

Advocacy Submits Comments on FinCEN’s Proposed Rule on Beneficial Ownership Information Reporting Requirements

On December 8, 2021, FinCEN published a notice of proposed rulemaking on Beneficial Ownership Information Reporting Requirements in the *Federal Register*. The proposed regulations would implement Section 6403 of the Corporate Transparency Act, which was enacted into law as part of the National Defense Authorization Act.

- The proposed rule prescribes: (1) who must file; (2) when they must file; and (3) what information must be provided. The purpose of the rulemaking is to help prevent and combat money laundering, terrorist financing, tax fraud, and other illicit activity.
- For the purpose of the IRFA, FinCEN assumed that all entities estimated to be reporting companies are small. There are currently 25 million existing reporting companies and three million new reporting companies per year. FinCEN estimates that there will be 32,800,422 burden hours in the first year and 9,468,510 burden hours each year thereafter. FinCEN estimates that the total costs for this rule will be \$1.26 billion in the first year and \$364 million thereafter.
- Congress allowed for more flexibility than FinCEN is proposing. For example, the CTA states that “any reporting company that has been formed or registered before the effective date of the regulations prescribed under this subsection shall, in a timely manner, and not later than 2 years after the effective date of the regulations prescribed,” thus creating a two-year implementation period. The proposed rule allows for only one year.
- Advocacy encouraged FinCEN to allow for the maximum flexibility allowed in the statute and extend the compliance requirements accordingly.
- Section 212 of SBREFA requires agencies to provide a compliance guide for each rule (or related series of rules) that requires a final regulatory flexibility analysis. Advocacy encouraged FinCEN to provide a clear and concise compliance guide that provides information about the requirements of the rule.

A complete copy of Advocacy’s [letter to FinCEN](#) is available. For more information, please contact Jennifer Smith, Assistant Chief Counsel, at Jennifer.Smith@sba.gov.

