



Planning for FinCEN's Beneficial Ownership Information Reporting Rule

What Truist clients need to know beginning in January 2024

There is a change to U.S. law that imposes new beneficial owner reporting requirements on many small businesses effective January 1, 2024. **Importantly, this new law, as well as the recently announced Beneficial Ownership Information Access and Safeguards Regulation, DO NOT change Truist's current requirements to collect beneficial owner information from our clients.**

In 2021, Congress passed the Corporate Transparency Act. This law created a new beneficial owner information reporting requirement as part of the U.S. government's efforts to make it harder for bad actors to hide or benefit from their ill-gotten gains through shell companies or other opaque ownership structures.

Under the new Beneficial Ownership Information Reporting Rule, certain small business entities must file beneficial ownership information reports (BOI Reports) with the US Treasury Department's Financial Crimes Enforcement Network (FinCEN). At the same time, financial institutions, including Truist, must continue to comply with the existing regulatory requirement to collect beneficial ownership information from certain legal entity customers, which includes small business entities.

These new rules do not alter or eliminate Truist's current regulatory requirement to collect beneficial owner information from our clients.

Basic requirements of the new Beneficial Ownership Information Reporting Rule

Starting January 1, 2024, many small business entities (Reporting Companies) will be required to file Beneficial Ownership Information (BOI) Reports electronically using FinCEN's online secure filing system to report information about the entity itself and two categories of individuals: (i) beneficial owners of the entity, defined as any individual

that exercises substantial control over the Reporting Company, or owns or controls at least 25% of the Reporting Company's ownership interests, and (ii) company applicants (i.e., the individual(s) directly responsible for creation of a Reporting Company through filing of formation documents).

Reporting Companies established prior to January 1, 2024, will be required to file their initial BOI Reports by January 1, 2025. Companies created or registered to do business after January 1, 2024, and before January 1, 2025, will have 90 days to file their initial BOI Reports with FinCEN. Companies created or registered to do business after January 1, 2025, will have 30 days to file their initial BOI Reports with FinCEN. Companies that qualify for one of 23 exemptions under the Rule (Exempt Entities) are not required to file a report.

What should business owners do or know?

1. Review FinCEN BOI resources and consult professional advisors

Review the educational materials developed by FinCEN to communicate the new requirements for Reporting Companies, which are linked under Resources below and available on FinCEN's website. Due to the complexities in interpreting the reporting requirements and the exemptions available for certain types of businesses, it is recommended to seek professional guidance from an attorney or CPA to ensure proper compliance.

2. Be wary of unsolicited communications marketing compliance solutions

With the increased sophistication of fraudsters attacking the financial services industry and its clients, be cautious of unsolicited communications offering compliance solutions for BOI reports. Bad actors may leverage the substantial civil and criminal penalties associated with non-compliance and the upcoming deadlines to create a sense of urgency to encourage business owners to provide information through channels that appear official at first glance but have been created to steal personally identifiable information. Reporting Companies can register directly with FinCEN once they understand and have gathered the information required to be reported.

3. Remember that businesses required to file BOI reports are still required to provide beneficial ownership information to Truist

The Beneficial Ownership Information Reporting Rule does not change existing requirements imposed on financial institutions, such as Truist, to collect beneficial ownership information from certain legal entities under the Customer Due Diligence Rule. Businesses cannot use a single BOI Report for both FinCEN and Truist because

the information required to be reported to FinCEN differs in several respects from the information required to be collected by Truist pursuant to existing regulations. Additional rules related to access to BOI Reports and revisions to the Customer Due Diligence rule are expected in the future, but requirements for financial institutions, including Truist, remain unchanged at this time.

Resources

[FinCEN's Small Entity Compliance Guide](#)

[Additional FinCEN BOI Resources](#)