

SPOTLIGHT ON BENEFICIAL OWNERSHIP

US Beneficial Ownership Reporting Rules January 1, 2025 and Beyond

A Spotlight on the US Financial Crimes
Enforcement Network's (FinCEN)
Beneficial Ownership Reporting under
the Corporate Transparency Act (CTA)



BOI Reporting Timelines

From January 1, 2025, and thereafter, all new incorporated legal entities will have 30 days from the Secretary of State registration date to submit a BOI report. All other updates related to the initially filed report, whether a change or an error to be corrected, will still need to be filed 30 days from the change or discovery date.





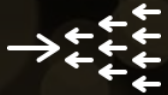
PREPARATION LANDSCAPE

- **Preparation for Implementation:** Companies should start preparing for the new regulations, which are now in effect, with most reporting deadlines by January 2025. This includes understanding the requirements and determining whether they fall under the CTA's scope.
- **Awareness and Education:** Companies should familiarize themselves with FinCEN's guidelines, exemptions, and the reporting process. They should also educate relevant personnel about these changes.
- **System and Process Setup:** Companies may need to set up systems or processes for gathering and reporting the required information. This may include software solutions or internal reporting mechanisms.
- **Seeking Legal and Compliance Advice:** Companies should seek advice from legal and compliance experts to ensure understanding and readiness for the current regulations.



2025 INITIATIVES

- **Extended Deadline for Pre-2024:** Companies existing before 2024 must submit their initial BOI reports by January 1, 2025.
- **New Companies Reporting Within 30 Days:** In 2024, companies created or registered within the year have 90 days to file. But starting January 1, 2025, companies will have 30 days from their creation or registration date to file their initial BOI reports.
- **Continued Compliance and Updates:** Companies must continue to update their BOI filings within 30 days, if there are any changes or errors discovered in previously reported information.
- **Adherence to Privacy and Access Regulations:** Companies must adhere to the CTA regarding confidentiality and access to the information submitted, as the BOI database is non-public and access is restricted.



EXEMPTIONS

- There are 23 types of entities that are exempt from BOI reporting, which include many nonprofits, certain large companies and publicly traded companies meeting specific requirements. A [full list of exempted companies](#) is found on FinCEN's BOI FAQs.
- You may also review the following criteria before concluding exemption. If you answer "Yes" to all questions, you are either a domestic or a foreign reporting company:
 - *Was your company created or formed under US laws ('domestic company') or laws of a foreign country ('foreign company')?*
 - *For domestic companies: Is your company a corporation, an LLC or was created by filing of a document with a secretary of state or any similar US government agency under State laws or Indian tribe?*
 - *For foreign companies: Is your company registered to do business in any US State or Tribal jurisdiction filing of a document with a secretary of state or any similar US government agency under State laws or Indian tribe?*



CHALLENGES

- **Complexity of Requirements:** Understanding and complying with the detailed reporting requirements can be challenging, especially for small and medium-sized businesses.
- **Resource Allocation:** Companies might need to allocate significant resources in terms of time and finances to comply with these requirements.
- **Data Security Concerns:** Ensuring the security and confidentiality of the reported data, especially when handling sensitive personal information, is crucial.
- **Legal and Regulatory Uncertainties:** Continuous updates and clarifications to the rule may create uncertainties, requiring ongoing attention and adaptation from businesses.
- **Multiple Subsidiaries:** For companies with multiple operating subsidiaries, reporting can be an extensive process.



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Beneficial Ownership Assessment

From legal entity formation to CTA reporting, understanding the individual(s) that directly or indirectly exercise substantial control or own 25% or more is critical to the public disclosure of such individuals, CTA reporting, and financial institution onboarding. Stratis can assess your individual and legal entity structure such as companies and trusts to better understand disclosure and reporting requirements.



Customer Journey and Due Diligence Refresh

Similar to asking the politically exposed person (PEP) question at onboarding and during due diligence refreshes, adjustments to customer due diligence processes will need to be undertaken to determine whether an entity is compliant with their CTA reporting requirements. Stratis can help evaluate existing onboarding and due diligence processes to incorporate CTA-based compliance questions to ensure your company is providing services to compliant entities.



Ongoing CTA Reporting and Maintenance

With each new legal entity incorporated or changes to existing entities, BOI reporting is required. For companies with multi-state entities due to its operating model, licensing program, or recent mergers and acquisitions, keeping pace with BOI reporting is critical to stay compliant. Whether managing licensing programs, Initial Public Offering or Mergers and acquisitions due diligence, or ongoing corporate governance, Stratis can help monitor, trigger the report submission, and assist with filing any updates or amendments to BOI.





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