Important Notice Impacting Business Entities: A new beneficial ownership reporting requirement commences on January 1, 2024

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A new reporting requirement mandated by the passage of the Corporate Transparency Act (CTA) in 2021 will require approximately 32 million existing corporations, limited liability companies, and other business entities operating in the United States, as well as many of the approximately 5 million such entities newly formed each year going forward, to electronically file a beneficial ownership information report (BOI Report) with the U.S. Department of Treasury's Financial Crimes Enforcement Network (FinCEN). Reporting companies will also be required to update their BOI Report on an ongoing basis to reflect changes to the information provided previously in their BOI Report. This new reporting regime is intended to provide law enforcement with an additional tool to fight a variety of financial crimes. Non-compliance with the CTA's beneficial ownership information reporting requirements may result in either or both civil and criminal penalties.

The CTA's new beneficial ownership information reporting requirements are a significant departure from the current ability of many companies operating in the United States to keep information about the company's beneficial owners confidential. Fortunately, the information contained in a BOI Report will only be accessible by certain law enforcement agencies and, unlike the beneficial ownership reporting regimes in a number of other countries, will not be available to the general public.

Certain companies have been exempted from the CTA beneficial ownership requirements. However, many of the exemptions apply to companies in industries that are already heavily regulated (e.g., securities, banking, insurance). **We believe that a substantial majority of the business clients that our firm serves will not qualify for an exemption, and will therefore be required to file an initial BOI Report and then**



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update it as required.

Non-exempt reporting companies will be required to file their BOI Report solely via the new BOSS system, FinCEN's new electronic filing platform currently being developed by FinCEN to accept, process and store BOI Reports. This system is not expected to be available to accept BOI Reports until January 1, 2024, so while we know what type of information a reporting company will be required to provide in a BOI Report, we do not know what the BOI Reports will look like or how the BOSS filing system will function.

Although the BOI Reporting obligations under the CTA commence on January 1, 2024, reporting companies have a period of time after that date to file their initial BOI Report. All reporting companies existing on or before December 31, 2023 will have the entire 2024 calendar year to file their initial BOI Report. Reporting companies formed, or qualified as a foreign corporation to do business in the United States, on or after January 1, 2024 but before January 1, 2025 will have 90 days from their formation or qualification date to file their initial BOI Report. Reporting companies formed or qualified on or after January 1, 2025 will have 30 days after their formation or qualification to file their BOI Report. BOI Reports may be filed on the BOSS system free of charge.

While much of the information required to be disclosed in a BOI Report will be relatively easy to obtain and report, the CTA's broad definition of a beneficial owner may require a more complex analysis to determine who the beneficial owners of a reporting company are, particularly in cases involving more complex ownership structures.

We suspect that reporting companies and their beneficial owners may have questions regarding the new beneficial ownership information reporting requirements.

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