

# Committed Capital

**SIDECAR** | BITE-SIZED TAKES ON PE HOT TOPICS

## COMMITTED CAPITAL PODCAST SERIES

### The Corporate Transparency Act: Will My Business Be Affected?



FEBRUARY 19, 2021

Dechert's Private Equity group presented "The Corporate Transparency Act: Will My Business Be Affected?", a bite-size episode of the firm's Committed Capital Podcast Series. The episode was presented by the firm's private equity M&A team and hosted by Stephen Pratt (moderator), a partner in the firm's Philadelphia office, Sarah Kupferman, a partner in the firm's New York office, and Mark Evans, a partner in the firm's London office.

The presenters explored the administrative and compliance burdens that businesses may face with the recent passage of the Corporate Transparency Act (the "CTA"), which seeks to prevent money laundering and the financing of terrorism through shell companies by requiring business entities formed or operating within the United States to disclose the identity of their beneficial owners.

## HIGHLIGHTS FROM THE EPISODE

### New disclosure requirements

The CTA will require "corporations, limited liability companies and other similar entities" formed or registered to do business in the U.S. (each a "reporting company") to provide certain beneficial ownership information to FinCEN for law enforcement use. For these purposes, a beneficial owner is anyone who exercises substantial control over a reporting company, or owns or controls 25% or more of the ownership interests of a reporting company.

### Impact for firms doing business in the U.S.

Although more than two million entities are formed annually in the U.S., there are many exemptions to the CTA reporting requirements that may be applicable, and it is therefore difficult to anticipate how many entities will be required to make the disclosures. Pending regulations from the Secretary of the Treasury to put the CTA into practice are expected to clarify the scope of the exemptions, and whether some additional types of legal entities will be subject to the new requirements.

### European perspectives

In the European context, similar regulations have been in existence for some time, and the CTA will assist in establishing some parity in beneficial ownership and related anti-money laundering reporting across the major financial centers.

To hear the episode in full, click [here](#). For all episodes in our series, click [here](#).