



**Observatoire Citoyen pour la Transparence Financière Internationale**

## **LETTRE OUVERTE AUX DÉPUTÉ(E)S EUROPÉEN(NE)S**

Strasbourg le 25/02/ 2013

**OBJECT:** Adoption of a European regulation on financial transparency of legal entities and structures

Dear Madam/Dear Sir ,

As a grassroots NGO, OCTFI (*l'Observatoire citoyen pour la transparence financière internationale*) has set itself one goal: to promote a democratic society based on justice, **for** and **with** all citizens. OCTFI bridges political lines of divide by uniting people in the belief that it is possible to live in a society that seeks to balance what's needed and what's fair, people who are committed to making this type of society work.

To our members, certain universal values are not for sale. In banning the traffic of human beings, of human organs and in condemning any violations that are damaging to human health, life and integrity, the international conventions adopted under the aegis of the United Nations, the Council of Europe and the European Union set clear limits to what is and what is not for sale.

Yet, these conventions are of no avail so long as criminal organizations are free to use shell companies, trusts and other forms of legal vehicles to engage in large scale dirty money laundering while hiding the illegal origin of those criminal assets. Once in the financial system, this money is then used by criminal organizations to expand their operations even more.

Because these legal schemes make it possible to obfuscate the financial flows, it is not possible to regulate the international financial system. It is indeed these legal arrangements which allow organizing corruption on a global scale.

On 15 september 2011, members of this Parliament voted a resolution « *Calls on the Commission to make the fight against anonymous shell companies in secrecy jurisdictions, enabling criminal financial flows, a key element of the upcoming reform of the Anti-Money Laundering (AML) Directive* » (para. 20).

In its report of 11 avril 2012 on the implementation of the Directive on the fight against money laundering, the Commission called for « *Including, either into the AML Directive or in another existing legal instrument in the company law area, measures to promote the transparency of legal persons/legal arrangements* ».

However, we believe that it would be more expedient to adopt a European Regulation dealing exclusively with the transparency of legal entities and structures. As a Regulation does not need transposing into national laws, which prevents any diverging legal provisions among Member States (unfortunately still a huge stumbling block to a coordinated response), it is about the only means to protect the financial system against criminal money flows.

This is the reason why call on you, as Members of this Parliament, to consider adopting a resolution inviting the Commission to submit a Proposal for a Regulation on transparency of legal entities and structures.

We do hope this request will meet with your approval and active support.

Chantal CUTAJAR  
Présidente de l'OCTFI