

1 Is Your Company Subject to CTA Reporting?

- Under the CTA, all non-exempt entities ("Reporting Companies") must file Beneficial Ownership Information Reports (BOIRs) identifying anyone who owns **25 percent or more of the entity's ownership interests**; OR, **exercises substantial control** over the entity. *This includes subsidiaries and joint ventures.*
- **Reporting Companies** include corporations, LLCs, LLPs, business trusts and most LPs.
 - **Note:** common law trusts and general partnerships do not meet the definition of Reporting Company but may, nevertheless, be comprised of Beneficial Owners subject to CTA compliance.
- The CTA exempts 23 types of entities, including publicly traded companies; 501(c) tax-exempt organizations; and, certain large operating companies. *Always consult with counsel before concluding an exemption applies.*

2 BOIR Deadlines

- Entities formed on or after January 1, 2024 – **90 days from the date of formation.**
- Entities formed before January 1, 2024 – on or before January 1, 2025.
- Entities formed on or after January 1, 2025 – 30 days from the date of formation.
- Updates to entity or Beneficial Owner information – 30 days from the date change occurred.

3 Identifying Beneficial Owners: Two-Prong Test

- Individuals who **own/control at least 25%** of the entity's ownership interests; which include profit interests, convertible instruments, options, privileges, or any other mechanism to establish ownership; **OR**
- Individuals who **exercise substantial control** over the entity. This includes senior officers (CEO, COO, CFO and GC) and any individual who directs, determines, or has substantial influence over important decisions.

4 Are You (or Someone in Your Organization) a Company Applicant?

- Company Applicants are the **individuals who direct and control the filing** of documents that create Reporting Companies. There will always be at least one, but no more than two, Company Applicants for each entity formed on or after January 1, 2024.
- E.g., you personally filed a document with Delaware Secretary of State to form a Delaware LLC. You are a Company Applicant. If you formed the entity at the direction of another individual, that person is the second Company Applicant.

5 Beyond Reporting: CTA Compliance as Good Corporate Hygiene

- Like cybersecurity and data privacy, CTA compliance must be incorporated into overall operations.
 - Corporate Recordkeeping – Update recordkeeping policies related to entity formations/dissolutions and obtain and maintain FinCEN Identifiers for Company Applicants and Beneficial Owners.
 - Corporate Transactions – Update due diligence provisions, representations & warranties, and contract terms to include CTA obligations for reporting company and beneficial owners.
 - Establish processes for ongoing monitoring and reporting of changes to reporting company and beneficial ownership information.

FOR MORE INFORMATION, PLEASE CONTACT:



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