

CERTIFICATION OF BENEFICIAL OWNER(S) OF LEGAL ENTITIES

Frequently Asked Questions



What is the purpose of the Customer Due Diligence (CDD) Rule?

The Financial Crimes Enforcement Network (FinCEN) is issuing the CDD Rule to amend existing regulations in order to clarify and strengthen customer due diligence requirements for certain financial institutions. The CDD Rule outlines explicit customer due diligence requirements and imposes a new requirement for these financial institutions to identify and verify the identity of beneficial owners of legal entity customers, subject to certain exclusions and exemptions.

What is a beneficial owner?

- ANY individual who owns 25 percent or more of the equity interests (directly or indirectly) of a legal entity customer; and
- ONE individual with significant responsibility to control, manage, or direct a legal entity customer, including an executive officer or senior manager ((e.g., Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Managing Member, General Partner, President, Vice President, Treasurer); or any other individual who regularly performs similar functions.

What depository institutions are required to collect Beneficial Ownership information?

All banks, credit unions and savings associations must collect this information.

What information must be collected from covered legal entities?

If you are opening an account on behalf of a legal entity, you will also be required to provide appropriate documentation and to certify the ownership information is accurate to the best of your knowledge. The following information will be needed:

- Name
- Address (personal or business)
- Date of Birth
- Social Security Number or Tax Identification Number

What type of identification will be accepted?

- Unexpired Driver's License
- State-Issued Identification Card
- Passport
- Alien Identification Card

What businesses are effected?

The rule applies to legal-entity businesses such as corporation, limited liability company, general partnership, or other entity created by a filing of a public document with a Secretary of State or similar office.

What businesses are generally exempt from the rule?

- Sole proprietorships
- Trusts and estates
- U.S. and state government entities
- Registered insurance companies
- Publically-traded companies and subsidiaries
- Charities and nonprofit entities (however, must collect control information)
- Unincorporated associations such as scout troops and youth sport leagues

What types of accounts are included?

The rule applies to accounts such as checking, savings, certificates of deposit, and loans held at the Bank.

Who may provide this information to the Bank?

Each time an account is opened, we are required to ask you for identifying information as well as:

- Each individual who owns 25% or more of the business, and
- One individual with significant responsibility for managing the business (*e.g. CEO, CFO, Partner, President, Vice President, or Treasurer.*)
- This information must be collected whether or not the individuals are bank clients.

What is required of existing customers?

- If you open a new account, renew, modify, extend or secure a new loan, or renew a certificate of deposit, the beneficial ownership information must be provided or confirmed.

Should I notify the Bank when changes are made to the ownership or control of the entity?

Yes. You should notify the Bank when there are changes to the ownership or control of the entity.