

## **Beneficial Ownership**

### **Overview**

In May 2016, the U.S. Government passed a new regulation regarding the beneficial ownership of legal entity members. Going forward, it will be mandatory for **all** financial institutions to comply with this regulation by identifying the beneficial owner(s) and a controlling person of a legal entity member opening or maintaining an account.

The required identifying information that will need to be collected includes name, address, date of birth, and Social Security Number as well as the Driver's License number, issue, and expiration date. This information will need to be collected whether or not the person is a Space Coast Credit Union member. This information will also be collected for existing legal entity members who establish or maintain accounts once this new regulation is implemented at Space Coast Credit Union on **April 30, 2018**.

While we understand the information requested is personal and sensitive, we need to obtain this information in order to comply with the law. As always, we will treat all information collected with utmost care. All information will be stored securely and handled with the same standard of policy that we have always maintained.

### **What you need to know about Beneficial Ownership**

- The new regulation impacts all legal entities opening or maintaining accounts at any financial institution.
- Information will need to be provided for each individual who owns directly or indirectly more than 25% of the legal entity.
- Legal entities will need to identify and attest to all beneficial owner(s) that meet specific requirements as well as a controlling person (e.g., Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Managing Member, General Partner, President, Vice President or Treasurer)
- Space Coast Credit Union will collect information regarding the beneficial owner(s) and control person of legal entities whether or not they have a personal relationship with the financial institution.

**FAQ's for Beneficial Ownership:**

- ***What is the beneficial ownership regulation and why does it matter?***
  - The beneficial ownership regulation is a federal law requiring all financial institutions to identify and verify the identity of the beneficial owners of legal entity members as well as a controlling person of the legal entity anytime an account is opened or maintained. The regulation is aimed at making financial institutions safer for their members and protecting the country's financial system.
  
- ***Why has Space Coast Credit Union been asked to collect this information?***
  - Space Coast Credit Union, as well as all other financial institutions in the U.S., will be required to collect beneficial ownership information. The U.S. government implemented the new beneficial ownership regulation to help fight financial crimes. Space Coast Credit Union is doing its part in upholding the new regulation to protect the financial system. Compliance with regulation has always been of utmost importance to Space Coast Credit Union, and the new beneficial ownership regulation will be treated with the same level of importance.
  
- ***Is Space Coast Credit Union the only credit union that is required to collect beneficial ownership information?***
  - No. All financial institutions are required to comply with the new beneficial ownership regulation and will be collecting this beneficial ownership information from applicable members.
  
- ***What constitutes beneficial ownership?***
  - The U.S. government regulation defines "beneficial ownership" as being made up of two roles: (1) those that have an ownership interest in a legal entity and (2) those that control a legal entity.

For those people who have an ownership interest in the legal entity, Space Coast Credit Union is required to identify and collect personal information on anyone that meets or exceeds the following ownership thresholds:

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Beneficial Owners:

A natural person having 25 percent or more of the equity interests of a legal entity

Control Person:

A person with significant managerial control or influence over a legal entity member (e.g., Chief Executive Officer, Chief Financial Officer, Managing Member, General Partner, etc.) For every legal entity client subject to beneficial ownership, you must identify one control person.

**Note:** It is possible that the control person may also be beneficial owner.

- ***What if the people who have been identified as beneficial owners or control persons are not members of Space Coast Credit Union? Do I still need to provide their personal information to Space Coast Credit Union?***
  - Yes. Regardless of member status, information about the beneficial owners and control person must be provided in order to comply with the regulation.
  
- ***At account opening I was required to sign the Certification of Beneficial Ownership Form. What is this and why is it necessary?***
  - The Certification of Beneficial Ownership Form is a legally required form that Space Coast Credit Union must collect from legal entity members regarding their beneficial owners and control person. By completing and signing the form, you are attesting that the information provided is accurate to the best of your knowledge.
  
- ***Will the information I provide for beneficial ownership be used for marketing to prospects that do not already have a relationship with Space Coast Credit Union?***
  - No. This information will not be used for marketing or prospecting purposes.
  
- ***I also have personal accounts with Space Coast Credit Union. Will Space Coast Credit Union also collect beneficial ownership information for my personal accounts?***
  - No. The Beneficial Ownership regulation only applies to applicable legal entity accounts.