

## Insights

# CTA AND CORPORATE GOVERNANCE: A QUICK GUIDE FOR SITUATIONS WHERE CTA COMES INTO PLAY

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The Corporate Transparency Act (“CTA”) was enacted by The U.S. Congress in January 2021 as a way to protect the United States financial system from being used for money laundering and other illicit activities. The CTA requires certain entities, referred to as “[reporting companies](#)”, to file a beneficial ownership information (“BOI”) report with the Department of Treasury’s Financial Crimes Enforcement Network, better known as FinCEN. The BOI report includes information about the company, company applicants (if formed in 2024 or later), and [beneficial owners who substantially control or own the company](#).

Once the initial BOI report is submitted, it is crucial for companies to remain mindful of their obligation to update the BOI report when any information on that report changes or the entity gains or loses exempt status. This includes reporting changes to company information (e.g., the addition of a trade name or a change of the main address), information about new beneficial owners (e.g., an ultimate beneficial owner with less than 25% of equity obtaining 25%, or a person who obtains decision-making rights regarding a specific business line), and changes to existing beneficial ownership information (e.g., a change of a beneficial owner’s residential address).

Given the wide-ranging scope and stringent filing deadlines of the CTA, it is essential to carefully assess its applicability and the timing of any required filings in most corporate transactions. The CTA introduces a new regulatory framework that demands close scrutiny of corporate restructuring and will have significant implications for many, if not most, corporate transactions. Due to numerous ambiguities in the CTA’s application to different scenarios, a detailed, entity-by-entity analysis is often required.

BCLP continues to closely monitor developments in the CTA implementation process, and our lawyers are available to discuss these and any related issues as they arise.

Download our [guide for reporting companies](#) to identify instances where an updated BOI report may be required, as well as other considerations for complying with the CTA.

*For advice regarding your obligations under the CTA, please contact your BCLP relationship lawyer or [a member of BCLP's CTA team](#). Please note that BCLP does not provide advice as to the application of the CTA to an entity unless we have been expressly engaged to provide such advice.*

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