



# CANADIAN COMPANY DATA TRANSPARENCY INDEX

**#end** snowwashing



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# Acknowledgements

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# The Opaque Ownership Problem

Secret companies allow criminals to launder money anonymously. This phenomenon is recognized by governments and law enforcement as a national security and public safety threat. Money laundering makes drug trafficking, organized crime, and trade in illegal firearms possible. In Canada, money laundering distorts the real estate market and contributes to housing unaffordability.

After decades of inaction, the international community is fighting money laundering by requiring beneficial owners of companies and properties to publicly disclose their ownership and control status. A new standard is emerging as 110 countries around the world — including Canada — have committed to creating registries of beneficial ownership. The Financial Action Task Force (FATF), which sets the standard for global anti-money laundering efforts, has now made beneficial ownership registries a recommendation for its 200 jurisdictional members<sup>1</sup>.

Canada's federal government has committed to implementing a publicly accessible pan-Canadian beneficial ownership registry, which is an important step toward curbing the misuse of legal entities for criminal purposes. The timeline for rolling out such a registry by 2023 is admirable.<sup>2</sup> As the federal government focuses on design and implementation, it is critical to ensure that the registry is built on strong foundations to achieve the goals of curbing money laundering and advancing public safety. With that in mind, the End Snow-Washing Coalition<sup>3</sup> has published several technical and policy guides for effectively implementing a pan-Canadian beneficial ownership registry.<sup>4</sup>

While beneficial ownership data is vital, it is not the only relevant data point for stakeholders with an interest in knowing more about a company. Other useful pieces of information include the identities of a company's directors, officers and shareholders, its financial figures and even basic details such as its registered address. Along with beneficial ownership, this information can be valuable for commercial due diligence, regulatory compliance and investigating wrongdoing.



# Canada's Corporate Registry Patchwork

Canada's corporate registry system is a patchwork of 14 jurisdictions comprising the provincial, territorial and federal levels of government. Provincial and territorial company laws are largely harmonized under the umbrella of the federal Canada Business Corporations Act, but each has unique attributes. The federal government is unable to weigh in on the administration of provincial corporate registries, and as a result there is a wide range between Canada's 14 jurisdictions regarding what data is collected and published, and how it is made available.

As Canada's federal, provincial and territorial governments make progress toward a new beneficial ownership standard, there is a pressing need to assess what data is currently available on Canadian companies and how it is presented. Making Canadian corporations more transparent will improve Canada's marketplace integrity and overall economic competitiveness. With this in mind, the End Snow-Washing Coalition has developed this reference tool to help researchers navigate Canada's existing corporate registry system until Canada's governments roll out a standardized and transparent alternative.

**“Equal access to core information is a fundamental principle of both free markets and informed, active democracies. In a world in which data is playing an increasingly important role in the lives of citizens, it is now more crucial than ever that citizens have access to data, are able to combine it with other data and can analyze and use the data in the pursuit of value for all.” — OpenCorporates<sup>5</sup>**

# Methodology

The methodology used for this project builds on the Open Company Data Index (“OCDI”), a framework developed by the World Bank Institute and OpenCorporates, a non-profit organization striving to make company data more transparent.<sup>6</sup> The OCDI is a global framework that evaluates each country’s corporate registries against several criteria:

- Is basic information online and available to search without charge or registration?
- Is there an explicit open licence (i.e. a statement specifying that there are no usage restrictions on the data)?
- Is the data available in machine-readable format at no cost?
- Are company directors, shareholders and/or annual accounts disclosed?

The full OCDI methodology is available at: [www.registries.opencorporates.com/methodology](http://www.registries.opencorporates.com/methodology)

We have used the OCDI methodology as a foundation and modified it by placing greater emphasis on the availability and quality of company data. Our four criteria and their weighting are set out in the following table:

## Evaluation Criteria for Transparency of Canadian Companies

Category	Weight	Explanation
Accessibility	20%	Accessibility evaluates what data can be obtained and what obstacles there are to accessing it. It looks at whether a registry is online, if it charges search fees, or requires a paid subscription.
Searchability	27.5%	Searchability looks at how the data is presented, if it is made available through an open licence, and the degree to which searches can be customized on the registry or through an API or bulk download.
Data quality	25%	Data quality considers how confident users can be that company information is accurate. It looks at independent verification, unique identifiers, and the use of quality-control tools such as drop-down menus and automated address completion when registering companies.
Depth of data	27.5%	Depth of data focuses on how much information is available on companies and the individuals connected to them. We assess what data points are collected and disclosed by the registry, including information on directors, shareholders and beneficial owners, company financial data, and historical information.

In order to gather this information, we reviewed the online search platforms for each of Canada’s corporate registries; completed most steps to register a company in each jurisdiction (to assess data quality); requested information from registry staff by email; and reviewed company laws and regulations.

We note that some provinces, including in BC and PEI, are currently modernising their registries. The updated registries may score higher than the current versions on our transparency index, though we do not know what changes will be made. The index evaluates Canada’s registries as of late 2021 / early 2022.



# Findings

Overall, Canada’s business registries rank poorly on our transparency metrics. Data is tightly controlled and narrow constraints are placed on how it can be searched. Some important data points — such as shareholder details — are not even collected by some registries, and in all but a few cases that information is not made public. None of Canada’s business registries independently verifies data to ensure that it is true and accurate, nor do they collect identification for the individuals setting up and controlling companies in their jurisdictions to encourage accountability.

Category	Leaders <sup>7</sup>	Laggards <sup>8</sup>
Accessibility	Federal, Nova Scotia, Newfoundland & Labrador, PEI, Quebec	Nunavut
Searchability	Federal	All provinces and territories
Data quality	-	All
Depth of data	-	All

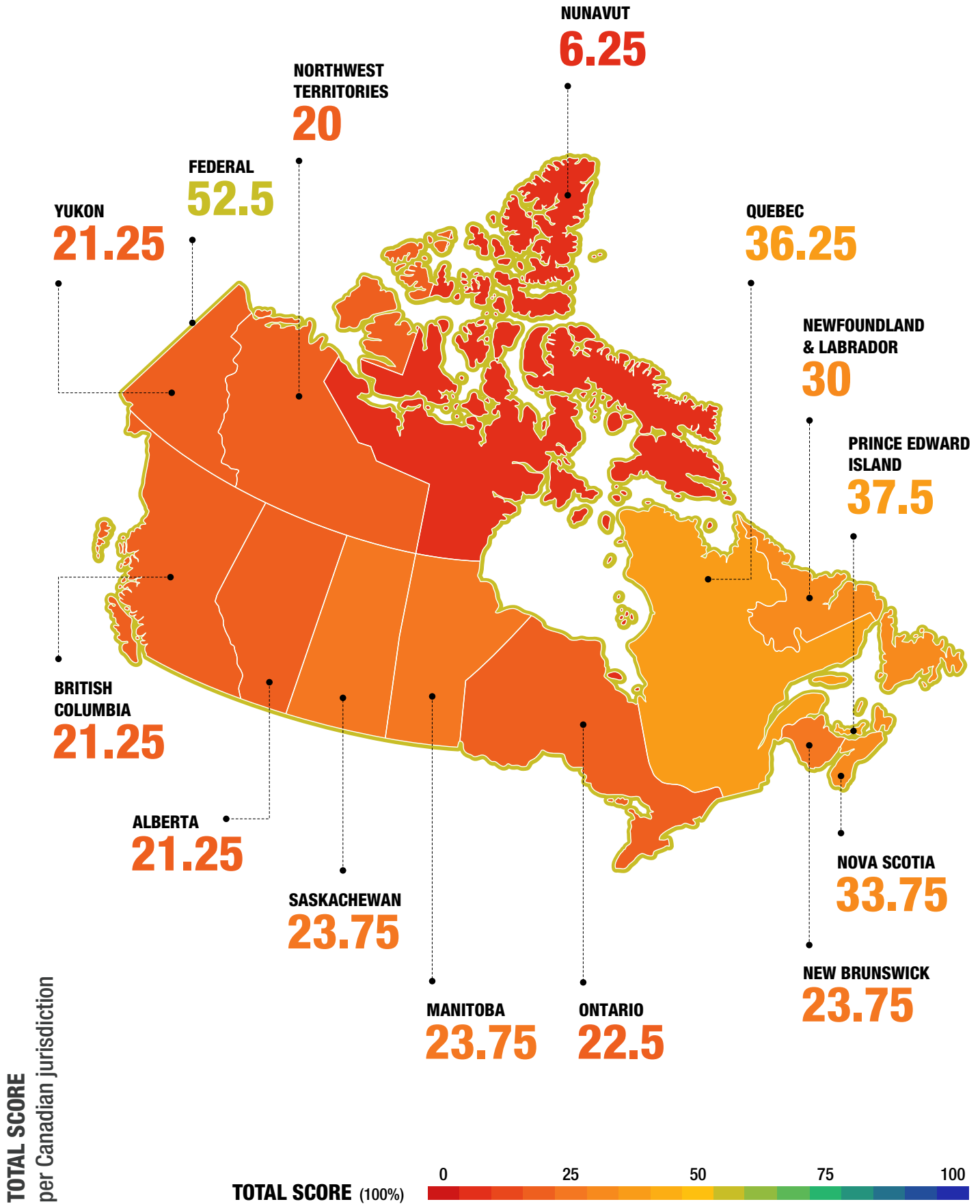
The best performer among Canadian corporate registries is Canada’s federal business registry, with a score of 52.5 out of 100. This compares to 80/100 in the OCDI metric, with more than half of those points awarded for the open licence and free access to Canada’s federal registry. The federal government has taken commendable steps to make company data more transparent. It is the only registry in Canada with an open licence and free public API. It is also the only registry that can be searched by director name or address.<sup>9</sup> However, there are many missing data points for federally registered companies, much of the data that is available is not in machine-readable format, and there are few quality control measures in place.

Most of Canada’s business registries require payment to view corporate records, with a wide range in what they charge for access. Only five of the 14 registries — the federal registry and provincial registries in Quebec, Nova Scotia, Newfoundland & Labrador, and PEI — provide free access to records. The others charge users for basic company information and to view filings.

Directors are identified for companies in all Canadian jurisdictions, but most registries do not collect or disclose shareholder details. Only Alberta, Manitoba, PEI and Quebec company records include shareholder information. None of Canada’s registries currently collects or publishes beneficial ownership information, nor do they require companies to submit financials.

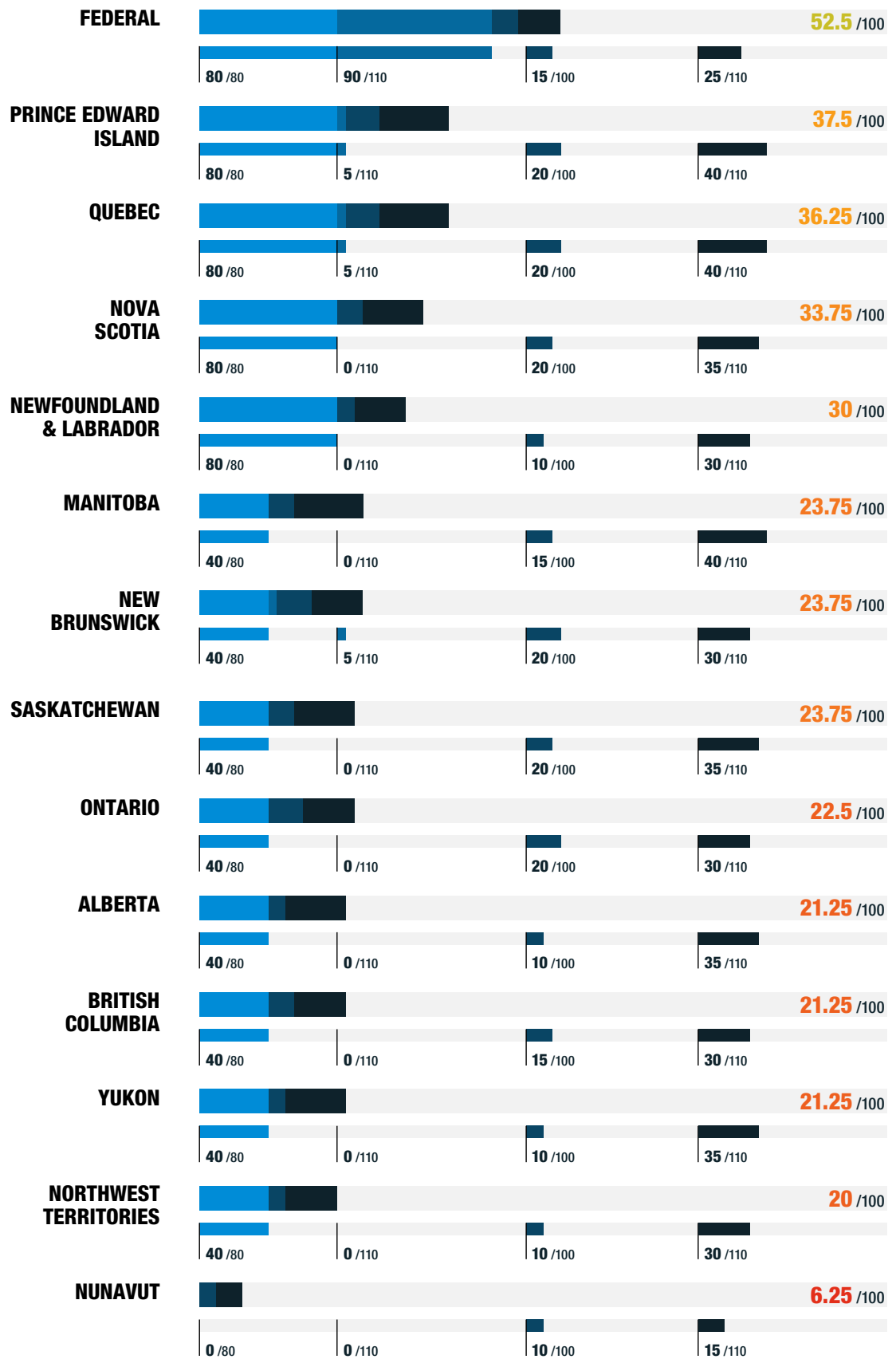
None of Canada’s registries takes steps to verify information submitted by companies and their authorized representatives. There are currently very few quality control checks; most registries lack even basic measures to standardize data when submitting company information, such as auto-complete addresses and drop-down menus. A few registries, including the federal, Ontario and Nova Scotia registries, advise incorporators that it is an offence to knowingly submit false information, while others ask incorporators to confirm that the information submitted is true.

# Findings



# Findings

**RANK SCORES**  
per Canadian jurisdiction



RANK CATEGORIES	ACCESSIBILITY	SEARCHABILITY	DATA QUALITY	DEPTH OF DATA
	Points: 80	Points: 110	Points: 100	Points: 110
	Weight: 20%	Weight: 27.5%	Weight: 25%	Weight: 27.5%

# Conclusions

Our intention is not to fault Canada's governments and corporate registries for perceived weaknesses. Rather, the goal of this report is to highlight risk and illustrate how business registries can be improved. Canada's corporate registries, like many international jurisdictions, were designed to act as repositories for documents. As economies became more globalized, the size and velocity of global capital flows has increased and companies with opaque structures have become targets for abuse by transnational criminal networks and terrorist organizations. Existing business registry systems were not set up to screen for suspicious incorporations used by nefarious actors. Looking forward, an updated proactive corporate registry model — one that includes quality controls, collects information on the people behind companies, and makes a broader range of company data available for analysis — will help business registries modernise and adapt to a 21<sup>st</sup> century economy.

# Conclusions

There are several key characteristics that Canada's modernised corporate registries should have:



## Independent verification

Independently verifying the data submitted to registries is the best way to ensure it is accurate and true. Other quality control measures can be implemented alongside, such as auto-complete fields and prompts to confirm the accuracy of information submitted to the registry. The most important element of independent verification relates to the identities of directors, major shareholders and beneficial owners. They should provide government identification to the registry, which should be securely retained for use by law enforcement and other relevant authorities. This information should not be public. An additional option for ID verification is through digital identity.<sup>10</sup>



## Data depth

Registries should collect and disclose names and identifiers for company directors and shareholders, both current and former. Historical data on companies should remain searchable.



## Flexible search functions

Registry data should be searchable by any data point. Enabling searches by individual name, to identify corporate interests held by that individual, is particularly important. We would strongly recommend that the modernised registries be free to search and made available under an open licence so that company data can be independently analyzed and merged with other data sets, without cost being a barrier.



## Enforcement capabilities

Registries should have a mandate and resources to identify and punish non-compliance, particularly in cases where false or misleading information is provided.

Making corporate data more transparent and accessible benefits a wide range of stakeholders, including businesses small and large, law enforcement agencies, regulators, journalists and civil society. It helps businesses manage risk, improves marketplace integrity, and makes it easier to investigate financial crime, conflicts of interest and corruption. Modernising Canada's corporate registries is an important complement to the beneficial ownership reforms being implemented across Canada, and together they have the potential to leverage public data to ensure a safer and better functioning society.

# References

- 1 Financial Action Task Force, “Public Statement on Revision to R. 24,” March 4, 2022, online: <https://www.fatf-gafi.org/publications/fatfrecommendations/documents/r24-statement-march-2022.html>
- 2 Prime Minister of Canada, “Delivering for Canadians Now,” March 22, 2022, online: <https://pm.gc.ca/en/news/news-releases/2022/03/22/delivering-canadians-now>
- 3 The End Snow-washing Coalition is an alliance between Transparency International Canada, Canadians for Tax Fairness, and Publish What You Pay Canada; <https://endsnowwashing.ca/>
- 4 <https://endsnowwashing.ca/resources>
- 5 <http://registries.opencorporates.com/why-is-this-important>
- 6 <https://opencorporates.com/info/about/>; <http://registries.opencorporates.com/about-us>
- 7 A leader has a score above 80% in a particular category.
- 8 A laggard has a score below 50% in a particular category.
- 9 This needs to be done through the API rather than on the registry website, and it does not include previous appointments or other historical information.
- 10 Digital ID & Authentication Council of Canada, online: <https://diacc.ca>





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