

U.S. Corporate Transparency Act: Corporate Governance Quick Guide



After filing the initial report for existing entities, below are some additional considerations for complying with the Corporate Transparency Act ("CTA") for reporting companies.



Have you considered whether you have a duty to file a beneficial ownership information ("BOI") report or update a BOI report when any of the following occurs?

- Formation of entities
- Acquisition of entities
- Reorganizations
- Dissolutions
- Mergers
- Becoming exempt and/or losing exempt status
- Appointment or removal of officers/managers/directors
- Changes to ownership, voting rights or economic rights
- Fundraisings or issuance of equity, options, warrants, or convertible debt
- Equity sales/M&A transactions
- Debt financings
- Name change of reporting company
- New DBA or trade name
- Office relocation
- Change to information for any beneficial owner



Have you incorporated compliance mechanisms?

- Have your senior officers obtained FinCEN IDs?
- Do you have a mechanism to track when company or beneficial ownership information changes?
- Consider adopting a CTA Compliance Policy.
- Consider appointing a CTA Compliance Officer.
- Consider any additional privacy protections to safeguard, secure and transmit BOI report information.



Have you considered any changes in the M&A context?

- Have you added representations in your purchase agreement about CTA compliance of the entities being sold?
- Have you made diligence requests and/or added representations in your purchase agreement about company applicant information (if the initial report was not filed) or about the Company's FinCEN ID?
- Have you included covenants in your purchase agreement related to Buyer making the updated filing after Closing?
- If it is a merger, has the merger subsidiary requested an EIN and filed its initial BOI report before closing?



Have you updated your Operating Agreements, Stockholder Agreements, Investment documents, Employment Agreements, Equity Incentive Agreement, and/or Bylaws?

- Consider including provisions requiring shareholders/members/owners to provide information when their beneficial ownership information changes.
- Consider including indemnification obligations for beneficial owners who do not provide timely updates to their information.



Timing for an Updated Report?

Updated BOI Report must be filed with FinCEN within 30 calendar days after the triggering event occurs.

This is a non-exhaustive summary of when the CTA may apply to reporting companies after the initial filing. This is not legal advice. Please speak with an attorney for advice regarding whether and how the CTA applies to your entities.