

Beneficial Ownership Frequently Asked Questions

Q: What is the beneficial ownership rule?

A: Effective May 2018, Financial Crimes Enforcement Network has issued Customer Due Diligence Requirements for Financial Institutions (the CDD Rule) The rule strengthens existing customer due diligence (CDD) requirements and requires banks to identify and verify the beneficial owners of legal entity customers. Regulations require that before deposit, lending, or safe deposit accounts can be opened for legal entity customers information must be collected. The information is “two pronged” and is to gather beneficial owners of the legal entity and any one individual with “control” of those legal entities.

Q: Who is a legal entity customer?

A: Legal entity customers include the following entities created by a filing with a state office or with a Secretary of State:

- Corporations
- Limited liability companies
- Limited partnerships
- General partnerships
- Business trusts (created by state office filing)

Q: What constitutes a beneficial owner?

A: The Rule defines beneficial owner as each of the following:

- Each individual, if any, who, directly or indirectly, owns 25% or more of the equity interests of a legal entity customer (i.e., the ownership prong); and
- A single individual with significant responsibility to control, manage, or direct a legal entity customer, including an executive officer or senior manager (e.g., a Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Managing Member, General Partner, President, Vice President, or Treasurer); or any other individual who regularly performs similar functions (i.e., the control prong). This list of positions is illustrative, not exclusive, as there is significant diversity in how legal entities are structured.

Q: Are there any entities that are excluded from the definition of a legal entity customer?

A: Yes. The definition of a legal entity customer excludes certain entities such as:

- Individuals opening accounts on their own behalf
- Sole proprietorship's
- Unincorporated associations
- Trusts, other than statutory trusts created by a filing with a state office

Q: What information do I need to provide?

A: Each time a business account is opened or maintained, we will be required to ask you for identifying information (name, address, date of birth, social security number) as well as identification documentation (driver's license or passport copies). If you are opening an account on behalf of a business, you will be required to provide appropriate documentation and to sign a Certification of Beneficial Owners of Legal Entities form and certify that this information is true and accurate to the best of your knowledge. Please see RCB Beneficial Ownership form "Appendix A" on our website.

Q: When will I be required to provide beneficial ownership information?

A: Beneficial ownership information is required when a new business account is opened, a new loan is obtained, or when renewing or extending certain products. This includes safe deposit boxes, loans, investments, and trust services. As well as when maintaining an account (ex. adding a signer).

Q: How will you collect the information?

A: A Certification of Beneficial Owners of Legal Entities (Appendix A) form will be used to obtain the required beneficial ownership information.

Q: What does signing the Certification of Beneficial Ownership form mean?

A: Signing the Certification of Beneficial Owners of Legal Entities form means that the person signing the form is stating that to the best of his or her knowledge, the information on the form is complete and correct.

Q: Will I have to provide this information on a regular basis?

A: Once the Certification of Beneficial Owners of Legal Entities form for your legal entity, we may ask that you confirm the information when you open additional new accounts. If nothing has changed, we will ask you to re-certify the information on file. Please let us know if there is a change in ownership or control of your company so we can obtain an up-to-date Certification of Beneficial Owners of Legal Entities form that reflects accurate information.

Q: Do you need to collect beneficial ownership information for my personal accounts?

A: No. The beneficial ownership regulation only applies to applicable business accounts.

Q: What if one of the owners is from another country and doesn't have a Social Security Number?

A: In that case, instead of entering anything in the Social Security column on the Certification of Beneficial Owners of Legal Entities form, you should enter a passport number and the name of the country that issued the number in the column labeled "For Non-U.S. Persons".

Q: Who is required to collect beneficial ownership information?

A: All federally regulated banks and federally insured credit unions, mutual funds, brokers or dealers in securities, futures commission merchants, and introducing brokers in commodities are required to collect this information