

BENEFICIAL OWNERSHIP INFORMATION REGISTRATION

NOTE: This information is provided solely for informational purposes, and it does not impose any additional obligations or requirements by the bank.

The Corporate Transparency Act (CTA) is going into effect on January 1, 2024. Enacted in 2021, the CTA aims to combat illicit activity including tax fraud, money laundering, and financing for terrorism by capturing more ownership information for specific U.S. businesses operating in or accessing the country's market. Under the new legislation, businesses that meet certain criteria must submit a Beneficial Ownership Information (BOI) Report to the U.S. Department of Treasury's Financial Crimes Enforcement Network (FinCEN), providing details identifying individuals who are associated with the reporting company.

To receive the latest information regarding the filing of your business's beneficial ownership information with FinCEN, please go to <https://fincen.gov/boi>.

In an attempt to provide you with some information regarding this new requirement, we have prepared the following questions and answers.

What is beneficial ownership information?

Beneficial ownership information refers to identifying information about the individuals who directly or indirectly own or control a company.

What companies will be required to report beneficial ownership information to FinCEN?

Companies required to report are called *reporting companies*. There are two types of reporting companies:

- ***Domestic reporting companies*** are corporations, limited liability companies, and any other entities created by the filing of a document with a secretary of state or any similar office in the United States.
- ***Foreign reporting companies*** are entities (including corporations and limited liability companies) formed under the law of a foreign country that have registered to do business in the United States by the filing of a document with a secretary of state or any similar office.
- *Chapter 1 of FinCEN's [Small Entity Compliance Guide](#) ("Does my company have to report its beneficial owners?") may assist companies in identifying whether they need to report.*

Why do companies have to report beneficial ownership information to the U.S. Department of the Treasury?

In 2021, Congress passed the Corporate Transparency Act on a bipartisan basis. This law creates a new beneficial ownership information reporting requirement as part of the U.S. government's efforts to make it harder for bad actors to hide or benefit from their ill-gotten gains through shell companies or other opaque ownership structures.

When do I need to report my company's beneficial ownership information to

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FinCEN?

A reporting company created or registered to do business before January 1, 2024, will have until January 1, 2025, to file its initial beneficial ownership information report.

A reporting company created or registered on or after January 1, 2024, and before January 1, 2025, will have 90 calendar days after receiving notice of the company's creation or registration to file its initial BOI report.

This 90-calendar day deadline runs from the time the company receives actual notice that its creation or registration is effective, or after a secretary of state or similar office first provides public notice of its creation or registration, whichever is earlier.

Reporting companies created or registered on or after January 1, 2025, will have 30 calendar days from actual or public notice that the company's creation or registration is effective to file their initial BOI reports with FinCEN.

Who is a beneficial owner of a reporting company?

A beneficial owner is an individual who either directly or indirectly: (1) exercises substantial control over the reporting company, or (2) owns or controls at least 25% of the reporting company's ownership interests.

FinCEN's [Small Entity Compliance Guide](#) provides checklists and examples that may assist in identifying beneficial owners (see Chapter 2.3 "What steps can I take to identify my company's beneficial owners?").

Is there a requirement to annually report beneficial ownership information?

No. There is no annual reporting requirement. Reporting companies must file an initial BOI report and updated or corrected BOI reports as needed.

What happens if a reporting company does not report beneficial ownership information to FinCEN or fails to update or correct the information within the required timeframe?

FinCEN is working hard to ensure that reporting companies are aware of their obligations to report, update, and correct beneficial ownership information. FinCEN understands this is a new requirement. If you correct a mistake or omission within 90 days of the deadline for the original report, you may avoid being penalized. However, you could face civil and criminal penalties if you disregard your beneficial ownership information reporting obligations.

What penalties do individuals face for violating BOI reporting requirements?

As specified in the Corporate Transparency Act, a person who willfully violates the BOI reporting requirements may be subject to civil penalties of up to \$500 for each day that the violation continues. That person may also be subject to criminal penalties of up to two years imprisonment and a fine of up to \$10,000. Potential violations include willfully failing to file a beneficial ownership information report, willfully filing false beneficial ownership information, or willfully failing to correct or update previously reported beneficial ownership information.