

# FinCEN Issues Final Rule for Beneficial Ownership Reporting to Support Law Enforcement Efforts, Counter Illicit Finance, and Increase Transparency

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**External Link:** Beneficial Ownership Information Reporting Rule Fact Sheet

(<https://www.fincen.gov/beneficial-ownership-information-reporting-rule-fact-sheet>)

## Beneficial Ownership Information Reporting Rule Fact Sheet

WASHINGTON—Today, the U.S. Treasury's Financial Crimes Enforcement Network (FinCEN) took a historic step in support of U.S. government efforts to crack down on illicit finance and enhance transparency by issuing a final rule (<https://www.federalregister.gov/public-inspection/2022-21020/beneficial-ownership-information-reporting-requirements>) establishing a beneficial ownership information reporting requirement, pursuant to the bipartisan Corporate Transparency Act (CTA). The rule will require most corporations, limited liability companies, and other entities created in or registered to do business in the United States to report information about their beneficial owners—the persons who ultimately own or control the company, to FinCEN. Designed to protect U.S. national security and strengthen the integrity and transparency of the U.S. financial system, the rule will help to stop criminal actors, including oligarchs, kleptocrats, drug traffickers, human traffickers, and those who would use anonymous shell companies to hide their illicit proceeds.

“For too long, it has been far too easy for criminals, Russian oligarchs, and other bad actors to fund their illicit activity by hiding and moving money through anonymous shell companies and other corporate structures right here in the United States,” said Acting FinCEN Director Himamauli Das. “This final rule is a significant step forward in our efforts to support national security, intelligence, and law enforcement agencies in their work to curb illicit activities. The final rule will also play an important role in protecting American taxpayers and businesses who play by the rules, but are repeatedly hurt by criminals that use companies for illegal reasons.”

This final rule represents the culmination of years of bipartisan efforts by Congress, the Treasury, national security agencies, law enforcement, and other stakeholders to bolster the United States' corporate transparency framework. It addresses deficiencies in the U.S. anti-money laundering regime as identified by the Financial Action Task Force—the international standard-setting body for anti-money laundering and countering the financing of terrorism and proliferation of weapons of mass destruction standards—and delivers on commitments made by the United States ahead of the December 2021 Summit for Democracy and in the first-ever U.S. Strategy on Countering Corruption.

The rule is effective January 1, 2024. Reporting companies created or registered before January 1, 2024, will have one year (until January 1, 2025) to file their initial reports, while reporting companies created or registered after January 1, 2024, will have 30 days after creation or registration to file their initial reports.

Once the initial report has been filed, both existing and new reporting companies will have to file updates within 30 days of a change in their beneficial ownership information. FinCEN is committed to implementing these statutory obligations in a robust manner while minimizing burdens on reporting companies.

The reporting rule is one of three rulemakings planned to implement the CTA. FinCEN will engage in additional rulemakings to: (1) establish rules for who may access beneficial ownership information, for what purposes, and what safeguards will be required to ensure that the information is secured and protected; and (2) revise FinCEN's customer due diligence rule. In addition, FinCEN continues to develop the infrastructure to administer these requirements, including the information technology system that will be used to store beneficial ownership information in accordance with the strict security and confidentiality requirements of the CTA.



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