



7 March 2019

RT. HON. ANDREW MITCHELL MP

House of Commons
London SW1A 0AA

Deputy G A St Pier
Chief Minister
States of Guernsey
Sir Charles Frossard House
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Dear Gavin,

We are writing to thank you for your letter to Members of Parliament in respect of the New Clause 3 to the Financial Services (Implementation of Legislation) Bill. As you know from the visit that we both paid to all 3 of the Crown Dependencies we are very hopeful that you will accept the importance of securing Public Registers of Beneficial Ownership in your territories without the requirement for UK Parliamentary involvement.

We believe that this is an important measure which builds on the Coalition Government's successes at the British hosted G8 and the decision made by the British Government to introduce Public Registers of Beneficial Ownership in Britain.

Last year Parliament decided that the Overseas Territories should do likewise and we have no doubt that the British Parliament will expect the Crown Dependencies to follow suit in due course.

I attach the Editorial from the Financial Times of Monday this week which sets out with undoubted authority the view that this greatly respected international newspaper takes and which articulates the position widely held across the British House of Commons.

In your letter you advance two arguments against the proposal which, with great respect, we reject.

The first is that Closed Registers suffice. We acknowledge the rigour with which the Crown Dependencies co-operate with British law enforcement authorities and the HMRC. Indeed it is to your credit that the information relating to terrorism can be received within the hour. But any suggestion regarding the effectiveness of Closed Registers was completely destroyed by the release of the Panama and Paradise Papers. These showed clearly that without Public Registers of Beneficial Ownership it is not possible to join up the dots of corruption and malfeasance. Only with the sunlight of open scrutiny – including by specialist NGOs and the independent media can this be addressed. The argument is in our view incontrovertible.

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On the second key point, namely the constitutional issue, we have no doubt that the Kilbrandon Report (1973) is definitive in that the UK has sufficient legal powers to compel the Crown Dependencies to adopt Open Registers of Beneficial Ownership.

There are two different grounds for this view:-

- 1) The UK is responsible for ensuring the "good government" of the Crown Dependencies and these Public Registers are important for that "good government".
- 2) Prospective money laundering taking place through the Crown Dependencies threatens the UK's national security and is an issue within the jurisdiction of the UK.

As the Foreign Affairs Select Committee made clear in its report published on 21 May 2018 "*money laundering is now a matter of national security and, therefore, constitutionally under the jurisdiction of the UK*".

Both the good government of the Crown Dependencies and the UK's national security justify the UK compelling the Crown Dependencies to adopt Public Registers of Corporate Beneficial Ownership if the Crown Dependencies themselves do not do so. These Registers are important if we are to fight corruption, money laundering and terrorist financing. In 2018 following the publication of the Paradise Papers and the Skripal attack in Salisbury the British Government has additional reasons to support these Public Registers.

We both hope that you will reflect upon these arguments and will be very happy to discuss any of these issues further with you.

*With our best wishes
Yours ever
Andrew Mitchell Margaret Hodge*

Rt Hon Andrew Mitchell MP

Rt Hon Dame Margaret Hodge MP

cc Hon Howard Quayle MHK
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