

FAQs About FinCEN and its Beneficial Ownership Information Reporting Rule

Q: Who is FinCEN?

A: The Financial Crimes Enforcement Network (aka FinCEN) is a bureau within the U.S. Department of the Treasury whose mission is to safeguard the financial system from illicit use and combat money laundering. FinCEN is the agency responsible for administering and ensuring compliance with the Beneficial Ownership Information Reporting Rule. Reporting companies electronically file beneficial ownership information directly with FinCEN.

Q: What is the Beneficial Ownership Information Reporting Rule?

A: The Beneficial Ownership Information Reporting Rule, created by the Corporate Transparency Act, requires reporting companies to report information about their beneficial owners and company applicants to FinCEN. A beneficial owner is an individual who owns or controls at least 25% of a company or has substantial control over the company. A company applicant is an individual who directly files or is primarily responsible for the filing of the document that creates or registers the company. Reporting begins January 1, 2024.

Q: Who must report?

A: Unless specifically exempt from the rule, if your company is:

- a corporation, LLC, or was otherwise created in the United States by filing a document with the secretary of state or similar office under the law of a state or Indian Tribe; or
- a foreign company and was registered to do business in any U.S. state or Indian tribe by such filing,

you must file beneficial ownership information with FinCEN. A company required to report beneficial ownership information to FinCEN is referred to as a reporting company.

Q: Where can I find more information about the Beneficial Ownership Information Reporting Rule and whether my company is exempt from reporting?

A: FinCEN has a dedicated website for its Beneficial Ownership Information Reporting Rule. The website includes a compliance guide, checklists, and informational videos about the rule. The website is also where reporting companies will file their required data: www.fincen.gov/boi.

Q: If I have reported beneficial ownership information with FinCEN, will I still be required to provide beneficial ownership information to my financial institution?

A: Yes. Currently there are separate data collection and reporting rules under law, (a) FinCEN's Beneficial Ownership Information Reporting Rule for reporting companies and (b) FinCEN's Customer Due Diligence Rule and Beneficial Ownership for Legal Entity Customer Rule which are applicable to financial institutions. Financial institutions have a separate requirement to identify and verify the identity of any individual who owns 25% or more of a legal entity, and an individual who controls the legal entity. Financial institutions are required to comply with their separate rules even though a reporting company has filed information directly with FinCEN under the Beneficial Ownership Information Reporting Rule. FinCEN has the authority to combine the rules in the future.