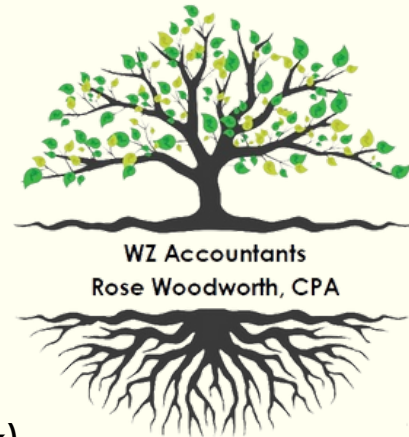




IMPORTANT



BOI
(Beneficial Ownership Information)
Reporting to FinCEN
(Financial Crimes Enforcement Network)

US Corporate Transparency Act (CTA)

The US Corporate Transparency Act was primarily introduced to help tackle illicit activities by increasing transparency of company ownership structures. By requiring companies to disclose their beneficial owners to the Financial Crimes Enforcement Network (FinCEN), the Act aims to prevent misuse of corporations and limited liability companies for criminal gain - preventing money laundering, fraud, financing of terrorism, and so on.

What are the consequences of not filing or mis-filing BOI?

The penalties for violations or misreporting can be severe. Anyone willfully violating the reporting requirements could be liable for penalties of up to **\$500 for each day** of continuing violation and criminal penalties include **up to two years imprisonment and up to a \$10,000 fine**.

Currently mistakes or omissions can be corrected within 90 days of the deadline for the original report. However, firms could face civil and criminal penalties for disregarding their BOI reporting obligations.

What is beneficial ownership information (BOI)?

Beneficial Ownership Information encompasses details about individuals who directly or indirectly own or control a company. Identifying these owners is crucial to understanding who you are doing business with so decisions can be made with confidence and within risk tolerance.

BOI helps you establish trust with legitimate businesses and business owners; contributes to understanding risk exposure in relation to, for example, higher risk jurisdictions, sanctioned individuals, or politically exposed persons; and it can help reveal when an entity sits outside risk-tolerance, so the relationship can be ended. BOI can also direct the level of monitoring required to limit risk and report issues efficiently.

Why is BOI so important?

Accurate data about beneficial ownership makes it harder for wrongdoers to hide behind or benefit from opaque ownership structures. Shell companies, for example, can be used to disguise illicit activities and the money generated from them. It can be difficult and time-consuming to identify patterns of shell company risk without access to beneficial ownership information.

BOI is important to financial institutions as part of their basic due diligence processes and collecting the information is typically a regulator requirement. It's important to governments who may be issuing export licenses or approving loans and grants or government contracts. And it's important to businesses in all areas of commerce as part of their third-party risk management strategies. Without BOI it's impossible to measure risk exposure, and therefore to mitigate against it, and to comply with laws on sanctions, terrorist financing, fraud, and money laundering.

What does substantial control mean?

Someone can exercise substantial control over a company in different ways, and there are different regional variations for the definition of substantial control, as well as beneficial ownership. Adding individuals with significant control is a newer concept in the US introduced as a requirement in the CTA. According to [FinCEN](#), if an individual fits any of the following criteria, they could be deemed to be exercising substantial control:

- Someone who is a senior officer (the company's president, chief financial officer, general counsel, chief executive officer, chief operating officer, or any other officer who performs a similar function).
- Someone with the authority to appoint or remove certain officers or a majority of directors of the reporting company.
- Someone who is an important decision-maker within or for the reporting company.
- Someone with any other form of substantial control over the reporting company (such as someone with influence over important decisions).

Under CTA, who can access BOI?

Under the Act, authorized entities, including federal, state, local, and tribal officials, along with certain foreign officials, can access beneficial ownership information for national security, intelligence, and law enforcement purposes.

Financial institutions may also gain access under specific circumstances, with consent from reporting companies. However, access to this information isn't a given; it's not ubiquitous, even though other organizations and entities may benefit from accessing it for due diligence and risk management purposes.

When and how do entities need to file BOI?

Companies that are required to report their BOI to FinCEN, need to do so electronically through a secure filing system available via the [FinCEN website](#). Information on beneficial owners includes names, dates of birth, addresses and identifying numbers such as a passport or driver's license. The report can be filed by anyone with authority from the reporting company such as an employee, owner or third-party service provider.

FinCEN launched the BOI E-Filing [website](#) for reporting beneficial ownership information on January 1, 2024.

- Any reporting company **created** or registered to do business **before January 1, 2024**, will have **until January 1, 2025**, to file its initial BOI report.
- Any reporting company **created** or registered **in 2024** will have **90 calendar days** to file after receiving actual or public notice that its creation or registration is effective.
- Any reporting company **created** or registered on or **after January 1, 2025**, will have **30 calendar days** to file after receiving actual or public notice that its creation or registration is effective.
- **Any changes to the ownership or control** will also require businesses to file with FinCEN **within the associated timeframe**.

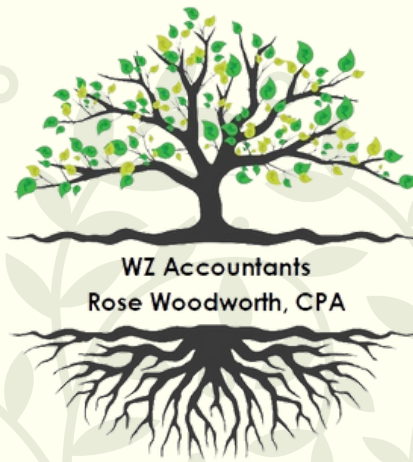
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