

THE ULTIMATE BENEFICIAL OWNER – A PILLAR OF FINANCIAL TRANSPARENCY AND CORPORATE INTEGRITY IN THE CONTEXT OF THE REPUBLIC OF MOLDOVA'S ALIGNMENT WITH EUROPEAN STANDARDS

UDC: [005.322.5:061.1EU]:347.73(478)
DOI: <https://doi.org/10.53486/mfsne2025.04>

Angela BELOBROV

PhD of Economic Sciences, Associate Professor
Academy of Economic Studies of Moldova, Moldova

ORCID: 0009-0009-8981-3772

E-mail: belobrov_angela@yahoo.com

Abstract: *The paper examines the role of the Beneficial Ownership (BO) regime as an infrastructure for financial integrity and corporate governance, in the context of the Republic of Moldova's alignment with European and international standards in the field of AML/CFT. Methodologically, the paper employs a qualitative doctrinal analysis of national legislation and implementing acts, triangulated with comparative and policy analysis of international standards and guidance and a structured review of recent reports to assess institutional design choices and implementation dynamics. The analysis combines: (i) a theoretical synthesis of the concepts of beneficial ownership, control, and fiduciary responsibility; (ii) a comparative normative assessment of FATF standards R.24 and R.25; Directive (EU) 2015/849 and subsequent amendments; case law developments on public access to information about beneficial owners, and (iii) an institutional examination of the reform trajectory of the BO legal regime in the Republic of Moldova over the last two decades based on normative acts, EU, MONEYVAL, and IMF reports.*

The results of the study indicate that the public value of the BO register derives not only from the existence of a register, but also from the quality of the data (adequate, accurate, up-to-date), risk-based verification capabilities, interoperability, and the intelligent use of data in supervision, public procurement, company registration, licensing, authorization, and financial investigations. At the same time, there is a structural tension between transparency and the protection of personal data, accentuated by the limitation of public access to information about beneficial owners in the EU following the CJEU rulings.

The paper proposes an implementation framework for Moldova centered on three pillars: (1) BO data governance and strengthening verification mechanisms, (2) interoperability and cross-agency operational use of data from the BO Register, and (3) proportional and auditable access architecture that maximizes the deterrent effect and usefulness for legitimate actors while minimizing the risks of abuse.

Keywords: *beneficial ownership, BO register, AML/CFT, financial transparency, corporate governance, integrity, interoperability, Republic of Moldova, EU*

JEL Classification: G28, K22, K42, H83, D73, O17

INTRODUCTION

Beneficial Ownership (BO) refers to the natural person who ultimately owns or controls a legal entity or on whose behalf a transaction is carried out. In modern AML/CFT regimes, BO is a basic requirement for due diligence, for preventing the abuse of legal personality, and for protecting market integrity.

For the Republic of Moldova, strengthening the BO regime also has a strategic dimension: moving closer to the EU *acquis* and building a credible economy for investment. This paper aims to clarify the following: (i) what an BO means as a quality standard, (ii) what mechanisms create operational (not just formal) effect, and (iii) what lessons are relevant for the Republic of Moldova in the period 2007–2025.

CONCEPTUAL FOUNDATIONS: BO AS FINANCIAL-INTEGRITY INFRASTRUCTURE

1. Definitions and Analytical Perspective

According to the FATF, states must ensure adequate, accurate, and up-to-date information on the beneficial owners of legal entities, which must be readily accessible to the competent authorities (FATF, 2025). In EU law, Directive (EU) 2015/849 defines the beneficial owner as the natural person who ultimately owns or controls the customer, including, as a rule, through a holding threshold (e.g., 25%), without the threshold being a mechanical rule (Directive (EU) 2015/849, 2015/2018). Analytically, BO should be understood as infrastructure: a set of rules, processes, and data that reduce information asymmetry and verification costs for the market and the state.

The BO regime can be defined as an institutional and informational infrastructure: a durable configuration of legal rules, responsible authorities, operational processes, and data systems that collectively enable the collection, verification, updating, and controlled disclosure of information on ultimate ownership and control.

As an infrastructure for financial integrity, it operationalises the AML/CFT requirement that competent authorities have rapid access to adequate, accurate and up-to-date BO information, including through registries or other “multi-pronged” mechanisms, thereby increasing the system’s capacity to deter and detect misuse of legal persons (IMF, 2025; OECD and IDB, 2024; Vermeulen, 2013; FATF, 2023).

As an infrastructure for corporate governance, BO disclosure and enforcement improve transparency about control, strengthen accountability of those who ultimately direct corporate decisions, and support market discipline and stakeholder scrutiny—especially where ownership structures are complex. (IMF, 2025; OECD and IDB, 2024; Vermeulen, 2013; FATF, 2023).

2. Value Channels: Transparency, Integrity, and Trust

The BO regime generates public value through three main channels (author’s synthesis, based on IMF, 2025; OECD and IDB, 2024; Vermeulen, 2013; Castro Orduna and Fraiha Granjo, 2023):

- (1) *The preventive channel*: it increases the expected cost of using shell companies, reducing the attractiveness of money laundering and corruption;
- (2) *The compliance channel*: improves the quality of customer due diligence at reporting entities and the effectiveness of supervision;
- (3) *Governance channel*: strengthens the accountability of controlling shareholders and market discipline, including in public procurement and in relations with external partners.

We note here that public value is distinct from private value, focusing particularly on societal benefits rather than financial profit (OECD, 2019).

METHODOLOGY

The study adopts a qualitative research design combining doctrinal legal analysis, comparative policy analysis, and an economic–financial perspective. First, it examines Moldova’s primary and secondary legislation on beneficial ownership, focusing on definitions, scope, data obligations, verification arrangements, access rules, and sanctions. Second, it benchmarks these elements against international standards and toolkits (notably FATF Recommendation 24 and related guidance, the OECD/IDB toolkit, and IMF sectoral transparency work) to identify convergence, gaps, and implementation trade-offs. Third, it applies an economic–financial lens to interpret how BO transparency affects incentives, compliance costs, risk allocation, and market behaviour (e.g., CDD quality, access to finance, and procurement integrity). Finally, it triangulates findings through a structured review of recent international and domestic reports and publicly available implementation data, enabling a practical assessment of progress, bottlenecks, and governance implications.

EUROPEAN AND INTERNATIONAL STANDARDS: CONVERGENCE AND TENSIONS

1. FATF and Effectiveness Requirements

The FATF has recently strengthened its standards, including by updating its Recommendations (2025) and guidance on beneficial ownership transparency (FATF, 2014; FATF, 2024; FATF, 2025). The emphasis is shifting *from the formal existence* of mechanisms *to effectiveness*: verifiability, proportionate sanctions, and operational use. In fact, public value does not derive from the existence of the register, but from the quality of the data in the register.

2. EU Framework and The Privacy-Transparency Trade-off

Directive (EU) 2018/843 extended access to BO registers, in line with the "sunlight as disinfectant" logic. However, the CJEU (CJEU, 2022) invalidated the provision on unconditional general public access, citing disproportionate interference with the fundamental rights to privacy and data protection. The practical consequence of the CJEU ruling is a shift towards access models based on "legitimate interest" and auditability, without abandoning the objective of transparency (Jones Day, 2023; eucrim, 2022).

3. MOLDOVA'S BO REGIME (2007-2025): Evolution, Gaps, and Implementation Challenges

The trajectory of the BO legal regime in the Republic of Moldova reflects the transition from fragmented know-your-customer measures to a more robust AML/CFT framework, anchored in Law No. 308/2017 (as amended), sectoral supervision, and cooperation with external partners (Parliament of the Republic of Moldova, 2017/2023). European Commission reports indicate progress in strengthening the AML framework and the need for a track record of investigations and convictions, including for the use of information on beneficial owners (European Commission, 2023; 2024; 2025). MONEYVAL continues to monitor the implementation and effectiveness of the system in place (Council of Europe – MONEYVAL, 2025).

Table 1: Key milestones relevant for BO/AML-CFT reforms in the Republic of Moldova (2007-2025)

Period	Milestone (illustrative)	Relevance for BO
2007	Strengthening of the financial regulatory framework and beginning of AML convergence with international standards. Adoption of the first AML law: Law No. 190 of 26.07.2007 on the prevention and combating of money laundering and terrorist financing	Introduces the concept of beneficial owner into national legislation in accordance with FATF terminology; Establishes identification and reporting obligations Only creates the premises for the BO register, as the requirements for the register are not provided for in the law
2014-2015	The country was rocked by a series of major financial corruption scandals (the "theft of the billion" from the banking system in 2014, the Laundromat money laundering scheme involving shell companies, etc.).	These cases highlighted how opaque ownership of banks and companies facilitated fraud: the real shareholders were hidden behind offshore or nominal entities, making it very difficult to hold them accountable. These harsh lessons prompted authorities to strengthen their corporate transparency framework. For example, the National Bank of Moldova initiated

		rigorous checks on bank ownership, and banking legislation was amended to prevent anonymous ownership of shares in banks. These events served as a catalyst for extending the concept of beneficial ownership to other sectors.
2017	Adoption of the new AML law: Law No. 308/2017 on the prevention and combating of money laundering and terrorist financing in accordance with Directive (EU) 2015/849 (AML4)	The law explicitly defines the beneficial owner in a manner similar to the definition in the EU acquis (the natural person who ultimately owns or controls, directly or indirectly, at least 25% of an entity or otherwise benefits from control (definition pending amendments); It defines institutional roles; obligations and bases for transparency of beneficial owners; Requires reporting entities (such as banks, notaries, insurance companies, casinos, etc.) to identify, verify, and retain information about the beneficial owners of their customers
2018-2019	Moldova, having an Association Agreement with the EU, begins preparations for the transposition of Directive (EU) 2018/843 (AML5)	Amendments to Law 308/2017 are being drafted to incorporate new European requirements, including the obligation to increase transparency regarding the actual owners of companies. At the same time, initiatives are being formulated to create a Register of Beneficial Owners integrated with the State Register of Legal Entities, administered by the Public Services Agency; The legislative process is progressing slowly amid political changes.
2020	Governance and transparency commitments in the context of emergency financing (IMF)	and the beneficial owners of contracting companies. In July 2020, a Government Decision was adopted that amended public procurement rules, requiring bidders in public tenders to disclose data on their beneficial owners—this step, directly attributed to IMF conditionality, marked an important step forward in the transparency of public spending/integrity of public expenditure.
2021	Continuing the series of reforms, Parliament adopts Law No. 150 of 28.10.2021, which amends the disclosure	According to Law 150/2021, starting December 5, 2021, when registering any new legal entity in the State Register, founders must submit documents

	requirements for beneficial owners for legal entities	regarding the identification and verification of the beneficial owner (copies of identity documents, powers of attorney, extracts, etc.); In practice, registrars in the field of state registration of legal entities at the Public Services Agency have become obliged to refuse to register new companies if they are not provided with information about the beneficial owner; At the same time, the state registration authority refuses/blocks the registration of any changes in the documents and data of registered entities (e.g., changes in administrators, share capital) if the documentation regarding the beneficial owner is not provided.
2023	Amendments to the AML law through Law No. 66/2023 (extension/clarification of certain definitions and mechanisms)	Adjustments for alignment with standards and improved applicability; Alignment of the Moldovan regulatory framework with the 5th EU Anti-Money Laundering Directive and introduction of new beneficial owner reporting requirements for all legal entities in Moldova; Establishment of a compliance deadline for all entities registered in the State Register by the end of 2024; In December 2024, the compliance deadline was extended to December 31, 2025, to give companies time to comply; The amendments provide for the updating of BO information within a maximum of 30 days of any change; In accordance with the CJEU decision and national policy, BO information collected will not be public (access being reserved for competent authorities and institutions); Penalties for non-compliance introduced: companies that fail to comply risk fines of up to MDL 75,000 (~€3,700), and administrators may be personally fined up to MDL 40,000 (~€2,000) (Contravention Code of the Republic of Moldova, 2008/2023). Such legislation is essential in establishing a robust defense against financial crimes.
2024-2025	Submission of a series of reports to the EU on the progress made by the Republic of Moldova	There is an effective shift in focus towards effective implementation, sanctions, and operational use of data from

	and the implementation of AML/UBO recommendations. Sectoral supervisory updates	the beneficial ownership register.
--	---	------------------------------------

Source: authors' compilation based on Parliament of the Republic of Moldova (2007-2024), IMF (2020), European Commission (2023–2025), Council of Europe – MONEYVAL (2025).

The evolution from almost no provisions in the first AML law to a system with registers, mandatory declarations, and sanctions in 2025 reflects the profound transformation of the Republic of Moldova's financial integrity paradigm. European authorities recognize the progress made – the European Commission's 2025 report notes "good progress" in the area of money laundering prevention through the strengthening of the AML Office's capacity and alignment with FATF recommendations (FATF, 2024; FATF, 2025).

POLICY DESIGN: WHAT MAKES AN 'ULTIMATE' BO SYSTEM

1.1. Data Governance and Verification

An effective BO register is not just a declarative database. A data governance model is needed: rules for data quality, traceability (who declared, when, what evidence), updating, and justified corrections. Also, verification of all information, with enhanced measures based on the implementation of risk-based approach principles, combines automated checks (interconnections with registers, sanctions lists, inconsistencies) with targeted controls, especially for high-risk sectors and typologies (FATF, 2014b; FATF, 2024).

1.2. Interoperability and Operational Use

The value of the BO register increases exponentially when the data is used in key state processes: public procurement, company registrations and changes in the State Register of Legal Entities, financial supervision, licensing, approval of investments important to state security, authorization of external trade of strategic and dual-use goods; investigations and international cooperation. In economic terms, interoperability reduces the marginal cost of verification and increases the probability of detecting inconsistencies.

1.3. Proportional Access and Accountability

Following the post-CJEU European reconfigurations, the optimal access architecture is a layered one: full access for authorities and reporting entities; extended access for actors with legitimate interests (journalists, NGOs, and contractual partners), with logging, auditing, and abuse protection mechanisms. In the Republic of Moldova, these provisions have already been incorporated into the regulatory framework, which is the way to maintain transparency while complying with data protection standards.

DISCUSSION: ECONOMIC AND INSTITUTIONAL IMPLICATIONS FOR REPUBLIC OF MOLDOVA

From an economic perspective, BO reduces country risk by decreasing the likelihood of sanctions, banking de-risking, and blockages in cross-border relations. In the context of AML/CFT, de-risking is defined as the phenomenon whereby financial institutions terminate or restrict business relationships with customers or categories of customers in order to avoid, rather than manage, risk in a manner consistent with the risk-based approach set out in international standards (FATF, 2014a). The rationale for this behavior is to reduce exposure to sanctions, compliance costs, and reputational risks.

From an institutional perspective, the greatest gains come from moving from formal compliance to operational efficiency: shorter investigation times, fewer ghost entities in the economic ecosystem, and increased trust in public services (European Commission, 2025). To increase

efficiency, BO data will be used in the area of state aid, subsidies, and other regulated areas. At the same time, the implementation costs are real: IT investments, training, processes, litigation, and privacy risk management. The decisive criterion is whether these costs are managed as investments in trusted infrastructure, with outcome metrics (e.g., correction rate, response time to requests, cases investigated) and clear accountability. In this context, trusted infrastructure should be seen as the set of public mechanisms (regulation, quality data, performance metrics, institutional accountability) that make actors in the economy, finance, and society believe that the transparency system is working properly, reducing the risks of sanctions, blockages, or de-risking (Ho, 2024)

CONCLUSION

BO becomes a pillar of financial transparency and corporate integrity only when the regime is built and governed for effectiveness—ensuring high-quality data, risk-based yet strict verification, interoperability across competent authorities, and proportional, auditable access.

For the Republic of Moldova, the 2007–2025 trajectory shows meaningful progress in regulatory alignment while highlighting a universal implementation challenge: converting reporting duties into institutional capabilities that generate measurable outcomes. The next phase should therefore prioritise BO data governance (quality controls, update discipline, sanctions enforcement), systematic operational use across institutions (FIU, supervisors, tax/customs, procurement bodies, and law enforcement), and an access architecture that is transparent-by-design yet privacy-conscious, fully traceable, and compatible with EU and FATF requirements. Finally, policy should extend beyond compliance to sustained capacity-building and public communication—equipping private-sector actors and civil society to use BO information responsibly, thereby reinforcing trust, market discipline, and integrity in business.

ACKNOWLEDGMENT

The author would like to express appreciation for the support of colleagues and institutions involved in advancing corporate transparency and AML/CFT reforms in the Republic of Moldova.

BIBLIOGRAPHY

1. Castro Orduna, M.C. and Fraiha Granjo, A., 2023. The uses and impact of beneficial ownership information. U4 Helpdesk Answer. Transparency International and U4 Anti-Corruption Resource Centre. Available at: < https://knowledgehub.transparencycdn.org/helpdesk/The-uses-and-impact-of-beneficial-ownership-information_2023.pdf> (Accessed 03 November 2025).
2. Contravention Code of the Republic of Moldova / Codul contravenţional al Republicii Moldova Law no. 218/2008 (as amended). Art. 263². Available at: < https://www.legis.md/cautare/getResults?doc_id=152642&lang=ro#> (Accessed 03 November 2025).
3. Council of Europe – MONEYVAL, 2025. Republic of Moldova: 5th Round Mutual Evaluation, 3rd Enhanced Follow-up Report. Strasbourg: Council of Europe. [online] Available at: <<https://rm.coe.int/moneyval-2025-3-md-5th-round-3rd-enhanced-fur/1680b66aef>> [Accessed 02 November 2025].
4. Court of Justice of the European Union (CJEU) (2022) Judgment of 22 November 2022, Joined Cases C-37/20 and C-601/20, WM and Sovim SA v Luxembourg Business Registers.
5. ECLI:EU:C:2022: 912 Available at: <<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:62020CJ0037>> [Accessed 01 October 2025].
6. eucrim, 2022. CJEU: No Unrestricted Access to Data of Beneficial Owners. [online] Available at: <<https://eucrim.eu/news/cjeu-no-unrestricted-access-to-data-of-beneficial-owners/>> [Accessed 01 november 2025].

7. European Commission, 2023. Commission Staff Working Document: Republic of Moldova 2023 Report (SWD/2023/698 final). Brussels: European Commission. [online] Available at: <<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A52023SC0698>> [Accessed 02 November 2025].
8. European Commission, 2024. Moldova Report 2024. Brussels: European Commission. [online] Available at: <https://enlargement.ec.europa.eu/moldova-report-2024_en> [Accessed 01 November 2025].
9. European Commission, 2025. Moldova Report 2025 (PDF). Brussels: European Commission. [online] Available at: <https://enlargement.ec.europa.eu/document/download/23fa6af0-89b3-4532-a3d9-d1638727d14c_en?filename=moldova-report-2025.pdf> [Accessed 01 November 2025].
10. European Union, 2015/2018. Directive (EU) 2015/849 (consolidated, 2018-07-09). Official Journal of the European Union. [online] Available at: <<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX%3A02015L0849-20180709>> [Accessed 01 October 2025].
11. FATF, 2014b. Guidance on Transparency and Beneficial Ownership. Paris: Financial Action Task Force. [online] Available at: <<https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Transparency-and-beneficial-ownership.html>> [Accessed 1 November 2025].
12. FATF, 2023. Guidance on Beneficial Ownership of Legal Persons. Paris: Financial Action Task Force. Available at: <https://www.fatf-gafi.org/content/dam/fatf-gafi/guidance/Guidance-Beneficial-Ownership-Legal-Persons.pdf.coredownload.pdf> (Accessed 03 November 2025).
13. FATF, 2024. Guidance on Beneficial Ownership and Transparency of Legal Arrangements. Paris: Financial Action Task Force. [online] Available at: <<https://www.fatf-gafi.org/content/dam/fatf-gafi/recommendations/Guidance-Beneficial-Ownership-Transparency-Legal-Arrangements.pdf.coredownload.inline.pdf>> [Accessed 01 November 2025].
14. FATF, 2025. International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation: The FATF Recommendations (updated Oct 2025). Paris: Financial Action Task Force. [online] Available at: < <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Fatfrecommendations.html> > [Accessed 05 November 2025].
15. Financial Action Task Force (FATF), 2014a. FATF clarifies risk-based approach: case-by-case, not wholesale de-risking. Available at: <<https://www.fatf-gafi.org/en/publications/Fatfgeneral/Rba-and-de-risking.html>> [Accessed 01 November 2025].
16. Ho, C.W.L. (2024) How the EU AI Act establishes an epistemic infrastructure of trust. PMC Articles. Available at: <<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC11250763/>> [Accessed 01 October 2025].
17. IMF, 2020. Republic of Moldova: Letter of Intent. Washington, DC: International Monetary Fund. [online] Available at: <<https://www.imf.org/-/media/files/publications/loi/imported-cpid-pdfs/external/np/loi/2020/mda/022820.pdf>> [Accessed 01 November 2025].
18. International Monetary Fund (IMF), 2025. Targeted Transparency: Sectoral Approach to Beneficial Ownership in Procurement and Real Estate. IMF Working Paper, WP/25/181. Washington, DC: International Monetary Fund. Available at: <<https://www.imf.org/en/publications/wp/issues/2025/09/12/targeted-transparency-sectoral-approach-to-beneficial-ownership-in-procurement-and-real-570051>> (Accessed 03 November 2025).
19. Jones Day, 2023. EU Court Limits Access to Information on Beneficial Owners of EU Companies. [online] Available at: <<https://www.jonesday.com/en/insights/2023/04/eu-court-limits-access-to-information-on-beneficial-owners-of-eu-companies>> [Accessed 01 November 2025].
20. OECD (2019) Public Value in Public Service Transformation: Working with Change. OECD Publishing, Paris. Available at: <https://www.oecd.org/en/publications/public-value-in-public-service-transformation_47c17892-en.html> [Accessed 01 November 2025].

21. OECD and Inter-American Development Bank (IDB), 2024. Building Effective Beneficial Ownership Frameworks: A joint Global Forum and IDB Toolkit (Second edition). Paris: OECD. Available at: <<https://www.oecd.org/content/dam/oecd/en/networks/global-forum-tax-transparency/effective-beneficial-ownership-frameworks-toolkit-second-edition-2024.pdf>> (Accessed 03 November 2025).
22. Parliament of the Republic of Moldova, 2007/2018. Law No. 190/2007 on the prevention and combating of money laundering and terrorist financing (consolidated, RO). Chişinău. [online] Available at: <https://www.legis.md/cautare/getResults?doc_id=24268&lang=ro#> [Accessed 01 October 2025].
23. Parliament of the Republic of Moldova, 2017/2023. Law No. 308/2017 on Preventing and Combating Money Laundering and Terrorism Financing (consolidated, EN). Chişinău. [online] Available at: <https://spsb.gov.md/storage/legislation/National/AML_CFT%20Law%20308_2017.pdf> [Accessed 01 October 2025].
24. Vermeulen, E.P.M., 2013. Beneficial Ownership and Control: A Comparative Study – Disclosure, Information and Enforcement. OECD Corporate Governance Working Papers, No. 7. Paris: OECD Publishing. Available at: <<https://doi.org/10.1787/5k4dkhwckbzv-en>> (Accessed 03 November 2025).