



## The Corporate Transparency Act and Foreign Entities: What You Need to Know and How We Can Help.

By: Andrius Kontrimas, Valérie Demont, Inès Briand and Erin Hausladen

On January 1, 2024, the Corporate Transparency Act (the “CTA”) became effective.

For the first time, all US and foreign entities that are determined to qualify as “reporting companies” will be required to report to the U.S. federal government certain company information, including information identifying the individuals who directly or indirectly own or control the entity and the individuals who prepared and filed the formation/registration documents of the reporting company with the Secretary of State (if formed/registered on or after January 1, 2024).

To comply, reporting companies will need to file a Beneficial Ownership Information Report (“BOIR”) with the Department of the Treasury’s Financial Crimes Enforcement Network (“FinCEN”). The information submitted will be maintained in a centralized, secure nonpublic federal government database, administered by FinCEN.

We are here to help you navigate this new regulatory regime (in both French and English) and have summarized below some key points for you to bear in mind. We have also included certain links at the end of this note for your reference, including a link to the French version of the FinCEN Small Entity Compliance Guide.

### Deadlines for Compliance:

Below are the important deadlines for CTA compliance:

- All reporting companies in existence **prior to** January 1, 2024, have a full year to comply with the CTA – the BOIR must be submitted prior to January 1, 2025.
- Reporting companies that are formed/registered **on or** after January 1, 2024, **and** before January 1, 2025, will have 90 days from the date of formation/registration to submit the BOIR.
- Reporting companies that are formed/registered **after** January 1, 2025, will only have 30 days from the date of formation/registration to submit the BOIR.

The CTA is not an annual filing requirement. The CTA requires, however filing of an updated or corrected BOIR when any of the information provided in the initial BOIR changes or if an error was made. Such amendments must be filed within thirty (30) days of such change/error.

For instance, if an entity was exempt under the “large operating company” exemption (discussed below) but entity ceases to employ twenty (20) full time employees, then the entity will have thirty (30) days to file a BOIR.

Similarly, if management of a reporting company or the board of directors of a reporting company changes (including changes to their address on file), an amended BOIR will need to be filed within thirty (30) days.

These are extremely onerous requirements and reporting companies are going to need to put in place the processes and controls that will permit such changes to be tracked and promptly reported to FinCEN.

## **Penalties for non-compliance:**

The CTA does provide for certain civil and criminal penalties for failure to comply. These penalties include civil monetary penalties of up to \$500 for each day a violation continues and criminal penalties of up to \$10,000 in fines and two (2) years of imprisonment.

## **Who is required to file?**

Unless one of the twenty-three (23) exemptions provided for in the CTA applies, any entity that (i) is incorporated in one of the United States (or a tribal jurisdiction), **or** (ii) is a foreign entity that has registered to do business in one or more of the United States (or tribal jurisdiction), is subject the CTA's reporting requirements (a “Reporting Company”).

Reporting companies that are part of the same group may not file a single report on a consolidated basis. Each reporting company must file its own individual report.

## **Exemptions:**

There are twenty-three (23) recognized exemptions to the CTA filing requirements which are set forth in more details in the table below.

The most common exemption is the Large Operating Company (“LOC”) exemption. To qualify for this LOC exemption, the answer to each of the following three questions must be “YES”.

- 1) Do you employ more than 20 employees on a full-time basis in the United States? (NOTE: employee headcount cannot be consolidated across affiliates.)
- 2) Did you file federal income tax returns in the United States demonstrating more than \$5 Million in gross receipts or sales in the previous year?
- 3) Do you have a physical office within the United States?

Also, note that the subsidiaries of certain exempt entities are also exempt. For example, if a US holding of a French parent company is exempt because the US holding is a LOC, all the subsidiaries whose ownership interests are controlled or wholly owned, directly or indirectly, by the US holding will also exempt.

Similarly, if the US holding is not exempt, then the US holding and each of its US subsidiaries will need to be further analyzed for exemption or filing on an individual basis.

## What needs to be reported?

Reporting companies must file a BOIR containing (i) basic company information, (ii) beneficial ownership information for any individual who (a) exercises “**substantial control**” over the company, or (b) **owns or controls at least 25% of the “ownership interest”** of the company and (iii) company applicant information (if formed/registered on or after January 1, 2024).

(i) The Reporting Company information that must be provided is basic:

- Name of the Company; Physical Address; Jurisdiction of Formation;
- EIN or TIN or Taxpayer ID;
- Contact Information

(ii) Beneficial Ownership Information:

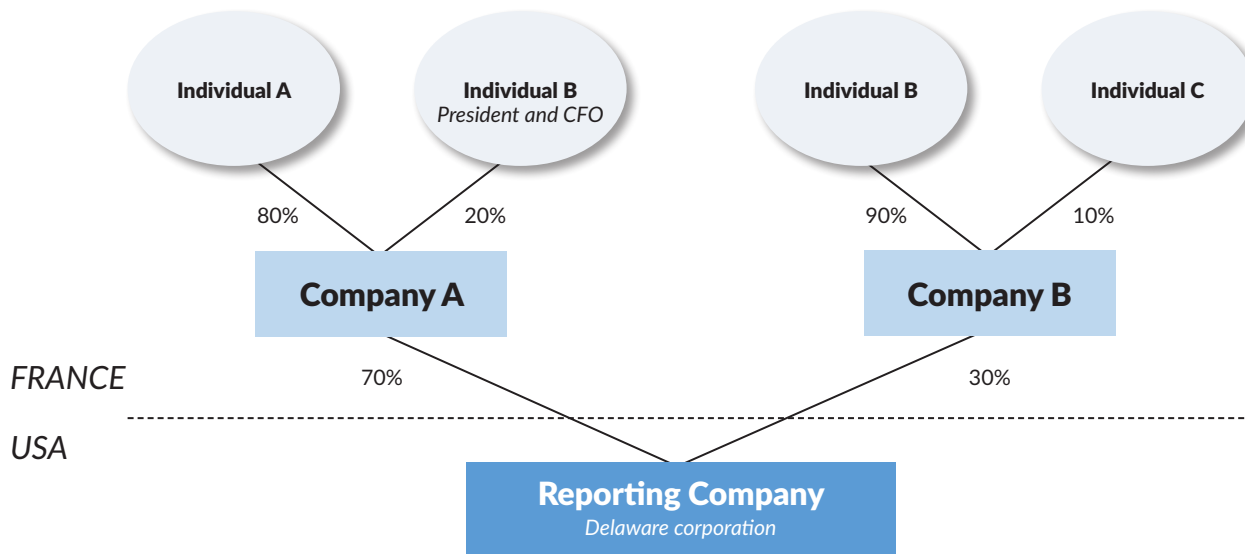
- Legal Name;
- Date of Birth;
- Residential Address;
- a non-expired US identification document or foreign passport number and information and a photo/copy of the document.

(iii) Company Applicant Information:

- All reporting companies formed on or after January 1, 2024, must disclose a minimum of one (1) and maximum of two (2) company applicants on their BOIR and include the required personal identifying information and corresponding documents for each company applicant.
- A “company applicant” is an individual who either (1) directly filed the document that created or registered the entity with the Secretary of State, or (2) is primarily responsible for directing or controlling the filing of the formation or registration documents by another.
- If an attorney was primarily responsible for directing or controlling the filing of the formation or registration documents of the reporting company after January 1, 2024, the attorney will provide his or her FinCEN ID (please see below) to the reporting company in order for the reporting company to complete the company applicant part of the BOIR.

Below is a table that defines the terms “substantial control” and “ownership interest”. There is no maximum number of Beneficial Owners.

## Let’s put this in practice with an example:



Individual A	Individual B	Individual C
<ul style="list-style-type: none"> <li>No substantial controls</li> <li><math>80\% \times 70\% = \mathbf{56\%}</math></li> </ul> <p><b>Individual A owns or control indirectly 25% of the ownership interests in the Reporting Company = Beneficial Owner.</b></p>	<ul style="list-style-type: none"> <li>President and CFO = Substantial Controls</li> <li><math>20\% \times 70\% = 14\% \pm 90\% \times 30\% = 27\% = \mathbf{41\%}</math></li> </ul> <p><b>Individual B exercises substantial control and owns or control indirectly 25% of the ownership interests in the Reporting Company = Beneficial Owner.</b></p>	<ul style="list-style-type: none"> <li>No substantial controls</li> <li><math>10\% \times 30\% = 3\%</math></li> </ul> <p><b>Individual C does not exercise substantial control nor owns or control 25% of the ownership interests in the Reporting Company = <u>NOT</u> a Beneficial Owner.</b></p>

## Filing Process:

Reporting companies can submit their BOIR by clicking on the following link: [Beneficial Ownership Information Reporting | FinCEN.gov](https://www.finccen.gov/beneficial-ownership-information-reporting)

The person submitting the BOIR on behalf of the reporting company must certify under criminal penalty that the report is true, correct, and complete.

There is no fee to file the BOIR with FinCEN.

Note that in lieu of providing a beneficial owner's or a company applicant's personal identifying information and corresponding documentation to FinCEN directly, an individual can obtain a "FinCEN ID" to include on a BOIR at <https://fincenid.fincen.gov/landing>.

**Please note:** Attorneys will not be providing (or collecting) any personal identifying information or corresponding documentation that must be attached to the BOIR. Attorneys will also not be able to certify on behalf of the reporting company that the report is true, correct and complete, and cannot submit the BOIR. The BOIR must be submitted either by an individual representing the company in a position to certify that the information provided are true and correct, or by a third-party vendor hired for that purpose. We are currently working on creating a partnership with a vendor in order to best assist our clients.

## Important Links:

FinCEN Small Entity Compliance Guide: [BOI Small Compliance Guide v1.1 \(fincen.gov\)](#)

FinCEN Small Entity Compliance Guide (French Version): [Guide de conformité pour les petites entités \(fincen.gov\)](#)

[The Corporate Transparency Act: Which Business Entities are Impacted. What is Required and How We Can Help](#)

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## For More Information, Please Contact:



**Andrius R. Kontrimas**

Partner

713.431.7111

[akontrimas@sheppardmullin.com](mailto:akontrimas@sheppardmullin.com)



**Valérie Demont**

Partner, French Desk Team Leader

212.634.3040

[vdemont@sheppardmullin.com](mailto:vdemont@sheppardmullin.com)

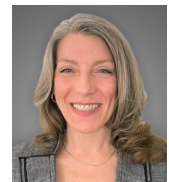


**Inès Briand**

Associate

32.2.290.7926

[ibriand@sheppardmullin.com](mailto:ibriand@sheppardmullin.com)



**Erin Hausladen**

Attorney

212.896.0613

[ehausladen@sheppardmullin.com](mailto:ehausladen@sheppardmullin.com)

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TABLE OF EXEMPTIONS

	Exemption	Definition
1.	SEC Reporting Issuer	<p>Any issuer of securities that is:</p> <p>(A) An issuer of a class of securities registered under section 12 of the Securities Exchange Act of 1934 (15 U.S.C. 78l):</p> <ul style="list-style-type: none"> <li>a. Securities traded on the securities exchanges</li> <li>b. Class of securities that need to be registered if they meet the threshold listed in Section 12(g); or</li> </ul> <p>(B) Required to file supplementary and periodic information under section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78o(d)) [This is the section that requires public companies to file annual, quarterly and current reports with the SEC].</p> <p>Any entity qualifies for this exemption if <b>either</b> of the two above criteria apply.</p> <p>In short, entities registered as an issuer of securities under section 12 of the Securities and Exchange Act of 1934 are exempt.</p>
2.	Governmental Entity	<p>Any entity that:</p> <p>(A) Is established under the laws of the United States, an Indian tribe, a State, or a political subdivision of a State, or under an interstate compact between two or more States; and</p> <p>(B) Exercises governmental authority on behalf of the United States or any such Indian tribe, State, or political subdivision.</p> <p>Any entity qualifies for this exemption if <b>both</b> of the two above criteria apply.</p> <p>In short, government entities at the local, state or federal level are exempt.</p>
3.	Bank	<p>Any entity that fits the definition of a “bank”, as defined in:</p> <p>(A) Section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813);</p> <p>(B) Section 2(a) of the Investment Company Act of 1940 (15 U.S.C. 80a-2(a)); or</p> <p>(C) Section 202(a) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-2(a)).</p> <p>Any entity qualifies for this exemption if <b>any</b> of the above criteria apply.</p>
4.	Credit Union	<p>Any Federal credit union <b>or</b> State credit union, as those terms are defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752).</p> <p>Any entity qualifies for this exemption if <b>either</b> of the two above criteria apply.</p>
5.	Depository Institution Holding Company	<p>Any “bank holding company” as defined in section 2 of the Bank Holding Company Act of 1956 (12 U.S.C. 1841), <b>or</b> any “savings and loan holding company” as defined in section 10(a) of the Home Owners' Loan Act (12 U.S.C. 1467a(a)).</p> <p>Any entity qualifies for this exemption if <b>either</b> of the two above criteria apply.</p>
6.	Money Transmitting Business	<p>Any money transmitting business registered with FinCEN under 31 U.S.C. 5330, <b>or</b> any money services business registered with FinCEN under 31 CFR 1022.380.</p> <p>Any entity qualifies for this exemption if <b>either</b> of the two above criteria apply.</p>

7.	Broker or Dealer in Securities	<p>(A) The entity is a “broker” or “dealer,” as those terms are defined in section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c); and</p> <p>(B) The entity is registered under section 15 of the Securities Exchange Act of 1934 (15 U.S.C. 78o).</p> <p>Any entity qualifies for this exemption if <b>both</b> of the above criteria apply.</p>
8.	Securities Exchange or Clearing Agency	<p>(A) The entity is an “exchange” or “clearing agency,” as those terms are defined in section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c); and</p> <p>(B) The entity is registered under sections 6 or 17A of the Securities Exchange Act of 1934 (15 U.S.C. 78f, 78q-1).</p> <p>Any entity qualifies for this exemption if <b>both</b> of the above criteria apply.</p>
9.	Other Exchange Act Registered Entity	<p>(A) The entity is not a securities reporting issuer as defined in Exemption #1, broker or dealer in securities as defined in Exemption #7, or securities exchange or clearing agency as defined in Exemption #8; and</p> <p>(B) The entity is registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.).</p> <p>Any entity qualifies for this exemption if <b>both</b> of the above criteria apply.</p> <p>In short, it covers any entity registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934.</p>
10.	Investment Company or Investment Advisor	<p>Any entity that is:</p> <p>(A) An “investment company” as defined in section 3 of the Investment Company Act of 1940 (15 U.S.C. 80a-3) or is an “investment adviser” as defined in section 202 of the Investment Advisers Act of 1940 (15U.S.C. 80b-2); <b>and</b></p> <p>(B) Registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.) or the Investment Advisers Act of 1940 (15 U.S.C. 80b-1 et seq).</p> <p>Any entity qualifies for this exemption if <b>both</b> of the above criteria apply.</p>
11.	Venture Capital Fund Advisors	<p>Any investment adviser that:</p> <p>(A) Is described in section 203(l) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-3(l)); <b>and</b></p> <p>(B) Has filed Item 10, Schedule A, and Schedule B of Part 1A of Form ADV, or any successor thereto, with the Securities and Exchange Commission.</p> <p>Any entity qualifies for this exemption if <b>both</b> of the above criteria apply.</p>
12.	Insurance Company	<p>Any “insurance company” as defined in section 2 of the Investment Company Act of 1940 (15 U.S.C. 80a-2)</p>

13.	State-licensed Insurance Producer	<p>Any entity that</p> <p>(A) Is an insurance producer that is authorized by a State and subject to supervision by the insurance commissioner or a similar official or agency of a State; <b>and</b></p> <p>(B) Has an <i>operating presence at a physical office within the United States</i>. The term “operating presence at a physical office within the United States” means that an entity regularly conducts its business at a physical location in the United States that the entity owns or leases and that is physically distinct from the place of business of any other unaffiliated entity.</p> <p>Any entity qualifies for this exemption if <b>both</b> of the above criteria apply.</p>
14.	Commodity Exchange Act Registered Entity	<p>Any entity that:</p> <p>(A) Is a registered entity as defined in section 1a of the Commodity Exchange Act (7 U.S.C. 1a); <b>or</b></p> <p>(B) Is one of these entities <u>registered with the Commodity Futures Trading Commission</u> under the Commodity Exchange Act:</p> <ul style="list-style-type: none"> <li>• “Futures commission merchant” as defined in section 1a of the Commodity Exchange Act (7 U.S.C. 1a);</li> <li>• “Introducing broker” as defined in section 1a of the Commodity Exchange Act (7 U.S.C. 1a);</li> <li>• “Swap dealer” as defined in section 1a of the Commodity Exchange Act (7 U.S.C. 1a);</li> <li>• “Major swap participant” as defined in section 1a of the Commodity Exchange Act (7 U.S.C. 1a);</li> <li>• “Commodity pool operator” as defined in section 1a of the Commodity Exchange Act (7 U.S.C. 1a);</li> <li>• “Commodity trading advisor” as defined in section 1a of the Commodity Exchange Act (7 U.S.C. 1a); <b>or</b></li> <li>• “Retail foreign exchange dealer” as described in section 2(c)(2)(B) of the Commodity Exchange Act (7 U.S.C. 2(c)(2)(B))</li> </ul> <p>Any entity qualifies for this exemption if <b>either</b> of the two above criteria apply.</p> <p>In short, entities registered with the Commodity Futures Trading Commission (CFTC) are exempt from filing Beneficial Ownership Information reports. These include entities defined under the Commodity Exchange Act as futures commission merchants, introducing brokers, swap dealers, major swap participants, commodity pool operators, commodity trading advisors or retail foreign exchange dealers.</p>
15.	Public Accounting Firms	<p>Any public accounting firm registered in accordance with section 102 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7212).</p>



16.	Public Utility	<p>Any entity that is (A) a regulated public utility as defined in 26 U.S.C. 7701(a)(33)(A) <b>and</b> (B) that provides telecommunications services, electrical power, natural gas, or water and sewer services within the United States</p> <p>Any entity qualifies for this exemption if <b>both</b> of the above criteria apply.</p>
17.	Financial Market Utility	<p>Any financial market utility designated by the Financial Stability Oversight Council under section 804 of the Payment, Clearing, and Settlement Supervision Act of 2010 (12 U.S.C. 5463).</p>
18.	Pooled Investment Vehicle	<p>(A) The entity is a pooled investment vehicle if <b>either</b> of these statements apply to the entity:</p> <ul style="list-style-type: none"> <li>• Is an investment company, as defined in section 3(a) of the Investment Company Act of 1940 (15 U.S.C. 80a-3(a); <b>or</b></li> <li>• Is a company that would be an investment company under that section but for the exclusion provided from that definition by paragraph (1) or (7) of section 3(c) of that Act (15 U.S.C. 80a-3(c)); and is identified by its legal name by the applicable investment adviser in its Form ADV, (or successor form) filed with the Securities and Exchange Commission or will be so identified in the next annual updating amendment to Form ADV required to be filed by the applicable investment adviser pursuant to rule 204-1 under the Investment Advisers Act of 1940 (17 CFR 275.204-1; <b>and</b></li> </ul> <p>(B) The entity is operated or advised by any of these types of exempt entities:</p> <ul style="list-style-type: none"> <li>• Bank, as defined in Exemption #3;</li> <li>• Credit union, as defined in Exemption #4;</li> <li>• Broker or dealer in securities, as defined in Exemption #7;</li> <li>• Investment company or investment adviser, as defined in Exemption #10; <b>or</b></li> <li>• Venture capital fund adviser, as defined in Exemption #11.</li> </ul> <p>Any entity qualifies for this exemption if <b>both</b> of the above criteria apply.</p>
19.	Tax-exempt Entity	<p>Any entity that is:</p> <p>(A) An organization that is described in section 501(c) of the Internal Revenue Code of 1986 (Code) (determined without regard to section 508(a) of the Code) and exempt from tax under section 501(a) of the Code <b>or</b> an organization that is described in section 501(c) of the Code and was exempt from tax under section 501(a) of the Code, but lost its tax-exempt status less than 180 days ago.</p> <p>(B) A political organization, as defined in section 527(e)(1) of the Code, that is exempt from tax under section 527(a) of the Code; <b>or</b></p> <p>(C) A trust described in paragraph (1) or (2) of section 4947(a) of the Code</p> <p>Any entity qualifies for this exemption if <b>any</b> of the above criteria apply.</p> <p>In short, entities with a federal tax exemption status are exempt from FinCEN.</p>

20.	Entity Assisting Tax-exempt Entity	<p>(A) The entity operates exclusively to provide financial assistance to, or hold governance rights over, any tax-exempt entity described by Exemption #19.</p> <p>(B) The entity is a United States person as defined in section 7701(a)(30) of the Internal Revenue Code of 1986.</p> <p>(C) The entity is beneficially owned or controlled exclusively by one or more United States persons that are United States citizens or lawfully admitted for permanent residence. “Lawfully admitted for permanent residence” is defined in section 101(a) of the Immigration and Nationality Act (8 U.S.C. 1101(a)).</p> <p>(D) The entity derives at least a majority of its funding or revenue from one or more United States persons that are United States citizens or lawfully admitted for permanent residence.</p> <p>An entity qualifies for this exemption if <b>all four</b> of the above criteria apply.</p>
21.	Large Operating Company	<p>FinCEN exempts businesses that are considered “large operating companies”, if they have (i) more than 20 full-time U.S. employees, (ii) a physical office address in the United States, and (iii) over \$5 million in revenue reported on a tax return from the previous tax year.</p> <p><u>The full exemption language is set forth below:</u></p> <p>An entity qualifies for this exemption if <b>all six</b> of the following criteria apply:</p> <p>(A) The entity employs <u>more than 20 full time employees</u>, when applying the meaning of full-time employee provided in 26 CFR 54.4980H-1(a) and 54.4980H-3. In general, “full-time employee” means, <i>with respect to a calendar month, an employee who is employed an average of at least 30 hours of service per week with an employer.</i></p> <p>(B) More than 20 full-time employees of the entity are employed <u>in the “United States,”</u> as that term is defined in 31 CFR 1010.100(hhh).</p> <p>(C) The entity has an <u>operating presence at a physical office within the United States.</u> “Operating presence at a physical office within the United States” means that an entity <i>regularly conducts its business at a physical location in the United States that the entity owns or leases and that is physically distinct from the place of business of any other unaffiliated entity.</i></p> <p>(D) The entity filed a federal income tax or information return in the United States for the previous year demonstrating <u>more than \$5,000,000 in gross receipts or sales.</u> If the entity is part of an affiliated group of corporations within the meaning of 26 U.S.C. 1504, refer to the consolidated return for such group.</p> <p>(E) The entity reported this greater-than-\$5,000,000 amount as gross receipts or sales (net of returns and allowances) on the entity’s IRS Form 1120, consolidated IRS Form 1120, IRS Form 1120-S, IRS Form 1065, or other applicable IRS form.</p> <p>(F) When gross receipts or sales from sources outside the United States, as determined under Federal income tax principle, are excluded from the entity’s amount of gross receipts or sales, the amount remains greater than \$5,000,000.</p>

22.	Subsidiary of Certain Exempt Entities	<p>The entity's ownership interests are controlled or wholly owned, <u>directly or indirectly</u>, by any of these types of exempt entities:</p> <ul style="list-style-type: none"> <li>• Securities reporting issuer, as defined in Exemption #1;</li> <li>• Governmental authority, as defined in Exemption #2;</li> <li>• Bank, as defined in Exemption #3;</li> <li>• Credit union, as defined in Exemption #4;</li> <li>• Depository institution holding company, as defined in Exemption #5;</li> <li>• Broker or dealer in securities, as defined in Exemption #7;</li> <li>• Securities exchange or clearing agency, as defined in Exemption #8;</li> <li>• Other Exchange Act registered entity, as defined in Exemption #9;</li> <li>• Investment company or investment adviser, as defined in Exemption #10;</li> <li>• Venture capital fund adviser, as defined in Exemption #11;</li> <li>• Insurance company, as defined in Exemption #12;</li> <li>• State-licensed insurance producer, as defined in Exemption #13;</li> <li>• Commodity Exchange Act registered entity, as defined in Exemption #14;</li> <li>• Accounting firm, as defined in Exemption #15;</li> <li>• Public utility, as defined in Exemption #16;</li> <li>• Financial market utility, as defined in Exemption #17;</li> <li>• Tax-exempt entity, as defined in Exemption #19; or</li> <li>• Large operating company, as defined in Exemption #21.</li> </ul>
23.	Inactive Entity	<p>An entity qualifies for this exemption if <b>all six</b> of the following criteria apply:</p> <p>(A) The entity was in existence <u>on or before January 1, 2020</u>.</p> <p>(B) The entity is <u>not engaged in active business</u>.</p> <p>(C) The entity is <u>not owned by a foreign person, whether directly or indirectly, wholly or partially</u>. "Foreign person" means a person who is not a United States person. A United States person is defined in section 7701(a)(30) of the Internal Revenue Code of 1986 as a citizen or resident of the United States, domestic partnership and corporation, and other estates and trusts.</p> <p>(D) The entity has <u>not experienced any change in ownership in the preceding twelve-month period</u>.</p> <p>(E) The entity has <u>not sent or received any funds in an amount greater than \$1,000</u>, either directly or through any financial account in which the entity or any affiliate of the entity had an interest, in the <u>preceding twelve-month period</u>.</p> <p>(F) The entity does not otherwise hold any kind or type of assets, whether in the United States or abroad, including any ownership interest in any corporation, limited liability company, or other similar entity</p>

**BENEFICIAL OWNERSHIP INFORMATION CHART**

<p><b>Substantial Control Test:</b> <i>What is Substantial Control?</i></p>	<p><b>25 Percent Ownership Test:</b> <i>What is Ownership Interest?</i></p>
<ul style="list-style-type: none"> <li>• <u>No limit on the number</u> of individuals who can be reported for exercising substantial control.</li> </ul>	<ul style="list-style-type: none"> <li>• Must identify <u>all</u> individuals who own or control at least 25% of the <i>ownership interests</i> of the company.</li> </ul>
<p><u>Indicators:</u></p> <ul style="list-style-type: none"> <li>• <b>Senior Officer:</b> any individual holding the position or exercising the authority of a: <ul style="list-style-type: none"> <li>- President/CEO</li> <li>- Chief Financial Officer</li> <li>- General Counsel</li> <li>- Chief Operating Officer</li> <li>- Any other officer, regardless of title, that performs similar functions.</li> </ul> </li> <li>• <b>Authority to appoint or remove</b> a <u>senior officer</u> or a <u>majority of the members</u> of the Board of Directors.</li> <li>• <b>Important Decision-Maker:</b> any individual that has substantial influence over important decisions regarding: <ul style="list-style-type: none"> <li>- <i>Business:</i> nature, scope, business lines, geographic focus, entry into or termination of significant contracts.</li> <li>- <i>Finances:</i> sale, lease, mortgage or transfer of principal assets, major expenditures or investments, issuance of equity or debt.</li> <li>- <i>Structure:</i> reorganization, dissolution, merger, amendment to governance documents.</li> </ul> </li> <li>• <b>Catch-All:</b> any other form of substantial control.</li> </ul>	<p><u>Types of Ownership Interests:</u></p> <ul style="list-style-type: none"> <li>• Equity, Stock or Voting Rights or anything similar.</li> <li>• Capital or Profit Interests</li> <li>• <b>Convertible Instruments:</b> any instrument convertible into equity, stock or voting rights or capital or profit interest (whether or not anything needs to be paid for the conversion) and any related items such as futures, warrants, right to purchase, sell or subscribe.</li> <li>• Options or Privileges.</li> <li>• <b>Catch-All:</b> any other instrument, contract, arrangement, understanding, relationship or mechanism used to establish ownership.</li> </ul> <p><u>Ownership or Control of Ownership Interest:</u></p> <p>Any instrument, contract, arrangement, understanding, relationship or otherwise, such as through direct or indirect ownership, debt, joint ownership, nominee, trust, or owning or controlling intermediate entity that owns/controls Reporting Company.</p> <p><b>Calculation:</b> Calculate the percentage of ownership interests held directly or indirectly at least 25% of the ownership interests of the company.</p> <ul style="list-style-type: none"> <li>• Total combined voting power of all classes of the individual's ownership interests / Total outstanding voting power of all classes of ownership interests entitled to vote = <b>Individual's voting power %</b>.</li> <li>• Total combined value of the individual's ownership interests / Total outstanding value of all classes of ownership interests = <b>Individual's ownership interest value %</b>.</li> <li>• Individual's capital and profit interests / Total outstanding capital and profit interests = <b>Individual's capital and profit interests %</b>.</li> </ul>

Notes:

- Equity ownership not a requirement to have substantial control.
- Substantial control can be direct or indirect.
- Third parties may be deemed to exercise substantial control.

Notes:

- Options and similar interests are treated as though exercised and added to the calculation of ownership interest. So, as an example, an individual with a 26% profit interest qualifies, even if the value of that interest is negligible at the present time.
- Any individual who owns or controls 25% or more of any class or type of ownership interest of the company is deemed to have 25% Ownership Interest.

Exceptions:

Minor children, creditors, any nominees, intermediaries or custodian acting on behalf of another individual, employees (excluding senior officers), and future inheritors.