

Expert Q&A on the effect of the Corporate Transparency Act BOI rule on loan transactions

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Davis Polk partner Dan Stipano authored “Expert Q&A on the effect of the Corporate Transparency Act BOI rule on loan transactions” in *Thomson Reuters Practical Law*. In the article, Dan discusses the effect of the Corporate Transparency Act’s beneficial ownership information (BOI) reporting rule on loan transactions, including due diligence and legal opinions. The BOI rule is the first of three rulemakings being conducted by the Financial Crimes Enforcement Network (FinCEN), a bureau within the US Department of the Treasury, to implement the Corporate Transparency Act provisions of the Anti-Money Laundering Act of 2020. The BOI rule will require certain legal entities to file reports providing information about the entity, its beneficial owners and, in some cases, its company applicants to FinCEN where it will be housed in a registry. The BOI rule is scheduled to become effective on January 1, 2024.

Dan notes that it is likely that the BOI rule will impact loan agreement representations and warranties and covenants. However, this may not happen right away, as full implementation of the Corporate Transparency Act will likely impact the compliance obligations of both lenders and borrowers and could extend months and years beyond the effective date of the BOI reporting requirement.

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