

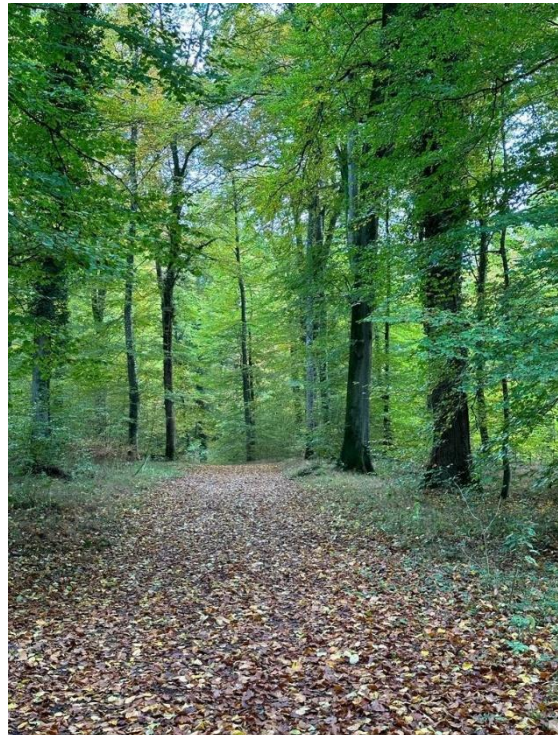


Court of Justice of the European Union bashes unrestricted accessibility of the Luxembourg Beneficial Owners Register

In 2015 the EU legislator adopted the Directive (EU) 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 and terrorist financing, as amended, in a spree to tackle proliferation of money laundering and terrorist financing activities across the European Union.

That piece of legislation required each EU member state, among others, to establish a register of beneficial owners (RBE) for corporate and legal entities and the Grand Duchy of Luxembourg, being one of the frontrunners in transposing the EU directive into national law, has provided for broad access rights to its RBE making it accessible to any member of the general public without significant limitations (including, via Internet).

Yesterday, however, the Court of Justice of the European Union decided that granting unrestricted access to information on the beneficial owners of companies incorporated in the relevant EU member state to any member of the general public is not valid as it constitutes a serious interference with the fundamental rights to respect for private life and to the protection of personal data (Judgment of the Court in Joined Cases C-37/20 | Luxembourg Business Registers and C-601/20 | Sovim). In light of the said judgment, the Luxembourg minister of justice has already ordered suspension of access to the RBE to the general public and it now seems likely that the legislator will have to re-think its approach on access rights to the RBE and accurately balance the privacy rights of individual beneficial owners of Luxembourg entities and transparency endeavors of the EU legislation in the anti-money laundering area.



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