

Important Information about Opening a Legal Entity Account:

Dear Preferred Bank customer,

Your business relationship is important to us. **Effective May 11, 2018**, all banks are subject to new Beneficial Ownership Rules under the Bank Secrecy Act. All banks are required to identify and verify information on the Beneficial Owners of legal entities.

Why is Beneficial Ownership Important?

The Beneficial Ownership Rule was designed to **help the government fight financial crime** by requiring federally regulated banks, including Preferred Bank, to OBTAIN, VERIFY, and RECORD information about the beneficial owners of legal entity customers.

Who are Beneficial Owners?

Beneficial Owners are those individuals who ultimately own or control a legal entity. They fall under one of two categories:

Ownership: Each individual, if any, who **owns, directly or indirectly, 25 percent or more of the equity interests** of the legal entity customer (e.g., each natural person that owns 25 percent or more of the shares of a corporation).

Control: An individual with **significant responsibility for managing the legal entity customer** (e.g., a Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Managing Member, General Partner, President, Vice President or Treasurer).

For the purposes of this regulation, legal entity customers includes:

- Corporation
- Limited Liability Companies
- Limited Partnerships
- General Partnership
- Business Trust (created by state office filing)
- Any other entity created by the filing of a public document with a Secretary of State or similar office

How will the Rule Impact You?

Your company will be required to provide a completed Beneficial Owner Attestation Form that includes information such as:

- Name
- Address
- Date of Birth
- Social Security Number or other government identification number (passport number, or other similar information, in the case of foreign persons)
- A copy of a driver's license or identifying document for each beneficial owner