FIRST PIONEER
NATIONAL BANK

Wray, Colorado 80758
Holyoke, Colorado 80734
www.fpnb.bank

The Rules for

New Account Opening and Beneficial Ownership

- What is beneficial ownership?
- Who is affected?
- What are the new rules?

Helping to fight money laundering and other financial crimes

The Financial Crimes Enforcement Network (FinCEN) of the U.S. Treasury has issued rules that require financial institutions to expand their customer due diligence programs to include the collection and verification of beneficial ownership information for business and legal entity customers at new account openings.

What is beneficial ownership?

An individual's beneficial ownership in a business or legal entity is determined by applying two separate criteria: ownership percentage and management control.

Ownership percentage – If an individual owns a 25 percent or more equity interest (e.g. a shareholder) in the business or legal entity then they must be identified. This minimum standard for ownership percentage could affect zero to 4 persons.

Management control – The one individual that holds a significant responsibility to control, manage or direct the business or legal entity (e.g. CEO, President, Treasurer, General Partner, Managing Member, etc.) in other words a high-level official.

The beneficial ownership rule requires that a business or legal entity customer must provide identifying documentation for at least one person to open a new account.