Risks in beneficial ownership disclosure

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What are the goals of disclosing BOs in the Kyrgyz Republic?

- Transparency – international recognition, FATF, KYC
- Building trust of the citizens towards the government
- Anti-corruption (National Sustainable Development Strategy)
- Making informed decisions when licensing
- Preventing unfair competition among applicants
A beneficiary is an individual, state, who is the final owner of a subsoil user and/or applicant for subsoil use rights through:

- a) direct and/or indirect ownership of 10 or more percent of shares or participatory units in authorized capital; and/or
- b) direct and/or indirect ownership of 10 or more percent of the votes of the supreme governing body; and/or
- c) direct and/or indirect appointment and/or recall of the members of governing bodies.

**Article 26. Suspension and termination of subsoil use rights**

- 6) Failure or discovery of failure by the subsoil user to provide accurate information about beneficiaries of the company.
Existing risks to the BO disclosure

1. BOs will not submit their data:
   1. Nominal owners of shares;
   2. Offshore registration;
   3. Lack of verification of data.

2. BO is a new term in our legislation

3. Protection of personal data, trade secret

4. Stock companies – stocks and bods market regulations, security holders

5. Possible resource nationalism
Risks identified by the Open Ownership

- Recommendation 3: the definition of Politically Exposed Person
- Recommendation 8: Data collection should be structured and include key points about all beneficial owners.
- Recommendation 11: Historical information should be stored rather than replaced.
- Recommendation 12: Publish information as structured data in BODS format, using unique, stable identifiers for all companies, branch companies and beneficial owners.
- Recommendation 13: Digitalize the submission process as much as possible.
- Recommendation 14: SCIESU should undertake basic verification to improve data quality and enable red flags to be surfaced.
Thank you!

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