

Beneficial Ownership FAQ

Q. Why am I being asked to provide information on beneficial owners?

A. Federal Regulation requires financial institutions to obtain, verify and record information about beneficial owners of legal entity customers. This regulation was enacted to help law enforcement fight financial crimes. Legal entities can be abused to disguise involvement in terrorist financing, money laundering, tax evasion, corruption, fraud and other financial crimes. Requiring the disclosure of key individuals who own or control a legal entity (i.e., beneficial owners) helps law enforcement investigate and prosecute these crimes.

Q. Who is required to certify the information provided?

A. The bank will ask the person authorized to open a new account on behalf of a legal entity to complete a Certification of Beneficial Owners form, which lists out the owners and provides space for their identifying information.

Q. Who is a beneficial owner?

A. Beneficial ownership has a two-part definition:

- i. Each individual, who directly or indirectly owns 25% or more of the equity interests of the legal entity customer; and
- ii. At least one individual with significant responsibility for managing the legal entity customer (e.g., a Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Managing Member, General Partner, President, Vice President or Treasurer.)

The number of individuals that satisfy this definition of “beneficial owner” may vary. Regardless of the number of individuals identified under section (i), you must provide the identifying information of one individual under section (ii). It is possible that in some circumstances the same individual might be identified under both sections. Thus, a completed form will contain the identifying information of at least one individual under section (ii), and up to four individuals under section (i) for a total of up to five.

Q. What information do I have to provide for the beneficial owner?

A. The certification form requires you to provide the name, physical home address, date of birth, Social Security number (or passport number, in the case of foreign persons) and a copy of a driver's license or other identifying document for the beneficial owners of the legal entity.

Q. What are affected legal entities?

A. Legal entity customers affected by this new regulation include corporations, limited liability companies, general partnerships, limited partnerships, business trusts or other entities that are created by filing a public document with a Secretary of State or similar office.

Q. When will I be asked for this information?

A. Beginning May 11, 2018 and thereafter identifying information of beneficial owners of affected legal entities will be required whenever an individual on behalf of the entity requests a new account and may be requested if the entity has a change in ownership/control, a major change in business lines or has a change in expected transactions/volumes.

Q. What types of accounts are affected?

A. The accounts affected by beneficial ownership requirements are checking, savings, safe deposit boxes, loans and other forms of credit such as credit cards, safekeeping and trust relationships.

Q. What entities are excluded from this requirement?

A. Beneficial ownership does not apply to the following types of customers and entities:

- i. Natural persons operating an account on their own behalf
- ii. Sole proprietorships
- iii. Trusts (unless the beneficial owner of a legal entity or customer is a business trust)
- iv. Unincorporated associations and informal clubs
- v. Entities that are subject to federal or state regulation where information about the entity's beneficial ownership is available from federal or state agencies such as: U.S. government entity, U.S. government agency, companies and subsidiaries listed on a stock exchange, etc.

Q. Does this regulation apply to existing customers?

A. This regulation applies to every affected legal entity customer regardless if they are new to the bank or have existing accounts.

