



## Legal Entity Customer Guide for FinCEN's Beneficial Ownership Rule

For each new **account** opened for a legal entity customer, the covered financial institution must **identify** and **verify** persons qualifying as "Beneficial Owners" under the two applicable prongs:

**Control Prong** – The natural person with significant responsibility to control, manage or direct the legal entity customer. Can include, but is not limited to, CEO, President, CFO, Senior Manager, Director, General Partner.

**Ownership Prong** – Each natural person who directly or indirectly owns 25% or more of the equity interests of a legal entity customer.

- **Account:** defined pursuant to the CIP rule and includes deposit accounts, transaction or asset accounts, credit accounts, or another extension of credit. It also includes safe deposit box or other safekeeping services or to provide cash management, custodian, or trust services. These requirements apply even if the customer already has accounts or an established relationship at the bank.
- **Identify:** Rule requires collection of the name, address, date of birth, and social security number or other government identification number (such as ITIN). A "title" is also required for the Control Prong identified as Key Manager.
- **Verify:** Rule requires that procedures, at a minimum, contain the same elements as required for verifying the identity of individual customers under the CIP rule. However, photocopies or other reproductions of ID documents may be used for documentary verification. Also, consumer reports cannot be pulled on beneficial owners unless written permission is received under the FCRA.

**Each entity must determine whether the rule applies.** This information is only to be used as a guide. Please review the guidance from FINCen for full information regarding covered entities.

### Legal Entity Customers - Both Control and Ownership Prong

- Corporations
- Limited Liability Companies
- Partnerships, General & Limited
- Trusts Created by Filing with Secretary of State (statutory trusts)
- Some entities that register with the Secretary of State

### Partial Exemptions - Requires Control Prong Only

- Charities
- Nonprofits

### Exempted

- Natural Persons
- Sole Proprietorships
- Unincorporated Associations (e.g. scout troops, sport leagues, etc.)
- Trust **Not** Created by Filing with Secretary of State
- Federally regulated banks and federally insured credit unions, mutual funds, brokers or dealers in securities, future commission merchants, and introducing brokers in commodities
- Bank Holding Companies or Savings and Loan Holding Companies
- Government Departments or Agencies
- U.S. or State Political Subdivisions
- Publicly Traded Companies on a Major Exchange
- Subsidiaries of Publicly Traded Companies on Major Exchange
- State-Regulated Insurance Companies
- Insurance Companies Registered with U.S. Securities and Exchange Commission (SEC)
- Investment Companies Registered with SEC
- Investment Adviser Registered with SEC
- Issuers of Securities Registered with SEC
- Exchange or Clearing Agency as defined by Security Exchange Act (SEA)
- Public Accounting Firms Registered under Section 102 of Sarbanes-Oxley Act