

FinCEN Exempts Domestic Reporting Companies and Persons from CTA Reporting Requirements

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April 7, 2025

On March 26, 2025, the U.S. Department of Treasury's Financial Crimes Enforcement Network (FinCEN) issued an interim final rule which narrows the scope of existing beneficial ownership reporting requirements under the Corporate Transparency Act (CTA). The interim final rule provides exemptions for companies previously defined as "domestic reporting companies" under the CTA and for U.S. persons with beneficial ownership interests in companies previously defined as "foreign reporting companies" from having to report beneficial ownership information (BOI) under the CTA. The interim final rule now requires only entities that are formed under the law of a foreign country and that have registered to do business in any U.S. state or tribal jurisdiction by filing a document with a secretary of state or similar office (such entities previously defined in the CTA as "foreign reporting companies") to report BOI for their non-U.S. beneficial owners.

Exemption for Domestic Reporting Companies

The interim final rule exempts entities previously defined as "domestic reporting companies" from reporting requirements under the CTA, including the requirement to update or correct BOI previously reported to FinCEN.

Exemption for U.S. Persons

Additionally, the interim final rule exempts foreign reporting companies from having to report the BOI of any U.S. persons who are beneficial owners of such foreign reporting companies. Foreign reporting companies that only have beneficial owners that are U.S. persons will be exempt from the requirement to report any beneficial owners.

Revision of Special Rule for Foreign Pooled Investment Vehicles

Finally, the interim final rule revised the special rule associated with foreign pooled investment vehicles to exempt foreign pooled investment vehicles from having to report the BOI of U.S. persons who exercise substantial control over such entities. Under the previous special rule, foreign pooled investment vehicles were required to report beneficial ownership information solely with respect to the person who exercised the most control over such entities. Under the revised rule, a foreign pooled investment vehicle must report the BOI of an individual who exercises substantial control over the entity only if that individual is not a U.S. person. If more than one individual exercises substantial control over the entity, the entity is required to report BOI for the non-U.S. person who

has the greatest authority over the strategic management of the entity. If there is no non-U.S. person who has substantial control over the entity, then the foreign pooled investment vehicle is not required to report any beneficial owners.

New Filing Deadline

Companies which were previously defined as “foreign reporting companies” are still required to file BOI reports under the interim final rule, but the rule extended the deadline to file initial BOI reports and update or correct previously filed BOI reports to thirty (30) days from the publication of the interim final rule (Friday, April 25, 2025).

FinCEN has stated that it is currently accepting comments regarding the interim final rule and that it intends to issue a final rule on the matter this year.

Kelley Drye is continuing to monitor the status of the CTA and we remain available to assist with any questions you may have regarding the CTA.