

CORPORATE TRANSPARENCY ACT

Beneficial Owners

Who is a beneficial owner of my Company?

If your company is a reporting company, your next step is to identify its beneficial owners. A beneficial owner is any individual who, directly or indirectly:

- Exercises substantial control over a reporting company.
- Owns or controls at least 25 percent of the ownership interests of a reporting company.

An individual might be a beneficial owner through substantial control, ownership interests, or both. Reporting companies are not required to report the reason (i.e., substantial control or ownership interests) that an individual is a beneficial owner.

A reporting company can have multiple beneficial owners. For example, a reporting company could have one beneficial owner who exercises substantial control over the reporting company, and a few other beneficial owners who own or control at least 25 percent of the ownership interests of the reporting company. A reporting company could have one beneficial owner who both exercises substantial control and owns or controls at least 25 percent of the ownership interests of the reporting company. There is no maximum number of beneficial owners who must be reported.

FinCEN expects that every reporting company will be substantially controlled by one or more individuals, and therefore that every reporting company will be able to identify and report at least one beneficial owner to FinCEN. The following four sections will assist you in determining your company's beneficial owners. If an individual qualifies as a beneficial owner, information about that individual must be reported to FinCEN in a reporting company's BOI report.

2.1 What is substantial control?

2.2 What is an ownership interest?

2.3 What steps can I take to identify my company's beneficial owners?

2.4 Who qualifies for an exception from the beneficial owner definition?

2.1 What is substantial control?

Reporting companies are required to identify all individuals who exercise substantial control over the company. There is no limit to the number of individuals who can be reported for exercising substantial control. An individual exercises substantial control over a reporting company if the individual meets any of four general criteria: (1) the individual is a senior officer; (2) the individual has authority to appoint or remove certain officers or a majority of directors of the reporting company; (3) the individual is an important decision-maker; or (4) the individual has any other form of substantial control over the reporting company. See the chart below for details about these criteria.

2.2 What is ownership interest?

Reporting companies are required to identify all individuals who exercise substantial control over the company. There is no limit to the number of individuals who can be reported for exercising substantial control. An individual exercises substantial control over a reporting company if the individual meets any of four general criteria: (1) the individual is a senior officer; (2) the individual has authority to appoint or remove certain officers or a majority of directors of the reporting company; (3) the individual is an important decision-maker; or (4) the individual has any other form of substantial control over the reporting company. See the chart below for details about these criteria.

2.4 Who qualifies for an exception from the beneficial owner definition?

There are five exceptions to the definition of beneficial owner. When an individual who would otherwise be a beneficial owner of a reporting company qualifies for an exception, the reporting company does not have to report that individual as a beneficial owner in its BOI report to FinCEN. The following checkboxes are intended to help your company determine whether any exceptions apply to individuals who might otherwise qualify as beneficial owners of your company.

Minor Child (Exception #1)

An individual qualifies for this exception if the following criterion applies:

1

The individual is a minor child, as defined under the law of the State or Indian tribe in which the domestic reporting company is created or the foreign reporting company is first registered.

YES

NO

Special rule for minor child: If the answer above is yes, the reporting company may instead report information about the parent or legal guardian of the minor child.



Note: This exception only applies if a parent or legal guardian's information is reported in lieu of the minor child's information. Also, when the minor child reaches the age of majority, as defined by the law of the State or Indian tribe in which the reporting company was created or first registered, the exception no longer applies. At that time, if the individual is a beneficial owner, the reporting company must file an updated BOI report providing the individual's own information.

Nominee, intermediary, custodian, or agent (Exception #2)

An individual qualifies for this exception if the following criterion applies:

2	<p>The individual merely acts on behalf of an actual beneficial owner as the beneficial owner's nominee, intermediary, custodian, OR agent.</p> <p>Note: Individuals who perform ordinary advisory or other contractual services (such as tax professionals) likely qualify for this exception. In scenarios where this exception applies, the actual beneficial owner must still be reported</p>	<input type="radio"/> YES <input type="radio"/> NO
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Employee (Exception #3)

An individual qualifies for this exception if all three of the following criteria apply:

1	<p>The individual is an employee of the reporting company, when applying the meaning of "employee" provided in 26 CFR 54.4980H-1(a)(15). In general, the term employee means that an individual is subject to the will and control of the employer in what and how to do work, and that the employer may discharge the individual from work</p>	<input type="radio"/> YES <input type="radio"/> NO
2	<p>The individual's substantial control over, or economic benefits from, the reporting company are derived solely from the employment status of the individual as an employee.</p>	<input type="radio"/> YES <input type="radio"/> NO
3	<p>The individual is not a senior officer of the reporting company. The term "senior officer" means any individual holding the position or exercising the authority of a president, chief financial officer, general counsel, chief executive officer, or chief operating officer, or any other officer, regardless of official title, who performs a similar function.</p>	<input type="radio"/> YES <input type="radio"/> NO

Inheritor (Exception #4)

An individual qualifies for this exception if the following criterion applies:

1	<p>The individual's only interest in the reporting company is a future interest through a right of inheritance, such as through a will providing a future interest in a company.</p>	<input type="radio"/> YES <input type="radio"/> NO
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Note: Once the individual inherits the interest, this exception no longer applies, and the individual may qualify as a beneficial owner.

Creditor (Exception #5)

An individual qualifies for this exception if the following criterion applies:

1

The individual is a creditor of the reporting company.

The term “creditor” means an individual who would meet the definition of a beneficial owner of the reporting company solely through rights or interests for the payment of a predetermined sum of money, such as a debt incurred by the reporting company, or a loan covenant or other similar right associated with such right to receive payment that is intended to secure the right to receive payment or enhance the likelihood of repayment. For example, an individual qualifies for the creditor exception if the individual is entitled to payment from the reporting company to satisfy a loan or debt, so long as this entitlement is the only ownership interest the individual has in the reporting company.

YES

NO