	[Moderator]
10.00-11.30	7) Arguments in favour of a Global Asset Registry?	-Inequality: Thomas Piketty (Paris School of Economics / ICRICT / WIL) -Wealth: Gabriel Zucman (Berkley University / ICRICT / WIL) -Law enforcement: Karen Greenaway (former FBI)
11.30-11.45	<i>Coffee break</i>	
11.45-12.30	8) Conclusions and next steps	[Moderator]



## Global Asset Registry Workshop – List of Participants

(including those participating remotely\*)

Name	Institution
Andres Knobel	Tax Justice Network
Andrew Clarke	Luminate
Brooke Harrington*	Copenhagen Business School
Chris Taggart	Open Corporates
Christoph Trautvetter	Tax Justice Network-Germany
David McNair*	ONE
David Szakonyi	George Washington University
Delphine Nougayrede	Columbia Law School
Elise Bean*	former US Senator Levin's office (US Senate Permanent Subcommittee on Investigations)
Eva Joly	EU Parliament / ICRICT
Frederik Obermaier	Süddeutsche Zeitung / Panama Papers
Gabriel Zucman	Berkley University / ICRICT / WIL
Gary Kalman*	FACT Coalition
Gustavo Rodrigues	Institute for Research on Internet and Society (IRIS)
Guy Shrubsole*	Who owns England
Joshua Kirschenbaum	German Marshall Fund
Karen Greenaway	former FBI
Kiyoshi Nakayama*	IMF
Lahis Pasqualli Kurtz	Institute for Research on Internet and Society (IRIS)
Laure Gnassou	Researcher
Leo Czajka	World Inequality Lab
Louise Russell-Prywata	Open Ownership
Lucas Chancel	World Inequality Lab
Maira Martini	Transparency International
Maria Lopez*	Inter-American Center of Tax Administrations (CIAT)
Marijn Verhoeven*	World Bank
Mathilde Munoz	World Inequality Lab
Matthew Fisher-Post	World Inequality Lab
Monica Alonso*	Inter-American Center of Tax Administrations (CIAT)
Naomi Hirst	Global Witness
Olivia Ronsain	World Inequality Lab
Omaraly Blanco*	Inter-American Center of Tax Administrations (CIAT)

Philip Kerfs	OECD
Roberto De Michele*	Inter-American Development Bank
Sara Brimbeuf	Transparency International France
Sargon Nissan	Financial Transparency Coalition
Sebastian Mack	EU Parliament
Sergio Chaparro Hernández*	Center for Economic and Social Rights
Sol Picciotto*	BEPS Monitoring Group
Solvej Krause*	World Bank
Thanasak Jenmana	World Inequality Lab
Thomas Piketty	Paris School of Economics / ICRICT / WIL
Toby Quantrill	Christian Aid / ICRICT
Tommaso Faccio	ICRICT
Zoe Reiter	Transparency International USA