



Who is...  
the Beneficial  
Owner?

IMPORTANT INFORMATION ABOUT  
OPENING A NEW ACCOUNT  
EFFECTIVE MAY 11, 2018



## **FOR OUR BUSINESS CUSTOMERS:**

When you open a new account or apply for a new loan on or after May 11, 2018, you will be required to provide information about your Beneficial Owners.

### **A BENEFICIAL OWNER IS:**

- Any individual who owns 25% or more of the company.
- One individual who has significant managerial responsibility for the company.

### **What is the Certification for Beneficial Owners of Legal Entities?**

The federal government has issued regulations requiring that before deposit, lending or safe deposit accounts can be opened for organizations such as corporations, partnerships, limited liability companies and business trusts, information must be collected about the owners of those Legal Entities and documented on a Certification of Beneficial Owners form.

### **Does the certification requirement apply to all business accounts?**

No, the following business structures are not required to complete the Beneficial Ownership Certification:

- Sole proprietorships
- Unincorporated associations
- US financial institutions
- US & US state government entities
- US publicly traded companies and their subsidiaries
- Legal entities registered with the Securities and Exchange Commission (SEC)
- Individual or family trusts

### **Does Beneficial Ownership apply to non-profit entities?**

No, non-profit and charitable entities don't actually have Beneficial Owners; however, information must be collected on the individual in control of the entity. On the certification form, indicate "Beneficial Ownership does not apply" and provide information on the individual in control of the legal entity.

### **What information must be provided on the certification form?**

A certification must be completed that lists each individual who owns, directly or indirectly, 25% or more of the equity interests of the legal entity as well as one individual with significant responsibility for managing the legal entity (e.g. chief executive officer, chief financial officer, chief operating officer,

managing member, general partner, president, vice president or treasurer). The following identifying information must be provided for each individual named on the certification form:

- Full legal name
- Residential address
- Date of birth
- Social Security number or Individual Tax Identification Number
- Foreign individuals who do not have a US-issued tax identification number will need to provide valid passport information and country of issuance.
- Copies of identification documents for each individual such as driver's license, state-issued identification card, passport, alien identification card

### **What if no one owns 25% or more of the legal entity?**

If there are no owners with 25% or more ownership because all of the owners own a smaller percentage, then you will just need the information on one person who controls or manages the organization, which should be entered in the Control part of the form right before the signature on the certification.

It is important to note that the information that goes on the certification must be information regarding people rather than another organization. If another organization is the owner, then the information on the people who own that other organization must be provided.

### **How many Beneficial Owners should be listed on the certification?**

No more than four Beneficial Owners and one Controlling Individual should be listed on the certification.

### **Here are some examples of how this form should be completed in various circumstances:**

If there are four owners, each owning 25%, then information on all four owners should be entered in the Ownership section of the certification, and information on one person in control of the entity should be entered in the Control section.

If there are two owners of 40% and one owner of the remaining 20%, then information on the two 40% owners should be entered in the Ownership section of the certification. Nothing needs to be entered for the 20% owner, and information on one person in control of the entity should be entered in the Control section.

If there are five owners of 20% each, then no information needs to be listed on any of those owners in the Ownership section of the certification. Indicate that Beneficial Ownership does not apply and provide the information on one person in control of the legal entity in the Control section.

### **Does this just need to be done once?**

No, a certification is required every time another new account is opened. The definition of account includes opening any new loans, deposit accounts and/or safe deposit relationships. As long as there have not been any changes to the existing Beneficial Ownership of the legal entity, no new information will need to be collected and the individual will simply sign the form certifying that the information remains true. If the Beneficial Ownership of the entity has changed, then information will have to be provided on all new Beneficial Owners and a new certification will need to be completed.

### **What does signing the certification mean?**

The individual signing the certification is stating that to the best of his or her knowledge, the information on the form is complete and true.

### **Does this information have to be kept confidential?**

Yes, financial institutions are subject to privacy and information-security requirements that cover this information.

### **Why haven't I been asked for this information before?**

This is a new regulation that was issued in 2016. The federal government has mandated that US financial institutions must comply with the Certification of Beneficial Ownership regulation no later than May 11, 2018.

### **Which depository institutions are required to collect this information?**

Banks, savings associations and credit unions are covered by the regulations requiring Certification for Beneficial Ownership of Legal Entities.



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