

**Project on “Preventing Money Laundering and Terrorist Financing in Serbia”**

**TECHNICAL PAPER**

**Beneficial Ownership Disclosure Regime in the Republic of Serbia**

**Recommendations and Opportunities for Improved Effectiveness**

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The project “Preventing Money Laundering and Terrorist Financing in Serbia” aims at supporting Serbia in addressing the remaining Anti-Money Laundering/Countering Financing of Terrorism (AML/CFT) regulatory shortcomings thereby strengthening the country’s AML/CFT prevention and enforcement regime. This overall objective will be achieved by developing effective and sustainable framework for preventing and suppressing money laundering and terrorist financing in Serbia, inclusive of primary and secondary legislation, organisational solution, and specialisation.

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<b>AMLD</b>	Directive 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, as amended by Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018
<b>APML</b>	Administration for the Prevention of Money Laundering
<b>AML/CFT Act</b>	Law on the Prevention of Money Laundering and Terrorism Financing
<b>BO</b>	Beneficial(s) Owner(s)
<b>CA</b>	Competent authorities
<b>LBRA</b>	Law on the Business Registers Agency
<b>LCBRO</b>	Law on Centralized Records of Beneficial Owners
<b>OE</b>	Obligated Entities
<b>Registered Entities</b>	Entities referred to in article 2 of the LCRBO
<b>SBRA</b>	Serbian Business Register Agency

## EXECUTIVE SUMMARY

This technical paper (TP) is part of the Council of Europe project on “Preventing Money Laundering and Terrorist Financing in Serbia” (Project), funded by Sweden, which supports Serbia in addressing the remaining Anti-Money Laundering/Countering Financing of Terrorism regulatory and operational shortcomings by focusing on specific segments of the prevention and enforcement system where such issues have been identified.

This TP focuses on the increase of transparency of beneficial ownership (BO) information in Serbia. It consists of a review of the relevant multipronged regulatory framework on BO disclosure and provides observations, recommendations, and findings where enhancement measures could be implemented.

Through a preliminary desk review and a consultation phase conducted with a wide-ranging number of stakeholders, a first draft has been submitted to the authorities for review. The final version of the TP incorporates the observations and comments made by the stakeholders during a follow-up meeting where the initial findings were discussed.

This TP analyses both the operational and legal aspects of the BO multipronged disclosure framework. It is structured in 2 main sections, namely, (i) the operational aspects relevant for the FATF recommendations (i.e., adequacy, accuracy, up-to-datedness, timely accessible) as well as more transversal topics (i.e., control/verification/sanction mechanisms, interagency cooperation) and (ii) the legal aspects, or technical compliance of the framework to the FATF standards.

In each of those sections potential improvements are discussed and put forth for consideration, such as:

- Requiring additional information on the nature and extent of the interest held by beneficial owners (e.g., ownership structure and legal intermediary identity, supporting documents);
- Further integrating the central registry of beneficial owners with other base registries related to relevant assets of natural and legal persons;
- Implementing additional coordination and consultation processes between the relevant CAs (e.g., SRBA, APML, NBS) to assess and enhance the effectiveness of the available control, verification, and sanction mechanisms;
- Analysing the areas identified in relation to the legal framework (e.g., scope of the registered entities and exemptions, BO definition, foundations, and similar legal entities).

Finally, it is also discussed how those topics can be gathered and dealt with in dedicated workstreams (e.g., policy, legal, operational).

Serbia has an IT infrastructure with a high potential of integration, efficiency, and data analysis possibilities. The relevant authorities should be encouraged and supported to make the most of it and ensure it is used to its maximum potential.

