

Beneficial Ownership Certificate



Beginning May 11, 2018, a new government regulation requires all financial institutions to collect identifying information on individuals with beneficial ownership in a company, non-profit legal entity, or non-profit corporation. This information will be used by the government to fight terrorist financing and other matters of national security. Please find answers to many frequently asked questions regarding the Beneficial Ownership certificate below.

What is a Beneficial Ownership Certification Form?

This form needs to be completed when a customer opens a new account or loan for a business or non-profit registered with the state. This information is also required when certain “triggering events” occur. The form includes basic information about your organization’s beneficial owners including:

CIP

- Name
- Address
- Date of birth
- Social security number
- Identification documentation, usually a driver’s license or passport (a copy is acceptable if the Beneficial Owner isn’t present)

Triggering events (sample)

- Title change
- Authorized owner change
- Business address change
- CD/Loan renewal

We are also required to collect information on one individual with managerial control and the signature of the person providing and certifying this information.

Are Sole Proprietors required to submit this information?

Opening an account as a Sole Proprietor (individual or spouse) already requires your name, address, date of birth and other information that will allow us to identify you. We may also ask to see your driver’s license or other identifying documents, however we don’t need a Beneficial Ownership Certificate.

Beneficial Ownership has two separate criteria “prongs” that must be met: Ownership and Management

Ownership - Who is a Beneficial Owner? Anyone with 25% or more ownership in a company. This could affect zero to 4 individuals.

Management - Who is a Controller?

One individual with significant responsibility for managing the business, such as a President, CEO, CFO, COO, Managing Member.

What if an owner doesn’t have a social security number?

If an owner does not have a social security number, they may provide a passport number and country of issuance.

My company already has an account. Why are you asking for this information again?

This new government regulation requires all banks to collect updated beneficial ownership information whenever a new account is opened, even if you have provided it before.



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When will I be asked to provide identifying information for anyone who owns 25% or more of a company or non-profit legal entity?

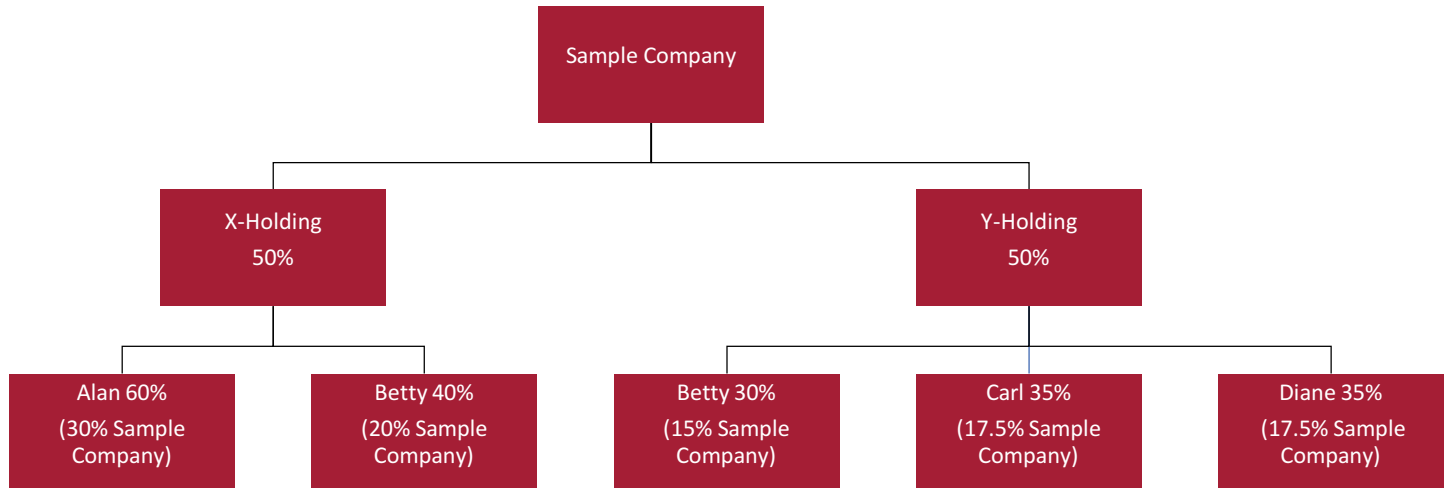
Each time a business account is opened/renewed for a covered Legal Entity. Also, when certain changes “triggering events” are made to your existing account, like a title or authorized owner change, you will be asked to provide this information.

Do I need to provide this form for personal accounts?

Opening a personal account already requires your name, address, date of birth and other information that will allow us to identify you. We may also ask to see your driver’s license or other identifying documents, however we don’t need a Beneficial Ownership Certificate.

What if the organization is owned by another legal entity, not a person or group of people?

Fidelity Bank is required to collect information on individuals even if they *indirectly* own more than 25% of a company.



In the example above, we need information on Alan and Betty. But why? Here’s how the requirements break down: Sample Company is 50% owned by X-Holding and Y-Holding, so half of X-Holding’s and Y-Holding’s ownership counts towards Sample Company.

- Alan:
- Alan owns 60% of X-Holding.
 - Half of these shares count towards Sample Company, so he is a *30% Beneficial Owner* of Sample Company.

- Betty:
- Betty owns 40% of X-Holding, or is *20% Beneficial Owner* of Sample Company.
 - She also owns 30% of Y-Holding, or is *15% Beneficial Owner* of Sample Company.
 - Add these together and Betty is considered *35% Beneficial Owner* of Sample Company.

- Carl and Diane:
- Cut Carl’s and Diane’s shares of Y-Holding in half and they only have a *17.5% Beneficial Ownership* of Sample Company.
 - We don’t need their information because they have less than *25% Beneficial Ownership* of Sample Company.

What if no one owns 25% or more of the organization?

You will still need to provide the information of one person who has significant managerial control “**Controller**” of the organization, such as President, CEO, CFO, COO, Managing Member.

Does a beneficial owner of my company need to also be a signer on the account?

No. A beneficial owner isn’t required to be an authorized signer on the account.



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