

Supporting Statement
OMB Control Number 1506-0076 (RIN 1506-AB49)

Beneficial Ownership Information Reporting Requirements

1. Circumstances necessitating collection of information.

The Financial Crimes Enforcement Network (FinCEN) exercises regulatory functions primarily under the Currency and Foreign Transactions Reporting Act of 1970, as amended, including, most recently, by the Corporate Transparency Act (CTA).¹ The overall legislative framework is commonly referred to as the Bank Secrecy Act (BSA). The CTA added a new section to the BSA, 31 U.S.C. 5336, to provide for collection of information about certain legal entities' beneficial ownership.

FinCEN is issuing this statement to support the request for Office of Management and Budget (OMB) approval of a final rule to implement the information collection required by 31 U.S.C. 5336. This statement identifies the estimated burden hours for the new OMB control number associated with those requirements.²

The final rule applies to certain domestic and foreign legal entities that the final rule, like the CTA, calls "reporting companies." Under the final rule, reporting companies include all corporations, limited liability companies, and other similar entities created by the filing of a document with a secretary of state or similar office of a state, territory, or Indian Tribe, subject to certain specific exemptions. "Reporting companies" also include all corporations, limited liability companies, and other similar entities formed under the law of a foreign country that are registered to do business in the United States by the filing of a document with a secretary of state or similar office, subject to the same exemptions.³

The final rule will require reporting companies to report to FinCEN information identifying themselves and specific individuals, namely: any individual who directly or indirectly exercises substantial control over the reporting company, or who owns or controls 25 percent or more of the entity's ownership interests (each a "beneficial owner"); and the individual who filed the documents necessary to form or register the reporting company with a secretary of state or similar office, as well as the individual (if

¹ The CTA is Title LXIV of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, Pub. L. 116-283 (January 1, 2021) (the NDAA). Division F of the NDAA is the Anti-Money Laundering Act of 2020 (the AML Act), which includes the CTA. Section 6003(1) of the AML Act defines the BSA as comprising Section 21 of the Federal Deposit Insurance Act (12 U.S.C. 1829b), Chapter 2 of Title I of Public Law 91-508 (12 U.S.C. 1951 *et seq.*), and Subchapter II of Chapter 53 of Title 31, United States Code. Congress has authorized the Secretary of the Treasury (the Secretary) to administer the BSA. The Secretary has delegated to the Director of FinCEN the authority to implement, administer, and enforce compliance with the BSA and associated regulations. Treasury Order 180-01 (Jan. 14, 2020).

² FinCEN has not yet made a final determination as to whether it will subsume all reporting requirements related to this rule under one control number or more than one. This statement assumes that FinCEN will use one control number, and it addresses costs associated with all of the reporting requirements.

³ See 31 U.S.C. 5336(a)(11).

more than one individual is involved in the filing) who is primarily responsible for directing or controlling the filing (each a “company applicant”).⁴ The reported information is collectively referred to in the final rule and here as “beneficial ownership information,” or BOI. Under the final rule, reporting companies created or registered on or after the effective date of the final rule will need to report BOI to FinCEN within 30 days of formation.⁵ Reporting companies already in existence before the effective date of the final rule will have one year after the effective date of the final rule to report information about beneficial owners; they are not required to report information about their company applicants.⁶ Both existing and newly created or registered reporting companies will have to report corrected or updated BOI to FinCEN if previously reported BOI was or becomes inaccurate or out of date, or when an entity that was a reporting company becomes exempt. Reporting companies will not be required to update BOI related to company applicants.

As noted above, in the final rule, FinCEN requires reporting companies to submit certain identifying information when they report BOI about individual beneficial owners and company applicants. This identifying information is necessary to make the reports mandated by the CTA usable by allowing FinCEN to match beneficial owners with the entities that they own or control, and company applicants with the entities for which they have filed documents.

The final rule will also require that certain foreign pooled investment vehicles report limited BOI to FinCEN as required by the CTA.⁷ In addition, the final rule will require that these foreign pooled investment vehicles submit some limited information identifying the foreign pooled investment vehicle. This identifying information is necessary to make the reports mandated by the CTA usable by allowing FinCEN to match the foreign pooled investment vehicle with the limited BOI that it reports.

Finally, the final rule requires that individuals and entities wishing to obtain a unique identifier to be reported in lieu of BOI in certain circumstances (a “FinCEN identifier”) submit certain identifying information about themselves.⁸ Individuals that obtain FinCEN identifiers will have to report updated or corrected information about themselves if previously reported information becomes out of date or was incorrect when filed.

The collection of information in the final rule is necessary to fulfill FinCEN’s statutory obligation under the CTA to require reporting of BOI, create a highly useful database of that BOI, and make the BOI from the database available to authorized users subject to statutory access limitations.⁹ As required by the CTA, FinCEN has aimed to minimize unnecessary burdens on reporting companies to the extent practicable, while

⁴ See 31 U.S.C. 5336(a)(3) (beneficial owner), (2) (applicant).

⁵ See 31 U.S.C. 5336(b)(1)(B).

⁶ See 31 U.S.C. 5336(b)(1)(C).

⁷ See 31 U.S.C. 5336(b)(2)(C).

⁸ See 31 U.S.C. 5336(a)(6), (b)(3).

⁹ See generally CTA, Section 6403.

also fulfilling the statutory mandate to generate a database that is highly useful to national security, intelligence, and law enforcement agencies and Federal functional regulators.¹⁰

One comment to the notice of proposed rulemaking on beneficial ownership information reporting requirements (the NPRM) highlighted “excessive burden” as defined under the Paperwork Reduction Act (PRA). This comment identified the regulations proposed in the NPRM as imposing excessive burden by requiring a reporting frequency that the comment argued is higher than necessary, for example in the proposed requirements around updating reports. The commenter also asserted that the proposed regulations imposed excessive burden in requesting information in a different format than that in which, according to the commenter, it is usually maintained, for example in its requirement to work through the complicated definition of beneficial ownership, including substantial control, or gather copies of identification documents from certain persons inside or outside of the organization.

FinCEN explains throughout the final rule its reasoning for the required reporting timelines, including for updated reports. In particular, FinCEN’s regulatory impact analysis includes an alternative scenario analysis that assumes a one year timeline for updated reports. While FinCEN acknowledges a potential aggregate cost savings to the public if this deadline were extended to one year, FinCEN does not view the savings as offsetting the corresponding degradation to BOI database quality that would come with allowing reporting companies to wait a full year to update. As noted in both the preamble to the final rule and the NPRM, FinCEN considers keeping the database current and accurate as essential to keeping it highly useful. FinCEN also considers that allowing reporting companies to wait to update beneficial ownership information for more than 30 days – or allowing them to report updates cumulatively on an annual basis – could cause a significant degradation in the accuracy and usefulness of the database. While these risks are more difficult to quantify, these concerns justify the increased cost. Moreover, as explained in the preamble to the final rule, keeping the requirement to update reports at 30 days is consistent with international practice on the collection of beneficial ownership information.

The final rule also describes in detail the reasoning for the definition of beneficial owner. FinCEN’s regulatory impact analysis includes an alternative scenario analysis that assumes that the final rule applied the definition of “beneficial owner” in the Customer Due Diligence Rule (“2016 CDD Rule”), which is more familiar to the public and limits the number of beneficial owners that may be reported.¹¹ The alternative assesses that while there is some benefit to small businesses in using this definition, it would come at the significant cost of undermining the purpose of the CTA, which specifically calls for the identification of “each beneficial owner of the applicable reporting company,” without reference to a maximum number. As explained in the preamble to the final rule, the 2016 CDD Rule’s numerical limitation on beneficial owners contributes to the omission of persons that have substantial control of a reporting

¹⁰ See 31 U.S.C. 5336(b)(4)(B)(i).

¹¹ The 2016 CDD Rule defines beneficial owners to include a single individual who exercises a “significant degree” of control over the legal entity reporting beneficial owners, and up to four individuals who own 25 percent or more of the equity of the legal entity. See 31 CFR 1010.230(d).

company, but are not reported. Replicating that approach in the final rule would primarily benefit more complex entities in the manner described above, with the foreseeable consequence of allowing illicit actors to more easily conceal their ownership or control of legal entities. This is a considerable cost to the U.S. economy that FinCEN assesses would not benefit most reporting companies. This lopsided balance led FinCEN to reject suggestions to adopt the 2016 CDD Rule's definition of "beneficial ownership", as well as alternatives, in the final reporting rule.

Finally, FinCEN notes in the final rule that, after careful consideration, FinCEN continues to believe that collecting images from a reporting company in connection with a specific beneficial owner or company applicant will contribute significantly to maintaining a BOI database that is highly useful to national security, intelligence, and law enforcement agencies and Federal functional regulators, as required by the CTA. FinCEN appreciates that the requirement to provide images of identifying documents may impose some additional burden, and it has included a qualitative discussion of such costs in the regulatory impact analysis. However, FinCEN believes the benefits associated with this requirement outweigh the burdens. The requirement to submit an image of an identification document will make it harder to provide false identification information. In addition, images of identification documents will assist law enforcement in accurately identifying individuals in the course of an investigation because those scans will contain a picture of the person associated with the identifying number reported to FinCEN.

2. Method of collection and use of data.

FinCEN intends to collect BOI from reporting companies through an electronically available form. FinCEN has not yet proposed the form that will be used in this collection, but it has identified in the final rule the key pieces of information that a reporting company will be required to submit about itself, its beneficial owner(s), and its company applicant(s).

FinCEN intends to collect identifying information from entities wishing to obtain FinCEN identifiers through the electronically available form used to collect BOI. FinCEN intends to collect identifying information from individuals wishing to obtain FinCEN identifiers through a separate electronically available application. Individuals will use this separate application to provide updated information associated with their FinCEN identifier.

Under the CTA, FinCEN is authorized to disclose BOI and FinCEN identifier information to certain authorized users, subject to appropriate protocols to protect the security and confidentiality of the information. Subject to certain limitations and access requirements, authorized users of BOI include: federal agencies engaged in national security, intelligence, or law enforcement activities; state, local, or Tribal law enforcement agencies; foreign law enforcement, judicial, or prosecutorial authorities; financial institutions subject to customer due diligence requirements; certain Federal functional regulators and other appropriate regulatory agencies; and Department of the

Treasury officers and employees for their official duties, including for tax administration purposes.¹²

The information collected is intended to assist law enforcement in anti-money laundering, tax, and other financial investigations; advance counterterrorism, counter-proliferation, and broader national security and intelligence interests; improve financial institutions' ability to assess and mitigate risk; help prevent evasion of financial sanctions; facilitate tax compliance; enhance the financial transparency; and advance U.S. compliance with international standards and information sharing commitments. Moreover, the reporting required by the CTA may make illicit financial activity in the United States more difficult by increasing barriers for illicit actors to covertly transact through shell or front companies within the U.S. economy.

While the CTA sets out general BOI use-and-access protocols, the statute requires FinCEN to establish those protocols by regulation. FinCEN will initiate this separate rulemaking at a later date.

3. Use of improved information technology to reduce burden.

Reporting companies and persons applying for FinCEN identifiers will be required to submit information electronically.

4. Efforts to identify duplication.

There are no federal rules that directly or fully duplicate or overlap with the final rule, or that require the reporting of the same information. Therefore, there is no information already available to the federal government that could be used or modified to fully satisfy the statutory requirements identified in Section 1 above or that fully serve the uses identified in Section 2 above.

FinCEN has identified several areas of possible or apparent partial overlap. FinCEN intends to explore the possibility of minimizing redundant reporting, to the extent necessary, as explained here:

- The CTA requires the Administrator for Federal Procurement Policy to revise the Federal Acquisition Regulation maintained under 41 U.S.C. 1303(a)(1) to require any contractor or subcontractor that is subject to the reporting requirements of the CTA and the final rule to disclose the same information to the federal government as part of any bid or proposal for a contract that meets the threshold set in 41 U.S.C. 134.¹³ Additionally, Congress created a new beneficial ownership disclosure requirement for the database of federal agency contract and grant officers that already exists pursuant to 41 U.S.C. 2313(d). FinCEN will collaborate with the Administrator for Federal Procurement Policy and other

¹² 31 U.S.C. 5336(c)(2)(B)-(C), and (c)(5).

¹³ CTA, section 6403(c)(1).

government agencies as necessary to reduce, to the extent possible, any duplication of the CTA requirements.

- FinCEN is aware that the IRS collects taxpayer information that may include information related to beneficial ownership, such as information on entity ownership structure and identifying information about such entities and their owners. However, disclosure of taxpayer information is limited by statute, and the IRS generally does not have authority to disclose such information for the purposes specified in the CTA.
- FinCEN is also aware that financial institutions subject to the 2016 CDD Rule are required to collect some beneficial ownership information from legal entities that establish new accounts.¹⁴ However, the 2016 CDD Rule does not require these financial institutions to file a report containing that information with FinCEN.¹⁵ The CTA requires that the 2016 CDD Rule be revised within one year after the effective date of the final rule.¹⁶ The CTA explicitly identifies three purposes for this revision: to bring the rule into conformity with the AML Act as a whole, including the CTA; to account for any access that financial institutions will have to the database of BOI for the limited purpose of facilitating compliance with their own customer due diligence obligations; and to reduce unnecessary or duplicative burdens on financial institutions and customers.
- Finally, FinCEN is aware that the Secure Federal LEASEs Act requires most federal agencies with leasing authority to identify the beneficial owners of prospective lessors before entering into leases of space intended as high security leased space, in conformity with a government-wide plan to be developed by General Services Administration (GSA).¹⁷ FinCEN is working with GSA to harmonize the definitions used in this government-wide plan with those used in the final rule.

5. Methods to minimize burden on small businesses or other small entities.

The BOI reporting requirements will impose a burden on small businesses that qualify as a reporting company subject to the final rule. In its final regulatory flexibility analysis in Section V of the final rule, FinCEN assumes that all reporting companies will be small businesses. FinCEN also assumes that the majority of the small businesses that are reporting companies will have simple ownership structures with an easily identifiable beneficial owners, resulting in less burden than reporting companies with more complex ownership structures. In addition, FinCEN aims to minimize the burden on small

¹⁴ See 31 C.F.R. 1020.210 (CDD Rule for banks), 1023.210 (CDD Rule for broker/dealers), 1024.210 (CDD Rule for mutual funds), 1026.210 (CDD Rule for futures commission merchants and introducing brokers in commodities).

¹⁵ See, e.g., 81 FR 29398, 29401 (discussion of multipronged strategy in the implementing notice for the 2016 CDD Rule).

¹⁶ CTA, Section 6403(d).

¹⁷ The Secure Federal Leases from Espionage and Suspicious Entanglements Act (Secure Federal LEASEs Act) is P.L. 116-276, 134 Stat. 3362 *et seq.* (December 31, 2020).

businesses by providing clear guidance on how to comply with the final rule. FinCEN also discusses in its final regulatory flexibility analysis one alternative scenario that it did not select that would have increased the burden to small entities that are reporting companies, which would have required existing reporting companies to report company applicant information and all reporting companies to update such information. To the extent practicable, and consistent with its statutory obligations, FinCEN has followed the CTA's mandate to: (1) minimize burdens on reporting companies associated with the collection of BOI, including by eliminating duplicative requirements; and (2) ensure that the BOI reported to FinCEN is accurate, complete, and highly useful.

6. Consequences to the Federal government of not collecting the information.

Legal entities, including corporations, limited liability companies, and similar entities, play an essential and legitimate role in the U.S. and global economies. However, they can also be used to engage in illicit activity, launder the proceeds of illicit activity, or enable those who threaten U.S. national security to access and transact in the U.S. economy.

Requiring the disclosure of beneficial owners and company applicants is intended to help the Federal government protect U.S. national security, fight financial and other crime, and promote financial integrity and compliance with key international standards. Not collecting this information would deprive authorized recipients, such as those engaged in law enforcement or national security activities, of a valuable source of information to combat money laundering, terrorist financing, and other illicit activities.

7. Special circumstances requiring data collection inconsistent with guidelines.

There are no special circumstances under which the final rule will require data collection inconsistent with guidelines.

8. Consultation with individuals outside of the agency on availability of data, frequency of collection, clarity of instructions and forms, and data elements.

On December 8, 2021, FinCEN published the NPRM, which proposed a rule to implement the CTA's BOI reporting requirements.¹⁸ The NPRM sought public comment on a detailed proposal that established key definitions, reporting requirements and exemptions from those requirements, reporting timelines, compliance standards, and liability for violations. In response to the NPRM, FinCEN received 240 public comments from a wide variety of commenters, including businesses, civil society organizations, trade associations, law firms, secretaries of state and other state officials, Members of Congress, and numerous individuals. The commenters expressed a range of opinions about FinCEN's proposed rule, and they suggested numerous changes to specific language of the proposed rule, particularly language concerning specific data elements that FinCEN was proposing to collect. Commenters also made numerous suggestions about clarifications to regulatory language. Finally, commenters sought clarification from FinCEN on which entities should report, what information they should report, about whom they should report, how to ensure that the implementation of the CTA generates highly useful data for authorized users, how to minimize burden on reporting companies, and more. FinCEN has taken these comments into account in developing the final rule. FinCEN has also continued to make use of the 220 comments that FinCEN received in response to the Advanced Notice of Proposed Rulemaking (ANPRM) that FinCEN published on April 5, 2021, concerning the CTA's BOI reporting requirements more broadly.¹⁹

9. Payments and gifts.

No payments or gifts were made to respondents.

10. Assurance of confidentiality of responses.

Pursuant to 31 U.S.C. 5336(c), BOI and FinCEN-identifier information collected under 31 U.S.C. 5336(b) is confidential and may not be disclosed except as authorized. The CTA authorizes disclosure of BOI to certain categories of users, subject to appropriate protocols to protect the security and confidentiality of the information. Subject to certain limitations and access requirements, authorized users of BOI include: federal agencies engaged in national security, intelligence, or law enforcement activities; state, local, or Tribal law enforcement agencies; foreign law enforcement, judicial, or prosecutorial authorities; financial institutions subject to customer due diligence requirements; and certain Federal functional regulators and other appropriate regulatory agencies.²⁰ The CTA also provides for disclosure of BOI to persons within

¹⁸ NPRM, *Beneficial Ownership Information Reporting Requirements*, 86 FR 69920-69974 (December 8, 2021).

¹⁹ ANPRM, *Beneficial Ownership Information Reporting Requirements*, 86 FR 17557-17565 (April 5, 2021).

²⁰ 31 U.S.C. 5336(c)(2)(B), (C).

the Department of the Treasury whose official duties require such access, and for tax administration purposes.²¹

As noted above, FinCEN will initiate a separate rulemaking to establish the specific protocols that will govern authorized users' access to BOI. FinCEN is also considering whether collecting BOI will require a new System of Records Notice (SORN), understanding that the agency will not be able to make that determination until the rulemaking concerning access and disclosure protocols is further along, and the operational details of the BOI database are better established. If FinCEN issues a new SORN with respect to the BOI collected under the final rule, that notice will publicly identify the routine uses of the information.

11. Justification of sensitive questions.

There are no questions of a sensitive nature in the collection of information. Access to any personally identifiable information collected under the CTA will be strictly controlled, as will be outlined in the SORN applicable to the information, whether new or existing (see item 10 above).

12. Estimated annual hourly burden.

FinCEN has estimated the annual hourly burden for two information collections under the rule: BOI reports and individuals obtaining FinCEN identifiers.²² Each information collection includes estimates for initial and updated reports or applications, as the final rule requires updated information be submitted to FinCEN if there are changes after the submission of an initial report. Additionally, each information collection includes estimates for Year 1 and then annual estimates for any year after Year 1 (Year 2+). This is because the final rule will require that all currently existing entities report BOI within Year 1.

FinCEN estimates that the time burden per BOI report will vary depending on the complexity of a reporting company's structure. FinCEN therefore estimates a range of time burden associated with filing an initial BOI report to account for the likely variance among reporting companies. FinCEN estimates the average burden of reporting BOI as 90 minutes per response for reporting companies with simple beneficial ownership structures (1 beneficial owner who is also the company applicant), which are estimated to be 59 percent of reporting companies.²³ FinCEN estimates the average burden of

²¹ 31 U.S.C. 5336(c)(5).

²² The estimated number of BOI reports and individuals obtaining a FinCEN identifier each year are approximate and not precise estimates. Further, any rounding produces no meaningful difference in the magnitude of FinCEN's estimates or conclusions. FinCEN does not separately calculate a burden estimate for entities requesting a FinCEN identifier because FinCEN assumes this would already be accounted for in the process and cost of submitting the BOI reports.

²³ FinCEN estimates 40 minutes to read the form and understand the requirement, 30 minutes to identify and collect information about beneficial owners and 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 applicant, totaling 90 minutes.

reporting BOI as 650 minutes per response for reporting companies with complex beneficial ownership structures (8 beneficial owners and 2 company applicants), which are estimated to be 4.9 percent of reporting companies.²⁴ FinCEN estimates the average burden of updating such reports for reporting companies with simple beneficial ownership structures as 40 minutes per update.²⁵ FinCEN estimates the average burden of updating such reports for reporting companies with complex beneficial ownership structures as 170 minutes per update.²⁶

FinCEN also estimated that reporting companies with intermediate beneficial ownership structures (4 beneficial owners and 1 company applicant) are 36.1 percent of reporting companies. Companies with intermediate beneficial ownership structures are assumed to have a time burden that is the average of the time burden for reporting companies with simple and complex beneficial ownership structures. This results in a time burden of 370 minutes for initial BOI reports²⁷ and 105 minutes for updated BOI reports.²⁸

FinCEN anticipates that initial FinCEN identifier applications would require approximately 20 minutes,²⁹ given that the information to be submitted to FinCEN would be readily available to the person requesting the FinCEN identifier. FinCEN estimates that updates would require 10 minutes.³⁰

a. BOI Reports

Frequency: As required.

Estimated Number of Reports:

- Initial reports, Year 1: 32,556,929 reports.³¹

²⁴ FinCEN estimates 300 minutes to read the form and understand the requirement, 240 minutes to identify and collect information about beneficial owners and applicants, and 110 minutes to fill out and file the report, including attaching an image of an acceptable identification document for each beneficial owner and applicant, totaling 650 minutes.

²⁵ FinCEN estimates 20 minutes to identify and collect information about beneficial owners or applicants and 20 minutes to fill out and file the update, totaling 40 minutes.

²⁶ FinCEN estimates 60 minutes to identify and collect information about beneficial owners or applicants and 110 minutes to fill out and file the update, totaling 170 minutes.

²⁷ FinCEN estimates 170 minutes to read the form and understand the requirement, 135 minutes to identify and collect information about beneficial owners and applicants, and 65 minutes to fill out and file the report, including attaching an image of an acceptable identification document for each beneficial owner and applicant, totaling 370 minutes.

²⁸ FinCEN estimates 40 minutes to identify and collect information about beneficial owners or applicants and 65 minutes to fill out and file the update, totaling 105 minutes.

²⁹ FinCEN estimates 10 minutes to read the form and understand the information required and 10 minutes to fill out and file the request, including attaching an image of an acceptable identification document, totaling 20 minutes.

³⁰ FinCEN estimates 10 minutes to fill out and file the update.

³¹ This estimate aligns with FinCEN's estimate of existing reporting companies in 2024. Please see the regulatory impact analysis in the final rule.

- Initial reports, Year 2+: 4,998,468 reports.³²
- Initial reports, Years 1-5 average: 10,510,160 reports.
- Updated reports, Year 1: 6,578,732 reports.³³
- Updated reports, Year 2+: 14,456,452 reports.³⁴
- Updated reports, Years 1-5 average: 12,880,908 reports.

Estimated Total Reporting Burden Hours:

- Initial reports, Year 1: 118,572,335 hours.³⁵
- Initial reports, Year 2+: 18,204,421 hours.³⁶
- Initial reports, Years 1-5 average: 38,285,493 hours.
- Updated reports, Year 1: 7,657,096 hours.³⁷
- Updated reports, Year 2+: 16,826,105 hours.³⁸
- Updated reports, Years 1-5 average: 14,995,237 hours.

b. Individual FinCEN Identifiers

Frequency: As required.

Estimated Number of Applications:

- Initial applications, Year 1: 325,569 applications.³⁹
- Initial applications, Year 2+: 49,985 applications.⁴⁰
- Initial applications, Years 1-5 average: 105,102 applications.
- Updated applications, Year 1: 12,180 applications.⁴¹
- Updated applications, Year 2+: 26,575 applications.⁴²
- Updated applications, Years 1-5 average: 23,696 applications.

³² This estimate aligns with FinCEN’s estimate of new reporting companies per year after 2024. Please see the regulatory impact analysis in the final rule.

³³ FinCEN estimated updated reports using a methodology that considered the probability of an event resulting in a change to the reported information over a 30-day period. Please see the regulatory impact analysis in the final rule.

³⁴ FinCEN estimated updated reports using a methodology that considered the probability of an event resulting in a change to the reported information over a 30-day period. Please see the Paperwork Reduction Act analysis in the NPRM.

³⁵ $((0.59 \times 32,556,929) \times (90 \text{ minutes} / 60 \text{ minutes})) + ((0.361 \times 32,556,929) \times (370 \text{ minutes} / 60 \text{ minutes})) + ((0.049 \times 32,556,929) \times (650 \text{ minutes} / 60 \text{ minutes})) = 118,572,335.$

³⁶ $((0.59 \times 4,998,468) \times (90 \text{ minutes} / 60 \text{ minutes})) + ((0.361 \times 4,998,468) \times (370 \text{ minutes} / 60 \text{ minutes})) + ((0.049 \times 4,998,468) \times (650 \text{ minutes} / 60 \text{ minutes})) = 18,204,421.$

³⁷ $((0.59 \times 6,578,732) \times (40 \text{ minutes} / 60 \text{ minutes})) + ((0.361 \times 6,578,732) \times (105 \text{ minutes} / 60 \text{ minutes})) + ((0.049 \times 6,578,732) \times (170 \text{ minutes} / 60 \text{ minutes})) = 7,657,096.$

³⁸ $((0.59 \times 14,456,452) \times (40 \text{ minutes} / 60 \text{ minutes})) + ((0.361 \times 14,456,452) \times (105 \text{ minutes} / 60 \text{ minutes})) + ((0.049 \times 14,456,452) \times (170 \text{ minutes} / 60 \text{ minutes})) = 16,826,105.$

³⁹ FinCEN estimated this to be approximately 1 percent of the initial BOI reports in Year 1 estimate.

⁴⁰ FinCEN estimated this to be approximately 1 percent of the initial BOI reports in Year 2+ estimate.

⁴¹ FinCEN estimated updated applications using a methodology that considered the probability of an event resulting in a change to the reported information over a 30-day period. Please see the regulatory impact analysis in the final rule.

⁴² FinCEN estimated updated applications using a methodology that considered the probability of an event resulting in a change to the reported information over a 30-day period. Please see the regulatory impact analysis in the final rule.

Estimated Total Reporting Burden Hours:

- Initial applications, Year 1: 108,523 hours.⁴³
- Initial applications, Year 2+: 16,662 hours.⁴⁴
- Initial applications, Years 1-5 average: 35,034 hours.
- Updated applications, Year 1: 2,030 hours.⁴⁵
- Updated applications, Year 2+: 4,429 hours.⁴⁶
- Updated applications, Years 1-5 average: 3,949 hours.

The burden hours for these collections are totaled in the table below:

Year 1		
Information Collection	Count of Reports	Burden Hours
Initial BOI reports	32,556,929	118,572,335
Updated BOI reports	6,578,732	7,657,096
FinCEN identifier applications for individuals	325,569	108,523
FinCEN identifiers updates for individuals	12,180	2,030
Totals	39,473,410	126,339,984 ⁴⁷
Year 2+		
Information Collection	Count of Reports	Burden Hours
Initial BOI reports	4,998,468	18,204,421
Updated BOI reports	14,456,452	16,826,105
FinCEN identifier applications for individuals	49,985	16,662
FinCEN identifiers updates for individuals	26,575	4,429
Totals	19,531,480	35,051,617 ⁴⁸

13. Estimated annual cost to respondents for hour burdens.

⁴³ $325,569 \times (20 \text{ minutes} / 60 \text{ minutes}) = 108,523.$

⁴⁴ $49,985 \times (20 \text{ minutes} / 60 \text{ minutes}) = 16,662.$

⁴⁵ $12,180 \times (10 \text{ minutes} / 60 \text{ minutes}) = 2,030.$

⁴⁶ $26,575 \times (10 \text{ minutes} / 60 \text{ minutes}) = 4,429.$

⁴⁷ Regarding burden hours for BOI reports, companies with simple beneficial ownership structures account for an estimated 31,400,517 burden hours in Year 1 $((0.59 \times 32,556,929) \times (90 \text{ minutes} / 60 \text{ minutes})) + ((0.59 \times 6,578,732 \times (40 \text{ minutes} / 60 \text{ minutes}))) = 31,400,517.$ Companies with intermediate beneficial ownership structures account for an estimated 76,633,264 burden hours in Year 1 $((0.361 \times 32,556,929) \times (370 \text{ minutes} / 60 \text{ minutes})) + ((0.361 \times 6,578,732) \times (105 \text{ minutes} / 60 \text{ minutes})) = 76,633,264.$ Companies with complex beneficial ownership structures account for an estimated 18,195,650 burden hours in Year 1 $((0.049 \times 32,556,929) \times (650 / 60)) + ((0.049 \times 6,578,732 \times (170 \text{ minutes} / 60 \text{ minutes}))) = 18,195,650.$ $31,400,517 + 76,633,264 + 18,195,650 + 108,523 + 2,030 = 126,339,984.$

⁴⁸ Regarding burden hours for BOI reports, companies with simple beneficial ownership structures account for an estimated 10,109,849 burden hours in Years 2+ $((0.59 \times 4,998,468) \times (90 \text{ minutes} / 60 \text{ minutes})) + ((0.59 \times 14,456,452) \times (40 \text{ minutes} / 60 \text{ minutes}))) = 10,109,849.$ Companies with intermediate beneficial ownership structures account for an estimated 20,260,286 burden hours in Years 2+ $((0.361 \times 4,998,468) \times (370 \text{ minutes} / 60 \text{ minutes})) + ((0.361 \times 14,456,452 \times (105 / 60))) = 20,260,286.$ Companies with complex beneficial ownership structures account for an estimated 4,660,391 burden hours in Years 2+ $((0.049 \times 4,998,468) \times (650 \text{ minutes} / 60 \text{ minutes})) + ((0.049 \times 14,456,452) \times (170 / 60))) = 4,660,391.$ $10,109,948 + 20,260,286 + 4,660,391 + 16,662 + 4,429 = 35,051,617.$

As noted in the prior response, FinCEN has estimated annual cost for two information collections under the final rule.⁴⁹ Each information collection includes estimates for costs of initial and updated reports or applications. Additionally, each information collection includes cost estimates for Year 1 and then annual cost estimates for any year after Year 1 (Year 2+). FinCEN applies an average wage rate of \$56.76 throughout the analysis.⁵⁰

a. BOI Reports

FinCEN estimates the average cost of filing an initial BOI report per reporting company to be \$85.14 for those with a simple ownership structure, \$1,350.00 for those with an intermediate reporting structure, and \$2,614.87 for those with a complex ownership structure.⁵¹ FinCEN estimates the average cost of filing an updated BOI report per reporting company to be \$37.84 for those with a simple ownership structure, \$299.33 for those with an intermediate ownership structure, and \$560.81 for those with a complex ownership structure.⁵²

Estimated Total Reporting Cost:

- Initial reports, Year 1: \$21,673,487,885.48.⁵³
- Initial reports, Year 2+: \$3,327,532,419.21.⁵⁴
- Initial reports, Years 1-5 average: \$6,996,723,512.
- Updated reports, Year 1: \$1,038,524,428.72.⁵⁵
- Updated reports, Year 2+: \$2,282,108,290.77.⁵⁶
- Updated reports, Years 1-5 average: \$2,033,391,518.

⁴⁹ The aggregate costs of BOI reports and individuals obtaining a FinCEN identifier each year are approximate and not precise estimates. Further, any rounding produces no meaningful difference in the magnitude of FinCEN's estimates or conclusions.

⁵⁰ To estimate the average wage rate, FinCEN estimated a base wage rate of \$39.97 per hour. This updated estimate derives from the BLS May 2021 Wage Estimates and represents the average reported hourly wage rates of three major occupational groups assessed to be most likely responsible for executing filings on behalf of reporting companies: management; business and financial operations; and office and administrative support. See U.S. Bureau of Labor Statistics, National Occupational Employment and Wage Estimates United States (May 2021), available at https://www.bls.gov/oes/current/oes_nat.htm. FinCEN multiplied \$39.97 by a private industry benefits factor of 1.42. The ratio between benefits and wages for private industry workers is \$11.42 (hourly benefits)/\$27.19 (hourly wages) = 0.42, as of March 2022. The benefit factor is 1 plus the benefit/wages ratio, or 1.42. See U.S. Bureau of Labor Statistics, *Employer Cost for Employee Compensation: Private industry dataset*, March 2022, available at <https://www.bls.gov/web/ecec/ecec-private-dataset.xlsx>. Therefore, the fully loaded wage rate is \$56.76 per hour.

⁵¹ $(90 \text{ minutes}/60 \text{ minutes}) \times \$56.76 = \$85.14$, $((370 \text{ minutes}/60 \text{ minutes}) \times \$56.76) + \$1,000 = \$1,350.00$, and $((650 \text{ minutes}/60 \text{ minutes}) \times \$56.76) + \$2,000 = \$2,614.87$.

⁵² $(40 \text{ minutes}/60 \text{ minutes}) \times \$56.76 = \$37.84$, $((105 \text{ minutes}/60 \text{ minutes}) \times \$56.76) + \$200 = \299.33 and $((170 \text{ minutes}/60 \text{ minutes}) \times \$56.76) + \$400 = \560.81 .

⁵³ $((0.59 \times 32,556,929) \times \$85.14) + ((0.361 \times 32,556,929) \times \$1,350.00) + ((0.049 \times 32,556,929) \times \$2,614.87) = \$21,673,487,885.48$.

⁵⁴ $((0.59 \times 4,998,468) \times \$85.14) + ((0.361 \times 4,998,468) \times \$1,350.00) + ((0.049 \times 4,998,468) \times \$2,614.87) = \$3,327,532,419.21$.

⁵⁵ $((0.59 \times 6,578,732) \times \$37.84) + ((0.361 \times 6,578,732) \times \$299.33) + ((0.049 \times 6,578,732) \times \$560.81) = \$1,038,524,428.72$.

⁵⁶ $((0.59 \times 14,456,452) \times \$37.84) + ((0.361 \times 14,456,452) \times \$299.33) + ((0.049 \times 14,456,452) \times \$560.81) = \$2,282,108,290.77$.

b. Individuals Applying for a FinCEN Identifier

Estimated Total Reporting Cost:

- Initial applications, Year 1: \$6,159,488.81.⁵⁷
- Initial applications, Year 2+: \$945,666.84.⁵⁸
- Initial applications, Years 1-5 average: \$1,988,431.
- Updated applications, Year 1: \$115,218.68.⁵⁹
- Updated applications, Year 2+: \$251,386.22.⁶⁰
- Updated applications, Years 1-5 average: \$224,153.

The costs for these collections are totaled in the table below:

Year 1	
Information Collection	Cost
Initial BOI reports	\$21,673,487,885.48
Updated BOI reports	\$1,038,524,428.72
FinCEN identifier applications for individuals	\$6,159,488.81
FinCEN identifiers updates for individuals	\$115,218.68
Totals	\$22,718,287,021.69 ⁶¹
Year 2+	
Information Collection	Cost
Initial BOI reports	\$3,327,532,419.21
Updated BOI reports	\$2,282,108,290.77
FinCEN identifier applications for individuals	\$945,666.84
FinCEN identifiers updates for individuals	\$251,386.22
Totals	\$5,610,837,763.04 ⁶²

⁵⁷ $(\$56.76 \times (20 \text{ minutes}/60 \text{ minutes})) \times 325,569 = \$6,159,488.81.$

⁵⁸ $(\$56.76 \times (20 \text{ minutes}/60 \text{ minutes})) \times 49,985 = \$945,666.84.$

⁵⁹ $(\$56.76 \times (10 \text{ minutes}/60 \text{ minutes})) \times 12,180 = \$115,218.68$

⁶⁰ $(\$56.76 \times (10 \text{ minutes}/60 \text{ minutes})) \times 26,575 = \$251,386.22.$

⁶¹ Regarding costs for BOI reports, companies with simple beneficial ownership structures account for an estimated \$1,782,211,687.09 in Year 1 $((0.59 \times 32,556,929) \times 85.14) + ((0.59 \times 6,578,732) \times 37.84) = \$1,782,211,687.09.$ Companies with intermediate beneficial ownership structures account for an estimated \$16,577,540,630.34 in Year 1 $((0.361 \times 32,556,929) \times 85.14) + ((0.361 \times 6,578,732) \times 37.84) = \$16,577,540,630.34.$ Companies with complex beneficial ownership structures account for an estimated \$4,352,259,996.78 in Year 1 $((0.049 \times 32,556,929) \times 85.14) + ((0.049 \times 6,578,732) \times 37.84) = \$4,352,259,996.78.$ $(\$1,782,211,687.09 + \$16,577,540,630.34 + \$4,352,259,996.78 + \$6,159,488.81 + \$115,218.68 = \$22,718,287,021.69)$

⁶² Regarding costs for BOI reports, companies with simple beneficial ownership structures account for \$573,808,725.53 in estimated costs in Years 2+ $((0.59 \times 4,998,468 \times 85.14) + (0.59 \times 14,456,452 \times 37.84)) = \$573,808,725.53.$ Companies with intermediate beneficial ownership structures account for \$3,998,123,986.98 in estimated costs in Years 2+ $((0.361 \times 4,998,468 \times 1,350) + (0.361 \times 14,456,452 \times 299.33)) = \$3,998,123,986.98.$ Companies with complex beneficial ownership structures account for \$1,037,707,997.47 in estimated costs in Years 2+ $((0.049 \times 4,998,468 \times 2614.87) + (0.049 \times 14,456,452 \times 560.81)) = \$1,037,707,997.47.$ $(\$574,808,725.53 + \$3,998,123,986.98 + \$1,037,707,997.47 + \$945,666.84 + \$251,386.22) = \$5,610,837,763.04.$

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The average total cost of Years 1-5 of these collections is \$9,032,327,614.77.

14. Estimated annual cost to the Federal government.

Administering the regulation would entail costs to FinCEN. Such costs include information technology development and ongoing annual maintenance to securely collect, process, store, and make available electronic submissions of BOI data. FinCEN's cost estimates for development and annual maintenance are \$72 million and \$25.6 million, respectively, to meet the minimum system capabilities required by the rule, which includes capabilities related to the collection of images. While FinCEN expects that it will be able to leverage some existing BSA components, the feedback received throughout the rulemaking process has made clear that the Beneficial Ownership Secure System architecture will be complex to design, build, and maintain. For example, the system of record (or database) for the beneficial ownership data will need to be segregated from the existing BSA system of record, and there will need to be another system of record to store the FinCEN identifier information. There will also need to be a separate user application with individual authentication requirements to perform work necessary to administer the FinCEN identifier. System engineering efforts have occurred simultaneously with the rulemaking process, which has involved significant input from various stakeholder groups with various access and disclosure requirements. This input has made clear to FinCEN that the user access and authentication will be complicated to design and develop.

FinCEN will incur additional costs, besides those estimated above, in order to ensure successful implementation of and compliance with the BOI reporting requirements. These include personnel to support CTA implementation, draft regulations, conduct regulatory impact analyses and stakeholder outreach, conduct audits and inspections, adjudicate requests for BOI, provide training on the requirements, publish documents such as guidance and FAQs, and conduct outreach to and answer inquiries from the public. FinCEN estimates that there will be personnel costs of approximately \$10 million associated with the rule in Fiscal Year 2023, with continuing recurring costs of roughly the same magnitude for ongoing implementation, outreach and enforcement each year thereafter.

Therefore, for purposes of total cost analysis in the final rule's regulatory impact analysis, total costs to FinCEN are \$82 million in Year 1 and \$35.6 million annually thereafter.

15. Reason for change in burden.

The burden estimate has changed from the NPRM in response to comments and due to changes made in the final rule. Additionally, burden estimates have changed because of ongoing technological development. The NPRM included separate PRA burden estimates for the BOI reports submitted by foreign pooled investment vehicles;

however, such reports are now included in the burden estimates for all BOI reports because these entities will use the same form as reporting companies to report BOI to FinCEN. Please see the NPRM's PRA section⁶³ and the final rule's PRA section for details on the previous and updated estimates.

16. Plans for tabulation, statistical analysis, and publication.

The information will not be tabulated or compiled for publication.

17. Request not to display expiration date of OMB control number.

FinCEN requests that it not be required to display the expiration date so that the regulations will not have to be amended for the new expiration date every three years.

18. Exceptions to the certification statement.

There are no exceptions to the certification statement.

⁶³ 86 FR (Dec. 8, 2021) 69955-69968. The NPRM's PRA section included detailed cost analysis. Please note that the in the final rule, the detailed cost analysis is included under the Executive Order 12866 section.