DEPARTMENT OF THE TREASURY

Financial Crimes Enforcement Network

31 CFR Part 1010

RIN 1506-AB67

Beneficial Ownership Information Reporting Requirement Revision

AGENCY: Financial Crimes Enforcement Network (FinCEN), Treasury.

ACTION: Final rule.

SUMMARY: FinCEN is issuing this final rule to adopt as final and with certain limited changes the interim final rule issued on March 26, 2025, which narrowed beneficial ownership information (BOI) reporting requirements under FinCEN's regulations implementing the Corporate Transparency Act (CTA). In particular, this final rule not only continues to exempt reporting companies from having to report the BOI of U.S. person beneficial owners and U.S. person beneficial owners from having to provide BOI to reporting companies; it also exempts reporting companies from having to submit information about their U.S. person company applicants to FinCEN and exempts U.S. person company applicants from any obligation to provide their information. In addition, the final rule exempts all U.S. persons from the requirement to update information already provided to FinCEN in connection with obtaining a FinCEN identifier (FinCEN ID).

DATES: This rule is effective [**INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER***].

FOR FURTHER INFORMATION CONTACT: FinCEN's Regulatory Support Section by submitting an inquiry at www.fincen.gov/contact.

SUPPLEMENTARY INFORMATION:

I. Background

A. The Corporate Transparency Act

On January 1, 2021, Congress enacted into law the CTA as part of the broader Anti-Money Laundering Act of 2020.[1] Section 6403 of the CTA, among other things, amends the Bank Secrecy Act (BSA) by adding a new section 5336, Beneficial Ownership Information Reporting Requirements, to subchapter II of chapter 53 of title 31, United States Code.[2] This section establishes new BOI reporting requirements for many corporations, limited liability companies, and other similar entities operating in the United States, but it excludes specified categories of businesses from the reporting requirements. The CTA also authorizes the Secretary of the Treasury (Secretary) to exempt any other "entity or class of entities" for which the Secretary, with the written concurrence of the Attorney General and the Secretary of Homeland Security, has, by regulation, determined that "requiring beneficial ownership information from the entity or class of entities . . . would not serve the public interest" and "would not be highly useful in national security, intelligence, and law enforcement agency efforts to detect, prevent, or

[1] The CTA is Title LXIV of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, Public Law 116-283 (2021) (NDAA). The Anti-Money Laundering Act of 2020—which includes the CTA—is Division F, sections 6001–6511, of the NDAA.

[2] Certain parts of the Currency and Foreign Transactions Reporting Act, its amendments, and the other statutes relating to the subject matter of that Act, have come to be referred to as the BSA. These statutes are codified at 12 U.S.C. 1829b, 12 U.S.C. 1951–1960, and 31 U.S.C. 5311–5314 and 5316–5336 and notes thereto, with implementing regulations at 31 CFR chapter X.

prosecute money laundering, the financing of terrorism, proliferation finance, serious tax fraud, or other crimes."[3] In addition, the BSA provides that the Secretary may make appropriate exemptions from a requirement in the BSA or regulations prescribed under the BSA.[4] Taken together, these provisions authorize the issuance of regulations that may establish additional exemptions from the requirements of the CTA.

The CTA requires the Secretary to prescribe regulations to implement the CTA's reporting requirements.[5] The Secretary has delegated these and other CTA-implementing responsibilities to FinCEN, a bureau of the Department of the Treasury (Treasury).[6]

B. Issuance of the Reporting Rule and Subsequent Developments

On September 30, 2022, FinCEN published the *Beneficial Ownership Information Reporting Requirements* final rule (Reporting Rule), implementing the CTA's reporting requirements (31 U.S.C. 5336(b)).[7] The Reporting Rule, codified at 31 CFR 1010.380, became effective on January 1, 2024. It required reporting companies to report certain identifying information about themselves, the beneficial owners who own or control them, and, for companies created on or after January 1, 2024, the company applicants who form or register them.[8]

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[3] 31 U.S.C. 5336(a)(11)(B)(xxiv).
[4] 31 U.S.C. 5318(a)(7).
[5] 31 U.S.C. 5336(b)(4).
[6] The Secretary delegated the authority to implement, administer, and enforce the BSA and its implementing regulations to the Director of FinCEN. *See* Treasury Order 180–01, paragraph 3(a) (Jan. 14, 2020), https://home.treasury.gov/about/general-information/orders-and-directives/treasury-order-180-01; *see also* 31 U.S.C. 310(b)(2)(I) (providing that FinCEN Director shall "[a]dminister the requirements of subchapter II of chapter 53 of this title, chapter 2 of title I of Public Law 91-508, and section 21 of the Federal Deposit Insurance Act, to the extent delegated such authority by the Secretary").
[7] FinCEN, *Beneficial Ownership Information Reporting Requirements* (the Reporting Rule), 87 FR 59498 (Sept. 30, 2022). On November 30, 2023, FinCEN also issued a final rule amending the Reporting Rule to extend the filing deadline for reporting companies created or registered in 2024. FinCEN, *Beneficial Ownership Information Reporting Deadline Extension for Reporting Companies Created or Registered in 2024* (the Deadline Extension Rule), 88 FR 83499 (Nov. 30, 2023).
[8] *See* Reporting Rule, 87 FR at 59498–99; 31 CFR 1010.380(b)(2)(iv).

The Reporting Rule originally required domestic reporting companies and foreign reporting companies[9] created or registered to do business in the United States before the rule's effective date of January 1, 2024, to file initial BOI reports with FinCEN by January 1, 2025, one year after the effective date of the regulations.[10] In a subsequent rulemaking, FinCEN set separate deadlines for reporting companies created or registered to do business in calendar year 2024.[11]

Litigation challenging the CTA, however, disrupted the implementation of section 1010.380 and affected these filing deadlines. Specifically, in late 2024 and early 2025, district courts in two cases issued nationwide orders that preliminarily enjoined FinCEN from implementing and enforcing the Reporting Rule and stayed the effective date of section 1010.380.[12] Recognizing that the reporting deadlines that had been set by section 1010.380 for many companies had already passed while those deadlines were stayed by court order, and that

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[9] A domestic reporting company was previously defined at 31 CFR 1010.380(c)(1)(i) as "a corporation; a limited liability company; or other entity that is created by the filing of a document with a secretary of state or any similar office under the law of a state or Indian tribe." A foreign reporting company was previously defined at 31 CFR 1010.380(c)(1)(ii) as "a corporation, limited liability company, or other entity that is formed under the law of a foreign country and that is registered to do business in the United States by the filing of a document with a secretary of state or equivalent office under the law of a state or Indian tribe."

[10] 31 CFR 1010.380(a)(1)(iii).

[11] *See*, *e.g.*, Deadline Extension Rule, 88 FR at 83504.

[12] On December 3, 2024, the U.S. District Court for the Eastern District of Texas, Sherman Division, issued an order that preliminarily enjoined the government from enforcing the CTA and stayed its implementing regulation's reporting deadlines. *See Texas Top Cop Shop, Inc. v. Garland*, No. 4:24-cv-00478, 2024 WL 4953814 (E.D. Tex. Dec. 3, 2024), *amended and superseded by Texas Top Cop Shop, Inc. v. Garland*, 758 F. Supp. 3d 607 (E.D. Tex. 2024). On January 23, 2025, the U.S. Supreme Court issued an order granting the government's application for a stay of the preliminary injunction pending appeal. *See McHenry v. Texas Top Cop Shop, Inc.*, 145 S. Ct. 1 (2025). On January 7, 2025, in *Smith v. U.S. Dep't of the Treasury*, the U.S. District Court for the Eastern District of Texas, Tyler Division, issued a similar preliminary order that prevented the government from enforcing the CTA against the plaintiffs and stayed the effective date of the implementing regulation during the pendency of that litigation. *See Smith v. U.S. Dep't of the Treasury*, 761 F. Supp. 3d 952 (E.D. Tex. 2025). The government appealed and sought a stay of this order, which the district court granted on February 17, 2025. In addition to these cases, two other district courts had issued more limited orders that enjoined FinCEN from enforcing the CTA against the parties in those cases. *See Nat'l Small Bus. United v. Yellen*, 721 F. Supp. 3d 1260 (N.D. Ala. 2024), *rev'd and remanded sub nom. Nat'l Small Bus. United v. U.S. Dep't of the Treasury*, 161 F.4th 1323 (11th Cir. 2025); *Small Bus. Ass'n of Michigan v. Yellen,* 769 F. Supp. 3d 722 (W.D. Mich. 2025). Secretary Bessent was substituted as the defendant in those cases.

companies would need additional time to comply, FinCEN extended the reporting deadlines for most reporting companies until March 21, 2025.[13] On March 2, 2025, Treasury announced the suspension of enforcement of the CTA against U.S. citizens, domestic reporting companies, and their beneficial owners, and Treasury further announced its intent to engage in a rulemaking to narrow the Reporting Rule to require BOI reporting by foreign companies only.[14]

C. The Interim Final Rule

1. Immediate Effect

FinCEN then issued an interim final rule (IFR) on March 26, 2025, which became effective upon publication.[15] The IFR provided for two primary exemptions from the original Reporting Rule's BOI reporting requirements.

First, the IFR exempted all entities previously defined as "domestic reporting companies" from the requirement to file initial BOI reports or to update or correct previously filed BOI reports. The IFR did so by excluding all domestic entities from 31 CFR 1010.380's definition of "reporting company" pursuant to the Secretary's authority under 31 U.S.C. 5336(a)(11)(B)(xxiv) of the CTA, discussed above in Section I.A., to exempt "class[es] of entities" from BOI reporting obligations if the Secretary determines that collecting this BOI "would not serve the public interest" and "would not be highly useful in national security, intelligence, and law enforcement agency efforts."[16]

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[13] *See* FinCEN, FIN-2025-CTA1, *FinCEN Extends Beneficial Ownership Information Reporting Deadline by 30 Days; Announces Intention to Revise Reporting Rule*, (Feb. 18, 2025), https://www.fincen.gov/sites/default/files/shared/FinCEN-BOI-Notice-Deadline-Extension-508FINAL.pdf.
[14] Treasury, *Treasury Department Announces Suspension of Enforcement of Corporate Transparency Act Against U.S. Citizens and Domestic Reporting Companies* (Mar. 2, 2025), https://home.treasury.gov/news/press-releases/sb0038.
[15] FinCEN, *Beneficial Ownership Information Reporting Requirement Revision and Deadline Extension* (the IFR), 90 FR 13688 (Mar. 26, 2025).
[16] *Id*. at 13691. Although not specifically addressed in the IFR, the entities that the IFR exempted from BOI reporting requirements are intended to include ERISA-covered defined-benefit pension plans and their underlying participants.

Second, the IFR exempted foreign reporting companies from the requirement to provide the BOI of any U.S. persons who are their beneficial owners, and exempted such U.S. person beneficial owners from the requirement to provide BOI for the purpose of filing such reports—consistent with the Secretary's decision under the general exemptive authority of 31 U.S.C. 5318(a)(7), discussed in Section I.A.[17] Under the IFR, foreign reporting companies that only have U.S. person beneficial owners are still obligated to file reports, but those reports do not have to include any BOI about their beneficial owners.[18] Related to this second exemption, the IFR revised the special rule associated with foreign pooled investment vehicles at 31 CFR 1010.380(b)(2)(iii) to exempt foreign pooled investment vehicles from having to report the BOI of U.S. persons who exercise substantial control over the entity. Specifically, FinCEN revised this reporting obligation to require foreign pooled investment vehicles to report the BOI of an individual who exercises substantial control over the entity (or the individual who exercises the greatest authority over the strategic management of the entity) and who is not a U.S. person.[19]

The IFR retained the requirement for foreign reporting companies to report BOI about their beneficial owners (excluding U.S. persons) to FinCEN, while extending the deadline for those companies to file initial BOI reports, or update or correct previously filed BOI reports, to the later of 30 days after the date of the publication of the IFR (*i.e.*, to April 25, 2025) or 30 days after their registration to do business in the United States.

FinCEN solicited comments from the public on the IFR and stated that it would assess the effect of the IFR, as appropriate, in light of comments received.[20]

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[17] *Id*. at 13692.
[18] *Id*. at 13690.
[19] The preamble to the IFR explained that if there is no individual with substantial control who is not a U.S. person, the foreign pooled investment vehicle is not required to report any beneficial owners. *Id*.
[20] *Id.* at 13689.

2. Relief of Burden on Small Businesses

The IFR's changes relieved U.S. small businesses of burdens imposed by the Reporting Rule, which the Secretary determined were not justified by the usefulness of the reports generated and the information they made available.[21]

This determination was consistent with the CTA. The CTA directs the Secretary to "minimize burdens on reporting companies associated with the collection of [beneficial ownership] information . . . in light of the private compliance costs placed on legitimate businesses."[22] As discussed above in Section I.A., the CTA also authorizes the Secretary to entirely exempt "class[es] of entities" from BOI reporting via 31 U.S.C. 5336(a)(11)(B)(xxiv) under certain appropriate circumstances.[23]

FinCEN has long recognized the burdens imposed by BOI reporting. For example, when originally issuing the Reporting Rule in 2022, FinCEN responded to multiple commenters who stated that the rule would pose an undue financial burden on many small businesses.[24] FinCEN explained that it "is sensitive to concerns from small businesses about having to comply with a new set of regulations, and has endeavored to minimize unnecessary compliance burdens."[25] FinCEN also stated that achieving the CTA's goal of collecting information that is "highly useful" while "minimiz[ing] burden on reporting companies" requires a "delicate balance."[26]

On January 20, 2025, there was a change in presidential administrations, which resulted in a reassessment of the balance struck by the Reporting Rule. On January 31, 2025, President Trump issued Executive Order (E.O.) 14192, *Unleashing Prosperity Through Deregulation*,

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[21] *See id*. at 13691.
[22] *See* 31 U.S.C. 5336(b)(1)(F)(iii).
[23] *See id.*, at (b)(1)(A)(xxiv).
[24] Reporting Rule, 87 FR at 59550.
[25] *Id*.
[26] *Id.*

which announced an Administration policy "to significantly reduce the private expenditures required to comply with Federal regulations to secure America's economic prosperity and national security and the highest possible quality of life for each citizen" and "to alleviate unnecessary regulatory burdens placed on the American people."[27] Consistent with the exemptive authority provided in the CTA and the direction of the President, the IFR reflected the Secretary's reassessment of the balance between the usefulness of collecting BOI and the regulatory burdens imposed by the scope of the Reporting Rule. The Secretary determined, for purposes of the IFR, that the reporting of BOI by domestic reporting companies and their beneficial owners "would not serve the public interest" and "would not be highly useful in national security, intelligence, and law enforcement agency efforts to detect, prevent, or prosecute money laundering, the financing of terrorism, proliferation finance, serious tax fraud, or other crimes."[28] The Attorney General and the Secretary of Homeland Security concurred in writing with this determination, as required by the CTA.[29]

At the same time, the IFR acknowledged that foreign reporting companies present heightened national security and illicit finance risks and that they also present different concerns about regulatory burdens. Consistent with the CTA's stated purposes, the CTA's exclusion of foreign reporting companies from certain other exemptions,[30] and a weighing of the risks identified against the relative burdens, the Secretary determined in the IFR that exempting

[27] Executive Order 14192 of January 31, 2025, *Unleashing Prosperity Through Deregulation*, 90 FR 9065 (Feb. 6, 2025).

[28] IFR, 90 FR at 13691; *see* 31 U.S.C. 5336(a)(11)(B)(xxiv).

[29] IFR, 90 FR at 13691.

[30] As the IFR notes, the CTA excluded foreign reporting companies from certain exemptions it provided to domestic entities. For instance, the CTA limited the exemption for entities assisting a tax-exempt entity to domestic entities "beneficially owned or controlled exclusively by 1 or more United States persons that are United States citizens or lawfully admitted for permanent residence," as provided by 31 U.S.C. 5336(a)(11)(B)(xx). The CTA also limited the inactive entity exemption for entities that are not "owned by a foreign person, whether directly or indirectly, wholly or partially." 31 U.S.C. 5336(a)(11)(B)(xxiii).

foreign reporting companies would not serve the public interest. The IFR, therefore, continued to require foreign reporting companies to report their BOI, except with respect to U.S. person beneficial owners.[31] The IFR also provided foreign companies with an additional 30 days to comply with its reporting requirements.[32]

3. Comments Received

FinCEN received 118 comment letters in response to the IFR. Commenters included, among others, small business owners, industry trade groups, law firms, law enforcement agencies, transparency organizations, the secretary of state of a U.S. state, and several United States senators. Of these comment letters, 40 were clearly supportive of FinCEN's decision to narrow the BOI reporting requirements, 28 were strongly opposed, and 50 comment letters did not clearly support or oppose the IFR.

Many commenters wrote that they agreed with FinCEN's decision to exempt domestic entities and U.S. persons from the BOI reporting requirements of the original Reporting Rule. These commenters included individual small business owners, associations representing small businesses, service providers (such as accountants and lawyers), and the secretary of state of a U.S. state. Many of these commenters praised the IFR for taking what they considered a pragmatic and risk-based approach to compliance that addresses the need to combat financial crimes while allowing the vast majority of businesses in the United States to focus on growing their businesses rather than navigating what these commenters viewed as government red tape. Some noted that the Internal Revenue Service (IRS) already collects information about certain beneficial owners of some businesses and expressed support for what they perceive as the

[31] Furthermore, as noted in the IFR, foreign reporting companies that only have beneficial owners that are U.S. persons must still submit reports to FinCEN but are not required to report information about these beneficial owners. 90 FR at 13692.
[32] *Id*. at 13690.

removal of a redundant requirement. Some commenters also expressed the hope that Congress would adopt the IFR as legislation in order to ensure FinCEN could not later reinstate reporting requirements for U.S. companies.

Beyond their general support for the IFR, the clearly supportive commenters asked FinCEN to make changes to the reporting requirements in the final rule to reduce burden on U.S. persons even more. In particular, many of these commenters requested that FinCEN remove the requirement that foreign reporting companies report information about U.S. person company applicants,[33] as well as the requirement that U.S. persons indefinitely update the information they had provided in order to obtain a FinCEN ID.[34] Some of these commenters also suggested that FinCEN exempt specific types of entities from the reporting requirements, such as homeowners' associations, regardless of their nationality. Finally, and most prominently among the issues they raised, these commenters requested that FinCEN delete the BOI of U.S. persons that already has been reported and is maintained in the beneficial ownership IT system (the "BO IT System"). These issues are discussed in greater detail in Sections II.C. and III.A. below.

Commenters critical of the IFR, including corporate transparency advocacy organizations, think tanks, organizations representing law enforcement, and four U.S. senators, fell into two camps: those who essentially urged FinCEN to withdraw the IFR and reinstate the original Reporting Rule, and those with more targeted or incremental criticisms of the IFR.

Commenters who urged FinCEN to withdraw the IFR raised a variety of specific objections that broadly fell into two categories. Specifically, one set of commenters disputed

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[33] The term "company applicant" includes both the individual who directly files the document that first registers a reporting company and the individual who is primarily responsible for directing or controlling such filing if more than one individual is involved in the filing of the document. *See* 31 CFR 1010.380(e).
[34] A FinCEN ID is a unique identifying number that FinCEN will issue to an individual or reporting company upon request after the individual or reporting company provides certain information to FinCEN. *See id*. at 1010.380(f)(2).

FinCEN's determination that the IFR was consistent with Congress's intent in enacting the CTA, and the other set disputed FinCEN's conclusion that the benefit of BOI reporting as required by the Reporting Rule did not justify its burden. Both of these categories of objections are discussed in greater detail in Section II.B. below.

Other commenters urged narrowing the exemptions put forth in the IFR but not to abandon them entirely. Some commenters also suggested alternative ways to reduce burden on domestic entities—ways that the commenters suggested might be preferable to the IFR's broad exemptions from the BOI reporting requirements for domestic entities and U.S. persons. These comments are discussed in greater detail in Section II.C. below, in connection with the parts of the IFR that they suggested should be changed.

Commenters also raised various other issues tangentially relating to the IFR that would not involve changes to the rule itself. These included issues arising from the relationship between the IFR and the 2016 Customer Due Diligence (CDD) Rule,[35] such as expectations for financial institutions to access the BO IT System, FinCEN's plans to revise the CDD Rule as required by the CTA, and steps that could be taken to reduce the burden of the CDD Rule on covered financial institutions. These comments also raise issues relating to overall implementation of the CTA and the Reporting Rule, including issues raised in response to FinCEN's Frequently Asked Questions (FAQs), and FinCEN's general approach to enforcement of BOI reporting requirements. These comments are discussed in greater detail in Sections III.B., III.C., and III.D. below.

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[35] FinCEN, *Customer Due Diligence Requirements for Financial Institutions*, 81 FR 29398 (May 11, 2016).

II. The Final Rule

A. Overview

In light of this background and having evaluated both the comments it received and the actual effects of the IFR, FinCEN is now issuing a final rule to modify the BOI Reporting Rule permanently, rather than on an interim basis. FinCEN is adopting the following revisions to the BOI Reporting Rule set forth in the IFR, with certain modifications and expansions in response to comments received and with the overarching intent to minimize unnecessary burdens on U.S. persons:

- exercising authority under 31 U.S.C. 5336(a)(11)(B)(xxiv) of the CTA to exempt domestic reporting companies from any BOI reporting requirements. This affirms the same action taken in the IFR.
- exercising authority under 31 U.S.C. 5318(a)(7) to exempt reporting companies (called foreign reporting companies in the Reporting Rule) from having to report the BOI of any U.S. person who is a beneficial owner or company applicant of the foreign reporting company, and to exempt U.S. persons from having to provide such information to a reporting company for which the U.S. person is a beneficial owner or company applicant. This follows the approach set forth in the IFR but expands the exemption to include not only U.S. person beneficial owners but also U.S. person company applicants. Furthermore, the final rule places the exemption in a different subsection of 31 CFR 1010.380 than the IFR did to avoid confusion.
- exercising authority under 31 U.S.C. 5318(a)(7) to revise the special rule for foreign pooled investment vehicles to exempt any such entity from having to report the BOI

of any U.S. person who exercises substantial control over the entity. This affirms the same action taken in the IFR.

- exercising authority under 31 U.S.C. 5336(b)(4)(A)—which authorizes the Secretary to "prescribe procedures and standard governing . . . any FinCEN identifier"—to eliminate the requirement for any U.S. person to update or correct information that the U.S. person provided in order to obtain a FinCEN ID, whether as beneficial owner or company applicant. This action responds to comments on the IFR, which urged FinCEN to make this change as a complement to the modifications to the reporting requirements.

The final rule does not make any further changes to the IFR or Reporting Rule. The main points listed above are discussed in Section II.B. and section-by-section in Section II.C., both below. Other issues related to but not affecting the language of the rule, including the status of BOI submitted to FinCEN by domestic entities that are no longer reporting companies under FinCEN regulations, are discussed in Section III below.

B. General Criticism of the IFR

As noted in Section I.C.3. above, some comment letters were critical of the IFR. Those commenters raised a combination of legal and policy arguments against the IFR as a whole and urged FinCEN to withdraw the rule and revert to the original Reporting Rule with, at most, only modest changes to relieve burden on small businesses. FinCEN addresses the global concerns raised by those commenters here, and their specific concerns in the section-by-section discussion at Section II.C. below.

1. Constitutionality

Several commenters characterized the IFR as "nullifying" the CTA, which they argued was a violation of the general constitutional principle of the separation of powers. One commenter argued that FinCEN's disregard of the CTA's requirements was so extreme that it amounted to a violation of the Take Care Clause of the U.S. Constitution—*i.e.*, the President's constitutional duty to "take Care that the Laws be faithfully executed."[36] FinCEN disagrees with the characterization of the IFR as a "nullification" of the CTA. The CTA expressly gives the Secretary broad authority to exempt entities from its reporting requirements under specified circumstances. Moreover, the IFR—and this final rule—continue to require reporting of BOI by foreign-based entities registered to do business in the United States, which will be highly useful to law enforcement and national security agencies. Even if this method of implementation differs from the commenters' preferred approach, disagreements over the specifics of executive branch implementation of legislative mandates are not evidence of unconstitutional behavior.

2. Consistency with Statute

Some commenters asserted that the IFR created a regulatory framework that was fundamentally inconsistent with the reporting requirements envisioned and described in the CTA. These commenters, including four U.S. senators, tended to stress the differences between the IFR and the asserted intent of Congress as found in the legislative history and specific provisions of the CTA. One commenter claimed that it had never been Congress's intent to allow for the exemption of all domestic entities and their beneficial owners from the CTA's reporting requirements, and stated that no evidence for anyone taking such a position could be found in the twelve years of discussion and debate between Congress, Treasury, and other stakeholders that preceded the enactment of the CTA. Most commenters' arguments pointed to

[36] *See* U.S. Const. art. II, sec. 3.

section 6402 of the CTA—the CTA's "Sense of Congress" section—and noted its language specifically identifying the need for federal legislation "providing for the collection of beneficial ownership information for corporations, limited liability companies, or other similar entities formed under the laws of the States" to counter money laundering, the financing of terrorism, or other illicit activity.[37] One commenter also stated that the IFR conflicted with the sense of Congress that federal legislation to require BOI reporting from entities "formed under the laws of the States" is needed to "bring the United States into compliance with international anti-money laundering and countering the financing of terrorism standards."[38] Another commenter concluded that the IFR's exemption of domestic reporting companies deviated enough from the explicit language of the CTA such that it would fail the test set forth in the Supreme Court's decision in *Loper Bright Enterprises v. Raimondo*.[39]

Treasury disagrees with this characterization of the IFR as contrary to the intent of the CTA and its specific provisions. These comments fail to give due weight to statutory language that places the importance of minimizing burden at the center of the statutory scheme. There are two key places where the CTA emphasizes the priority of this factor. Section 6402's aforementioned "Sense of Congress" section of the statute states that in prescribing regulations to collect BOI, the Secretary shall "to the greatest extent practicable" and consistent with the purposes of the CTA, "seek to minimize burdens on reporting companies associated with the collection of beneficial information" and "collect information in a form and manner that is reasonably designed to generate a database that is highly useful to national security, intelligence, and law enforcement agencies and Federal functional regulators." The statute repeats this

[37] *See* Section 6402(3) and (5) of Pub. L. 116-283 (Jan. 1, 2021), 134 Stat. 4604.
[38] Pub. L. 116-283, sec. 6402(5)(E).
[39] *Loper Bright Enterprises v. Raimondo*, 603 U.S. 369, 395 (2024).

directive nearly verbatim in section 6403, the operational part of the statute, when describing BOI reporting requirements: in promulgating a regulation, the Secretary shall "to the greatest extent practicable…minimize burdens on reporting companies associated with the collection" of BOI "in light of the private compliance costs placed on legitimate businesses, including by identifying any steps taken to mitigate the costs relating to compliance with the collection" of BOI.[40]

The repetition of this "minimize burden" language in the operational text of the CTA—codified as part of the BSA—gives it significantly more weight than other language in the "Sense of Congress" section of the CTA. Indeed, this "minimize burden" language is now a statutory requirement in the BSA rather than a guide to interpretation of the CTA. Accordingly, Treasury views the comments arguing that the IFR is contrary to congressional intent as simply expressing disagreement as to the proper balance to strike when engaging in a legally mandated balancing test between generating highly useful information, countering illicit activity, or complying with international standards on the one hand, and minimizing burden on the other. Thus, while Treasury's chosen approach to striking this balance differs from the commenters' preferred approach, it is nonetheless consistent with the CTA's legal framework, especially when the statutory directive to "minimize burden" is accorded its proper weight.

Some commenters also asserted that certain aspects of the IFR are inconsistent with the CTA in other ways. Specifically, some commenters cited the sense of Congress that "Federal legislation providing for the collection of beneficial ownership information for corporations, limited liability companies, or other similar entities formed under the laws of the States is needed" to accomplish specified goals as evidence that Congress specifically intended the CTA

[40] 31 U.S.C. 5336(b)(1)(F)(iii), added by CTA section 6403(a).

to require reporting by most domestic entities—what the Reporting Rule originally called "domestic reporting companies."

However, the statute must be considered in its entirety. The statute gives the Secretary significant discretion to determine what entities, if any, must report BOI. As noted, 31 U.S.C. 5336(a)(11)(B)(xxiv) of the CTA provides the Secretary with very broad exemption authority: the Secretary may exempt "*any* entity or class of entities" (emphasis added) from that definition when the Secretary, with the written concurrence of the Attorney General and the Secretary of Homeland Security, determines by regulation that "requiring beneficial ownership information from the entity or class of entities . . . would not serve the public interest" and "would not be highly useful in national security, intelligence, and law enforcement agency efforts to detect, prevent, or prosecute money laundering, the financing of terrorism, proliferation finance, serious tax fraud, or other crimes." This provision of the CTA places no explicit limits on the Secretary's exemption authority beyond these requirements. Therefore, contrary to commenters' assertions, the IFR's exemptions are well within the statutory framework provided by the CTA.

Similarly, commenters have not made a compelling argument that the legal basis for the specific exemption of U.S. person beneficial owners of reporting companies (under the original Reporting Rule, "foreign reporting companies") from BOI reporting requirements is inadequate. Section 5318(a)(7) of the BSA clearly provides the Secretary with the authority to make any "appropriate exemption" from any "requirement of this subchapter"—*i.e.*, 31 U.S.C. 5311–5336—or from a regulation issued pursuant to these provisions. As noted in Section I.A., the CTA's BOI reporting requirements are codified in 31 U.S.C. 5336, and thus 31 U.S.C. 5318(a)(7) authorizes the Secretary to grant exemptions for its requirements. As the IFR explained, the Secretary has made the determination that exempting U.S. persons in this way is appropriate: it ensures that the Reporting Rule is tailored to advance the public interest by eliminating burdens that are not outweighed by the benefits. This is consistent with E.O. 14192, which directs the Executive branch in general to "alleviate unnecessary regulatory burdens placed on the American people."[41] As explained, 31 U.S.C. 5318(a)(7) provides sufficient legal authority for the Secretary to act on that determination.

3. Consistency with Prior Statements and the Factual Record

Some commenters criticized the IFR in general, and specific positions in the IFR, for allegedly lacking factual support or contradicting earlier statements by Treasury supporting and defending robust BOI reporting by domestic entities. The commenters asserted that the IFR did not adequately explain what appeared to be a significant change in the agency's position in light of those prior statements. Among the statements in the IFR that commenters, including four U.S. Senators, criticized were the IFR's assessment that domestic entities met the standard for an exemption from the definition of reporting company, and its justification for exempting U.S. persons from reporting requirements.

At least one commenter argued that this lack of factual support caused the IFR to be "arbitrary, capricious, [or] an abuse of discretion" and therefore in violation of the Administrative Procedure Act (APA).[42] The commenter argued that the IFR did not provide sufficient evidence to justify the exemptions and did not provide sufficient explanations of the Secretary's reasoning that served as the basis for the exemptions. Specifically, the commenter claimed that the IFR failed to explain why BOI reporting from domestic reporting companies "would not serve the public interest" and "would not be highly useful in national security,

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[41] *See* E.O. 14192, *Unleashing Prosperity Through Deregulation,* 90 FR 9065.
[42] *See* 5 U.S.C. 551–559.

intelligence, and law enforcement agency efforts to detect, prevent, or prosecute money laundering, the financing of terrorism, proliferation finance, serious tax fraud, or other crimes."[43]

The IFR provided ample rationale for exempting domestic entities and U.S. persons from the reporting requirements. Indeed, in exempting domestic entities from the reporting requirements, the Secretary recognized that "most domestic reporting companies that are not already covered by a statutory exemption are small businesses and that any regulations affecting them must recognize that fact" and that the "vast majority of small businesses are legitimate and owned by hard-working American taxpayers who are not engaged in illicit activity."[44] No commenters disagreed with this assessment of the small business community. However, critical commenters argued that because criminals and bad actors use *some* domestic corporate entities for illicit activity, all or nearly all law-abiding American small businesses should comply with the BOI requirements. Treasury respectfully disagrees. The IFR took the position that the requirement in the original Reporting Rule for all U.S. businesses to file BOI reports, unless they qualified for one of the original 23 exemptions was, in retrospect, an unnecessarily broad approach to achieving the purposes of the CTA. Treasury reaffirms that position in this final rule. Based on a reasonable assumption that the great majority of small businesses are law-abiding and do not pose a risk of money laundering or illicit finance, the Secretary has determined, and the Departments of Justice and Homeland Security have concurred in writing, that the original Reporting Rule's indiscriminate collection of BOI from these entities would not provide law enforcement with highly valuable information. Considering the costs of time and money that the BOI requirements would place on law-abiding American small businesses, Treasury concluded in the IFR, and continues to maintain, that requiring BOI reporting from

[43] *See* 31 U.S.C. 5336(a)(11)(B)(xxiv).
[44] IFR, 90 FR at 13691.

these entities is not in the public interest. While critical of this conclusion, comment letters presented no compelling evidence contradicting it.

Treasury's own prior statements about the value of BOI do not contradict this conclusion. Treasury has on several occasions assessed that BOI reporting had intrinsic value, but it has done so outside the CTA rulemaking context.[45] These assessments, therefore, have not had to take into account business cost, as they would have to within the CTA rulemaking context. It remains true that if FinCEN received more BOI reporting, this additional reporting likely would be somewhat useful in addressing the misuse of shell companies. However, this does not imply that benefits of collecting BOI on the great majority of American small businesses in order to attempt to collect BOI about shell companies would be worth the large cost doing so imposes. Treasury's statements in the context of earlier legislative or rulemaking activity, such as the Reporting Rule, were prepared under an evaluation framework that, while nominally aware of trade-offs, Treasury now assesses to have been inadequately appreciative of business burden. As the IFR noted, on January 20, 2025, there was a change in presidential administrations, which has resulted in a reassessment of the balance struck in the original Reporting Rule between collecting information that is "highly useful" for law enforcement and minimizing burdens on reporting companies. Thus, the fact that Treasury has changed positions does not, in and of itself, cast doubt on the reasonableness of the new positions or the legal adequacy of the rulemaking it undertakes on the basis of the new positions.

4. Soundness of Policy

[45] *See, e.g.*, FinCEN, FIN-2010-G001, *Guidance on Retaining and Obtaining Beneficial Ownership Information* (Mar. 5, 2010), https://www.fincen.gov/resources/statutes-regulations/guidance/guidance-obtaining-and-retaining-beneficial-ownership; FinCEN, FIN-2017-A003, *Advisory to Financial Institutions and Real Estate Firms and Professionals* (Aug. 22, 2017), https://www.fincen.gov/sites/default/files/advisory/2017-08-22.

Some critical commenters argued that, even if the IFR met legal requirements, it was nonetheless unwise as a matter of policy. For instance, commenters argued that the IFR would weaken the ability of law enforcement to investigate money laundering and other illicit activity that relies on the use of anonymous corporate structures. Some of these commenters expressed the view that requiring domestic entities to report BOI is critical for law enforcement to effectively investigate criminality that is hidden behind layers of anonymous corporate ownership. These commenters pointed to examples of illicit activity involving domestic shell or front companies as evidence of the threats to public safety and national security created by such activity. Some commenters provided numerous examples of criminals using domestic shell companies to engage in money laundering, fraud, or other criminal conduct. A few commenters, for example, cited a recent publication by the Government Accountability Office on fraud in federal programs involving the anonymous ownership of shell companies, and they argued that the IFR undermined the government's ability to detect such fraud.[46] These commenters claimed that the IFR would make it harder for law enforcement to uncover basic BOI in investigations because law enforcement would have to continue to rely on time-consuming subpoenas or international legal assistance.

Many commenters also expressed concern with the IFR's impact on national security. One commenter cited several examples where U.S.-based companies were used to launder millions of dollars for foreign criminal networks. Another commenter stated that BOI for U.S. companies would help limit sanctions evasion and weapons proliferation by U.S. adversaries and maintain the security of the U.S. defense supply chain. Multiple commenters expressed concerns

[46] *See* Government Accountability Office, *Fraud in Federal Programs: FinCEN Should Take Steps to Improve the Ability of Inspectors General to Determine Beneficial Owners of Companies* (Apr. 8, 2025), https://www.gao.gov/products/gao-25-107143.

regarding the IFR's impact on the ability of the United States to combat Chinese operatives who use U.S. companies to conduct money laundering, fentanyl trafficking organizations, and tariff evasion. Along similar lines, some commenters urged Treasury to reconsider its position on BOI reporting at least with respect to foreign-owned domestic entities, pointing to national security risks. These commenters claimed that foreign persons could easily evade the IFR's requirement for foreign reporting companies to report BOI by forming an entity in the United States, and that this would enable hostile states, corrupt foreign officials, and foreign criminal organizations to misuse domestic entities for nefarious purposes.

Some commenters also argued that the IFR would make it more difficult for law-abiding small businesses to operate on an even playing field with entities operating illegally. One commenter representing small businesses criticized the IFR and requested its withdrawal because, the commenter claimed, the IFR would harm law-abiding small businesses by making it easier for criminal enterprises to compete against them. The commenter cited examples of fraudsters who have harmed small businesses and used anonymous domestic shell companies to hide their criminal activity. This commenter also argued that the benefits of domestic BOI reporting for legitimate small businesses would outweigh any costs, which this commenter viewed as insignificant for most small businesses.

A few commenters also criticized the IFR as being contrary to the international standards set by the Financial Action Task Force (FATF) such as FATF Recommendation 24.[47] These commenters argued that the IFR could cause FATF to place the United States on the list of

[47] FATF Recommendation 24 states, "Countries should ensure that there is adequate, accurate and up-to-date information on the beneficial ownership and control of legal persons that can be obtained or accessed rapidly and efficiently by competent authorities, though either a register of beneficial ownership or an alternative mechanism." FATF, *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation: The FATF Recommendations* (updated Oct. 2025), https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Fatf-recommendations.html.

Jurisdictions under Increased Monitoring, also known as the “grey list.” Another commenter stated that the IFR would make the United States an outlier as countries increasingly adopt corporate transparency measures that require broad BOI reporting from entities, and that this result would make the United States a more attractive place for illicit financial activity compared with other countries.

Treasury recognizes that there are numerous, varied, and compelling reasons to support broad reporting of legal entity BOI. Treasury has, in the past, made the case for such a reporting requirement, appealing to many of the same law enforcement, national security, and international cooperation interests that commenters have cited. However, in issuing the IFR and this final rule, Treasury is required to consider the constraints imposed by the CTA in tailoring the scope of the BOI reporting requirements; in particular, the cost considerations must be balanced against other factors.

The goal of the IFR and this final rule is to collect BOI that will comprise a database highly useful to national security, intelligence, law enforcement, federal functional regulators, and financial institutions, while complying with the CTA’s directive to minimize burdens. Instead of collecting of BOI from nearly all American small businesses—the vast majority of which are legitimate and owned by hard-working American taxpayers who are not engaged in illicit activity—the IFR focused BOI collection where the greatest risk mitigation-to-burden ratio lies. A focus on foreign legal entities—what the IFR redefined the term “reporting company” exclusively to mean—is the proper focus of BOI collection to create a “highly useful” BOI database that minimizes burden on businesses. In that respect, Treasury assesses that the targeted, risk-based approach to BOI collection set out in the IFR and in this final rule would not—despite commenters’ concerns—undermine law enforcement and national security, as it ensures the collection of BOI that is highly useful to law enforcement while minimizing burden on the business community to the greatest extent possible.

Finally, Treasury disagrees with commenters who argued that the IFR's reporting exemptions would significantly and unjustifiably harm law enforcement and national security. First, the IFR's requirement for foreign reporting companies to report BOI of their foreign beneficial owners means that intelligence, law enforcement, and national security agencies will continue to have access to BOI concerning foreign entities operating in the United States. Second, as a pre-requisite to exercising the exemptive authority under the CTA, the statute requires the Secretary to obtain the written concurrence of the Attorney General and the Secretary of Homeland Security in affirming the Secretary's assessment that "requiring beneficial ownership information from the entity or class of entities . . . would not serve the public interest" and "would not be highly useful in national security, intelligence, and law enforcement agency efforts to detect, prevent, or prosecute money laundering, the financing of terrorism, proliferation finance, serious tax fraud, or other crimes."[48] The Department of Justice and the Department of Homeland Security would be unlikely to affirm the Secretary's exemptions in the IFR if the IFR would seriously harm law enforcement and national security activities.

Finally, exempting domestic entities from BOI reporting and exempting reporting companies from reporting the BOI of U.S. persons means that the methods for addressing certain existing illicit finance risks return to the *status quo ante* before the Reporting Rule, not to a worse situation. As noted in the IFR, these methods include taking advantage of the continuing obligation for covered financial institutions to conduct customer due diligence pursuant to the

[48] *See* 31 U.S.C. 5336(b)(1)(A)(xxiv).

2016 CDD Rule, which significantly mitigates illicit finance risks posed by both domestic entities and foreign entities with U.S. person beneficial owners and company applicants. Section III.C. below discusses this point in greater detail.

C. Section-by-Section Response to IFR Comments

In addition to the general issues raised, commenters made a number of points addressing specific aspects of the IFR. FinCEN responds to these points on a section-by-section basis in the context of the specific provisions of the IFR to which they relate.

1. Timing of Reports, 31 CFR 1010.380(a)

The IFR extended the deadline for reporting companies ("foreign reporting companies" under the Reporting Rule) to file their initial BOI reports. For entities that became reporting companies before the publication date of the IFR (March 26, 2025), the IFR provided 30 days after that date to file initial BOI reports, or to update or correct previously filed BOI reports. The IFR required an entity that became a reporting company after March 26, 2025, to file its initial BOI report within 30 days of the date on which it received actual notice that it was registered to do business in the United States, or the date on which a secretary of state or similar office first provided public notice, whichever date was earlier. The IFR required such an entity to update or correct its BOI report within 30 days of any change to the required information previously reported. In addition, the IFR made technical revisions to section 1010.380(a) to align the term "reporting company" with the revision to the definition of that term in section 1010.380(c)(1) to mean only those entities previously referred to as "foreign reporting companies." This entailed removing the terms "domestic" and "foreign."

Several commenters stated that FinCEN should amend the timeframe that the IFR provided to file initial BOI reports. One commenter suggested extending the filing deadline from 30 to 90 days. Several commenters stated that for newly created foreign entities, there is a disconnect between the time period required to file a BOI report and a foreign entity's receipt of its employer identification number (EIN). These commenters explained that if individual beneficial owners or the entity itself have not yet received an EIN or other required identification number, there is no way for the reporting company to file a BOI report in a timely manner. These commenters suggested that the filing period should align with the receipt of other information (*i.e.*, EIN), or FinCEN should allow an "in process" response option that can be updated once the information has been obtained. Another commenter recommended that in general FinCEN should align its reporting deadlines with timelines that apply in foreign jurisdictions.

The final rule adopts the timing provisions of the IFR without change. Treasury was not persuaded by commenters' arguments that a 30-day filing period was unreasonably short or overly difficult to comply with. Generally, a reporting company must devote attention and effort to registering with a State or Indian tribe as a foreign business and, thus, it is reasonable for a reporting company to devote a small additional increment of effort to registering with FinCEN at roughly the same time. Similarly, Treasury does not view the request to align the BOI reporting timeframe with certain reporting deadlines in foreign jurisdictions as practicable. For instance, different countries have different regulatory or tax deadlines, and it would not be practicable to create a system of varying deadlines. Furthermore, such a system would be extremely challenging, if not impossible, to enforce. Finally, the EIN issue raised by commenters has already been addressed in FinCEN's Frequently Asked Questions to the BOI Reporting Rule

(BOI FAQs), which proposed a practical work-around for filers contending with the problem of delayed provision of new EINs.[49]

2. Reports by Foreign Pooled Investment Vehicles, 31 CFR 1010.380(b)(2)(iii)

The IFR created a new special rule for foreign pooled investment vehicles. Under the Reporting Rule's original special rule, a foreign pooled investment vehicle that would be a reporting company but for the exemption at 31 CFR 1010.380(c)(2)(xviii), and that was formed under the laws of a foreign country, was required to report BOI with respect to a single individual who exercised substantial control over the entity. If more than one individual exercised substantial control over the entity, the entity was required to report information with respect to the individual who has the greatest authority over the strategic management of the entity. In the IFR, FinCEN revised this rule such that foreign pooled investment vehicles would have to report the BOI of an individual who exercises substantial control over the entity if that individual was not a U.S. person. If more than one individual exercised substantial control over the entity and at least one of those individuals was not a U.S. person, the entity would have to report information with respect to the non-U.S. person individual with the greatest authority over the strategic management of the entity. If there was no individual with substantial control who was not a U.S. person, the foreign pooled investment vehicle would not be required to report any beneficial owners.

[49] *See* FinCEN, *Beneficial Ownership Information Frequently Asked Questions*, FAQ G.3 (updated July 24, 2024) ("**How can I obtain a tax identification number for a new company quickly so that I can file an initial beneficial ownership information report on time?** . . . A reporting company must report its tax identification number when reporting beneficial ownership information to FinCEN and, indeed, will be unable to submit its BOI report without including a tax identification number. In such circumstances, in addition to making all reasonable efforts to file its BOI report in a timely manner (including requesting all necessary information as early as practicable), the reporting company should file its report as soon as it receives its EIN. As a best practice, the reporting company may consider retaining documentation associated with its efforts to comply with the BOI reporting requirements in a timely manner."), https://www.fincen.gov/boi-faqs#G_3.

Treasury did not receive any comments specifically addressing this provision. In the absence of comments and consistent with the general approach to the exemption of U.S. beneficial owners from reporting obligations, the final rule affirms this provision without change.

3. FinCEN ID, 31 CFR 1010.380(b)(4)

The IFR did not revise the Reporting Rule's requirements in connection with FinCEN IDs. In the Reporting Rule, FinCEN set forth parameters for obtaining and using a FinCEN ID. These included the requirement that a person that had obtained a FinCEN ID was required to update or correct the underlying information in the original application within 30 days after such a change became necessary, without qualification or limitation. Because the IFR did not change this requirement, legal and natural U.S. persons that had obtained FinCEN IDs prior to the issuance of the IFR, under the expectation that BOI associated with those U.S. persons would have to be reported to FinCEN and with the desire to streamline such reporting, remained subject to this permanent update/correction requirement even though there was no longer an obligation to report those U.S. persons' BOI.[50]

Many commenters asked to eliminate some elements of the FinCEN ID update and correction provisions of the Reporting Rule. Some commenters requested that FinCEN remove the update/correct requirement specifically for individual U.S. person beneficial owners of reporting companies as defined in the IFR. Some commenters also urged FinCEN to remove the requirement to update or correct the information associated with FinCEN IDs that had been obtained for domestic entities that are no longer considered reporting companies under the IFR.

[50] Consistent with the Secretary's announcement on March 2, 2025, related to BOI reporting requirements, Treasury has not enforced any BOI reporting deadlines against U.S. citizens, domestic reporting companies, or their beneficial owners—including deadlines concerning updates and corrections of FinCEN ID information.

Finally, some commenters urged the limitation or abolition of the update/correction requirement as it applied to FinCEN IDs held by company applicants.

Most commenters urging removal of the update/correction requirement for individual beneficial owners and legal entities made broadly the same point: that it would be inconsistent and unfair for FinCEN to require U.S. persons—both individuals and legal persons—to report BOI in their capacity as FinCEN ID holders when FinCEN was no longer requiring the same information to be reported about them as beneficial owners and reporting companies. Many commenters urging removal of the update/correction requirement for company applicants made a similar argument: for example, one commenter stated that individuals who formed domestic reporting companies are no longer company applicants, and if they obtained FinCEN IDs in order to report their company applicant status they should not have to keep this information up to date. Additionally, this third set also includes commenters who renewed criticisms that had been leveled at this provision of the Reporting Rule: what they characterized as the intrinsic unfairness or unreasonableness of holding individual company applicants to a lifetime update/correction requirement. One commenter noted that reporting companies are not required to update company applicant information on BOI reports (BOIRs), yet company applicants that have obtained a FinCEN ID are required to keep their information up to date. Another commenter raised fundamental concerns about privacy, information security, identity theft, and fraud in connection with the blanket, open-ended requirement to disclose personal information, particularly by persons who might no longer be involved with a reporting company and whose personal information was therefore irrelevant to the company's current operations. This commenter also noted that continuous updating imposes a significant administrative burden, and an unnecessary one if an individual does not intend to be a company applicant or beneficial owner going forward.

Several commenters pointed to the broad language of the CTA authorizing the Secretary "by regulation [to] prescribe procedures and standards governing . . . any FinCEN identifier" in 31 U.S.C. 5336(b)(4)(A) as giving authority to provide the sort of relief being urged for FinCEN ID holders. Commenters who did not advocate outright abolition of the update/correction requirement suggested creating a method for deactivating FinCEN IDs and proposed several deactivation schemes. A few commenters who did not propose specific schemes nonetheless asked when FinCEN would make a deactivation scheme available, consistent with its statement in FAQ M.6 that it has been assessing options to allow individuals to deactivate FinCEN IDs.[51] At least one commenter also urged FinCEN to destroy FinCEN ID information connected with individuals and entities no longer subject to the reporting requirements.

Treasury fundamentally agrees with the tenor of the comments it received on this subject, and the final rule therefore amends 1010.380(b)(4)(iii)(A) to remove the requirement for U.S. persons who are individuals to update or correct information previously submitted in their application for such FinCEN ID. Because the IFR has already changed the definition of "reporting company" to exclude domestic legal entities, the overall effect will be to eliminate the update and correction obligations for all U.S. persons that currently have FinCEN IDs. For information about the disposition of information associated with FinCEN IDs no longer subject to update and correction requirements, see Section III.B.

[51] *See* FinCEN, *Beneficial Ownership Information Frequently Asked Questions*, FAQ M.6 (issued on September 29, 2023) ("**Is there any way to deactivate an individual's FinCEN identifier that is no longer in use so that the individual no longer has to update the information associated with it?** FinCEN is actively assessing options to allow individuals to deactivate a FinCEN identifier so that they do not need to update the underlying personal information on an ongoing basis. FinCEN will provide additional guidance on this functionality upon completion of that process."), https://www.fincen.gov/boi-faqs#M_6.

No useful purpose is served by requiring the holder of a FinCEN ID to update the information associated with that FinCEN ID if it is not currently in use and clearly will not need to be used in the near future. As this final rule eliminates all requirements for reports about U.S. persons—beneficial owners, company applicants, and legal entities alike—there is thus no longer a justification for imposing the requirement on U.S. person FinCEN ID holders to update or correct the information associated with their FinCEN IDs.

The same logic does not apply to FinCEN ID holders that are not U.S. persons. Such FinCEN ID holders fall into one of two categories: either the BOI associated with their FinCEN IDs currently must be reported to FinCEN because they are currently reporting companies or foreign beneficial owners or company applicants of a reporting company; or the BOI associated with their FinCEN IDs was—or was expected to be—subject to a reporting requirement in the past (otherwise, they would had no reason to obtain FinCEN IDs) and accordingly is more likely to be again in the reasonably near future. In either case, FinCEN has good reason to continue requiring foreign FinCEN ID holders to update and correct information provided to FinCEN as originally required under the Reporting Rule.

4. Reporting Company, 31 CFR 1010.380(c)

Redefining the term "reporting company" was perhaps the single most important change that the IFR made. Under the original Reporting Rule, reporting companies comprised domestic reporting companies and foreign reporting companies. The former was any corporation, LLC, or other entity created by the filing of a document with a secretary of state or any similar office under the law of a State or Indian tribe, subject to certain exemptions.[52] The latter was any entity formed under the law of a foreign country and registered to do business in any State or tribal

[52] 31 CFR 1010.380(c)(1)(i) (2023).

jurisdiction by the filing of a document with a secretary of state or any similar office under the law of a State or Indian tribe, likewise with certain exemptions.[53] The IFR eliminated domestic entities from the definition of a reporting company.[54] It also added language under which any entity that fit the old definition of a domestic reporting company would now be exempted from the new definition.[55] This exemption implemented Treasury's conclusion that the reporting of BOI by domestic entities "would not serve the public interest" and "would not be highly useful in national security, intelligence, and law enforcement agency efforts to detect, prevent, or prosecute money laundering, the financing of terrorism, proliferation finance, serious tax fraud, or other crimes."[56]

Many commenters, including several who criticized the IFR as a whole, suggested more targeted carve-outs as alternatives to the blanket exemption of domestic entities from the definition of "reporting company." One commenter suggested a tiered system for BOI reporting that focuses on the highest risk entities while maintaining a broad exemption from reporting for most domestic entities. Another commenter specifically requested that FinCEN require domestic shell companies to report BOI and expressed a desire that domestic front companies also be required to report BOI. Other commenters suggested other narrower exemptions, such as for one- or two-person businesses or for homeowners' associations. Even a comment that was generally supportive of the IFR strongly urged FinCEN not to exempt from the reporting requirement domestic tax-exempt nonprofit entities that receive foreign funding.

[53] 31 CFR 1010.380(c)(1)(ii) (2023).
[54] 31 CFR 1010.380(c)(1).
[55] 31 CFR 1010.380(c)(2)(xxiv).
[56] These are the criteria that the CTA established for the creation of a new exemption from the definition of reporting company. *See* 31 U.S.C. 5336(a)(11)(B)(xxiv). The written concurrence of the Attorney General and the Secretary of Homeland Security in these statements was noted in the Interim Final Rule. *See* IFR, 90 FR at 13691.

Under the evaluation framework imposed by the CTA, Treasury is not persuaded that any of the targeted approaches that commenters have proposed are as effective at obtaining useful BOI on a benefit-to-burden ratio basis. The final rule therefore adopts the blanket exemption approach of the IFR. This approach obviates any need to create additional exemptions applicable to subcategories of U.S. entities, such as homeowners' associations.

5. U.S. Person Beneficial Owners, 31 CFR 1010.380(d)

The IFR aimed to relieve burden on individual U.S. persons as well as U.S. legal entities. It did so for individuals by introducing an exemption from the requirement for reporting companies to report BOI of any beneficial owner who was a U.S. person. It took this action relying on the Secretary's authority under the BSA to "prescribe an appropriate exemption from a requirement under [subchapter II of chapter 53 of title 31, U.S. Code] and regulations prescribed under this subchapter."[57] Given the IFR's redefinition of "reporting company," the exemption from reporting BOI of U.S. persons applied to all U.S. person beneficial owners of foreign legal entities registered to do business in the United States.

Commenters that were critical of the IFR as a whole tended to see this exemption as a part of the much broader exemption of domestic reporting companies, rather than as a separate exemption that could be applicable to different reporting circumstances.

Such a perspective, however, misreads this exemption. The definition of "beneficial owner" is secondary to that of "reporting company." Thus, the scope of an exemption from the reporting of information about beneficial owners can only be evaluated after the scope of the reporting company category has been considered. Seen in that light, the exemption from reporting BOI of U.S. person beneficial owners is limited, applying in thousands of instances not

[57] 31 U.S.C. 5318(a)(7).

tens of millions.[58] Nothing raised by commenters in connection with this exemption gives any reason to think that such a focused exemption is not "appropriate," as 31 U.S.C. 5318(a)(7) requires it to be.

FinCEN does acknowledge, however, that its choice to place the exemption language so close to the familiar language defining beneficial owners may have contributed to this misunderstanding. In addition, FinCEN's placement of this exemption in the section defining beneficial owners inadvertently created the possibility of misunderstandings in other contexts that borrowed the Reporting Rule's definition of beneficial owner, such as the Real Estate Reporting Rule.[59] To avoid confusion and misunderstanding, FinCEN is repositioning the beneficial owner reporting exemption language in the section on the content, form, and manner of reports, 31 CFR 1010.380(b), where its significance is clearer.

In addition to this repositioning, FinCEN has expanded this exemption to apply to U.S. person company applicants. This addresses a point raised by commenters on the IFR, which is that the IFR retained the requirement from the Reporting Rule for certain reporting companies to report information about their company applicants. Because the IFR redefined the term "reporting company," domestic entities were no longer required to report information about their company applicant(s), regardless of whether those individuals were or were not U.S. persons. But the IFR retained the reporting obligation for foreign entities registered in the United States, including the requirement for such entities to report company applicant information if the foreign

[58] *See infra*, Section V.E.
[59] *See* FinCEN, *Anti-Money Laundering Regulations for Residential Real Estate Transfers*, 89 FR 70258, 70273 (Aug. 29, 2024) (noting the Real Estate Reporting Rule "largely defined beneficial owners of transferee entities through a reference to regulations in the BOI Reporting Rule, specifically 31 CFR § 1010.380(d)"); *see also* 31 CFR 1031.32(n)(1) (codifying Real Estate Reporting Rule's definition of "beneficial owner"). On March 19, 2026, a federal district court vacated the Real Estate Reporting Rule. *See Flowers Title Co. v Bessent*, No. 6:25-CV-127-JDK, 2026 WL 782283 (E.D. Tex. Mar. 19, 2026), *appeal docketed*, 26-40285 (5th Cir. May 13, 2026). Even so, FinCEN thinks that the possible misunderstanding that the interaction of the exemption language and the cross-reference in the Real Estate Reporting Rule identified is worth addressing.

entity was registered on or after January 1, 2024.[60] Because 31 CFR 1010.380's definition of "company applicant" did not exclude U.S. persons, this requirement continued to apply to both U.S. person and non-U.S. person company applicants.[61] Thus, under the IFR, a foreign entity first registered in the United States on or after January 1, 2024, still had to report any U.S. person who qualified as the foreign entity's company applicant, even though it would not have to report U.S. person beneficial owners.

Several commenters suggested exempting U.S. persons from having to provide information if they are company applicants, just as they are already exempted if they were beneficial owners. These commenters argued that, for consistency, the two sets of persons should be treated alike. Commenters specifically noted that since the Secretary made the determination that the burden of reporting outweighed the benefits for U.S. person beneficial owners, the same determination should be made for U.S. person company applicants.

Treasury agrees that the logic of exempting U.S. person beneficial owners applies with equal weight to U.S. person company applicants. Treasury also agrees that any relief from the requirement to update FinCEN IDs should extend to U.S. persons obtaining FinCEN IDs to use in place of reporting company applicant BOI, as well as U.S. persons obtaining FinCEN IDs to use in place of reporting beneficial owner BOI. The final rule reflects these extensions of the exemption from reporting BOI and from updating and correcting FinCEN IDs to U.S. person company applicants as well as U.S. person beneficial owners.

III. Other Issues Raised in Comments to the Interim Final Rule

In addition to the issues that commenters raised that directly affect provisions of this final rule, commenters also addressed several topics that are related to the IFR but do not involve

[60] *See* 31 CFR 1010.380(b)(1)(ii), (2)(iv).
[61] *Id*. at 1010.380(e).

revisions to the Reporting Rule or the IFR itself. These include the issue most commonly raised by commenters: how FinCEN should treat the BOI reports already in the BO IT System that contain data of U.S. persons and domestic entities that are, as a result of the IFR, no longer subject to the BOI reporting requirements. Commenters also raised questions about the enforcement of the IFR, as well as the status of the CDD Rule in light of the changes being made to the Reporting Rule. This section addresses these and a few miscellaneous issues.

A. Disposition of BOI in the Database

The IFR revised the Reporting Rule by removing the requirements for domestic entities and U.S. persons to report BOI. It did not address what FinCEN would do with information that had already been reported under the Reporting Rule and stored in FinCEN's BO IT System, but was no longer required to be reported under the IFR itself. FinCEN did not consider the disposition of that information to be a matter best addressed at the same time that it was making changes to the Reporting Rule.

Numerous commenters urged FinCEN to announce a disposition of the BOI of U.S. persons that has remained stored in the BO IT System since the IFR relieved domestic entities of the reporting requirements and exempted U.S. persons from providing BOI to foreign entities still required to report. These commenters noted that millions of reporting companies reported BOI to FinCEN prior to the IFR in accordance with the original Reporting Rule, and that now, because of the IFR, much of this information is no longer required to be reported.

A large number of commenters requested that FinCEN either delete all the BOI that is no longer required to be reported or provide a mechanism for such deletion. A common suggestion was to allow U.S. persons to contact FinCEN and request that FinCEN delete their BOI from the BO IT System. In urging deletion, either *en masse* or upon request, commenters cited privacy considerations and concerns about potential misuse of sensitive data relating to individuals and legal entities. Several commenters also expressed cybersecurity concerns, with some stating that the database presents a risk of being hacked or otherwise misused if left intact. Many of the commenters concerned about individuals' BOI repeated their concerns and their suggestions with respect to information provided by and about domestic entities prior to the issuance of the IFR. One commenter also reminded FinCEN that any decision should take into account information provided by individuals and entities in connection with obtaining FinCEN IDs that would now no longer be needed.

Commenters agreeing that the final rule should explain FinCEN's disposition of this information, were divided on the subject of what, beyond explanation and actual deletion, FinCEN should do in this regard.

- Some commenters asked that FinCEN allow small business owners to confirm that their data has been deleted.
- One commenter requested that Treasury confirm to the public when data has been deleted.
- One commenter recommended that the final rule include a provision that explicitly prohibits FinCEN from disseminating BOI received from a domestic reporting company. This commenter also requested that FinCEN report monthly in writing to the Secretary on FinCEN's implementation of this provision until destruction of all such BOI is complete.
- One commenter stated that appropriate protocols governing the destruction of BOI should be memorialized in the final rule together with an annual audit process

administered by the Comptroller General of the United States to verify the proper destruction of this information.

- One commenter stated that to complete the destruction process transparently FinCEN should issue an electronic notice of deletion to each domestic filer confirming that its BOI record has been removed and is no longer accessible to any agency or financial institution. This commenter suggested further that FinCEN publish its retention schedule and purge methodology so stakeholders could understand how "domestic" and "foreign" records will henceforth be separated.

Summing up the issues at stake, one commenter stated that, whatever mode of disposal FinCEN adopted, securely disposing of this BOI would strengthen trust with the public and protect sensitive information that is no longer needed.

FinCEN agrees that the values of privacy, information security, and the trust of the public all argue for the removal from the BO IT System, as much as practicable, of information that would not have been reported if the reporting requirements of this final rule had been in place starting on January 1, 2024. To facilitate the deletion of U.S. person information from the BO IT System that is no longer required to be reported, FinCEN expects to rely upon information provided in previously filed BOIRs to identify all domestic reporting companies, company applicants, and beneficial owners associated with domestic reporting companies. FinCEN anticipates working with the National Archives and Records Administration (NARA) and implementing a process to delete information about any individuals—company applicants, beneficial owners, or recipients of a FinCEN ID—in the BO IT System who reported an identifying document that FinCEN reasonably believes was provided by a U.S. person (*e.g.*, U.S. passport, U.S. driver's license). At this time, FinCEN does not anticipate requiring or requesting that U.S. companies or U.S. persons contact FinCEN requesting that their BOI be removed. Additionally, FinCEN does not intend to provide any acknowledgement or confirmation of the deletion of a U.S. company or U.S. person's BOI. FinCEN will provide notice to the public on its website when it has completed the deletion process.

To accomplish this deletion efficiently, FinCEN anticipates undertaking the project in one sweep of the database, not as a regular, periodic sweep. To that end, while FinCEN intends to implement a process to remove BOI of U.S. companies and U.S. persons who are now exempt from the Reporting Rule by virtue of the IFR and this final rule, FinCEN only intends to complete this process one time. If BOI relating to a U.S. company or a U.S. person is included—inadvertently or intentionally—in a filing made after [[[**INSERT 180 DAYS AFTER PUBLICATION IN THE *FEDERAL REGISTER***]]], FinCEN does not anticipate deleting that information.

FinCEN considers it inadvisable as well as unnecessary to add to the time and expense of the deletion project by committing to the more elaborate notice and reporting requirements urged by various commenters. While all aimed at fostering public trust, none of these proposed requirements further the core mission of protecting privacy and information security by deleting information that FinCEN should not retain.

B. Reporting Violations, 31 CFR 1010.380(g)

The IFR did not alter the provisions in the Reporting Rule concerning reporting violations. By exempting domestic entities and U.S. persons from the reporting requirements, the IFR relieved domestic entities and U.S. persons from potential liability under the Reporting Rule. However, the penalty provisions in the CTA, as interpreted by the reporting violations provisions of the rule, continue to apply to foreign reporting companies and foreign persons.

Several commenters stated that the penalties for noncompliance with the reporting requirements are disproportionately harsh for what one commenter labeled a "paperwork violation." These commenters suggested revising the penalties, with some suggesting a scaled system, reserving the harshest penalties for the most severe violations. A few commenters suggested that Congress and Treasury pursue a "risk based" enforcement posture that focuses on data patterns consistent with financial crimes and then prioritizes enforcement of BOI reporting on these risk patterns. A few of these commenters explained that by prioritizing entities that pose genuine risks of illicit activities, the rule enhances national security while respecting the privacy and rights of law-abiding business owners. Another commenter suggested guidance to businesses that makes it clear that it will only penalize companies that "willfully" fail to file or provide false information.

The final rule does not alter the reporting violations provisions of the Reporting Rule. FinCEN views the standard of "willful" violations in the CTA and the Reporting Rule as a sufficiently clear basis to apply civil or criminal penalties. As FinCEN noted in the original Reporting Rule, willfulness is a well-established legal concept in existing caselaw.[62] Therefore and particularly given how "willfully" is expressly defined by the relevant provision of the enacting statute, enforcement actions would not be based on inadvertent mistakes or a lack of awareness of the reporting requirements. Furthermore, since the IFR and this final rule narrow the scope of BOI reporting to focus on those entities that pose the greatest national security risks, namely foreign reporting companies, the approach to enforcing BOI reporting violations will be sufficiently targeted based on risk.

C. The Customer Due Diligence Rule

[62] Reporting Rule, 87 FR at 59546.

The IFR did not revise FinCEN's CDD Rule. The preamble to the IFR noted how the CDD Rule sought to increase transparency by requiring covered financial institutions to collect BOI from their legal entity customers at account opening, whereas the Reporting Rule focused on the collection of BOI at the time of an entity's creation.[63] The preamble also discussed how the continuing obligations of financial institutions under the CDD Rule would serve to mitigate certain potential illicit finance risks created by the IFR's exemptions of domestic entities and U.S. persons from BOI reporting.[64]

Several commenters criticized this rationale as insufficient and requested that FinCEN draw an explicit conclusion about the fate of the CDD Rule from the IFR's modifications to the Reporting Rule. Some commenters criticized FinCEN for requiring, even after the changes created by the IFR, that financial institutions collect BOI from both domestic and foreign legal entity customers. Another commenter stated that the fact that, in the aftermath of the IFR, financial institutions are not able to check BOI against a national database for accuracy, and law enforcement has no efficient way to access BOI information collected by financial institutions, means that financial institutions' collection of BOI is of no real value. One commenter recommended that FinCEN remove or revise the CDD Rule requirement for financial institutions to obtain BOI from their customers. In much the same vein, several commenters expressed confusion about the relationship between the IFR and the CDD Rule, asking why they must provide BOI to financial institutions after the issuance of the IFR. One commenter questioned why financial institutions are still required to collect BOI on domestic reporting companies under the CDD rule, even though the IFR stated that this information does not provide highly useful information for law enforcement or advance national security interests. In short, these

[63] IFR, 90 FR at 13691.
[64] *Id*.

commenters wanted FinCEN to dismantle the CDD Rule, arguing that this would only be consistent with the IFR's implicit acknowledgement that collection of BOI was of little or no value.

In response to these commenters, FinCEN reiterates that the Reporting Rule (as modified by the IFR and again by this final rule) and the CDD Rule serve different purposes and arise under different legal authorities. Compliance with the CDD Rule is an important part of covered financial institutions' overall anti-money laundering and countering the financing of terrorism programs, as it provides covered financial institutions valuable information about their legal entity customers. The revisions reflected in the IFR and this final rule should not be interpreted as diminishing the value of BOI in general but instead reflects a decision that is mindful of the cost to business that results from information collected under the CTA. That message, of course, can always be made more clearly and in greater detail. FinCEN takes seriously commenters' recommendation that it should clarify a number of CDD Rule-related points:

- FinCEN's intention to adopt a policy or engage in rulemaking concerning the CDD Rule;
- The IFR's affirmation of the value of the CDD Rule's original timing requirement, about which FinCEN itself has since issued modifying guidance;
- The expectations on financial institutions with regard to the use of FinCEN's still-extant BO IT System for CDD compliance (or the affirmation that verification under the CDD Rule need not involve the BO IT System);
- The expectations on financial institutions with respect to reconciling disparities between BOI obtained under the CTA and information collected by the financial institution itself;

- The possibility that the diminution of BOI collection under the IFR and this final rule might imply an actual increase in financial institutions' CDD obligations; and
- How the federal functional regulators' guidance on CDD Rule compliance expectations might itself change in light of the IFR.

FinCEN is considering whether and, if so, how best to clarify these points. FinCEN is still legally required to modify the CDD Rule in light of the Reporting Rule, and now that FinCEN has completed its changes to the Reporting Rule, it can refocus on the CDD Rule. When FinCEN does so, it intends to address the CDD Rule-related issues identified by commenters to the IFR.

D. Miscellaneous Issues

A few commenters attempted to address the burden arguments of the IFR by suggesting reporting mechanisms that they argued would decrease burden without requiring significant changes to the Reporting Rule's core regulatory obligations. These suggestions included a postcard filing option for the smallest businesses, otherwise shortening the BOIR to collect only the most critical data, and creating a streamlined form for entities with simple ownership structures. FinCEN appreciates the suggestions for streamlining reporting mechanics but does not consider such changes to be sufficient to address the magnitude of the burden of BOI reporting that the Reporting Rule presented.

IV. Effective Date

This final rule does not impose any new obligations but rather extends the IFR's exemption on the reporting of U.S. person information to company applicants as well as beneficial owners of foreign reporting companies. Thus, this rule may be immediately effective under 5 U.S.C. 553(d)(1) as a "substantive rule which grants or recognizes an exemption or relieves a restriction." For the same reason, a delayed effective date is unnecessary: because this final rule exempts reporting companies and U.S. person company applicants from certain reporting requirements, rather than imposes obligations, the public does not need time to prepare to comply with it. Delaying the effective date of this rule would be unnecessary. FinCEN therefore finds good cause for making this rule effective immediately upon publication in the **Federal Register**, as permitted by 5 U.S.C. 553(d)(3).

V. Regulatory Impact Analysis

FinCEN has analyzed this rule as required under Executive Order (E.O.) 12866,[65] E.O. 13563,[66] E.O. 14192,[67] the Regulatory Flexibility Act (RFA),[68] the Unfunded Mandates Reform Act of 1995 (UMRA),[69] and the Paperwork Reduction Act (PRA).[70] The final rule has been determined to be economically significant because it makes the changes introduced by the IFR permanent[71] and introduces additional provisions that would enhance the multi-billion dollar average annual savings initially projected under the IFR.[72]

A. Analysis of Impact

1. Broad Economic Considerations

As discussed in Section I.C.2., FinCEN remains mindful of the "delicate balance"[73] that exists between the anticipated benefits and the costs imposed by requirements to report BOI. In

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[65] E.O. 12866, *Regulatory Planning and Review,* 58 FR 51735 (Oct. 4, 1993).
[66] E.O. 13563, *Improving Regulation and Regulatory Review,* 76 FR 3821 (Jan. 21, 2011).
[67] *See* E.O. 14192, *Unleashing Prosperity Through Deregulation,* 90 FR 9065 (Feb. 6, 2025); Office of Management and Budget (OMB), *Guidance Implementing Section 3 of Executive Order 14192, Titled "Unleashing Prosperity Through Deregulation,"* M-25-20 (Mar. 26, 2025), https://www.whitehouse.gov/wp-content/uploads/2025/02/M-25-20-Guidance-Implementing-Section-3-of-Executive-Order-14192-Titled-Unleashing-Prosperity-Through-Deregulation.pdf.
[68] 5 U.S.C. 601 *et seq.*
[69] 2 U.S.C. 1532.
[70] 44 U.S.C. 3501 *et seq.*
[71] *See* Section II.A.
[72] *See* Section V.A.2.b.ii.
[73] *See supra* note 26.

promulgating this final rule, FinCEN anticipates certain changes, of varying magnitude, to both expected benefits and costs—with some easier to quantify than others. Each anticipated change is discussed in turn below.

FinCEN further notes that, because portions of its regulatory impact analysis (RIA) consider economic benefits and costs across all the various parties it can reasonably expect to be affected by the rule,[74] whereas other portions limit the analysis of costs incurred to specific regulatory stakeholders,[75] certain differences in the accounting treatment of costs may arise.[76] Where relevant to the analysis, the discussion below makes note of the distinctions in treatment of costs.

2. Institutional Baseline and Affected Parties

a. Regulatory Baseline

Because the final rule introduces additional modifications to the Reporting Rule, the most appropriate counterfactual scenario used to assess the incremental economic impact of the rule varies by provision. In cases where the final rule has not further amended the IFR, this RIA treats the Reporting Rule as the regulatory baseline against which to analyze regulatory impact. In cases where the provisions in the final rule differ from those in the IFR, the RIA treats the IFR as the regulatory baseline. Where useful for tractability in the analysis, this distinction is noted throughout the remainder of Section V.

b. Baseline of Affected Parties

[74] *See infra* Sections V.A.4.i and ii and V.E.
[75] *See infra* Section V.E.
[76] For example, to the extent that the costs to collect U.S. person company applicant information that would have been borne by a reporting company would be forgone, but the information would nevertheless need to be collected for business purposes (such as the opening of a bank account or other financial transactions), the cost of information production would only decrease, in an economic sense, if the party completing the work instead can do so at lower cost than the originally assigned party.

The revised baseline employed in the RIA reflects two types of changes since the IFR. First, FinCEN updated its baseline population estimates, generally, to enhance the accuracy in light of additional data and analysis performed since the IFR. Secondly, as this final rule further exempts certain parties that were still subject to Reporting Rule obligations under the IFR, the baseline of affected parties in this impact analysis was revised to account for these newly exempt persons.

i. Revised Estimates of Previously Affected Parties

In the IFR, FinCEN estimated the total population of foreign reporting companies to be approximately 25,000 in the first year as benchmarked against the analysis in the Reporting Rule RIA.[77] This estimate was derived by applying the observed proportion of foreign companies in FinCEN's internal data at that point in time, which was approximately 0.06 percent of all reporters, to the total estimated reporting company population of 32,556,929 from the 2022 Reporting Rule.[78] This resulted in an estimate of approximately 20,000 expected reporting companies already in existence, plus an additional 5,000 new reporting companies registered in the first year of the IFR, or 25,000 foreign reporting companies in 2025.

Following the promulgation of the IFR, FinCEN conducted additional analysis to update its population estimates to account for the passage of time since the benchmark original analysis in the Reporting Rule. This included a re-evaluation of updated IRS tax data.[79] On the basis of this analysis FinCEN has revised its IFR initial population estimate of approximately 25,000

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[77] *See* FinCEN, *Beneficial Ownership Information Reporting Requirement Revision and Deadline Extension*, 90 FR at 13695.
[78] *See* Reporting Rule, 87 FR at 59568.
[79] Specifically, FinCEN reviewed (1) foreign corporations filing IRS Form 1120-F ("U.S. Income Tax Return of a Foreign Corporation") and (2) partnership tax returns filed by foreign partnerships (IRS Form 1065).

expected reporting companies in the first effective year of a rule upward to 28,000.[80] Given that as of the end of 2025 FinCEN had received approximately 13,000 reports from foreign reporting companies, this implies that, of the initial expected population of existing reporting companies, approximately 15,000 existing foreign companies would still need to newly report.[81] Relying on the same sources of IRS tax data, FinCEN further anticipates that approximately 1,800 new foreign reporting companies per year would additionally be required to report, including in year one.[82]

ii. Estimates of Newly Affected Parties

The final rule includes new provisions pertaining to U.S. holders of FinCEN IDs, including U.S. company applicants, and additional provisions applicable to U.S. company applicants.

As of the end of calendar year 2025, FinCEN identified approximately 760,000 U.S. person FinCEN ID holders (approximately 97 percent of all holders) that the new provisions in

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[80] FinCEN's review of updated IRS tax data resulted in a count of approximately 63,000 possible reporting companies at the end of 2025. However, FinCEN estimates that a significant number of these entities will be exempt from filing due to meeting one or more reporting exemptions. Specifically, based on IRS tax filing data, FinCEN estimates that as many as 25 percent of corporations that are reporting companies may meet the large operating company exemption. In addition, FinCEN estimates that approximately 18,450 foreign corporations registered to do business in the United States may be operated or advised by an entity that is both described in section 203(l) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-3(l)) and has filed Item 10, Schedule A, and Schedule B of Part 1A of Form ADV (or any successor thereto) with the SEC, or is an SEC-registered securities reporting issuer, exempting them from filing. Finally, FinCEN estimates that approximately 1,000 foreign companies registered to do business in the United States are registered with FinCEN as money services businesses. This results in a total population of non-exempt reporting companies numbering approximately 28,000, of which approximately 13,000 have already reported as of December 31, 2025. FinCEN acknowledges uncertainty around this estimate, particularly as it does not have data to estimate every category of possible exemption or to estimate the exact number of parties in all the exemption categories discussed above. However, FinCEN expects the number of additional exemptions to be less than five percent of the total estimated population and retains this higher estimate out of a desire to avoid underestimating the number of possible reporting companies.

[81] 28,000 expected reporting companies minus 13,000 reporting companies that have already reported = 15,000 remaining reporting companies.

[82] As described above, FinCEN expects approximately 28,000 total non-exempt reporting companies to report out of a total population of approximately 63,000 possible reporting companies at the end of 2025—approximately 45 percent. Based on 4,000 new companies annually based on IRS tax data, this results in approximately 1,800 new reporting companies annually.

the final rule would exempt from update requirements. While the vast majority of these FinCEN IDs were obtained before the IFR was issued, FinCEN has continued to receive additional FinCEN ID applications from both foreign and U.S. persons. However, a number of these applications appear to have been pursued voluntarily, as the number of U.S. person FinCEN ID applications submitted has exceeded the concurrent number of U.S. person company applicants (who were not exempted from reporting requirements by the IFR) that were reported in association with newly filing reporting companies. FinCEN has received approximately one U.S. person company applicant for every BOIR received since the IFR.

FinCEN's estimate of the population of newly affected U.S. company applicants includes both (1) U.S. company applicants that have already obtained a FinCEN ID and will no longer be required to provide updated information (approximately 270,000, a subpopulation of the 760,000 FinCEN ID holders no longer required to provide updates), and (2) prospective future U.S. company applicants associated with future new reporting companies to which they will not be required to provide their BOI (approximately 760 associated with the estimated 1,800 new reporting companies per year). FinCEN estimates that this could be no more than approximately 760,300 persons in a given year and will likely be a much smaller population closer to one-third of this estimated upper bound.

c. Current Market Practices

i. BOIR Filings since the IFR

Although FinCEN received the majority of BOIRs before the IFR was published, since the IFR was published, FinCEN has nevertheless continued to receive a steady inflow of reports from reporting companies at an average rate of approximately 100 reports per month. On average, these reports have contained 1.2 beneficial owners. About half of the new reports have disclosed one beneficial owner, and a further 25 percent did not report any beneficial owner (meaning there was no non-U.S. person beneficial owner to report). The remaining reports contained two or more beneficial owners, with the average number disclosed being three.

ii. U.S. Person Holders of FinCEN IDs

Since the publication of the IFR, FinCEN has continued to receive applications for FinCEN IDs from U.S. persons. FinCEN has received approximately six U.S. person FinCEN ID applications per BOIR received since the IFR. As discussed above, this exceeds the number of U.S. person company applicants, and therefore is assumed to contain a number of voluntary applications. In the two years following the opening of the BOI reporting portal, FinCEN also received approximately 38,000 updates and corrections associated with a total of 780,000 active FinCEN IDs, which corresponds to approximately 2.5 percent of the active FinCEN IDs being updated or corrected per year.

iii. U.S. Company Applicants

Prior to the IFR, FinCEN received fewer than one U.S. person company applicant for every two reports by a foreign reporting company. However, since the IFR, this ratio has increased, and FinCEN has received about one U.S. person company applicant for every BOIR received since the IFR. The likely reason for this increase is that company applicants are only required to be reported for companies formed after January 1, 2024. Most newly reporting companies since the IFR were formed after this date, whereas prior to the IFR, a greater proportion of reports were filed by companies that had registered to do business in the United States prior to this date.

3. Description of Final Amendments

The final amendments to the Reporting Rule are as described above in Section II.A. Table 1 presents a summary of these provisions.

Table 1. Overview/Mapping of Regulatory Text and Analyses

Scope of Affected Entities	The Final Rule Will…	Section II Analysis	Considered in RIA Subsection(s)	Regulatory Text Location
Reporting companies	Exempt them from any requirements under 31 U.S.C. 5336 and section 1010.380 to report BOI of any U.S. persons who are beneficial owners or company applicants	II.A	V.A.4.i and ii	31 CFR 1010.380(b)(5)(i)
	Remove 31 CFR 1010.380(d)(4)(i), which exempted them from reporting the BOI of any U.S. persons who are beneficial owners.	N/A	n/a	n/a, text removed
U.S. persons	Exempt them from any requirement under 31 U.S.C. 5336 and section 1010.380 to provide BOI with respect to any reporting company for which they are beneficial owners or company applicants	II.A	V.A.4.i and ii	31 CFR 1010.380(b)(5)(ii)
	Remove 31 CFR 1010.380(d)(4)(ii), which exempted them from providing BOI with respect to any reporting company for which they are a beneficial owner.	N/A	n/a	n/a, text removed
U.S. persons who obtained a FinCEN ID	Remove the prior requirement to update or correct information previously submitted to FinCEN in an application for a FinCEN ID.	II.A	V.A.4.i and ii	31 CFR 1010.380(b)(4)(iii)(A)

4. Anticipated Economic Effects

a. Expected Benefits

i. Changes in Benefits Relative to the Reporting Rule

While the IFR introduced significant exemptions for domestic reporting companies and many U.S. persons, many of the benefits outlined in the original Reporting Rule continued to apply under the IFR and subsequently will apply under this final rule. The final rule will help address the lack of BOI critical for money laundering investigations involving foreign entities. Improved visibility into the identities of the foreign individuals who own or control foreign entities operating in the United States will enhance law enforcement's ability to investigate, prosecute, and disrupt the financing of international terrorism, other transnational security threats, and other types of domestic and transnational financial crime when foreign entities are used to engage in such activities. Other authorized users in the national security and intelligence fields will likewise benefit from the use of these data. The BO IT System will also increase investigative efficiency and thus decrease the cost to law enforcement of investigations that require or benefit from identifying the foreign owners of foreign entities operating in the United States.

These anticipated benefits are supported by a number of public comments received on the IFR from those that represent the law enforcement community, some of whom expressed the opinion that the availability of BOI, albeit with a more limited scope, would still provide law enforcement at every level with an important tool to investigate the misuse of foreign shell companies and other foreign entities used for criminal activity. To the extent these investigations become more effective, money laundering in the United States will become more difficult. Making any method of money laundering more difficult in the United States will improve the national security of the United States by increasing barriers for illicit actors to covertly enter and to act within the U.S. financial system. This may serve to deter the use of foreign entities for money laundering purposes in the United States.

ii. Changes in Benefits Relative to the IFR

This final rule does not introduce any additional information collection requirements beyond what was required under the IFR. Therefore, this final rule does not add any incremental benefits associated with such information, which was discussed as the primary benefit under the original Reporting Rule.[83] However, FinCEN has historically considered the benefits of BOI reporting to a variety of affected parties, including law enforcement, other users of BOI, and the general macroeconomy,[84] and has taken into consideration the extent to which benefits may change as a consequence of the final rule's reduction in scope, which relate primarily to updates associated with company applicant reporting and FinCEN ID updates.[85]

FinCEN acknowledges that, while more information about U.S. person company applicants in BOIRs, or about U.S. persons who might have periodically provided updated information associated with their FinCEN IDs, would be collected in the absence of changes made in this final rule, the marginal benefits of this reduction in information reporting is unclear. As FinCEN has not yet been able to conduct the kinds of robust quantitative analysis necessary to estimate the incremental value of such information, it recognizes that its estimated values to date have been partially speculative, albeit informed by feedback from both domestic and international partners in law enforcement and national security.

FinCEN anticipates that some parties may experience reduced benefits as a consequence of the changes introduced in this final rule but expects these to be relatively minor. This would

[83] *See* Reporting Rule, 87 FR at 59562.
[84] *Id.* at 59682; *see also* FinCEN, *Beneficial Ownership Information Access and Safeguards, and Use of FinCEN Identifiers for Entities*, 87 FR 77404, 77425 (Dec. 16, 2022).
[85] To the extent that certain parties would have incurred direct costs in connection with reporting their U.S. person company applicants and would no longer be required to do so under the final rule, the estimated value of this private benefit is not treated as benefit of the IFR, but is included in the discussion of changes to expected costs below and further described in Section V.E.

include parties, such as law enforcement, financial institutions, and other affected parties whose access to BOI would consequently provide information about fewer U.S. person company applicants. The extent to which reducing the scope of reported information about company applicants would reduce the benefits of access to BOI would, to some extent, depend on the relative informational value of the U.S. person company applicants that would be newly exempted from inclusion in BOIRs versus the informational value that would continue to be reported. Similarly, the reduction in expected benefits may, in some cases, be attenuated by the availability of alternative sources of similar information (*e.g.*, commercially available information) to the extent that such sources can be treated as substitutes as opposed to complements.[86]

b. Expected Costs

i. Changes in Costs Relative to the Reporting Rule

This final rule affirms the permanence of the significant reductions in costs the IFR introduced relative to the Reporting Rule. The IFR narrowed the Reporting Rule's BOI reporting requirement where domestic entities previously defined as "domestic reporting companies" were excluded, and foreign entities were no longer required to report the BOI of any U.S. persons who are beneficial owners of a foreign reporting company. The IFR substantially decreased the scope and number of reporting companies, particularly with respect to domestic and foreign entities previously subject to the Reporting Rule. This scope reduction is being retained by the final rule and entails significant regulatory cost savings.

In the original rule, FinCEN's analysis estimated that there would be 32,556,929 total reporting companies in 2024, and 4,998,468 new entities per year that met the previous

[86] The original Reporting Rule did not provide an estimate of the relative value of alternative sources relative to the BOI required to be reported by the Reporting Rule.

definition of reporting company, not including exempted parties.[87] In the period before the IFR was issued, FinCEN received approximately 15 million reports from domestic reporting companies, leaving an estimated 17.5 million outstanding reports, plus an estimated additional 10 million expected reports in 2025 and 2026, meaning that approximately 27.5 million reporting companies have been relieved of reporting obligations since the IFR. Using the estimated weighted average of $665.71 per report contemplated in the original rule,[88] this is equivalent to approximately $18 billion dollars in savings for entities formerly classified as domestic reporting companies since the IFR was issued.

The estimated change in total reporting burden hours resulting from the IFR is a reduction from the previous annual burden estimate by approximately 53 million burden hours per year, on average, rounded to the nearest million.[89] The estimated change in total reporting cost is a reduction by approximately $9 billion dollars per year, on average, rounded to the nearest billion.[90] The changes introduced by the IFR also decreased the estimated annual cost to the Federal government by approximately $8 million, which is in addition to the $21.5 million dollar cost reduction resulting from additional changes and data deletion being implemented with this final rule.

ii. Changes in Costs Relative to the IFR

This final rule does not introduce any additional requirements beyond what was required under the IFR. Therefore, this final rule does not add any incremental costs. However, this final

[87] *See* Reporting Rule, 87 FR at 59568.
[88] *See id* at 59573.
[89] This estimate represents the difference between the three-year average burden in the IFR (approximately 86,000) and the five-year average burden presented in the original Reporting Rule (approximately 53 million). This expected change in reporting burden is broadly consistent with the change in burden hours presented in the IFR (approximately 91 million), which used a looking-backward method of estimation. These methods only differ in the assignment of when estimated annual burdens are considered to have effectively been realized.
[90] This figure is the difference between the three-year average cost presented in the IFR (approximately $22 million) and the five-year average cost presented in the Reporting Rule issued in 2022 (approximately $9 billion).

rule does introduce additional exemptions, namely by removing the requirement for (1) U.S. person holders of a FinCEN ID to update or correct the information provided in their application, and (2) reporting companies to report information on U.S. person company applicants. Therefore, FinCEN expects the primary value of the additional exemptions provided by this final rule to be realized in the form of reduced costs, and the final incremental cost of this rule to be significantly less than zero. As described below, FinCEN estimates the incremental cost savings associated with the final rule are approximately $233,439 in the first year and approximately $209,105 in each subsequent year.

The final rule will exempt approximately 760,000 U.S. person FinCEN ID holders from update and correction requirements. In the two years following the opening of the BO IT System, FinCEN has received approximately 38,000 updates and corrections associated with a total of 780,000 active FinCEN IDs—approximately 2.5 percent per year. Assuming each update would have taken approximately 10 minutes (0.17 hours) and an hourly cost of $65.09,[91] these FinCEN ID update and correction requirement exemptions would result in an incremental cost savings of approximately $206,000 as presented in Table 2.

In addition to the annual savings associated with the existing 760,000 U.S. person FinCEN ID holders, there is a small additional cost savings associated with U.S. persons who

[91] FinCEN applies a similar hourly wage rate to that used in the IFR, but which has been updated using recently released data. FinCEN estimated an average base wage rate of $45.77 per hour. This estimate is based on U.S. Bureau of Labor Statistics (BLS) May 2024 wage estimates and represents the average reported hourly wage rates of three occupational groups assessed to be most likely responsible for executing filings on behalf of reporting companies (11-000: Management; 13-000: Business and Financial Operations; and 43-000: Office and Administrative Support). *See* BLS, *Occupational Employment and Wage Statistics: May 2024 Occupation Profiles*, *available at* https://www.bls.gov/oes/2024/may/overview_2024.htm. Given that many occupations provide benefits beyond wages (*e.g.*, insurance and paid leave), FinCEN applies the private industry benefits factor of 1.42 to the unloaded wage rate to reflect the total cost the employer. The benefit factor is the ratio of total compensation (which includes wages and benefits) to wages. Total compensation = 43.94 and Wages and salaries = 30.90 (1.42 = 43.94 ÷ 30.90) as of June 2024, based on the private industry workers series data downloaded from the BLS, *Employer Costs for Employee Compensation* data, *available at* https://www.bls.gov/news.release/archives/ecec_09102024.pdf. Therefore, the fully loaded wage rate is $65.09 per hour.

would otherwise have continued to be required to obtain FinCEN IDs in association with reporting company submissions of BOI, for instance as company applicants, though the updating costs associated with these additional FinCEN IDs are expected to be relatively small. As detailed in the following discussion on the cost savings associated with the exemption of U.S. person company applicants from being included in BOIRs,[92] absent the final rule, FinCEN expects approximately 270 U.S. person company applicants to have been reported annually. If virtually all of these individuals applied for FinCEN IDs, this would result in an additional annual cost savings of about $73 per year going forward.[93]

Table 2. Estimated Incremental Annual Cost Savings Associated with New FinCEN ID Update and Correction Requirement Exemptions

Number of Exempted Parties	Percentage of Exempted Parties Making Updates	Number of Updates from Exempted Parties	Hours Saved per Update	Total Hours Saved	Hourly Wage Rate	Total Cost Savings
760,000	2.5%	19,000	0.17	3,167	$65.09	$206,103

Hourly savings figures are rounded to the nearest hundredth of an hour for presentation purposes. Total savings figures are produced using unrounded figures for accuracy.

FinCEN's final rule also exempts reporting companies from including U.S. person company applicants in their BOIRs. This new exemption relieves reporting companies from needing to collect information on their U.S. person company applicants and submit that information in connection with their BOIR. Based on data from foreign reporting company BOIRs received since the IFR, FinCEN estimates that most foreign reporting companies include one company applicant on average with their BOIR. While companies sometimes use the same applicant, FinCEN estimates that most of these company applicants are unique. Using the same

[92] *See infra* note 95.
[93] Updating 2.5 percent of 270 FinCEN IDs results in seven annual updates, which at 10 minutes (0.17 hours) each and an hourly wage rate of $65.09 is $73 annually.

reporting data, FinCEN further estimates that about 15 percent of these company applicants are U.S. persons, which will now be exempt from inclusion.

As described in Section V.A.ii.2.a, FinCEN anticipates approximately 16,800 reporting companies in the first year, and 1,800 reporting companies in each subsequent year. Based on this information, FinCEN estimates that as many as 2,520 U.S. person company applicants will not need to be included with reporting company BOIRs in the first year,[94] and an additional 27 will be excluded in each subsequent year.[95] FinCEN estimates that it takes approximately 10 minutes (0.17 hours) to identify and collect information about a company applicant. Table 3 presents a summary of the anticipated cost savings associated with these new exemptions for U.S. persons to be included as company applicants.

Table 3. Estimated Incremental Cost Savings Associated with New FinCEN Company Applicant Exemptions

Year	Number of Exempted Company Applicants	Hours Saved per Applicant	Total Hours Saved	Hourly Wage Rate	Total Cost Savings
1	2,520	0.17	420	$65.09	$27,336
2+	270	0.17	45	$65.09	$2,929

Hourly savings figures are rounded to the nearest hundredth of an hour for presentation purposes. Total savings figures are produced using unrounded figures for accuracy.

5. Alternatives Considered

FinCEN took into consideration all potential policy alternatives proposed by commenters in response to the IFR. The description of these alternatives and the discussion of FinCEN's reasons for not pursuing those alternatives not incorporated into the final rule as set forth in Section II.C. are incorporated here by reference.

[94] If each of 16,800 BOIRs received in year one (15,000 existing reporting companies plus 1,800 new reporting companies) is expected to include one company applicant on average, this results in 16,800 company applicants. 15 percent of 16,800 company applicants is 2,520 U.S. person applicants.
[95] If each of the 1,800 new BOIR expected to be received in subsequent years is expected to include one company applicant on average, this results in 1,800 company applicants. 15 percent of 1,800 company applicants is 270 U.S. person company applicants per year.

B. Executive Orders 12866, 13563, and 14192.

E.O. 12866 and E.O. 13563 direct agencies to assess costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, and public health and safety effects; distributive impacts; and equity). E.O. 13563 emphasizes the importance of quantifying both costs and benefits, reducing costs, harmonizing rules, and promoting flexibility. E.O. 13563 also recognizes that some benefits are difficult to quantify and provides that, where appropriate and permitted by law, agencies may consider and discuss qualitatively values that are difficult or impossible to quantify.

This proposed rule has been designated a "significant regulatory action" under section 3(f) of E.O. 12866; accordingly, it has been reviewed by OMB.

This action is expected to be considered an E.O. 14192 deregulatory action.

C. Regulatory Flexibility Act

The RFA, Pub. L. 96-354, applies only to rules for which an agency publishes a general notice of proposed rulemaking pursuant to 5 U.S.C. 553(b).[96] This rule is being immediately published as a final rule following an IFR; it was not preceded by a notice of proposed rulemaking. Therefore, the RFA does not apply to it.

Furthermore, because this rule exempts certain U.S. persons who otherwise would have been required to be reported as company applicants or to update information provided to FinCEN, there are no new compliance burdens imposed on a substantial number of U.S. businesses[97] or to U.S. persons in their capacities as beneficial owners or company applicants of

[96] *See generally* 5 U.S.C. 601 *et seq.*
[97] RFA analysis is only required if a regulation meets both of two criteria: (1) the impact of the rule must be economically significant and (2) the rule must affect a substantial number of small U.S. entities.

foreign reporting companies. In addition, the RFA does not apply to regulatory burdens incurred by U.S. persons in their capacity as natural persons and would therefore not apply to amendments to the IFR adopted in this final rule that affect such parties as individuals.[98]

D. Unfunded Mandates Reform Act

Section 202 of the UMRA,[99] Pub. L. 104–4, requires that an agency prepare a budgetary impact statement before promulgating a rule that may result in new, incremental expenditures by State, local, and Tribal governments, in the aggregate, or by the private sector, of $193 million or more in any one year ($100 million in 1995, adjusted for inflation).[100] If a budgetary impact statement is required, section 202 of the UMRA also requires an agency to identify and consider a reasonable number of regulatory alternatives before promulgating a rule. FinCEN has determined that this rule will not result in increased expenditures by State, local, and Tribal governments, or by the private sector, of $193 million or more. Accordingly, FinCEN has not prepared a budgetary impact statement. Additionally, while not required for UMRA purposes, FinCEN believes its consideration of policy alternatives in Sections II.C. and V.A.5. provide a sufficiently specific description of regulatory alternatives and incorporates that here by reference.

E. Paperwork Reduction Act

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[98] The RFA applies to regulatory effects on only three types of entities: (1) small businesses, (2) small nonprofits, and (3) small governmental jurisdictions. Individuals impacted in their capacity as natural persons are not included in these categories.

[99] 2 U.S.C. 1532.

[100] The U.S. Bureau of Economic Analysis reports the annual value of the gross domestic product implicit price deflator for calendar year 1995 (the year UMRA was enacted) as 66.939, and as 128.974 for calendar year 2025 (the most recent available). Thus, the inflation-adjusted estimate for $100 million is 128.974 ÷ 66.939 × $100 million, or $192.7 million. *See* U.S. Bureau of Economic Analysis, Table 1.1.9. Implicit Price Deflators for Gross Domestic Product, *available at* https://apps.bea.gov/iTable/?reqid=19&step=3&isuri=1&1921=survey&1903=13#eyJhcHBpZCI6MTksInN0ZXBzIjpbMSwyLDMsM10sImRhdGEiOltbIk5JUEFfVGFibGVfTGlzdCIsIjEzIl0sWyJDYXRlZ29yaWVzIiwiU3VydmV5Il0sWyJGaXJzdF9ZZWFyIiwiMTk5NSJdLFsiTGFzdF9ZZWFyIiwiMjAyNSJdLFsiU2NhbGUiLCIwIl0sWyJTZXJpZXMiLCJBIl1dfQ==.

The provisions of the Paperwork Reduction Act of 1995 (PRA)[101] and its implementing regulations, 5 CFR part 1320, impose certain requirements on federal agencies in connection with their conducting or sponsoring any collection of information as defined by the PRA. Under the PRA, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by OMB.[102]

The reporting requirements contained in the Reporting Rule, which qualify as "collections of information" under the PRA, were approved by OMB in accordance with the PRA under OMB control number 1506-0076. In this final rule, FinCEN is exercising the authority under 31 U.S.C. 5336(a)(11)(B)(xxiv) to exempt domestic reporting companies from BOI reporting requirements and the authority under 31 U.S.C. 5318(a)(7) to exempt foreign reporting companies from having to report the BOI of any U.S. persons who are beneficial owners or company applicants of the foreign reporting company, as well as to exempt U.S. persons from having to provide such information to the foreign reporting companies for which they are beneficial owners or company applicants. Related to the second exemption, FinCEN is also exercising the authority under 31 U.S.C. 5318(a)(7) to revise the special rule associated with foreign pooled investment vehicles to exempt such entities from having to report the BOI of U.S. persons who exercise substantial control over the entity.

FinCEN has revised estimates for the reporting requirements in the IFR based on the changes made by this final rule, as well as updated reporting information received in the time since the IFR was published. Changes to estimates for requirements contained in the IFR, where not related to additional exemptions made in this final rule, are the result of changes to pro forma

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[101] 44 U.S.C. 3506(c)(2)(A), 3507(a)(1)(D).
[102] 44 U.S.C. chapter 35; 5 CFR part 1320.

accounting estimates based on updated reporting information and should not be interpreted as a reduction in regulatory requirements.

1. Beneficial Ownership Information Reports

OMB Control Number: 1506-0076.

Reporting Requirements: In accordance with the CTA, the rule retains a reporting requirement on foreign reporting companies to file with FinCEN reports that identify the entities' beneficial owners, and in certain cases, their company applicants.[103] The report must also contain information about the entity itself. The reporting company must certify that the report is true, correct, and complete. The rule also continues to require foreign reporting companies to update the information in these reports as needed, and correct any previous incorrectly reported information, within specific timeframes. The collected information will be maintained by FinCEN and made accessible to authorized users.

Frequency: As required.[104]

Description of Affected Public: Entities that are: (1) corporations, limited liability companies, or other entities; (2) formed under the law of a foreign country; and (3) registered to do business in any State or Tribal jurisdiction by the filing of a document with a secretary of state or any similar office under the laws of a State or Indian tribe. The rule does not require corporations, limited liability companies, or other entities that are described in any of the 24 specific exemptions to file BOIRs.

i. Initial BOIRs

Estimated Number of Responses: 6,800 initial BOIRs per year, on average.

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[103] 31 U.S.C. 5336(b); 31 CFR 1010.380(b).

[104] For BOI reports, there is an initial filing and subsequent filings; the latter are required as information changes or if previously reported information was incorrect.

FinCEN anticipates 16,800 BOIRs by reporting companies in the first year, and 1,800 in each subsequent year, which results in a three-year annual average of 6,800.

Estimated Time per Response: As discussed in the IFR, the time burden for filing initial BOIRs will vary depending on the complexity of the reporting company's structure. FinCEN therefore estimates a range of time burdens associated with filing an initial BOIR to account for the likely variance among reporting companies based on two categories: simple and complex beneficial ownership structures. FinCEN evaluated data on reports filed by reporting companies since the IFR was published and found that in most cases (approximately 75 percent of the total received), reports had one or no foreign beneficial owners to report. For the minority of reports (approximately 25 percent of the total received) which reported more than one foreign beneficial owner, the average was approximately three foreign beneficial owners. For the purpose of this analysis, FinCEN therefore assumes that 75 percent of reporting companies would have simple beneficial ownership structures and 25 percent would have complex beneficial ownership structures.

FinCEN estimates an average burden of reporting BOI for companies with simple beneficial ownership structures as 60 minutes (one hour) per response, which includes 30 minutes to read the form and understand the requirement; 10 minutes to identify and collect information about beneficial owners and company applicants; and 20 minutes to fill out and file the report, including attaching an image of an acceptable identification document for each beneficial owner and company applicant.

FinCEN estimates the average burden of reporting BOI as 120 minutes (two hours) per response for reporting companies that filed reports with two or more foreign beneficial owners (*i.e.*, those with complex beneficial ownership structures). This includes 30 minutes to read the form and understand the requirement; 30 minutes to identify and collect information about beneficial owners and company applicants; and 60 minutes to fill out and file the report, including attaching an image of an acceptable identification document for each beneficial owner and company applicant.

Estimated Aggregate Reporting Burden Hours: 8,500 hours per year, on average.

FinCEN estimates that during Year One, filing initial BOIRs will result in approximately 21,000 burden hours for reporting companies.[105] In each subsequent year, FinCEN estimates filing initial BOIRs will result in 2,250 burden hours annually for new reporting companies.[106] This results in a three-year average annual burden for initial BOIRs of 8,500 hours.

Estimated Aggregate Reporting Cost: $1,913,225 per year, on average.

FinCEN estimated a range of costs associated with filing an initial BOIR to account for the likely variance among reporting companies. Using the hourly wage rates presented in the IFR, FinCEN estimates the average cost of filing an initial BOIR per reporting company to range from $65.09 (for companies with simple foreign beneficial ownership structures)[107] to $930.17 (for companies with complex foreign beneficial ownership structures).[108] Applying the reporting companies' structure distribution explained above, the estimated total cost of initial BOIRs is

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[105] 16,800 total reporting companies, with 75 percent (12,600) taking one hour, and 25 percent (4,200) taking two hours, results in a total of 21,000 hours in the first year.

[106] 1,800 new reporting companies per year, with 75 percent (1,350) taking one hour, and 25 percent (450) taking two hours, results in a total of 2,250 hours in Year Two and beyond.

[107] For companies with simple foreign beneficial ownership structures, FinCEN estimated one hour of labor at a rate of $65.09 per hour. *See supra* note 91.

[108] For companies with complex foreign beneficial ownership structures, FinCEN estimated two hours of labor at a rate of $65.09 per hour, plus two hours of professional assistance from an attorney or accountant at a rate of approximately $400 per hour. Professional assistance rates are derived from the original Reporting Rule. *See* Reporting Rule, 87 FR at 59498.

$4.7 million in Year One[109] and $506 thousand in each subsequent year.[110] This results in a three-year average cost for initial BOIRs of $1.9 million.

ii. Updated BOIRs

Estimated Number of Responses: 1,106 reporting company updates per year, on average.

In the two-year period following the opening of the BO IT System, FinCEN received approximately 900 updates and corrections for a total of approximately 13,000 foreign reporting company BOIRs, that is, for approximately 3.5 percent. If FinCEN receives 15,000 reports in Year One, this will result in a total of 28,000 total reports by reporting companies.[111] Including the 1,800 new reports expected in Year One, results in 29,800 expected reports. Assuming 3.5 percent of these 29,800 reports will be updated results in 1,043 updates in Year One. In Year Two, if FinCEN receives 1,800 new reports, this will result in a total of 31,600 reports. Assuming 3.5 percent of these 31,600 reports will be updated results in 1,106 updates in Year Two. In Year Three, if FinCEN receives 1,800 new reports, this will result in a total of 33,400 reports. Assuming 3.5 percent of these 33,400 reports are updated results in 1,169 updates in Year Three. Together, these figures result in 1,106 updates per year on average over a three-year period.

Estimated Time per Response: FinCEN estimates the average burden of updating BOIRs for reporting companies with simple foreign beneficial ownership structures as 30 minutes (0.5 hours) per update, which includes ten minutes to identify and collect information about beneficial owners or company applicants and 20 minutes to fill out and file the update.

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[109] 16,800 total reports, with 75 percent (12,600) costing $65.09 and 25 percent (4,200) costing $930.17, results in a total cost of $4,726,790 in the first year.

[110] 1,800 new reports per year, with 75 percent (1,350) costing $65.09 and 25 percent (450) costing $930.17, results in a total cost of $506,442 in each subsequent year.

[111] *See supra* Section V.A.2.ii.a.

FinCEN estimates the average burden of updating such reports for reporting companies with complex foreign beneficial ownership structures as 90 minutes (1.5 hours) per update, which includes 30 minutes to identify and collect information about beneficial owners or company applicants and 60 minutes to fill out and file the update.

Estimated Aggregate Reporting Burden Hours: 830 hours per year, on average.

Using the burden hour estimates described above, FinCEN estimates that filing updated BOIRs will result in approximately 782 burden hours for reporting companies in Year One,[112] 830 burden hours in Year Two,[113] and 877 burden hours in Year Three.[114] The three-year average annual burden for updated BOIRs is 830 hours.

Estimated Aggregate Reporting Cost: $164,588 per year, on average.

FinCEN estimated a range of costs associated with filing an updated BOIR to account for the likely variance among reporting companies. Using the hourly wage rates presented in the IFR and discussed above,[115] FinCEN estimates the average cost of filing an updated BOIR per reporting company to range from $32.54 (for companies with simple foreign beneficial ownership structures)[116] to $497.63 (for companies with complex foreign beneficial ownership structures).[117] Applying the reporting companies' structure distribution explained in Section V.E.1.a, the estimated total annual cost of updated BOIRs is $155,213 in Year One,[118]

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[112] 1,043 total reporting company updates, with 75 percent (782) taking 0.5 hours and 25 percent (261) taking 1.5 hours, results in a total of 782 hours in the first year.
[113] 1,106 total reporting company updates, with 75 percent (830) taking 0.5 hours and 25 percent (277) taking 1.5 hours, results in a total of 830 hours in the second year.
[114] 1,169 total reporting company updates, with 75 percent (877) taking 0.5 hours and 25 percent (292) taking 1.5 hours, results in a total of 877 hours in the third year.
[115] *See supra* nn 91 and 108.
[116] For companies with simple foreign beneficial ownership structures, FinCEN estimated 0.5 hours of labor at a rate of $65.09 per hour.
[117] For companies with complex foreign beneficial ownership structures, FinCEN estimated 1.5 hours of labor at a rate of $65.09 per hour, plus one hour of professional assistance from an attorney or accountant at a rate of approximately $400 per hour.
[118] 1,043 total reporting company updates, with 75 percent (782) costing $32.54 and 25 percent (261) costing $497.63, results in a total of $155,213 in the first year.

$164,588 in Year Two,[119] and $173,963 in Year Three.[120] This results in a three-year average annual cost for updated BOIRs of $164,588.

2. Individual FinCEN IDs

OMB Control Number: 1506-0076.

Reporting Requirements: The rule continues to require the collection of information from individuals in order to issue them a FinCEN ID.[121] This is a voluntary collection. The rule requires individuals to report to FinCEN certain information about themselves to receive a FinCEN ID, in accordance with the CTA.[122] An individual is also required to submit updates of their identifying information as needed. FinCEN stores such information in its BOI database for access by authorized users.

Frequency: As required.

Description of Affected Public: Individuals associated with foreign reporting companies that elect to request an identifier independent of the FinCEN ID requested by the associated company as part of its BOIR submission.

For individuals requesting FinCEN IDs, FinCEN acknowledges that anyone who meets the statutory criteria could apply for a FinCEN ID under the rule. However, the primary incentives for individual beneficial owners to apply for a FinCEN ID are likely data security (an individual may see less risk in submitting personal identifiable information to FinCEN directly and exclusively than doing so indirectly through one or more individuals at one or more foreign reporting companies) and administrative efficiency (where an individual is likely to be identified

[119] 1,106 total reporting company updates, with 75 percent (830) costing $32.54 and 25 percent (277) costing $497.63, results in a total of $164,588 in the second year.
[120] 1,169 total reporting company updates, with 75 percent (877) costing $32.54 and 25 percent (292) costing $497.63, results in a total of $173,963 in the third year.
[121] FinCEN is not separately calculating a cost estimate for entities requesting a FinCEN ID because FinCEN assumes this would already be accounted for in the process and cost of submitting the BOI reports.
[122] 31 U.S.C. 5336(b)(3)(A)(i); 31 CFR 1010.380(b)(4).

as a beneficial owner of numerous foreign reporting companies). Company applicants who are responsible for registering many foreign reporting companies may have a similar incentive to request a FinCEN ID in order to limit the number of companies with access to their personal information. This reasoning assumes that there is a one-to-many relationship between the company applicant and foreign reporting companies.

i. Individual FinCEN ID Applications

Estimated Number of Responses: 4,080 per year, on average.

Based on data from foreign reporting company BOIRs received since the IFR, FinCEN estimates that there have been an average of six personal FinCEN IDs associated with each new (foreign) reporting company. However, FinCEN estimates that approximately only ten percent of FinCEN ID applications since the IFR have been associated with foreign persons (as opposed to U.S. persons, who are now exempted from being reported as company applicants). Based on this data, FinCEN estimates 10,080 expected FinCEN ID applications in Year One,[123] and 1,080 in each subsequent year.[124] This results in a three-year average of 4,080 applications per year.

Estimated Time per Response: As discussed in the Reporting Rule,[125] FinCEN anticipates that each initial FinCEN ID application will require approximately 20 minutes (ten minutes to read the form and understand the information required and ten minutes to fill out and file the request, including attaching an image of an acceptable identification document), given that the information to be submitted to FinCEN will be readily available to the person requesting the FinCEN ID.

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[123] Six FinCEN ID applications for every BOIR implies 100,800 FinCEN ID applications for the 16,800 BOIRs in Year One. Ten percent of 100,800 is 10,080.

[124] Six FinCEN ID applications for every BOIR implies 10,800 FinCEN ID applications for the 1,800 BOIRs in each subsequent year. Ten percent of 10,800 is 1,080.

[125] *See* Reporting Rule, 87 FR at 59498-99.

Estimated Aggregate Reporting Burden Hours: 1,360 hours per year, on average.

Using the estimates described above, FinCEN estimates that filing FinCEN ID applications in Year One will result in approximately 3,360 burden hours for applicants in Year One,[126] and 360 burden hours in each subsequent year.[127] The three-year average of burden hours for filing FinCEN ID applications is 1,360 hours.

Estimated Aggregate Reporting Cost: $88,516 per year, on average.

Using the wage rates presented in the IFR and discussed above, FinCEN estimates the average cost of filing a FinCEN ID application to be $21.70.[128] For 10,080 applications in Year One, this results in a cost of $218,686. For 1,080 applications in each subsequent year, this results in a cost of $23,431. Thus, FinCEN estimates a three-year average cost for FinCEN ID applications of $88,516.

ii. Individual FinCEN ID Updates

Estimated Number of Responses: 804 per year, on average.

In the two years following the opening of the BO IT System, FinCEN received approximately 38,000 updates and corrections for a total of approximately 780,000 active FinCEN IDs—approximately 2.5 percent. As discussed in Section V.E.2.a, in Year One, FinCEN expects 10,080 total applications, plus a total of approximately 21,000 existing FinCEN IDs associated with foreign persons. Assuming 2.5 percent of the applications are updated, this results in an estimated 777 updates in Year One.[129] In each subsequent year, FinCEN expects

[126] 10,080 total applications, each taking 20 minutes, results in a total of 3,360 hours in the first year.
[127] 1,080 total applications, each taking 20 minutes, results in a total of 360 hours in each subsequent year.
[128] 20 minutes of labor at a rate of $65.09 per hour. *See supra* note 91.
[129] 31,080 applications × 2.5 percent = 777 updates in Year One.

1,080 applications. This results in an estimated 804 updates in Year Two and 831 in Year Three.[130] Thus, FinCEN estimates an average of 804 updates per year.

Estimated Time per Response: As discussed in the Reporting Rule,[131] FinCEN estimates that updates and corrections will require 10 minutes (approximately 0.17 hours), which includes time to fill out and file the update, given that the information to be submitted to FinCEN will be readily available to the person requesting the FinCEN ID.

Estimated Aggregate Reporting Burden Hours: 134 hours per year, on average.

Using the estimates described above, FinCEN estimates that updating or correcting FinCEN ID application information will result in approximately 129.5 burden hours for applicants in Year One,[132] 134 burden hours in Year Two,[133] and 138.5 burden hours in Year Three.[134] Thus, the three-year average annual burden for updates and corrections is 134 hours.

Estimated Aggregate Reporting Cost: $8,721 per year, on average.

Using the wage rates presented in the IFR and discussed above,[135] FinCEN estimates the average cost of filing a FinCEN ID update to be $10.85.[136] For 777 updates in Year One, this results in a cost of $8,429. For 804 updates in Year Two, this results in a cost of $8,721. For 831 updates in Year Three, this results in a cost of $9,014. Thus, FinCEN estimates a three-year average cost for updates and corrections of $8,721.

3. Totals

Estimated Total Reporting Burden Hours: 10,824 hours per year, on average.

Estimated Total Reporting Cost: $2,175,050 per year, on average.

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[130] 1,080 applications × 2.5 percent = 27 additional updates in each subsequent year.
[131] *See supra* note 125.
[132] 777 total updates, each taking 0.17 hours, results in a total of 129.5 hours in the first year.
[133] 804 total updates, each taking 0.17 hours, results in a total of 134 hours in the second year.
[134] 831 total updates, each taking 0.17 hours, results in a total of 138.5 hours in the third year.
[135] *See supra* note 108.
[136] 10 minutes (0.17 hours) of labor at a rate of $65.09 per hour.

No non-labor cost estimates are assigned to these collections of information because FinCEN assumes that reporting companies already have the necessary equipment and tools to comply with the regulatory requirements.

F. Congressional Review Act

Pursuant to Subtitle E of the Small Business Regulatory Enforcement and Fairness Act of 1996 (also known as the Congressional Review Act or CRA), OMB's Office of Information and Regulatory Affairs has designated this rule a "major rule," for purposes of the CRA.[137]

Under the CRA, such a rule generally may take effect no earlier than 60 days after the rule is published in the **Federal Register**.[138] Notwithstanding this requirement, the CRA allows agencies to dispense with the requirements of section 801 when the agency for good cause finds that "notice and public procedure" regarding the rule would be impracticable, unnecessary, or contrary to the public interest. If the agency finds such good cause, the rule shall take effect at such time as the agency promulgating the rule determines.[139] Pursuant to section 808(2), for the reasons discussed in Section IV: Effective Date above, FinCEN for good cause finds that providing public notice or allowing for public comment before this final rule takes effect is impracticable, unnecessary, and contrary to the public interest.

G. Executive Order 14294

Section 5 of Executive Order 14294 directs that all future notices of proposed rulemaking and final rules published in the **Federal Register**, the violation of which may constitute criminal regulatory offenses, should include a statement identifying that the rule or proposed rule is a criminal regulatory offense and the authorizing statute.[110] Executive Order 14294 directs

[137] 5 U.S.C. 804(2).
[138] 5 U.S.C. 801(a)(3).
[139] 5 U.S.C. 808(2).

agencies to draft this statement in consultation with the Department of Justice.

Executive Order 14294 further directs that the regulatory text of all notices of proposed rulemaking and final rules with criminal consequences published in the **Federal Register** after May 9, 202 should explicitly state a mens rea requirement for each element of a criminal regulatory offense, accompanied by citations to the relevant provisions of the authorizing statute.

Willful violations of the regulations set forth in this final rule may be subject to criminal penalties pursuant to 31 U.S.C. 5336(h) and regulations promulgated 31 CFR 1010.380(g). The statutory authority for criminal liability requires a mens rea of willfulness as an element under 31 U.S.C. 5336(h). In drafting this statement, FinCEN has consulted with the Department of Justice.

VI. Severability

If any of the provisions of this rule, or the application thereof to any person or circumstance, is held to be invalid, such invalidity shall not affect other provisions or application of such provisions to other persons or circumstances that can be given effect without the invalid provision or application.

List of Subjects in 31 CFR Part 1010

Administrative practice and procedure, Aliens, Authority delegations (Government agencies), Banks, Banking, Brokers, Business and industry, Citizenship and naturalization, Commodity futures, Crime, Currency, Electronic filing, Federal savings associations, Federal-State relations, Fiduciaries, Foreign banking, Foreign currencies, Foreign persons, Gambling, Holding companies, Indians, Indians—law, Indians—tribal government, Insurance companies, Investigations, Investment companies, Law enforcement, Penalties, Reporting and recordkeeping requirements, Savings associations, Securities, Small business, Terrorism, Time.

Amendment to FinCEN Regulations

For the reasons set forth in the preamble, the interim rule amending 31 CFR part 1010 that was published at 90 FR 13688 on March 26, 2025, is adopted as final with the following changes.

PART 1010 — GENERAL PROVISIONS

1. The authority citation for part 1010 continues to read as follows:

Authority: 12 U.S.C. 1829b and 1951–1959; 31 U.S.C. 5311–5314 and 5316–5336; title III, sec. 314, Pub. L. 107–56, 115 Stat. 307; sec. 2006, Pub. L. 114–41, 129 Stat. 457; sec. 701 Pub. L. 114–74, 129 Stat. 599; sec. 6403, Pub. L. 116–283, 134 Stat. 3388.

2. Section 1010.380 is amended by:

a. Revising paragraph (b)(4)(iii)(A) to read as follows:

(A) Any individual that has obtained a FinCEN identifier and is not a United States person shall update or correct any information previously submitted to FinCEN in an application for such FinCEN identifier.

(*1*) If there is any change with respect to required information previously submitted to FinCEN in such application, the individual that is not a United States person shall file an updated application reflecting such change within 30 calendar days after the date on which such change occurs.

(*2*) If such application was inaccurate when filed and remains inaccurate, the individual that is not a United States person shall file a corrected application correcting all inaccuracies within 30 calendar days after the date on which the individual that is not a U.S. person becomes aware or has reason to know of the inaccuracy. A corrected application filed under this paragraph within this 30-day period will be deemed to satisfy 31 U.S.C. 5336(h)(3)(C)(i)(I)(bb) if filed within 90 calendar days after the date on which the inaccurate application was submitted.

b. Adding paragraph (b)(5) to read as follows:

(5) *Special Exemptions.*

(i) Reporting companies are exempt from any requirement under 31 U.S.C. 5336 and this section to report the beneficial ownership information of any United States persons who are beneficial owners or company applicants.

(ii) United States persons are exempt from any requirement under 31 U.S.C. 5336 and this section to provide beneficial ownership information with respect to any reporting company for which they are beneficial owners or company applicants.

c. Removing paragraph (d)(4).

Andrea M. Gacki,
Director,
Financial Crimes Enforcement Network.