

SCHWARTZ & BALLEN LLP

1990 M STREET, N.W. • SUITE 500

WASHINGTON, DC 20036-3465

WWW.SCHWARTZANDBALLEN.COM

TELEPHONE
(202) 776-0700

FACSIMILE
(202) 776-0720

M E M O R A N D U M

December 8, 2021

To Our Clients and Friends

Re: FinCEN Requests Comment on Proposed Beneficial Ownership Reporting Rule

The Financial Crimes Enforcement Network (FinCEN) is requesting comment on its proposed rule implementing the beneficial ownership reporting provisions of the Corporate Transparency Act. Comments on the proposed rule are due by February 7, 2022.

Under the proposed rule, domestic and foreign companies subject to reporting requirements include corporations, LLCs, business trusts and most limited partnerships. In addition to providing company identifying information to FinCEN, domestic and foreign companies subject to reporting requirements must also collect and report identifying information on company applicants (i.e., for a domestic reporting company, the individual who files the document that forms the entity; for a foreign reporting company, the individual who files the document that first registers the entity to do business in the U.S.) and beneficial owners. A beneficial owner is an individual who exercises substantial control over the reporting company or owns or controls at least 25 percent of the ownership interest of the reporting company. The following identifying information is required to be reported: (1) full legal name, (2) date of birth, (3) current address, (4) unique identifying number from an acceptable identification document and (5) an image of the document containing the unique identifying number.

Preexisting reporting companies would have one year after the rule's effective date to file an initial report and reporting companies formed after the rule's effective date would have 14 days after their formation to file their report. Reporting companies would also have ongoing obligations to file updates or correct inaccuracies.

FinCEN announced plans to engage in additional rulemakings to establish safeguards and data access/disclosure rules for beneficial owner information and to revise its customer due diligence rule.

A copy of the FinCEN's proposed rule is available on our website at <http://schwartzandballen.com/news.html>.

For more information, please call Gilbert Schwartz, Robert Ballen, Heidi Wicker, or Eric Knight at (202) 776-0700.