FinCEN Finalizes Rule Limiting Beneficial Ownership Reporting Requirements to Foreign Filers

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On Aug. 14, 2026, the Financial Crimes Enforcement Network ("FinCEN") published a final rule that permanently exempts the majority of entities and individuals previously required to report beneficial ownership information ("BOI") pursuant to the Corporate Transparency Act ("CTA"). Building on the interim final rule issued on March 26, 2025, the final rule expands the categories of exempt persons and confirms that BOI reporting now applies only to foreign entities and their foreign beneficial owners and company applicants.

I. Background

Since Jan. 1, 2024, the CTA, through implementing regulations issued by FinCEN, had required "reporting companies" — that is, certain domestic and foreign corporations, limited liability companies and similar entities created by a document filed with a secretary of state or similar office — to report information about themselves, their company applicants and their beneficial owners. A "company applicant" is the individual who directly files or registers the entity, and, if more than one person is involved in the filing, the individual who is primarily responsible for directing or controlling the filing. A "beneficial owner" is any individual who either exercises substantial control over a reporting company, or owns or controls at least 25 percent of the ownership interests of a reporting company.

The CTA's BOI reporting requirement was intended to give law enforcement an informational tool to help tackle money laundering, terrorist financing, tax fraud and hidden shell companies. But several lawsuits challenged the CTA and courts preliminarily enjoined the government from enforcing the statute and stayed the reporting deadlines. In addition, the current administration sought to reduce the regulatory burden and costs imposed on American small businesses. As such, on March 2, 2025, the Treasury Department announced it would no longer enforce the CTA against U.S. citizens, domestic reporting companies and their beneficial owners "in the interest of supporting hard-working American taxpayers and small businesses and ensuring that the [reporting] rule is appropriately tailored to advance the public interest." This led to the rulemaking at issue.

II. Who Is Now Exempt

The final rule cements broad exemptions from BOI reporting requirements by removing the following categories of entities and individuals from the regulatory definition of "reporting company":

- **All U.S.-formed entities.** Every corporation, limited liability company or other entity created by the filing of a document with a secretary of state or any similar office under U.S. state or tribal law is exempt from any BOI reporting obligation. That means no initial BOI reports, updates or corrections are required for those domestic entities.
- **U.S. person beneficial owners.** Any U.S. person who is a beneficial owner of a foreign reporting company is exempt from providing their information. Foreign reporting companies, in

turn, are exempt from reporting the information of their U.S. person beneficial owners.
- **U.S. person company applicants.** Any U.S. person who served as a company applicant is exempt from providing their information. Likewise, foreign reporting companies do not need to report any U.S. person company applicant. This is a new exemption compared to the interim final rule, under which U.S. person company applicants remained subject to reporting even though U.S. person beneficial owners were exempt.
- **U.S. person FinCEN ID holders.** Any U.S. person who previously obtained a FinCEN identifier is exempt from the ongoing obligation to update or correct the personal information associated with that identifier. This is also a new exemption compared to the interim final rule, under which the obligation to update or correct remained in effect indefinitely for all FinCEN ID holders regardless of nationality.

Because of these changes, FinCEN is also implementing a process to delete previously submitted BOI of U.S. persons and domestic entities from its database. FinCEN anticipates working with the National Archives and Records Administration to complete this process and does not intend to require U.S. companies or individuals to request deletion of their information.

III. Who Must Still Report

The exemptions leave a narrow set of entities and individuals with reporting obligations:

- **Foreign-formed entities registered to do business in the U.S.** must file BOI reports with FinCEN, including their legal name, trade names, principal U.S. business address, jurisdiction of formation, state of first registration and taxpayer identification number. They must also report the BOI of their foreign beneficial owners within 30 days of registration.
- **Non-U.S. person beneficial owners and company applicants** of foreign reporting companies remain subject to having their BOI reported and must provide their information to the reporting company.
- **Non-U.S. person FinCEN ID holders** must continue to update or correct their information within 30 days of any change.

Correspondingly, civil and criminal penalties under the CTA continue to apply to foreign reporting companies and foreign individuals who willfully fail to report accurate BOI or who willfully provide false information.

IV. Takeaways

In short, FinCEN's final rule is simple: Any entity formed under U.S. law and any U.S. person, whether a beneficial owner, company applicant or FinCEN ID holder, no longer has any BOI reporting or maintenance obligations.

The final rule's exemptions do not, however, extend to foreign-formed entities. If you have foreign-formed entities registered to do business in the United States, you should confirm those entities are in compliance. The 30-day reporting window is short, and penalties for willful noncompliance remain in effect. That said, even where a foreign reporting company must file, it need not include information about any U.S. person beneficial owners or company applicants.

Finally, you should be aware that the separate Customer Due Diligence ("CDD") Rule remains in effect. Under the CDD Rule, covered financial institutions remain obligated to, among other things, identify and verify the beneficial owners of legal entity customers at account opening. FinCEN has indicated it is considering whether and how to modify the CDD Rule in light of the changes to BOI reporting requirements.

Some commenters to the final rule noted that foreign persons could circumvent their BOI reporting requirements by simply forming a domestic entity rather than registering a foreign entity in the United States. FinCEN did not modify the rule to address this concern, relying instead on the CDD Rule and existing law enforcement tools as mitigating measures.

We will continue to monitor developments on this topic and will provide updates as FinCEN takes further action. Stay tuned to Haynes Boone's News page for the latest updates. If you have questions or need more information about FinCEN's final rule or BOI reporting obligations, please contact a member of Haynes Boone's Financial Services Investigations and Enforcement or White Collar and Investigations Practice Groups.