



CORPORATE TRANSPARENCY Treasury Should Address Gaps in Ownership Information Resulting from Expanded Exemptions

Report to Congressional Committees

May 2026

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GAO Highlights

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A report to congressional committees.

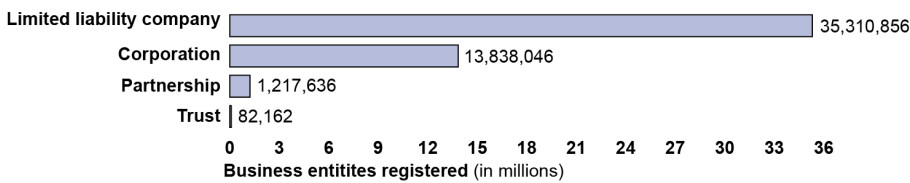
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What GAO Found

The Corporate Transparency Act (CTA) requires the Department of the Treasury’s Financial Crimes Enforcement Network (FinCEN) to develop reporting requirements for and create a registry of beneficial owners—individuals who own or control business entities. The CTA and FinCEN’s 2022 beneficial ownership rule explicitly exempts 23 categories of entities from these requirements, largely because they already are subject to federal or state regulation or must report similar information to a governmental authority. Federal and state regulators overseeing exempt categories generally require some identifying information for individuals who may be owners or exercise control over those entities, according to GAO review of regulatory documentation and interviews.

In March 2025, FinCEN issued an interim final rule exempting domestic companies and U.S. persons from beneficial ownership reporting requirements. Most of these entities were limited liability companies (LLC) and corporations—the largest categories of U.S.- registered businesses (see figure). The expanded exemption—made to reduce burden on legitimate businesses—applies to over 99 percent of entities that previously were required to report.

Numbers of Business Entities Registered in the U.S., July 2025



Source: GAO analysis of OpenCorporates data. | GAO-26-107967

Most states require entities operating within their borders to file reports that may collect ownership and control information, such as the names of corporate officers and directors or LLC managers and members, according to a 2024 National Association of Secretaries of State report. However, these individuals may not be the beneficial owners or exercise substantial control over the entity. Moreover, states vary in the extent to which they collect such information.

U.S.-based shell companies, often structured as LLCs or corporations, can pose significant risks of illicit finance activity. Treasury’s 2026 National Money Laundering Risk Assessment identified several cases in which shell companies were used to facilitate financial crimes, including laundering the proceeds of drug trafficking, cybercrime, and fraud, among others, indicating the continued risk posed by shell companies. The 2025 domestic reporting company exemption may perpetuate these risks because state requirements for reporting ownership and control information vary in scope.

Treasury is statutorily required to provide information to law enforcement that could be highly useful and to report to Congress on exempt entities that are significantly abused for illicit finance. However, Treasury has not identified potential actions or taken steps to address gaps in beneficial ownership information resulting from the broadened reporting exemptions. Doing so would better position policymakers and law enforcement to respond to potential shell company misuse while minimizing regulatory burden on legitimate businesses.

Why GAO Did This Study

Illicit actors frequently use corporate structures such as shell companies to launder criminal proceeds. These structures can be exploited because they allow the identities of people who benefit from or control them to be hidden from law enforcement.

The Anti-Money Laundering Act of 2020 includes a provision for GAO to report on the regulation of entities exempted from beneficial ownership reporting and the extent to which they pose significant illicit finance risks. This report (1) describes regulatory and reporting requirements for exempt entities, (2) assesses the extent to which such entities can pose significant risks of illicit finance activity, and (3) examines Treasury's plans to monitor and report on those risks.

GAO reviewed documentation from federal and state regulators related to their collection of ownership and control information on exempted entities and interviewed agency officials. GAO also reviewed reporting requirements in six states, selected largely because they had the highest numbers of filings. In addition, GAO reviewed federal assessments, international standards, and press releases on cases involving exempted entities and interviewed law enforcement officials.

What GAO Recommends

GAO recommends that Treasury identifies potential actions to address the risks posed by the domestic reporting company and U.S. person exemptions and provides Congress and law enforcement with highly useful information that addresses these risks. Treasury disagreed with the recommendation. GAO continues to believe that actions for this recommendation are needed as discussed in the report.

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Abbreviations

CFTC	Commodity Futures Trading Commission
CTA	Corporate Transparency Act
DOJ	Department of Justice
FATF	Financial Action Task Force
FBO	foreign banking organization
FDIC	Federal Deposit Insurance Corporation
FinCEN	Financial Crimes Enforcement Network
FINRA	Financial Industry Regulatory Authority
IRS	Internal Revenue Service
LLC	limited liability company
MSB	money services business
NAIC	National Association of Insurance Commissioners
NCUA	National Credit Union Administration
OCC	Office of the Comptroller of the Currency
PCAOB	Public Company Accounting Oversight Board
SEC	Securities and Exchange Commission

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May 29, 2026

Congressional Committees

Illicit actors frequently use shell companies—business entities that exist only on paper—to launder criminal proceeds and conceal their identities.¹ These entities can be created without disclosing the individuals who own or control them, making it difficult for law enforcement to trace illicit activity. Individuals who own or control corporate entities are known as beneficial owners.

Following the recommendation of the Financial Action Task Force (FATF), many countries require companies to disclose their beneficial owners.² In the United States, the Corporate Transparency Act (CTA) requires the Department of the Treasury’s Financial Crimes Enforcement Network (FinCEN) to develop beneficial ownership reporting requirements and create a registry of beneficial owners of business entities.³ The CTA exempted 23 categories of entities from reporting requirements, and FinCEN adopted those categories in its September 2022 final beneficial ownership rule.⁴ The categories of exempt entities include certain financial institutions, securities and futures vehicles, insurance companies, accounting firms, tax-exempt entities, and large operating companies.⁵

In March 2025, FinCEN issued an interim final rule that significantly expanded these exemptions. The rule removed requirements for all U.S. companies and U.S. persons to report beneficial ownership information to FinCEN and limited reporting to foreign companies registered to do business in the United States.⁶ According

¹A shell company has no independent operations, significant assets, business activities, or employees.

²FATF sets international standards and makes recommendations that aim to prevent global money laundering and terrorist financing.

³William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, Pub. L. No. 116-283, § 6403, 134 Stat. 3388, 4605. Division F of the National Defense Authorization Act is the Anti-Money Laundering Act of 2020, which includes the Corporate Transparency Act. Title LXV of the Anti-Money Laundering Act includes various provisions for GAO to conduct studies and issue reports. See Pub. L. No. 116-283, 134 Stat. 3388, 4625.

⁴31 U.S.C. § 5336(a)(11)(B); Beneficial Ownership Information Reporting Requirements, 87 Fed. Reg. 59498, 59539–46 (Sept. 30, 2022) (codified at 31 C.F.R. § 1010.380(c)(2)).

⁵Companies not required to report beneficial ownership information to FinCEN include securities reporting issuers; governmental authorities; banks, credit unions, depository institution holding companies, and money services businesses; securities brokers or dealers, securities exchange or clearing agencies, and other entities registered under the Securities and Exchange Act of 1934; investment companies or advisers; venture capital fund advisers; insurance companies and state-licensed insurance producers; Commodity Exchange Act-registered entities; accounting firms; public utilities; financial market utilities and pooled investment vehicles; tax-exempt entities and those entities that assist tax-exempt entities; large operating companies; subsidiaries of certain exempted companies; and inactive entities. 31 U.S.C. § 3556(a)(11)(B); 31 C.F.R. § 1010.380(c)(2).

⁶In the interim final rule, FinCEN revises the definition of “reporting company” to include only those entities formed under the law of a foreign country that have registered to do business in a U.S. state or tribal jurisdiction by filing a document with a secretary of state or similar office (previously defined as “foreign reporting companies”). FinCEN also exempts entities previously defined as “domestic reporting companies” from reporting beneficial ownership information. Domestic reporting companies are corporations, limited liability companies, and any other entities created by the filing of a document with a secretary of state or any similar office under the laws of a state or Indian Tribe. Beneficial Ownership Information Reporting Requirement Revision and Deadline Extension, 90 Fed. Reg. 13688 (Mar. 26, 2025).

to the interim final rule, Treasury made these changes after reassessing the balance between the usefulness of collecting beneficial ownership information and the regulatory burdens imposed on businesses.

The Anti-Money Laundering Act of 2020 includes a provision for GAO to study and report on exemptions from beneficial ownership reporting requirements and assess associated risks of illicit financial activity.⁷ This report (1) describes the regulatory and reporting requirements applicable to entities explicitly exempt from reporting to FinCEN on beneficial ownership, and (2) assesses the extent to which exempt entities pose significant risks of illicit finance activity, including Treasury’s assessment of such risks. This report is part of our broader body of work on implementation of the beneficial ownership registry and FinCEN’s program for providing access to and safeguarding that information.⁸

For the first objective, we reviewed FinCEN’s proposed, final, and interim final rules and interviewed FinCEN representatives. We interviewed officials from seven federal agencies and two state regulatory organizations with oversight responsibilities for the 23 categories of exempt entities (six federal financial regulators, the Internal Revenue Service [IRS], and two state regulatory organizations). We also reviewed relevant documentation and the National Association of Insurance Commissioners’ blank state insurance application forms to identify ownership and control information collected from exempt entities.

To describe state-level practices for limited liability companies (LLC) and corporations, we reviewed National Association of Secretaries of State reports and selected six nongeneralizable illustrative states, including the five with the highest registration volumes and states that had made or proposed recent changes to collect beneficial ownership reporting information. We also analyzed data from OpenCorporates, a third-party aggregator of secretary of state information, to provide context on the numbers of these entities.⁹

For the second objective on illicit finance risks posed by exempt entities, we reviewed federal strategies, risk assessments, FATF evaluations and standards, and public comment letters. We also analyzed press releases issued by the Department of Justice (DOJ), IRS, and the Securities and Exchange Commission (SEC) from January 2020 through June 2025 to identify illustrative cases that involved exempt entities with heightened illicit finance risk. Additionally, we interviewed Treasury officials and officials from law enforcement agencies within DOJ, IRS, and the Department of Homeland Security regarding potential risks posed by exempt entities and Treasury’s monitoring of those risks.

We also interviewed a nongeneralizable sample of stakeholders and subject matter experts from four organizations: two representing state and local law enforcement agencies—the National District Attorneys Association and International Association of Chiefs of Police—and two focused on advocating policy to combat illicit finance—Transparency International and the Financial Accountability and Corporate Transparency

⁷Pub. L. No. 116-283, § 6502(c), 134 Stat. 3388, 4627 (2021). Section 6502(d) includes a provision for GAO to review the beneficial ownership information requirements for partnerships and trusts, which we reported on in December 2024. GAO, *Illicit Finance: Treasury Should Monitor Partnerships and Trusts for Future Risks*, [GAO-25-106955](#) (Washington, D.C.: Dec. 19, 2024).

⁸GAO, *Illicit Finance: Treasury’s Initial Safeguards for Allowing Access to Information on Corporate Ownership*, [GAO-25-107403](#) (Washington, D.C.: Feb. 20, 2025). The CTA includes a provision for us to audit annually—for the next 6 years—the procedures and safeguards FinCEN established. We are to determine whether those mechanisms met the Act’s requirements and whether Treasury is using beneficial ownership information in a manner consistent with the act. 31 U.S.C. § 5336(c)(10).

⁹To assess the reliability of these data, we reviewed related documentation, tested the data for missing data and errors, and obtained written responses from company officials about data quality and control. We determined the data were sufficiently reliable for providing contextual information for the report.

Coalition. We selected these organizations for their demonstrated expertise in combating illicit finance, as reflected in comment letters to FinCEN and recommendations from other stakeholders. For additional details on our objectives, scope, and methodology, see appendix I.

We conducted this performance audit from January 2025 to May 2026 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Corporate Transparency Act Exempt Entities

The CTA provides 23 specific statutory exemptions from the definition of “reporting company” (see table 1).¹⁰

Table 1: Entities Exempt from Beneficial Ownership Information Reporting Under the Corporate Transparency Act

Exemption number	Statutory exemptions
1	Securities reporting issuer
2	Governmental authority
3	Bank
4	Credit union
5	Depository institution holding company
6	Money transmitting business
7	Securities broker or dealer
8	Securities exchange or clearing agency
9	Other entities registered under the Securities Exchange Act of 1934
10	Investment company or adviser
11	Venture capital fund adviser
12	Insurance company
13	State licensed insurance producers
14	Commodity Exchange Act registered entity
15	Public accounting firm
16	Public utility
17	Financial market utility
18	Pooled investment vehicle
19	Tax-exempt entity
20	Entity that assists tax-exempt entities

¹⁰The CTA defines reporting companies as corporations, limited liability companies, and similar entities created by filing a document with a secretary of state or similar office under the laws of a state or Indian Tribe, with some exceptions. Companies formed under laws of foreign countries but registered to do business in the United States by filing a document with a secretary of state or similar office under the laws of a state or Indian Tribe are also considered reporting companies. 31 U.S.C. § 5336(a)(11)(A).

Exemption number	Statutory exemptions
21	Large operating company
22	Subsidiary of certain exempted entities
23	Inactive entity

Source: GAO analysis of statute. | GAO-26-107967

The CTA also includes a provision that authorizes Treasury to exempt additional entities or classes of entities from beneficial ownership information reporting requirements with the written concurrence of the Attorney General and the Secretary of Homeland Security. Treasury may grant such an exemption if it determines, by regulation, that reporting would not serve the public interest and would not be highly useful for national security, intelligence, and law enforcement agency efforts to detect, prevent, or prosecute money laundering, the financing of terrorism, proliferation finance, serious tax fraud, or other crimes.

FinCEN and the Beneficial Ownership Reporting Rule

FinCEN's mission includes safeguarding the financial system from illicit use; combating money laundering and related crimes; and collecting, analyzing, and disseminating financial intelligence. It is the primary federal agency responsible for administering federal anti-money laundering requirements and implementing the CTA, including developing regulations related to beneficial ownership disclosure.

Beneficial ownership reporting and data availability requirements have evolved as policymakers have recognized the value of such information in combating criminal activity. In 2016, prior to enactment of the CTA, FinCEN issued a final rule that required financial institutions to collect and verify beneficial ownership information when opening new accounts for certain company types.¹¹ However, supplementary information included with FinCEN's September 2022 final rule implementing the CTA noted that this customer due diligence rule did not require the collection of beneficial ownership information at the time of a legal entity's creation, which can provide insight into the entity's original beneficial owners.

The CTA requires certain legal entities to report their beneficial ownership information to FinCEN. This requirement supports U.S. efforts to prevent bad actors from concealing or benefiting from ill-gotten gains through shell companies or other opaque ownership structures. The CTA and its implementing regulations define a beneficial owner as any individual who either exercises substantial control over an entity or owns or controls at least 25 percent of its ownership interests. An entity may therefore have several beneficial owners.¹²

¹¹The 2016 customer due diligence rule updated existing anti-money-laundering regulations that implement the Bank Secrecy Act. Customer Due Diligence Requirements for Financial Institutions, 81 Fed. Reg. 29398 (May 11, 2016) (codified at 31 C.F.R. pts. 1010, 1020, 1023, 1024, 1026). On February 13, 2026, FinCEN issued an order allowing covered financial institutions to limit their identification and verification of the identities of beneficial owners to the following circumstances: 1) when a legal entity customer first opens an account with a covered financial institution; 2) any time thereafter when the covered financial institution has knowledge of facts that would reasonably call into question the reliability of beneficial ownership information previously obtained about the legal entity customer; and 3) as needed based on a covered financial institution's risk-based procedures for conducting ongoing customer due diligence. Financial Crimes Enforcement Network, Exemptive Relief from Requirement to Identify and Verify Beneficial Owners at Each Account Opening, FIN-2026-R001 (Feb. 13, 2026).

¹²Determining beneficial ownership of a legal entity can be complex because companies may have multiple owners, investors, or other individuals who may exercise substantial control; own at least 25 percent of the entity; or both.

The CTA defines reporting companies as corporations, LLCs, and similar entities that are created by filing a document with a secretary of state or similar office under the laws of a state or Indian Tribe, with some exceptions. Companies formed under laws of foreign countries but registered to do business by filing a document with a secretary of state or similar office are also considered reporting companies. In September 2022, FinCEN issued a final rule on requirements for domestic and foreign reporting companies to report beneficial ownership information.¹³

As discussed earlier, the CTA exempts 23 categories of entities from reporting beneficial ownership information and FinCEN's final beneficial ownership reporting rule adopted these statutory exemptions.¹⁴ Many of these entities must report ownership information to a governmental authority under other statutes or regulations. These entities include, but are not limited to, publicly traded companies meeting specified requirements, many tax-exempt organizations, and certain large operating companies.

Under its exemptive authority provided by the CTA and citing a desire to reduce regulatory burdens for U.S. companies and U.S. persons, FinCEN modified its approach to beneficial ownership reporting requirements. In March 2025, Treasury issued an interim final rule that removed the requirement for U.S. companies to report beneficial ownership information to FinCEN under the CTA and foreign companies from having to report the beneficial ownership information of any U.S. persons who are beneficial owners. U.S. persons are also exempt from having to provide beneficial ownership information to foreign reporting companies for which they are a beneficial owner.¹⁵ In doing so, millions of entities were exempted from reporting compared with the number covered under the September 2022 final rule.

Company Formations and States' Roles

States historically have had jurisdiction over the formation of and reporting requirements for legal entities typically formed for business or nonprofit purposes within their boundaries. Statutes and regulatory requirements for formation and registration vary from state to state. Generally, there are no restrictions on foreign ownership of a company formed in the United States, and the process for a foreign owner to form a company is generally the same as for a U.S. resident. In the context of registering an entity to do business in a

¹³Beneficial Ownership Information Reporting Requirements, 87 Fed. Reg. 59498 (Sept. 30, 2022) (codified as amended at 31 C.F.R. § 1010.380). A "reporting company" was previously defined by regulation as either a domestic reporting company or a foreign reporting company. A domestic reporting company was previously defined by regulation as any entity that is a corporation, an LLC, or other entity created by the filing of a document with the secretary of state or any similar office under the law of a state or Indian Tribe. A foreign reporting company was previously defined as any entity that is a corporation, an LLC, or other entity formed under the law of a foreign country and registered to do business in any state or tribal jurisdiction by the filing of a document with a secretary of state or any similar office under the law of a state or Indian Tribe. FinCEN's March 2025 interim final rule exempted domestic entities from the definition of "reporting company," so the implementing regulation no longer uses these two separate definitions. In making this change, FinCEN also added an exemption for domestic entities to the list of exempted entities. 31 C.F.R. § 1010.380(c)(2)(xxiv).

¹⁴According to Treasury officials, FinCEN adopted all 23 exemptions in its September 2022 final reporting rule to ensure consistency with the CTA.

¹⁵Supplementary information provided with FinCEN's interim final rule noted that the Secretary of the Treasury exercised authority under 31 U.S.C. § 5336(a)(11)(B)(xxiv) to exempt domestic reporting companies from beneficial ownership reporting requirements and that Treasury reevaluated the rule to alleviate unnecessary regulatory burdens placed on domestic small businesses. The rule also noted that foreign companies were exempted from disclosing U.S. person beneficial owners under the authority provided in 31 U.S.C. § 5318(a)(7). Beneficial Ownership Information Reporting Requirement Revision and Deadline Extension, 90 Fed. Reg. 13688, 13690–91 (Mar. 26, 2025).

jurisdiction (outside of which it was formed), states often use the term “foreign” to refer to a business formed or incorporated in another state, not only one formed outside the United States.

Secretaries of state or similar offices generally are responsible for overseeing business formation and registration. The CTA defines reporting companies as corporations, limited liability companies, and similar entities created by filing a document with a secretary of state or similar office under the laws of a state or Indian Tribe (see below).

- **Corporation.** A corporation acts as a separate and distinct entity from its owners (shareholders), directors, and officers and has legal rights. It generally offers directors and officers protection from liability for the company’s debts and other obligations.
- **LLC.** An LLC generally provides its owners (members) protection from liability for the company’s debts and other obligations. It may have one or more members and may be managed by its members or by hired managers.
- **Partnership.** A partnership is an association of two or more individuals or entities who jointly own and conduct a business and agree to share the profits and losses of the business.
- **Trust.** A trust is a traditional legal arrangement created when a person places assets under the control of a trustee for the benefit of one or more individuals (each generally known as a beneficiary) or for a specified purpose. Trusts range from completely passive holders of valuable assets to active business entities.

This report focuses on LLCs and corporations, which far outnumber registered partnerships and trusts in the United States. We previously reported on beneficial ownership reporting for partnerships and trusts and found that states require registration and ownership information only from certain types of these entities, and that the information required varies by state and entity type.¹⁶

Requirements for Ownership or Control Information Vary Among Exempt Entities

Regulators Generally Require Entities Exempted Before 2025 To Provide Ownership or Control Information

The 23 categories of entities exempt from reporting beneficial ownership to FinCEN under the CTA, and adopted in FinCEN’s September 2022 final rule, generally are already subject to federal or state oversight, or both, according to FinCEN’s final rule and our review of regulators’ documents. This oversight typically includes ownership and control reporting requirements, as well as monitoring, examination, or inspection.

For example, entities in the financial services sector, including banking, insurance, securities, and futures markets are supervised or examined by a federal or state regulator, or both. Regulators of these entities generally collect some ownership and control information (see fig. 1). In addition, certain exempt entities in the

¹⁶GAO-25-106955. We recommended that FinCEN periodically analyze suspicious activity report data for the risk of illicit activity related to trusts and partnerships and incorporate this analysis into future money laundering and terrorist financing risk assessments. FinCEN agreed with the recommendation. As of November 2025, FinCEN had not yet taken action to address the recommendation.

financial services sector, such as insurance companies and state-licensed insurance producers, are regulated by state authorities that also collect some ownership or control information.

Figure 1: Federal Financial Regulators That Collect Ownership or Control Information from Entities Exempt from Beneficial Ownership Reporting

	Commodity Futures Trading Commission	Federal Deposit Insurance Corporation	Board of Governors of the Federal Reserve System	Financial Crimes Enforcement Network	National Credit Union Administration	Office of the Comptroller of the Currency	Securities and Exchange Commission
Banks							
Broker or dealer in securities							
Credit unions							
Commodity Exchange Act-registered entity							
Depository institution holding companies							
Financial market utility							
Investment company or investment advisor							
Money services business							
Other Exchange Act-registered entity							
Pooled investment vehicle							
Securities exchange or clearing agency							
Securities reporting issuer							
Venture capital fund adviser							

█ Indicates the regulator collects some ownership or control information from the entity type

Source: GAO analysis of regulations and agency documentation. | GAO-26-107967

Note: Insurance companies and state-licensed insurance producers are also exempt entities in the financial sector that are regulated by the state regulators who collect ownership or control information. See appendix II for additional detail on the oversight and reporting requirements of financial sector and other selected categories of exempt entities.

According to FinCEN’s September 2022 final rule and our review of regulators’ documents, exempt entities outside the financial services sector described below generally are also subject to some regulatory oversight and reporting requirements.

- **Tax-exempt entities and entities assisting tax-exempt entities.** Entities recognized as exempt from federal income tax generally must file annual information returns with the IRS and various state regulators, such as the form 990, that are open to public inspection and provide some information relating to ownership and control. Tax exempt entities can also be subject to IRS review for compliance with certain tax laws.¹⁷ The CTA exemption for entities assisting a tax-exempt entity applies to entities that operate exclusively to provide financial assistance to, or hold governance rights over, a tax-exempt entity.¹⁸
- **Governmental authorities and public utilities.** Government authorities established at the tribal, federal, state, or local level are generally governed by the statutes that created them. Public utilities, such as those operating in the telecommunications and energy sectors, are subject to regulation, as noted in FinCEN’s September 2022 final rule.

¹⁷To qualify for the tax-exempt entity CTA exemption, the entity must be a nonprofit recognized by IRS as a tax-exempt organization such as a 501(c) organization exempt under section 501(a) of the Internal Revenue Code, a political organization as defined by Internal Revenue Code section 527(e)(1) that is exempt from paying income taxes under Internal Revenue Code section 527(a), or a charitable trust or split-interest trust as described in paragraphs (1) or (2) of Internal Revenue Code section 4947(a).

¹⁸In addition, to qualify for the CTA exemption for entities assisting tax-exempt entities, the entity must (1) be a U.S. person, (2) be beneficially owned or controlled exclusively by one or more U.S. persons who are U.S. citizens or lawfully admitted for permanent residence, and (3) derive at least a majority of their funding or revenue from one or more U.S. persons who are U.S. citizens or lawfully admitted for permanent residence.

- **Large operating companies.** Large operating companies meeting certain criteria—such as a minimum number of employees, specified levels of gross revenues, and a physical U.S. presence—are considered exempt because such criteria are associated with lower perceived risk of money laundering, according to FinCEN.¹⁹ Some large operating companies may also fall within other exempted categories, such as publicly traded companies, public utilities, or broker-dealers. They may be subject to supervision by one or more federal or state regulators.
- **Other exempt entities.** Such entities include public accounting firms regulated by the Public Company Accounting Oversight Board; subsidiaries whose ownership interests are controlled or wholly owned (directly or indirectly) by certain CTA-exempt entities; and inactive entities meeting certain criteria demonstrating a lack of ongoing business activities.

According to interviews and our review of federal and state requirements, forms, and documents, regulators overseeing entities exempt before March 2025 generally require some identifying information for individuals who may be considered owners or controlling persons. For example, regulators may collect information such as name, address, date of birth, percentage of ownership, and tax identification or Social Security numbers for applicants, directors, executive officers, and other key individuals. However, the type and amount of information required vary, and some regulators have less stringent requirements than others.

Documents and information we reviewed indicate that regulators generally do not use the term “beneficial ownership information” or explicitly request information for “beneficial owners” in their forms and guidance documents when discussing ownership and control of the entities they oversee. However, regulators generally require exempt entities to report certain ownership and control information, such as the name, address, and other identifying information for controlling persons.

The ownership and control information collected by federal and state agencies may not align precisely with FinCEN’s definition of “beneficial ownership information.” For example, regulators may not require the date of birth or identification number for an owner or controlling person (both of which FinCEN requires) but may instead collect alternative or additional information, such as a credit report or criminal history.²⁰

Federal and state regulators we interviewed suggested that their reporting requirements generally identify persons with ownership or control of the entities they oversee. However, information collection varies, and certain exempt categories have less stringent requirements than others:

- **Money services businesses.** Money services businesses are licensed by states and must register with FinCEN. According to FinCEN’s registration filing instructions, these businesses must provide ownership and control information for only the owner or controlling person registering the business.²¹ At the state level, most states use the Nationwide Multi-State Licensing System to process license and renewal

¹⁹Large operating companies are defined as entities with more than 20 full-time employees, a physical office in the United States, and more than \$5 million a year in gross receipts. According to FinCEN officials, exemptions fall under two categories: (1) entities for which Congress determined beneficial ownership information was available from other sources and (2) entities exempted based on perceived lower risk of money laundering.

²⁰The Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, and National Credit Union Administration may require a credit report and criminal history for each controlling person, which FinCEN does not require for beneficial ownership reporting. See Appendix II for more information.

²¹Financial Crimes Enforcement Network, *Registration of Money Services Business (RMSB) Electronic Filing Instructions*, version 1.0 (July 2014).

applications for money services businesses, and the system collects ownership, control, and management information.²² However, state definitions of money services businesses may not be as comprehensive as FinCEN's definition, and three states do not use this system for licensing these businesses and may have less stringent requirements.²³ For example, Montana does not license money transmitters through a state regulator or through the Nationwide Multi-State Licensing System.

- **Tax-exempt entities.** Organizations recognized as tax-exempt entities generally file annual information returns with IRS. However, the return has limited information on controlling persons, and the information requested may vary depending on the form required by a respective tax-exempt entity. For example, the annual Form 990 return for entities with 501(c)(3), 4947(a)(1) and 527 tax-exempt status (except for private foundations) require the name and title of officers, directors, and trustees; information on their compensation; and the name and address of the principal officer.²⁴ Although, according to FinCEN's final rule, such persons generally are considered controlling persons, positions like trusteeships can be held by entities (organizations) rather than individuals, depending on what state law allows. In those cases, the return would not identify a specific individual who owns or controls the organization.

IRS officials told us that the only form that deliberately collects any beneficial ownership information is the application for an employer identification number (Form SS-4). However, that form requires the name and identification number of one responsible party for the organization.

- **Pooled investment vehicles.** Pooled investment vehicles are investment companies that may be required to register with the SEC and provide ownership and control information as part of the registration process. Certain private funds, like those managed or operated by a venture capital adviser, are not required to register with SEC, although they may be required to file with a state regulator.²⁵ Advisers of these private funds must report certain information to SEC, either when registering as investment advisers or reporting as exempt reporting advisers under the Investment Advisers Act of 1940. This reporting includes the name and taxpayer identification number or central licensing and registration system number of each owner of the adviser and all control persons.²⁶

²²The Nationwide Multi-State Licensing System requires full name, date of birth, and Social Security or identification number for each person with direct ownership of 10 percent or more, executive officers, or a controlling person. As of March 31, 2025, 49 states and territories with money services business licenses were using the system.

²³FinCEN defines a money services business generally as any person offering check cashing; foreign currency exchange services; or selling money orders, travelers' checks or prepaid access (formerly stored value) products; for an amount greater than \$1,000 per person, per day, in one or more transactions; or engaging as a business in the transfer of funds is a money services business as a money transmitter, regardless of the amount transmitted. 31 C.F.R. § 1010.100(ff)

²⁴The annual Form 990-PF return for private foundations requires the name, address, title and compensation for officers, directors, trustees, and foundation managers.

²⁵Private funds are pooled investment vehicles that do not offer securities publicly. Certain of these funds are excluded from the definition of "investment company" and are exempt from SEC registration requirements under sections 3(c)(1) and 3(c)(7) of the Investment Company Act of 1940. See 15 U.S.C. §§ 80a-3, 80a-8. Certain investment advisers to private funds and certain advisers to venture capital funds are known as exempt reporting advisers and are not subject to the same reporting requirements as investment advisers under section 203(l) or 203(m) of the Investment Advisers Act of 1940. See 15 U.S.C. §§ 80b-3(l), 80b-3(m); 17 C.F.R. § 275.203(m).

²⁶Under the Investment Advisers Act of 1940, "control" means the power to exercise a controlling influence over the management or policies of a company, unless such power is solely the result of an official position with such company. See 15 U.S.C. § 80b-2(a)(12). Under SEC Form ADV Schedules A and B, control persons include most executive officers and owners of more than 25 percent of the voting securities of a company, general partners, elected managers, and trustees.

Appendix II provides additional detail on the oversight and reporting requirements for selected categories of exempt entities.

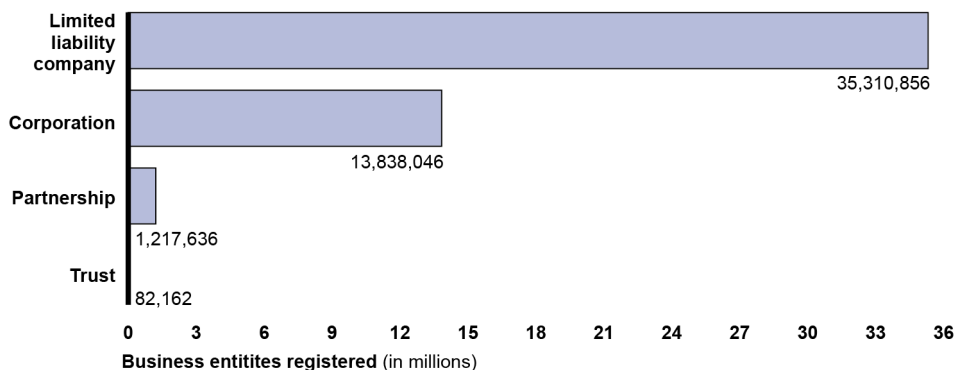
Many States Collect Some Ownership or Control Information of Entities Exempted in 2025, but Few Ask for Beneficial Owners

Exemptions in 2025 Interim Rule

Treasury’s March 2025 interim final rule removed the requirement for U.S. companies and U.S. persons to report beneficial ownership information to FinCEN under the CTA. As a result, beneficial ownership reporting now applies only to reporting companies defined as entities formed outside of the United States and non-U.S. persons who are considered beneficial owners of those companies.²⁷ This change removed reporting requirements for over 99 percent of entities previously required to report.²⁸ The new exemption overlaps with many of the 23 categories of statutorily exempt entities discussed earlier, such as publicly traded companies, large operating companies, and tax-exempt entities—specifically, entities formed by filing with a secretary of state or similar office.

LLCs and corporations are by far the most commonly formed legal entities that qualify for the 2025 exemptions (see fig. 2). In our December 2024 report, we reviewed the ownership reporting requirements of partnerships and business trusts, which are also exempt from CTA reporting under the March 2025 interim final rule.²⁹

Figure 2: Numbers of Business Entities Registered in the United States as of July 2025



Source: GAO analysis of OpenCorporates data. | GAO-26-107967

Note: We used data from OpenCorporates, a third-party aggregator of secretary of state information. Not all states make company status publicly available. We included active and unknown statuses in our analysis.

Ownership or Control Information States Collect from LLCs and Corporations

²⁷As discussed earlier, there are generally no restrictions on foreign ownership of a company formed in the United States. The procedure for a foreign owner to form a company in the United States is generally the same as for a U.S. resident. Therefore, an exempt domestic reporting company could have foreign (non-U.S.) ownership if it was formed in the United States.

²⁸FinCEN’s September 2022 final rule identified 32,556,929 reporting entities, excluding the 23 original exempt entity categories. The March 2025 interim final rule identified about 20,000 reporting entities (about .06 percent of the original population of reporting companies) would be compliant in year one and approximately 5,000 new reporting companies would file their first report in each of years 1 through 3.

²⁹[GAO-25-106955](#).

States have jurisdiction over the formation and reporting requirements of LLCs and corporations formed within their borders. States also govern registration and reporting requirements of business entities formed in other jurisdictions that do business within their borders. Requirements vary from state to state, including the extent to which they collect ownership and control information. According to a 2024 National Association of Secretaries of State report, all states require LLCs and corporations to file upon formation and most states require them to file periodic reports (such as annual or biennial filings).³⁰ The reports sometimes collect ownership and control information, such as the names and addresses of corporate officers and directors and LLC managers or members. However, according to FinCEN guidance, these persons may not be the beneficial owners or qualify as having “substantial control” as defined in the CTA or FinCEN’s September 2022 final beneficial ownership rule.

For example, shareholders are owners of a corporation but are beneficial owners only if they own or control at least 25 percent of ownership interests of the entity or exercise substantial control over its activities. Similarly, a corporate officer or director may or may not qualify as a beneficial owner.³¹ Most states require collecting the name and address of officers or directors, but most do not collect shareholder information, according to the National Association of Secretaries of State.³²

For an LLC, members are the owners, and managers perform functions similar to those of an officer or board director. Many states require reporting the name or address of members or managers. According to the 2024 National Association of Secretaries of State report, 30 states require the name and address of LLC members or managers. However, a manager is not necessarily the owner of the LLC, and some states do not require any information on an LLC member or manager.

Our review of the five states with the highest numbers of corporation and LLC filings—representing nearly 40 percent of registered corporations and LLCs combined as of July 2025—found that all five (California, Delaware, Florida, New York, and Texas) collected some ownership or control information for corporations. Each collected the name or address of at least one director or officer. Three of the five states (California, Florida, and Texas) collected ownership or control information for LLCs by requiring the name or address of the LLC member or manager. Delaware does not collect member or manager information but requires the registered agent to maintain a contact person and take steps to verify the identity of the customer forming the entity.³³ New York also does not currently require reporting an LLC member or manager but enacted legislation that began requiring additional ownership and control information as of January 2026, as discussed below.

³⁰National Association of Secretaries of State, *Summary of Business Entity Information Collected by States* (Dec. 2024).

³¹The officer or director would have to serve as a “senior officer” as defined by the beneficial ownership reporting rule (president, chief financial officer, general counsel, chief executive officer, chief operating officer, or any other officer, regardless of official title, who performs a similar function) or have direct or indirect exercise of substantial control of the entity, which can manifest in various ways.

³²Based on our review of the 2024 National Association of Secretaries of State report, nearly all of the 45 states and the District of Columbia that require periodic reports collected information on officers and directors. We identified four jurisdictions (three states and the District of Columbia) that collected shareholder information.

³³States typically require information for registered agents authorized to accept service of process or other important legal and tax documents on behalf of a business. Beginning January 2019, Delaware required registered agents to take steps to verify the identity of a customer forming an entity in Delaware to reduce the risk of unlawful business practices. This verification process, mandated by the Delaware Secretary of State, involves checking information against government-maintained lists, such as the sanctions list maintained by Treasury’s Office of Foreign Assets Control.

According to our review of the 2024 National Association of Secretaries of State report, six states have ownership and control reporting requirements that incorporate specific ownership thresholds or explicitly reference beneficial owners. For example, Alaska requires corporations to report biennially the name and address of anyone owning at least 5 percent of a corporation's shares. Arizona and Kansas require LLCs to report the name and address of individuals who meet certain ownership percentage thresholds.³⁴ Washington, D.C., requires articles of organization, articles of incorporation, and biennial reports to include the name and address of individuals whose legal or beneficial ownership exceeds 10 percent or who have control over the LLC or corporation.³⁵

California, Maryland, New York, and Massachusetts have recently passed or proposed legislation to collect beneficial ownership information from certain types of companies. Beneficial ownership legislation proposed in California and Maryland did not pass. The Massachusetts bill is pending a legislative study.³⁶ New York enacted legislation, effective January 1, 2026, requiring LLCs (but not corporations) formed or registered to do business in New York to provide beneficial ownership information using the same definition of "reporting company" as the CTA and any regulations promulgated under the CTA, including the amended definition under the March 2025 interim final rule.³⁷ According to officials from New York, California, and Washington, D.C., beneficial ownership requirements were primarily proposed or implemented to increase transparency and help identify problematic landlords. New York officials also noted the information can be used to identify individuals evading taxes or engaging in wage theft.

Domestic Reporting Exemptions Could Weaken Ability to Address Illicit Finance Risk of Shell Companies

Assessments Identified Heightened Illicit Finance Risks for Certain CTA-Exempt Entities, Though Existing Oversight Mitigates Some Risks

Treasury assessments, agency reports and press releases, and public comments submitted to FinCEN indicate that certain CTA-exempt entities may be vulnerable to misuse and pose heightened illicit finance risk. For example, these sources identified money services businesses, captive insurance companies, tax-exempt entities, subsidiaries of exempt entities, investment advisers, and pooled investment vehicles as presenting

³⁴Arizona requires that if an LLC is manager-managed, the articles of organization must include the name and address of each manager and any member owning 20 percent or more interest in the company. Kansas requires, in its LLC biennial report, the name and address of each member who owns 5 percent or more of the company's capital.

³⁵In our December 2024 report, we found that Washington, D.C.'s definition of "beneficial ownership" diverges from FinCEN's reporting rule in two ways. First, it allows legal entities, such as LLCs, to be considered beneficial owners, whereas the FinCEN rule recognizes only individuals. Second, the District sets a 10 percent ownership threshold, whereas the FinCEN rule uses a 25 percent threshold.

³⁶The California bill did not pass the state Senate during the 2023–2024 legislative session after its author requested that a scheduled hearing on July 1, 2024, be canceled, preventing further consideration. Maryland Senate Bill 954 did not pass during the 2024 legislative session and died in committee. As of September 2025, Massachusetts House Bill 3566 remained under legislative study.

³⁷New York S.995B/A.3484 created an LLC ownership database for government and law enforcement use. The Governor of New York signed the LLC Transparency Act into law on December 23, 2023, and the law was amended by S.8059 in March 2024. Because the New York law adopted the definition of "reporting company" under the CTA and its implementing regulations, the new law currently only applies to LLCs formed under the laws of a foreign country registered to do business in New York because of the changes from the March 2025 interim final rule.

potential vulnerabilities. However, as discussed earlier, these risks may be mitigated because many of these entities are regulated and already must report ownership information to a governmental authority.

Money Services Businesses

Money services businesses with compliance deficiencies, such as failure to register with regulators, may be associated with illicit finance risks that make beneficial ownership more difficult to identify. Although all money services businesses must register with FinCEN and provide certain ownership information, Treasury has identified risks associated with unregistered money services businesses that do not comply with these requirements. Treasury has noted that criminals have used unregistered money services businesses, such as money transmitters, in international money laundering schemes. In one case, an unlicensed money services business was used in a scheme to conceal ownership and facilitate money transfers tied to a multi-million-dollar securities and tax fraud scheme (see text box).

FinCEN officials told us that unregistered money services businesses are not exempt from beneficial ownership reporting requirements. However, failure to register is a separate deficiency that may result in civil penalties or criminal charges.³⁸

Example of Illicit Activity by an Unlicensed Money Transmitting Business

In October 2020, the chief executive officer of a California-based financial firm pleaded guilty to running an unlicensed money transmitting business as part of a multimillion-dollar securities and tax fraud scheme. According to a Department of Justice press release, the defendant admitted using the business to transmit financial proceeds from foreign locations in a manner that disguised the source, origin, and control over the financial proceeds. The press release noted that he directed others to fraudulently open accounts and transmit funds as nominees to conceal his control over the business.

According to the Department of Justice and the plea agreement, the unlicensed money transmitter transacted millions of dollars in international wire transfers with entities purportedly involved in investment-banking services and the sale of futures and securities. The chief executive officer failed to register the business with the Financial Crimes Enforcement Network, as required under federal law. For additional information, see *United States v. Nava*, No. 3:20-cr-03085 (S.D. Cal, *plea entered* Oct. 8, 2020).

Source: GAO presentation of Department of Justice information. | GAO-26-107967

Treasury has taken steps to address money services businesses that do not comply with regulations designed to detect money laundering and combat illicit finance, such as requirements to maintain anti-money laundering programs and verify customer identification. For example, in December 2025, Treasury announced a FinCEN operation targeting over 100 U.S. money services businesses along the southwest border that are being examined for potential noncompliance.³⁹ Treasury's announcement reported ongoing concerns that compliance deficiencies may threaten national security and increase illicit finance risks.

Captive Insurance Companies

Captive insurance companies—insurance subsidiaries generally established and owned by a non-insurance parent company to underwrite the insurance needs of the parent or other subsidiaries or related parties—can be used as a legitimate risk-mitigation tool but have also been associated with abusive tax schemes, as we

³⁸See 18 U.S.C. § 1960.

³⁹Department of the Treasury, *FinCEN Announces Data-Driven Border Operation to Address Potential Money Laundering* (Dec. 22, 2025).

previously reported.⁴⁰ Federal law provides certain tax benefits for transactions involving genuine insurance products, but features of certain captive insurance companies make them vulnerable to abuse.

For instance, as we have previously reported, “microcaptive” insurance transactions involve small captive insurance companies that elect to be taxed only on investment income and pay no tax on premiums paid.⁴¹ At the same time, the insured business deducts the premiums paid to the captive as a business expense. According to the IRS, in an abusive microcaptive transaction, an insured entity deducts amounts paid to the microcaptive that the parties treat as insurance premiums in an arrangement that does not constitute insurance for federal tax purposes. Captives then exclude that amount from taxable income. As we have previously reported, according to IRS, coverages may claim to “insure” implausible risks, fail to match genuine business needs, or duplicate the taxpayer’s commercial coverages. Premiums are often excessive and may be used to avoid tax liability. IRS has previously included microcaptive insurance arrangements in its 2024 abusive tax schemes list. In June 2025, IRS announced a settlement involving the improper use of microcaptive insurance companies (see text box).

Example of Improper Use of Microcaptive Insurance Companies

In June 2025, the Internal Revenue Service reached a settlement with Bruce Molnar, cofounder and majority owner of Alta Holdings, LLC, related to his promotion of certain microcaptive insurance arrangements. According to the IRS, these arrangements involved contracts that clients treated as insurance and creating new entities that were structured to operate as captive insurers.

A 2019 U.S. Tax Court ruling found that the arrangements facilitated by Alta Holdings and its affiliates were not actual insurance for federal tax purposes and required the captive insurer to recognize the premiums as taxable income. For additional information, see *Syzygy Insurance Co., Inc. v. Commissioner*, T.C. Memo 2019-34, 117 T.C.M. (CCH) 1165 (2019).

Source: GAO presentation of Internal Revenue Service information. | GAO-26-107967

Captive insurance companies are regulated by states. We conducted a review of certain types of captive insurance companies in 2022 and reported on abusive tax schemes involving microcaptive insurance companies, as well as IRS enforcement related to offshore insurance compliance.⁴²

Tax-Exempt Entities

Entities recognized as tax-exempt generally must file annual information returns with IRS and can be subject to IRS review for compliance with certain tax laws, as discussed earlier. As we have previously reported, IRS has long recognized that some charitable donors and tax-exempt organizations have engaged in abusive tax

⁴⁰Abusive tax schemes—arrangements to reduce tax liability that are not supported by law or that manipulate the law in a way not consistent with its intent—threaten the integrity of the tax system. They vary from very simple to very complex and from clearly illegal to those carefully constructed to disguise their illegality. See GAO, *Abusive Tax Schemes: Additional Steps Could Further IRS Efforts to Detect and Deter Promoters*, [GAO-23-105843](#) (Washington, D.C.: Dec. 15, 2022).

⁴¹Federal tax law imposes a tax on underwriting and investment income of non-life insurance companies. However, small insurance companies can make an election under Internal Revenue Code section 831(b) so they are taxed only on the company’s taxable investment income and can exclude up to \$2.2 million in premium payments per year, as adjusted for inflation. This election requires an eligible company to be an insurance company and receive no more than twenty percent of its premium payments from any single policyholder. See GAO, *Abusive Tax Schemes: IRS Could Improve Its Reviews of Offshore Insurance Audits and Investigations*, [GAO-22-104180](#) (Washington, D.C.: Mar. 23, 2022).

⁴²In 2022, we made several recommendations to improve how IRS oversees its taxpayer audits and promoter investigations for microcaptive insurance. IRS disagreed with the recommendations, stating that its current procedures were sufficient and citing resource constraints. We maintain that IRS should take the actions we recommended. As of February 2026, our recommendations had not yet been addressed. See GAO, *Abusive Tax Schemes: IRS Could Improve Its Reviews of Offshore Insurance Audits and Investigations*, [GAO-22-104180](#) (Washington, D.C.: Mar. 23, 2022).

schemes.⁴³ We reported on IRS programs that work collectively to identify abusive tax schemes involving tax-exempt entities.⁴⁴ We found that such schemes often include complex, multilayered transactions designed to conceal the true nature and ownership of the taxable income or assets (see text box for an example).

Example of Use of a Tax-Exempt Entity for Illicit Activities

In 2023, a federal judge sentenced William “Rick” Singer to 42 months in prison and ordered him to pay restitution of over \$10 million for exploiting the tax-exempt status of the Key Worldwide Foundation to disguise bribe payments as purported charitable contributions. According to the Department of Justice press release, Key Worldwide Foundation was a nonprofit corporation Singer established as a purported charity to provide educational and self-enrichment programs for disadvantaged youth. The press release noted that Singer conspired with others to use bribery and other forms of fraud to secure the admission of students to colleges and universities. To conceal the scheme, Singer used the foundation to disguise bribe payments as purported charitable contributions, enabling clients to claim improper charitable tax deductions.

For additional information, see *United States v. Singer*, No. 1:19-cr-10078 (D. Mass. 2023).

Source: GAO presentation of Department of Justice information. | GAO-26-107967

Subsidiaries of Exempt Entities

Subsidiaries of exempt entities can create opportunities for illicit actors to hide behind seemingly legitimate structures. For example, illicit actors can take a partial stake in a subsidiary and use the parent entity’s exempt status to avoid beneficial ownership reporting.

To address this concern, FinCEN clarified in the 2022 final rule that the subsidiary exemption applies only when the subsidiary is controlled or wholly owned by an exempt parent. FinCEN stated that this interpretation prevents entities that are only partially owned by exempt entities from shielding their ultimate beneficial owners from disclosure. Narrowing the exemption to controlled or wholly owned subsidiaries reduces opportunities for outside parties to embed themselves in exempt structures to obscure beneficial ownership. Transparency International representatives told us they supported FinCEN’s clarification that the subsidiary exemption applies only when a subsidiary is wholly owned or controlled by an existing exempt company, noting that this interpretation narrows the opportunity for risk.

Investment Advisers and Private Funds

Investment advisers and private funds have been identified as vulnerable to illicit finance risks in comment letters to FinCEN and in a 2024 Treasury assessment of the investment adviser sector.⁴⁵ According to Treasury’s 2024 assessment, registered investment advisers and exempt reporting advisers pose a material risk of misuse for illicit finance, but the degree of risk is not uniform across the sector. According to a 2024 final rule by Treasury, the assessment found that SEC-registered investment advisers to private funds were

⁴³In 2019, we recommended that IRS improve its use of data and analytics to better combat abusive tax schemes involving tax-exempt entities. See GAO, *Tax-Law Enforcement: IRS Could Better Leverage Existing Data to Identify Abusive Schemes Involving Tax-Exempt Entities*, [GAO-19-491](#) (Washington, D.C.: Sept. 5, 2019). For example, we recommended that IRS link audit data on abusive tax schemes involving tax-exempt entities across operating divisions. As of February 2026, four of our five recommendations had been implemented. In 2020, we recommended that IRS take actions to strengthen internal controls, including to enhance IRS’s oversight of tax-exempt organizations. See GAO, *Tax Exempt Organizations: IRS Increasingly Uses Data in Examination Selection, but Could Further Improve Selection Processes*, [GAO-20-454](#) (Washington, D.C.: June 16, 2020). As of February 2026, 12 of our 13 recommendations had been implemented.

⁴⁴In 2022, we recommended IRS amend the Dirty Dozen list publication to include telling taxpayers how to refer information to IRS on preparers and promoters involved in abusive tax schemes. In January 2023, IRS implemented our recommendation. See GAO, *Abusive Tax Schemes: Additional Steps Could Further IRS Efforts to Detect and Deter Promoters*, [GAO-23-105843](#) (Washington, D.C.: Dec. 15, 2022).

⁴⁵Department of the Treasury, *2024 Investment Adviser Risk Assessment* (Washington, D.C.: Feb. 2024).

associated with or referenced in suspicious activity reports at twice the rate of those that did not advise private funds.⁴⁶

As a starting point to help address these findings, FinCEN issued a final rule in September 2024 that would impose anti-money laundering/countering the financing of terrorism requirements on certain investment advisers. However, FinCEN subsequently postponed implementation until January 2028 to allow appropriate time to ensure the regulation appropriately balances costs and benefits.⁴⁷ A 2019 case illustrates how private investment vehicles and their advisers can be exploited to facilitate money laundering schemes (see text box).

Example of Illicit Use of Private Investment Funds

In November 2019, a former law firm partner was convicted of conspiring to commit money laundering and bank fraud in connection with a large international pyramid scheme called OneCoin. According to the Department of Justice, beginning in 2016, he established fake private equity investment funds in the British Virgin Islands, known as the Fenero Funds, to launder approximately \$400 million in fraud proceeds. He falsely represented to banks and investors that the funds were capital from legitimate wealthy families. In reality, they consisted of OneCoin proceeds. The funds were layered through accounts in the Cayman Islands and Ireland, and the conspirators made false statements to U.S. and foreign banks to induce transfers and evade anti-money laundering procedures. In January 2024, he was sentenced to 10 years in prison. For additional information, see *United States v. Scott*, No. 1:17-cr-00630 (S.D.N.Y. 2019).

Source: GAO presentation of Department of Justice and Department of the Treasury information. | GAO-26-107967

Groups with expertise in combating illicit finance that submitted comment letters to FinCEN and that we interviewed also raised concerns that pooled investment vehicles report little information on beneficial ownership. However, as discussed earlier, certain pooled investment vehicles that offer securities to the general public must register with SEC and provide ownership and control information as part of the registration process. In a 2022 comment letter, the Managed Funds Association indicated that requiring pooled investment vehicles to report beneficial ownership information could impose regulatory burdens while not aiding national security or law enforcement efforts.

Opportunities Exist to Address Risks Posed by Shell Companies from Expanded Domestic Exemptions

The 2025 domestic reporting exemptions may perpetuate the illicit finance risk posed by shell companies because states do not collect consistent ownership and control information at formation and in periodic reporting. Our review of Treasury's 2024 and 2026 risk assessments, FinCEN advisories and alerts released in 2025, comment letters submitted in response to the March 2025 interim final rule, and recent press releases identified examples of significant misuse of shell companies.

According to Treasury's 2024 National Money Laundering Risk Assessment, shell companies and the lack of timely access to high-quality beneficial ownership information are distinct vulnerabilities for U.S. anti-money

⁴⁶Financial Crimes Enforcement Network: *Anti-Money Laundering/Countering the Financing of Terrorism Program and Suspicious Activity Report Filing Requirements for Registered Investment Advisers and Exempt Reporting Advisers*, 89 Fed. Reg. 72156, 72164 n. 68 (Sept. 4, 2024).

⁴⁷Financial Crimes Enforcement Network; *Anti-Money Laundering/Countering the Financing of Terrorism Program and Suspicious Activity Report Filing Requirements for Registered Investment Advisers and Exempt Reporting Advisers*, 89 Fed. Reg. 72156 (Sept. 4, 2024). Treasury's investment adviser rule would apply anti-money laundering and countering the financing of terrorism regulations and suspicious activity reporting requirements to certain investment advisers. In December 2025, Treasury issued a final rule postponing the effective date of this rule from January 1, 2026, to January 1, 2028. *Delaying the Effective Date of the Anti-Money Laundering/Countering the Financing of Terrorism Program and Suspicious Activity Report Filing Requirements for Registered Investment Advisers and Exempt Reporting Advisers*, 91 Fed. Reg. 36 (Jan. 2, 2026).

laundering efforts and efforts to counter the financing of terrorism. The assessment notes that the lack of transparency in legal entity ownership structures has continued to be a challenge for U.S. law enforcement agencies, requiring time- and resource-intensive processes to obtain beneficial ownership information and hampering investigations. It further characterizes the lack of timely access to beneficial ownership information as the most significant and longstanding gap in its anti-money laundering regime. According to the assessment, Treasury prioritized beneficial ownership reporting in response to these challenges.

Treasury's March 2025 interim final rule exempting domestic reporting companies and U.S. persons who are beneficial owners notes that Treasury reassessed the balance between the usefulness of collecting beneficial ownership information and the regulatory burdens imposed by the scope of the requirements. The interim final rule also states that most domestic small businesses are legitimate and that the Attorney General and the Secretary of Homeland Security concurred that collecting beneficial ownership information from domestic reporting companies would not be "highly useful" in national security, intelligence, and law enforcement agency efforts. However, based on our review, the supplementary information provided with the interim final rule did not provide analysis supporting this assessment.

Our review of comment letters submitted in response to the March 2025 interim final rule identified differing perspectives. Some commenters, including organizations representing businesses, supported the domestic reporting company exemption, highlighting the burden of regulatory reporting. Other commenters, including organizations representing law enforcement and illicit finance experts, raised concerns that the exemption could increase the risk for abuse of shell company structures.⁴⁸ FinCEN stated that it will assess the exemption in light of comments received and issue a final rule.

⁴⁸For example, the National District Attorneys Association—an organization representing elected and appointed district attorneys and their staff—warned of consequences for law enforcement's ability to fight criminal enterprises that exploit shell companies. The National Narcotic Officers' Associations' Coalition—an organization representing narcotics officers—noted that drug trafficking organizations have used shell corporations to hide illicit drug proceeds. The Financial Accountability and Corporate Transparency Coalition—a nonpartisan alliance of organizations that seeks to combat the effects of illicit finance—argued that sanctions evaders, and drug traffickers rely on anonymous U.S. companies. Transparency International, an anticorruption organization, similarly warned that the interim final rule could reopen the U.S. financial system to abuse by money launderers and corrupt officials.

Shell Companies and Front Companies

Criminals and illicit actors may use both shell companies and front companies to facilitate illicit finance, including to conceal beneficial ownership. While both structures have been used in illicit finance schemes, they operate in different ways and have different implications for hiding beneficial ownership.

Shell companies are legal entities that typically have no employees, operations, or physical location. They exist primarily to hold assets, manage financial transactions, or serve as an intermediary in business deals. While not inherently illegal, shell companies can be used to conceal financial activities, evade taxes, and facilitate money laundering.

Front companies are businesses with legitimate operations but are used to commingle illicit proceeds with lawful earnings. Unlike shell companies, front companies generate real economic activity. This commingling can disguise the source, ownership, and control of illicit funds.

Hiding beneficial ownership. Shell companies are more commonly used to obscure beneficial ownership because they lack meaningful operations, making it difficult to identify who ultimately owns or controls them. In contrast, front companies typically conceal the illicit source of funds by commingling them with legitimate earnings rather than hiding ownership itself.

Source: GAO review of agency documents and the Financial Action Task Force guidance. | GAO-26-107967

Additionally, Congress enacted the CTA, in part, to improve transparency through the collection of beneficial ownership information for entities such as LLCs and corporations and to reduce the risk of shell company abuse. According to FinCEN's September 2022 final rule, the CTA's reporting requirements would diminish the ability of illicit actors to obfuscate their activities through anonymous shell and front companies (see sidebar).

Further, in a December 2023 press release, Treasury noted that it prioritized implementation of the CTA to prevent corrupt and other actors from laundering illicit funds through anonymous companies in the United States.⁴⁹

Treasury, including FinCEN, routinely monitors financial entities to help identify and assess illicit finance risks, including those involving shell companies. For example, according to Treasury's 2024 National Proliferation Financing Risk Assessment, certain foreign nations used U.S.-based and foreign shell companies to engage in proliferation financing of weapons of mass destruction.⁵⁰ We also recently reported that, according to Treasury officials, both China-based suppliers and transnational criminal organizations use networks of front and shell companies in the sale and purchase of precursor chemicals for illicit synthetic drugs.⁵¹

In April 2025, FinCEN published a *Financial Trend Analysis* on fentanyl-related illicit finance, which described how suspected Mexican cartels and Chinese money laundering networks used front and shell companies (including some U.S.-based companies) to obscure payments and facilitate money laundering.⁵² These transactions often involved personal or business accounts tied to seemingly legitimate businesses, such as restaurants and salons, and to suspected shell companies.

⁴⁹Department of Treasury, *FACT SHEET: U.S. Department of the Treasury Actions to Prevent and Disrupt Corruption* (Washington, D.C.: Dec. 11, 2023).

⁵⁰Department of the Treasury, *2024 National Proliferation Financing Risk Assessment* (Washington, D.C.: Feb. 2024).

⁵¹GAO, *Illicit Synthetic Drugs: Trafficking Methods, Money Laundering Practices, and Coordination Efforts*, [GAO-26-107918](#) (Washington, D.C.: Dec. 18, 2025).

⁵²Financial Crimes Enforcement Network, *Financial Trend Analysis, Fentanyl-Related Illicit Financial: 2024 Threat Pattern and Trend Information* (Apr. 2025).

Furthermore, a 2025 FinCEN alert on cartel oil smuggling describes Mexican cartels relying on a network of Mexican and U.S. companies, including front companies and shell companies.⁵³ FinCEN officials stated that the alert was based on specific instances rather than broad trends involving U.S.-based shell companies and did not characterize the activity as evidence of systemic abuse of corporate formation practices. Nonetheless, these recent Treasury and FinCEN assessments provide examples of significant misuse of shell companies. Additionally, in May 2024, DOJ announced the sentencing of the leader of a money laundering organization that used Wyoming shell companies to disguise narcotics proceeds (see text box).

Example of Illicit Use of Shell Companies in a Money Laundering Scheme

In May 2024, the Department of Justice reported that Luis Reinaldo Ramirez, a leader of a money laundering organization linked to the Sinaloa Cartel, was sentenced to 120 months in prison for laundering approximately \$16.5 million in narcotics proceeds. According to the Department of Justice press release, Ramirez created a series of shell companies in Wyoming to disguise the origin of bulk cash generated from drug trafficking. The organization collected illicit cash in locations such as hotel rooms and parking lots across U.S. cities and then moved the funds through the shell companies before transferring the funds to bank accounts in Mexico.

For additional information, see *United States v. Esparragoza Rosas et al.*, No. 3:22-cr-2185 (S.D. Cal *plea entered* Dec. 19, 2023).

Source: GAO presentation of Department of Justice information. | GAO-26-107967

The Anti-Money Laundering Act of 2020 expanded the purpose of the policy framework for anti-money laundering and combatting the financing of terrorism, which Treasury is responsible for implementing. The overall purpose for the policy framework includes

- providing for certain reports or records that are highly useful in criminal, tax, or regulatory investigations or intelligence and counterintelligence activities;
- preventing money laundering and terrorism financing through the establishment by financial institutions of risk-based programs; and
- facilitating tracking money that has been sourced through criminal activity.⁵⁴

Further, the CTA requires that Treasury review exempt entities and if Treasury makes a determination that an entity or class of entities exempt from beneficial ownership reporting, including any entity or class of entities exempted by the Secretary of the Treasury, has been involved in significant abuse relating to illicit finance, Treasury must submit a report to Congress within 90 days explaining the reasons for the determination and recommending actions to prevent such abuse.

FinCEN officials stated that the agency continues to assess whether significant abuses are occurring using its monitoring tools and authorities available under the broader Bank Secrecy Act framework, including suspicious activity reports, to assess potential risks. They noted that FinCEN considers trends that may affect the security of the U.S. financial system. However, FinCEN has not yet made a determination whether any exempt entity—including domestic reporting companies—poses significant risks of illicit finance, according to FinCEN officials.

According to the interim final rule and Treasury communications, Treasury also continues to use and has explored alternative sources of beneficial ownership information to mitigate risks. These include the information collected through the continued customer due diligence requirement for covered financial institutions to collect

⁵³Financial Crimes Enforcement Network, *FinCEN Alert on Oil Smuggling Schemes on the U.S. Southwest Border Associated with Mexico-Based Cartels* FIN-2025-Alert002 (Washington, D.C.: May 1, 2025).

⁵⁴Pub. L. No. 116-283, § 6101, 134 Stat. 3388, 4549 (Jan. 1, 2021) (codified at 31 U.S.C. § 5311).

such information at account opening and the potential use of ownership information collected by state-level authorities.⁵⁵ In its 2026 National Money Laundering Risk Assessment, Treasury reiterated that the customer due diligence requirement, which took effect in 2018, is a source of alternative beneficial ownership information for domestic reporting companies.⁵⁶ The assessment stated that law enforcement can access this information in certain circumstances, which can lead to quicker investigations of financial crimes.

However, not all transactions go through covered financial institutions. In addition, as we recently reported, state-level data have limitations, including varying levels of beneficial ownership collection and the lack of a centralized repository.⁵⁷

As discussed earlier, Treasury and FinCEN have reported recent findings of significant misuse of both domestic and foreign shell companies. In its 2026 National Money Laundering Risk Assessment, Treasury emphasized the heightened risk that foreign shell companies present to national security and illicit finance because they are often used by illicit actors operating from sanctioned jurisdictions and may allow bad actors to move illicit proceeds beyond the reach of U.S. law enforcement. The assessment states that FinCEN's March 2025 interim final rule change, which requires reporting from entities formed under the law of a foreign country and registered to do business in the United States addressed these risks.

However, as discussed earlier, there are generally no restrictions on foreign ownership of companies formed in the United States. As a result, an exempt domestic reporting company could have foreign (non-U.S.) ownership, or transnational criminal organizations could use individuals in the United States to establish U.S. shell companies to facilitate illicit activity.

FinCEN officials stated that the agency is currently focused on finalizing the interim final rule before conducting the CTA's required continuous review of exempt entities and determining whether reporting to Congress is warranted. FinCEN had planned to issue the final rule by the end of the calendar year 2025. Officials told us in December 2025 that issuance would be delayed due to the government shutdown and other factors, and FinCEN has not established a revised timeline.⁵⁸

Treasury's 2026 National Money Laundering Risk Assessment identified several cases in which shell companies were used to facilitate different types of financial crimes, including laundering the proceeds of drug trafficking, cybercrime, and fraud, indicating the continued risk posed by shell companies in facilitating illicit finance.

⁵⁵U.S. Department of Treasury, *Ex Parte Communication on the Interim Final Rule Titled "Beneficial Ownership Information Reporting Requirement Revision and Deadline Extension"* (Aug. 14, 2025); Customer Due Diligence Requirements for Financial Institutions, 81 Fed. Reg. 29398 (May 11, 2016) (codified at 31 C.F.R. pts.1010, 1020, 1023, 1024, 1026). On Feb. 13, 2026, FinCEN issued an order granting exceptive relief to covered financial institutions from the requirement to identify and verify the identity of beneficial owners at each new account opening. U.S. Department of the Treasury, *Exceptive Relief from Requirement to Identify and Verify Beneficial Owners at Each Account Opening*, FIN-2026-R001 (Feb. 13, 2026). FinCEN indicated that this excepted relief was part of its obligations under the Corporate Transparency Act to revise the 2016 customer due diligence rule and that it anticipated pursuing further changes to the rule through the rulemaking process, which would be informed by these efforts.

⁵⁶Department of the Treasury, *2026 National Money Laundering Risk Assessment* (Washington, D.C.: Mar. 2026).

⁵⁷GAO, *Fraud in Federal Programs: FinCEN Should Take Steps to Improve the Ability of Inspectors General to Determine Beneficial Owners of Companies*, [GAO-25-107143](#) (Washington, D.C.: Apr. 8, 2025).

⁵⁸The government shutdown lasted from October 1, 2025, through November 12, 2025, due to a lapse in appropriations.

However, recent exemptions for domestically formed entities and U.S. person beneficial owners of foreign reporting companies have significantly reduced beneficial ownership reporting. In light of these exemptions, Treasury could identify potential actions to address gaps in beneficial ownership information. For example, FinCEN could further explore and implement alternative sources of such information or use its monitoring tools, such as suspicious activity reports, to identify high-risk entities susceptible to shell company abuse, while balancing the burden on U.S. businesses.

By identifying potential actions and taking steps to address gaps in beneficial ownership reporting resulting from these exemptions, Treasury and FinCEN would provide policymakers and law enforcement with highly useful information to mitigate risks of illicit finance posed by the misuse of shell companies while minimizing regulatory burden on legitimate businesses.

Conclusions

Shell companies have long been used to obscure ownership and facilitate illicit finance. FinCEN's 2025 exemption of domestic reporting companies and U.S.-based beneficial owners narrowed the scope of entities subject to beneficial ownership reporting requirements. Treasury and FinCEN assessments have identified instances in which U.S.-based shell companies were used in illicit financial activity.

The breadth of the exemption—which removed reporting requirements for over 99 percent of entities previously covered—warrants identifying actions to address risks posed by domestic shell company abuses and gaps in beneficial ownership reporting resulting from the domestic reporting company and U.S.-based beneficial owner exemptions. Reporting to Congress on these potential actions and providing law enforcement with highly useful information is consistent with Treasury's statutory requirements. These actions would better position policymakers and law enforcement to prevent and mitigate potential misuse of domestic shell companies, while identifying approaches that could minimize regulatory burden on legitimate businesses.

Recommendation for Executive Action

The Secretary of the Treasury should ensure that the Director of FinCEN identifies potential actions to address the risks posed by the domestic reporting company and U.S. person exemptions and, as appropriate, provides Congress and law enforcement with highly useful information that addresses these risks. (Recommendation 1)

Agency Comments and Our Evaluation

We provided a draft of this report to Treasury, the Commodity Futures Trading Commission, the Department of Homeland Security, DOJ, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, IRS, National Credit Union Administration, Office of the Comptroller of the Currency, Public Company Accounting Oversight Board, and SEC for their review and comment.

FinCEN provided comments, reproduced in appendix III and summarized below, stating that it disagreed with the recommendation. CFTC, DOJ, FDIC, IRS, OCC, and SEC provided technical comments, which we incorporated as appropriate. NCUA provided a letter, reproduced in appendix IV, stating it had no comments on the report. The Federal Reserve, Homeland Security, and PCAOB did not have any comments on the report.

In its written response, FinCEN stated that Treasury—with concurrence from the DOJ and Homeland Security—determined that requiring beneficial ownership information reporting from domestic companies is not sufficiently useful to justify the burden, particularly given that most affected entities are small, legitimate businesses. According to FinCEN, Treasury acknowledged potential risks related to illicit finance but noted that existing measures, such as financial institutions’ due diligence requirements, can help mitigate those risks. However, our report found that the customer due diligence rule does not require collecting beneficial ownership information at the time of a legal entity’s creation, which can provide insight into the entity’s original beneficial owners, and that not all transactions go through covered financial institutions.

FinCEN’s letter also noted that Treasury is prioritizing national security and higher-risk areas over lower risks. We recognize Treasury’s reassessment of the balance between the usefulness of collecting beneficial ownership information and the regulatory burdens imposed on businesses and agree that it is important to reduce unnecessary burden. However, Congress passed the CTA to mitigate risks associated with certain legal entities, including addressing the risk of shell companies. Our work and Treasury’s past work have shown significant risks associated with shell companies. The interim final rule now exempts over 99 percent of entities previously required to report. We maintain that it is important for Treasury to identify actions that could help mitigate risks associated with shell companies and help law enforcement efficiently obtain ownership information for relevant investigations.

We are sending copies of this report to the appropriate congressional committees and the Secretary of the Treasury, the Acting Attorney General, the Secretary of Homeland Security, the Chairman of Commodity Futures Trading Commission, the Chairman of the Federal Deposit Insurance Corporation, the Chair of the Board of Governors of the Federal Reserve System, the Chairman of the National Credit Union Administration, the Comptroller of the Currency, the Chairman of the Securities and Exchange Commission, and other interested parties. In addition, the report is available at no charge on the GAO website at <https://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at ClementsM@gao.gov. Contact points for our Offices of Congressional Relations and Media Relations may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix V.

//SIGNED//

Michael E. Clements, Director
Financial Markets and Community Investment

List of Committees

The Honorable Tim Scott
Chairman
The Honorable Elizabeth Warren
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate
The Honorable Rand Paul, M.D.
Chairman
The Honorable Gary C. Peters
Ranking Member
Committee on Homeland Security and Governmental Affairs
United States Senate
The Honorable Charles E. Grassley
Chairman
The Honorable Richard J. Durbin
Ranking Member
Committee on the Judiciary
United States Senate
The Honorable French Hill
Chairman
The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
House of Representatives
The Honorable Andrew Garbarino
Chairman
The Honorable Bennie G. Thompson
Ranking Member
Committee on Homeland Security
House of Representatives
The Honorable Jim Jordan
Chairman
The Honorable Jamie Raskin
Ranking Member
Committee on the Judiciary
House of Representatives

Appendix I: Objectives, Scope, and Methodology

This report (1) describes the regulatory and reporting requirements applicable to entities explicitly exempt from reporting to the Financial Crimes Enforcement Network (FinCEN) on beneficial ownership, and (2) assesses the extent to which exempt entities pose significant risks of illicit finance activity, including the Department of the Treasury’s assessment of such risks. This report is part of our broader body of work on implementation of the beneficial ownership registry and FinCEN’s program for providing access to and safeguarding that information.¹

To describe the applicable regulatory and reporting requirements, we reviewed FinCEN’s proposed, final, and interim final rules on beneficial ownership reporting to identify categories of exempt entities and the rationales for those exemptions.² We interviewed FinCEN officials about implementation of the 2022 and 2025 rules. In addition, we interviewed officials from seven federal agencies and two state regulatory organizations with oversight responsibilities of the 23 categories of exempt entities that covered federal financial regulators—the Federal Deposit Insurance Corporation, Board of Governors of the Federal Reserve System, National Credit Union Administration, Office of the Comptroller of the Currency, Commodity Futures Trading Commission, and Securities and Exchange Commission—as well as the Internal Revenue Service (IRS). We also corresponded with officials from the Public Company Accounting Oversight Board to identify ownership and control information collected on public accounting firms. Additionally, we reviewed related documentation to identify the ownership and control information these agencies collect on exempt entities.

We also interviewed representatives of two state regulatory organizations—the Conference of State Bank Supervisors and the National Association of Insurance Commissioners—regarding reporting requirements for state-regulated exempt entities. In addition, we reviewed the National Association of Insurance Commissioners’ blank universal application forms used by state-regulated insurers and state-licensed insurance producers to identify ownership and control information that states generally collect from these exempt entities.³ We also reviewed application requirements for captive and alien insurers.

To describe states’ collection of ownership and control information for limited liability companies (LLC) and corporations, we reviewed reports from the National Association of Secretaries of State and selected six states to provide nongeneralizable illustrative examples of reporting requirements. We selected these states because they collect unique ownership and control information or had made or proposed recent changes to collect beneficial ownership information. Our selection included the five states with the highest numbers of LLC and

¹GAO, *Illicit Finance: Treasury’s Initial Safeguards for Allowing Access to Information on Corporate Ownership*, [GAO-25-107403](#) (Washington, D.C.: Feb. 20, 2025). The CTA includes a provision for us to audit annually—for the next 6 years—the procedures and safeguards FinCEN established. We are to determine whether those mechanisms met the act’s requirements and whether Treasury is using beneficial ownership information in a manner consistent with the act. 31 U.S.C. § 5336(c)(10).

²Beneficial Ownership Information Reporting Requirements Final Rule, 87 Fed. Reg. 59498 (Sept. 30, 2022); Notice of Proposed Rulemaking, 86 Fed. Reg. 69,920 (Dec. 8, 2021); Advanced Notice of Proposed Rulemaking, 86 Fed. Reg. 17557 (Apr. 5, 2021). Treasury issued an interim final rule on March 26, 2025, that limits the regulations to reporting companies formed outside of the U.S. and non-U.S. persons who are considered beneficial owners of those companies and excludes any reporting of ownership information regarding U.S. persons. Beneficial Ownership Information Reporting Requirement Revision and Deadline Extension, 90 Fed. Reg. 13688 (Mar. 26, 2025) (codified at 31 C.F.R. § 1010.380).

³The uniform application may be used by insurers of different lines of authority including life, property, casualty, and health insurance.

corporation registrations. For all selected states, we reviewed formation and periodic reporting documents on states' websites and related statutes to verify reporting requirements. We also interviewed representatives of the National Association of Secretaries of State; the International Association of Commercial Administrators (which represents officials responsible for business registration and commercial records); and the Uniform Law Commission (which develops uniform laws for LLC formations). We also reviewed uniform laws for LLC formation from the Uniform Law Commission and the Model Business Corporation Act from the American Bar Association.

In addition, we analyzed data from OpenCorporates, a third-party aggregator of secretary of state records, to provide context on the number and types of entities exempted under the 2025 interim rule and the number of entities registered to do business in the United States, by state. We used OpenCorporates company-type classifications to identify LLCs and corporations and calculate state-level totals. For this analysis, we included all companies (whether active or not) to capture the full number of LLCs and corporations registered to do business in each state.

To determine the reliability of the OpenCorporates data, we reviewed related documentation, tested the data for missing data and errors, and obtained written responses from company officials about data quality and control. We determined the data were sufficiently reliable for providing contextual information for the report.

To assess the illicit finance risks posed by entities exempt from beneficial ownership reporting requirements, we reviewed federal agency strategies, risk assessments, testimonies, advisories, and other materials related to illicit finance and the beneficial ownership rules.⁴ We also reviewed mutual evaluations of the United States conducted by the Financial Action Task Force, an international organization that combats global money laundering and terrorist financing. These peer-review evaluations assess the implementation and effectiveness of measures to combat such financing. In addition, we reviewed the task force's guidance and international standards relevant to exempt entities.⁵

We analyzed press releases issued by the Department of Justice (DOJ), IRS, and Securities and Exchange Commission from January 2020 through June 2025 to identify illustrative cases that involved exempt entities with heightened illicit finance risk. We selected cases during this period that illustrated schemes in which exempt entities were used to conceal ownership information within categories identified as presenting heightened illicit finance risks.

We also reviewed comment letters submitted to FinCEN on its proposed beneficial ownership rules and interim final rule to identify exempt entities that commenters characterized as presenting elevated risk and to obtain perspectives from organizations on the expanded domestic reporting exemptions in the interim final rule.⁶ The organizations that submitted the comment letters we reviewed included industry groups (such as those

⁴Department of the Treasury, *2026 National Money Laundering Risk Assessment* (Washington, D.C.: Mar. 2026); *2024 National Money Laundering Risk Assessment* (Washington, D.C.: Feb. 2024); *2024 Investment Adviser Risk Assessment* (Washington, D.C.: Feb. 2024).

⁵For example, see Financial Action Task Force, *Anti-money laundering and counter-terrorist financing measures – United States, 7th Enhanced Follow-up Report* (Paris, 2024); *Guidance on Beneficial Ownership and Transparency of Legal Arrangements* (Paris, 2024); and *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation* (Paris, updated 2025).

⁶Beneficial Ownership Reporting Requirement Notice of Proposed Rulemaking, 86 Fed. Reg. 69920 (Dec. 8, 2021); Advance Notice of Proposed Rulemaking, 86 Fed. Reg. 17,557 (Apr. 5, 2021) Beneficial Ownership Information Reporting Requirement Revision and Deadline Extension, 90 Fed. Reg. 13688 (Mar. 26, 2025).

representing financial institutions and small businesses); individuals and organizations with expertise in combatting illicit finance; and organizations representing state and local law enforcement.

We interviewed Treasury officials and officials from law enforcement agencies within DOJ, IRS, and the Department of Homeland Security regarding potential risks posed by exempt entities and Treasury's monitoring of those risks. We also interviewed stakeholders and subject matter experts from four organizations: two representing state and local law enforcement agencies—the National District Attorneys Association and International Association of Chief of Police—and two focused on combating illicit finance—Transparency International and the Financial Accountability and Corporate Transparency Coalition. We selected these organizations for their demonstrated expertise in advocating policy combating illicit finance, as reflected in comment letters to FinCEN, or based on recommendations from other stakeholders.

We conducted this performance audit from January 2025 to May 2026 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

The Financial Crimes Enforcement Network’s (FinCEN) 2022 final rule on Beneficial Ownership Information Reporting Requirement exempts 23 categories of entities identified in the Corporate Transparency Act from reporting beneficial ownership information. Members of Congress indicated that these entities were exempted based on the principle that they already disclose beneficial owners—either publicly or to a government agency—or disclose an individual within the entity who is required to know the identity of the beneficial owners.¹ FinCEN also stated that these entities generally are subject to extensive regulation.

The tables below provide examples of ownership and control reporting requirements for selected categories among the 23 exemptions.² To collect this information on these entities, we interviewed officials and obtained documentation from eight federal regulators and two organizations representing state regulators. This information helped us identify the ownership and control information the regulators and regulatory organizations collect on exempt entities and the number of exempt entities they regulate.³

We provide tables for the following 13 categories: securities reporting issuers; banks; credit unions; depository institution holding companies; money services businesses; securities brokers or dealers; investment companies or advisers; venture capital fund advisers; insurance companies; state-licensed insurance producers; Commodity Exchange Act-registered entities; accounting firms; and pooled investment vehicles.

This appendix does not include entities that (1) were government authorities or serve quasi-public functions (such as public utilities, financial market utilities, and securities exchanges or clearing agencies); (2) fall within broad or catch-all exemption categories (such as entities assisting a tax-exempt entity, large operating companies, and subsidiaries of certain exempt entities); (3) are other Exchange Act-registered entities; or (4) are tax-exempt entities. We discussed these entities earlier in the report.

¹Carolyn B. Maloney, Chairwoman, House Committee on Oversight and Reform; Maxine Waters, Chairwoman, House Committee on Financial Services; and Sherrod Brown, Chairman, Senate Committee on Banking, Housing, and Urban Affairs. Comment letter to the Department of the Treasury dated May 5, 2021.

²These requirements are meant to illustrate the types of ownership and control information collected and do not necessarily align with the definition of beneficial ownership under FinCEN and the Corporate Transparency Act.

³The federal regulators were the Department of the Treasury, Federal Deposit Insurance Corporation, Board of Governors of the Federal Reserve System, National Credit Union Administration, Office of the Comptroller of the Currency, Commodity Futures Trading Commission, and Securities and Exchange Commission. We also interviewed officials of the Internal Revenue Service. The state regulatory organizations were the Conference of State Bank Supervisors and National Association of Insurance Commissioners.

Securities Reporting Issuer

Number of entities: 6,700 (estimated as of Oct. 1, 2025)	Data source: Securities and Exchange Commission
<p>This exemption applies to two types of securities reporting issuers:</p> <ul style="list-style-type: none"> An entity that is required to register its securities with the Securities and Exchange Commission (SEC) under section 12 of the Securities Exchange Act of 1934 because it seeks to list securities on a national securities exchange or has more than \$10 million in assets and 2,000 or more accredited investors or 500 or more non-accredited investors.¹ An entity that is required to keep the information and documents up to date by filing supplementary and periodic reports pursuant to section 15(d) of the Securities Exchange Act of 1934 because it has registered a class of securities under the Securities Act of 1933 (even though it may not have been required to register under the Securities Exchange Act of 1934).² <p>¹15 U.S.C. § 78I. The 500 non-accredited investor prong does not apply to banks, savings and loan holding companies, or bank holding companies. See 15 U.S.C. § 78I(g)(1)(B).</p> <p>²This reporting requirement is suspended, however, if the issuer's registered class of securities is held by fewer than 300 persons (or, in the case of a bank, a savings and loan holding company, or a bank holding company, fewer than 1,200 persons) or fewer than 500 persons where the total assets of the issuer have not exceeded \$10 million on the last day of each of the issuer's three most recent fiscal years. 15 U.S.C. § 78o(d); 17 C.F.R. § 240.12h-3.</p>	<p>Oversight</p> <p>Securities reporting issuers (including publicly traded companies) are required to register as well as file annual and other reports with SEC.</p>

Control or Ownership Information Required for Securities Reporting Issuers at Key Milestones

Securities reporting issuer: owner(s) of equity securities			
An owner(s) of equity securities is the person acquiring ownership of 5 percent or more of equity in the issuing company and required to file a Schedule 13D statement or a short-form statement on Schedule 13G with SEC. This person may be a broker or dealer, bank, insurance company, investment adviser, or an individual, among others. The beneficial owner also has or shares either the power to vote or direct the voting of such security or the power to dispose or direct the disposition of such security.			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
Within 5 business days after the acquisition of a voting class of a company's equity security that is registered with SEC and results in the acquisition of more than 5 percent of ownership of that class	Schedule 13D statement to report acquisition: Filed with SEC	If reporting person is a corporation, partnership, or other group of persons: <ul style="list-style-type: none"> • name • address • where organized • criminal or civil proceedings in previous 5 years 	any person or group of persons that acquires beneficial ownership of more than 5 percent of a voting class of a company's equity securities registered under the Securities Exchange Act

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Securities reporting issuer: owner(s) of equity securities An owner(s) of equity securities is the person acquiring ownership of 5 percent or more of equity in the issuing company and required to file a Schedule 13D statement or a short-form statement on Schedule 13G with SEC. This person may be a broker or dealer, bank, insurance company, investment adviser, or an individual, among others. The beneficial owner also has or shares either the power to vote or direct the voting of such security or the power to dispose or direct the disposition of such security.			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
		If reporting person is a natural person: <ul style="list-style-type: none"> • name • address • criminal or civil proceedings in previous 5 years • citizenship 	
Within 45 days after the end of the calendar quarter during which the beneficial ownership of equity securities were acquired exceeds 5 percent	Schedule 13G short statement to report acquisition: Filed with SEC in lieu of Schedule 13D	<ul style="list-style-type: none"> • name of issuer • address of issuer's principal office • full legal name of reporting person • residence or business address • citizenship (for natural person) • place of organization (for nonnatural persons) • number of shares beneficially owned by each reporting person with: <ul style="list-style-type: none"> ○ sole voting power ○ shared voting power ○ sole dispositive power ○ shared dispositive power • aggregated amount owned by each reporting person • type of reporting person • identity of each member if a group has filed the schedule 	a reporting person that is a <ul style="list-style-type: none"> • broker dealer • bank • insurance company • investment company • investment adviser • employee benefit plan or endowment fund • parent holding company/control person • savings association • church plan • the non-U.S. equivalent of any of these institutions • a group, provided the members are one of these specified persons and that acquired the securities in the normal course of business without intent to have influencing control of the entity/company
Within 5 business days after acquiring beneficial ownership			a person that <ul style="list-style-type: none"> • owns more than 10 percent prior to the end of the calendar quarter^a

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Securities reporting issuer: owner(s) of equity securities			
<p>An owner(s) of equity securities is the person acquiring ownership of 5 percent or more of equity in the issuing company and required to file a Schedule 13D statement or a short-form statement on Schedule 13G with SEC. This person may be a broker or dealer, bank, insurance company, investment adviser, or an individual, among others. The beneficial owner also has or shares either the power to vote or direct the voting of such security or the power to dispose or direct the disposition of such security.</p>			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
			<ul style="list-style-type: none"> owns more than 5 percent, but less than 20 percent of the equity class (the person must own more than 5 percent, must not be one of certain types of institutional investors, and must have acquired the securities without the purpose or effect of changing or influencing control of the company)

Note: A person or group may be eligible to file an abbreviated Schedule 13G statement in lieu of Schedule 13D. For more information, see [Exchange Act Sections 13\(d\) and 13\(g\) and Regulation 13D-G Beneficial Ownership Reporting](#) (SEC staff interpretations). Information reported by filing Schedules 13D or 13G statements is made publicly available.

^aIf the person's beneficial ownership exceeds 10 percent, the statement must be filed within 5 business days after the end of the first month in which beneficial ownership exceeds 10 percent.

Securities reporting issuer: domestic issuers			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
<ul style="list-style-type: none"> Annual reports: filed 60–90 days after the end of the fiscal year covered by the report, depending on the status of the issuer Transition reports when an issuer changes its fiscal closing date: filed based on the timing of the transition to a new fiscal year To report any changes in control 	<p>Form 10-K: Annual/transition report</p>	<ul style="list-style-type: none"> name age disclosure of legal proceedings such as bankruptcies, criminal proceedings, and judgments 	directors and executive officers
		<ul style="list-style-type: none"> name address amount and nature of beneficial ownership percentage of class owned 	<ul style="list-style-type: none"> beneficial owner of more than 5 percent of any class of the issuer's voting securities directors/nominees, and executive officers who beneficially own shares of equity securities

Control or Ownership Information Required for Foreign Securities Reporting Issuers at Key Milestones

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Securities reporting issuer: foreign private issuers			
Under Rule 3b-4 implementing the Exchange Act, a foreign private issuer is any foreign issuer other than a foreign government, except for an issuer that has a majority of outstanding voting securities held by residents of the United States and meets any of the following conditions: an issuer that administers business activities principally in the United States; an issuer that holds a majority of its assets in the United States; or a majority of executive officers or directors are U.S. citizens or residents.			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
<ul style="list-style-type: none"> To register a class of securities with SEC under section 12 of the Exchange Act To file an annual report To file a transition report when changing the end of its fiscal year Before a transaction that causes a foreign private issuer to cease being a shell company 	SEC Form 20-F	<ul style="list-style-type: none"> name address business experience share ownership in the company 	directors and senior management
		<ul style="list-style-type: none"> name number and percentage of outstanding shares owned any significant changes in the percentage of ownership in the previous 3 years 	shareholders that are the beneficial owners of 5 percent or more of each class of the company's voting securities

Securities reporting issuer: Canadian issuers			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
<ul style="list-style-type: none"> To register a class of securities with SEC before transacting business on a national securities exchange To file an annual report with SEC 	SEC Form 40-F	<ul style="list-style-type: none"> exact name address phone number province or other jurisdiction of incorporation or organization primary standard industrial classification code number (if applicable) IRS employer identification number (if applicable) 	registrant
		<ul style="list-style-type: none"> name title 	officer signing registration statement

Sources: GAO analysis of SEC forms, guidance documents, and statements. | GAO-26-107967

Banks

Number of entities:

4,448 (data include federally and state-chartered banks, as of June 6, 2025)

Data source:

Federal Deposit Insurance Corporation - BankFind Suite

This exemption applies to:

Any entity defined as a bank under section 3 of the Federal Deposit Insurance Act, including

- national banks,
- federal branches of a foreign bank, and
- state-chartered banks.¹

Any entity defined as a bank under section 2(a) of the Investment Company Act of 1940, including

- a depository institution,
- a branch or agency of a foreign bank,
- a member bank of the Federal Reserve System, and
- any other banking institution.²

Any entity defined as a bank under section 202(a) of the Investment Advisers Act of 1940, including

- federal savings associations, and
- trust companies.³

This listing is a sample of entities included in the statutory definitions as referenced. It is not a comprehensive listing of entities that qualify for the bank exemption under the Corporate Transparency Act.

¹12 U.S.C. § 1813.

²15 U.S.C. § 80a-2(a).

³15 U.S.C. § 80b-2(a).

Oversight

U.S.-based banks are subject to regulation by their chartering authority (state or federal) and may fall under the regulatory authority of multiple regulators based on a bank’s activities, as shown below.

- National banks (including national trust banks), and federal savings banks or associations that are primarily regulated by the Office of the Comptroller of the Currency (OCC).
- States are the primary regulators of state-chartered banks and state-chartered savings associations.⁴
 - State-chartered banks that are members of the Federal Reserve System for which the Board of Governors of the Federal Reserve System (Federal Reserve) is the primary federal regulator.
 - State-chartered banks not members of the Federal Reserve for which the Federal Deposit Insurance Corporation (FDIC) is the primary federal regulator.
 - State savings associations, for which FDIC is the primary federal regulator.
- Most national banks and state-chartered banks are insured by FDIC.

A working group representing federal banking regulators has developed interagency forms to collect information on individuals proposing to serve a federally regulated financial institution in an official capacity—including shareholders, directors, and executive officers—to determine their competence, experience, integrity and financial ability. These include forms reporting changes in control or management, and forms collecting biographical and financial information for these individuals. These forms are filed in conjunction with other filings with the appropriate banking regulator.

⁴According to the 2024 annual report of the Conference of State Bank Supervisors, 79 percent of all U.S. banks are chartered and supervised by state regulators.

Control or Ownership Information Required for Domestic Banks at Key Milestones

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
<p>Filed with regulatory agencies (FDIC and OCC) when applying for a charter or deposit insurance</p>	<p>Interagency Charter and Federal Deposit Insurance Application</p>	<ul style="list-style-type: none"> names FR 2081c - Interagency Biographical and Financial Report fingerprint card 	<p>each</p> <ul style="list-style-type: none"> organizer proposed director senior executive officer any individual or group of proposed shareholders that own or control 10 percent or more of the institution's stock
		<p>Names</p>	<p>members of board committees</p>
<p>To report acquiring control of a depository institution to regulatory agencies (FDIC, Federal Reserve, OCC) through a purchase, assignment, transfer, exchange, or other disposition</p>	<p>FR 2081a - Interagency Notice of Change in Control</p>	<ul style="list-style-type: none"> name (individual) full legal name (organization) address number of voting shares number of nonvoting shares 	<p>each acquirer or transferee</p>
		<p>FR 2081c - Interagency Biographical and Financial Report</p>	<p>each person named in the Notice</p>
<p>Filed by an FDIC insured depository institution or its depository institution holding company to notify regulatory agencies (FDIC, Federal Reserve, OCC) of a proposed change in the board of directors or senior executive officer</p>	<p>FR 2081b - Interagency Notice of Change in Director or Senior Executive Officer</p>	<ul style="list-style-type: none"> name FR 2081c - Interagency Biographical and Financial Report 	<p>each proposed director or senior executive officer</p>

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
<p>Used in conjunction with other filings required by regulatory agencies (FDIC, Federal Reserve, OCC as shown above) to collect information from individuals proposing to serve a federally regulated financial institution in an official capacity</p>	<p>FR 2081c - Interagency Biographical and Financial Report</p>	<ul style="list-style-type: none"> • full name • residential address for the previous 5 years • date of birth • place of birth • social security number • citizenship status • telephone number • email address • list of other names used • employment record • business and banking affiliations • history of bankruptcy • history of financial defaults/liens or garnishments • history of criminal or civil actions • financial report: assets and liabilities <p>OCC, and in some instances, the Federal Reserve, also requires:</p> <ul style="list-style-type: none"> • fingerprints • background check 	<p>each</p> <ul style="list-style-type: none"> • organizer, • director, • executive officer, • principal shareholder, • trustee, • manager, or • other individual serving in an official capacity
		<ul style="list-style-type: none"> • country of citizenship • passport number • home country identification number • immigration file number • parents' full name 	<ul style="list-style-type: none"> • non-U.S. citizens • dual citizens

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Control or Ownership Information Required for Foreign Controlled Banking Organizations at Key Milestones

Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
<p>Federal branches and agencies of foreign banks applying to</p> <ul style="list-style-type: none"> establish a new or additional federal branch or agency; merge, acquire or consolidate with another foreign bank; conversions into a federal branch or agency; relocate a federal branch or agency; exercise fiduciary powers at a federal branch; or acquire or establish a subsidiary 	<p>Application to Establish an Initial/Additional Federal Branch or Agency: Filed with OCC</p>	<p>Persons:</p> <ul style="list-style-type: none"> country of citizenship other enterprises owned or controlled address FR 2081c - Interagency Biographical and Financial Report number and percentage of shares owned/controlled/held <p>Corporations:</p> <ul style="list-style-type: none"> countries of incorporation ownership other enterprises owned or controlled number and percentage of shares owned/controlled/held 	<p>any legal entity, persons or group of persons that own or have a controlling interest in the foreign bank</p>
<p>When a foreign bank applies to the Federal Reserve to establish a branch or agency in the United States</p>	<p>FR K-2 - International Applications and Prior Notifications Under Subpart B of Regulation K</p>	<ul style="list-style-type: none"> annual report to shareholders brief history organization chart list of all key persons (natural and legal) with direct or indirect ownership of 5 percent or more voting shares 	<p>applicant</p>
<p>When a company organized under the laws of a foreign country files an application with the Federal Reserve to acquire a U.S. bank</p>	<p>FR Y-3F - Application for a Foreign Organization to Acquire a U.S. Bank or Bank Holding Company:</p>	<p>number of shares currently owned or under option to be owned</p>	<ul style="list-style-type: none"> applicant subsidiaries of applicant principals of applicant^a

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
	New foreign applicants		<ul style="list-style-type: none"> trustees for the benefit of applicant shareholders employees as a class
		<ul style="list-style-type: none"> brief history organization chart list of all key persons (natural and legal) with direct or indirect ownership of 5 percent or more voting shares disclosure of any local, state or federal investigations for the previous 2 years involving applicant, any subsidiaries or the target bank (to be acquired) 	applicant
		<p>FR 2081c - Interagency Biographical and Financial Report (not required to provide financial report)</p>	the two individuals with the most senior decision-making authority for the applicant
	<p>FR Y-3F - Application for a Foreign Organization to Acquire a U.S. Bank or Bank Holding Company:</p> <p>Foreign applicants with existing approval for a U.S. branch or agency</p>	<p>number of shares currently owned or under option to be owned</p>	<ul style="list-style-type: none"> applicant subsidiaries of applicant principals of applicant^a trustees for the benefit of applicant shareholders employees as a class
		<ul style="list-style-type: none"> list of all key persons (natural and legal) with direct or indirect ownership of 5 percent or more voting shares disclosure of any local, state or federal investigations for the previous 2 years involving applicant, any subsidiaries or the target bank (to be acquired) 	applicant bank
		<p>Qualified foreign banking organizations (FBO)^b - (Filed no later than 120 calendar days after the end of the reporting company's fiscal year)</p>	<p>FR Y-7 - Annual Report of Foreign Banking Organizations:</p> <p>Filed with the Federal Reserve</p>

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
		<ul style="list-style-type: none"> percentage ownership of equity or other interests by each direct equity holder 	
<p>An FBO that does not meet the requirements to be treated as a qualifying FBO under the International Banking Act and Regulation K (filed no later than 90 calendar days after the end of the company's fiscal year)</p>	<p>FR Y-6 - Annual Report of Holding Companies: Filed with the Federal Reserve</p>	<ul style="list-style-type: none"> annual report to shareholders organizational chart^c percentage ownership of equity or other interests by each direct equity holder 	<p>the foreign reporting company filing the annual report</p>
		<ul style="list-style-type: none"> name city, state, country country of citizenship for individuals acting in concert, identify the name of individuals or group acting in concert for trusts, identify each trustee or designated individual that has the power to vote number of common stock number of warrants number of options number of other securities percentage of each class of voting securities owned, controlled, or held with power to vote in the company 	<p>each securities holder of record that directly or indirectly owns, controls, or holds—with power to vote—5 percent or more of any class of voting securities</p>
		<ul style="list-style-type: none"> name city, state, country title or position percentage of each class of voting securities owned, controlled, or held with power to vote in the company 	<p>each insider (principal securities holder, director, trustee, partner, executive officer, or person exercising similar functions)</p>

Sources: GAO analysis of banking regulators' forms, guidance documents, and statements; Conference of State Bank Supervisors. | GAO-26-107967

^aThe term "principal" applies to any individual or corporation that (1) owns or controls, directly or indirectly, individually or as a member of a group acting in concert, 10 percent or more of any class of voting securities or other voting equity interest of the entity; (2) is a director, trustee, partner, or executive officer; or (3) may participate in policy-making functions.

^bApplies to an FBO that meets the requirements to be exempted from nonbanking prohibitions as stipulated in section 211.23(a) of Regulation K, which includes that the FBO be "principally" engaged in banking business outside the United States. An FBO is a foreign bank that operates a branch, agency, or commercial lending company subsidiary in the United States, controls a bank organized under U.S. law, or controls an Edge or agreement corporation, and any company of which a foreign bank is a subsidiary.

^cQualifying and nonqualifying FBOs are required to file Form FR Y-10, Report of Changes in Organizational Structure, to report any corrections to the organizational structure (including closures, openings, and additions to the organizational structure) within 30 calendar days of the reportable event.

Credit Unions

Number of entities:

4,411 (as of Mar. 31, 2025)

Data source:

National Credit Union Administration (2025, first quarter call report)

This exemption applies to federal and state credit unions, as defined in section 101 of the Federal Credit Union Act (12 U.S.C. § 1752).

Oversight

- The National Credit Union Administration (NCUA) regulates all federally insured credit unions (both federally and state-chartered). By law, federally chartered credit unions must have deposit insurance provided by NCUA. Most states also require state-chartered credit unions to be federally insured by NCUA.
- State-chartered credit unions are incorporated in a particular state, receiving their charter from the state agency responsible for credit unions and subject to the state's regulator.

Control or Ownership Information Required for Credit Unions at Key Milestones

All federally insured credit unions

Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
When adding or replacing members of the board of directors or committee members, or a senior executive officer for credit unions that have been chartered less than 2 years or meet the definition of "troubled condition"	<p>Notice of Proposed Change in Official or Senior Executive Officer:</p> <p>At least 30 days before the effective date</p>	<ul style="list-style-type: none"> • identity (name and address) • business experience • personal history • disclosure of material business activities and affiliations during the previous 5 years • disclosure of any pending legal or administrative activities in which they may be involved or criminal conviction 	<ul style="list-style-type: none"> • board of directors • committee members • senior executive officer (chief executive officer—generally, the president or treasurer/manager—an assistant chief executive officer—assistant president, assistant vice-president, or assistant treasurer/manager—or the chief financial officer)

Federal credit unions

Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
During the application process for new federal credit unions	NCUA Form 4012 - Report of Official and Agreement to Serve	<ul style="list-style-type: none"> • name • address • identification number • date of birth • place of birth 	<p>each</p> <ul style="list-style-type: none"> • official (member of board of directors or a volunteer committee) • employee of the proposed federal credit union

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Federal credit unions			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
		<ul style="list-style-type: none"> employment and education information credit report criminal history 	

State-chartered credit unions converting to federal charter			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
When converting from state charter to federal charter	NCUA Form 4012 - Report of Official and Agreement to Serve	<ul style="list-style-type: none"> name address identification number date of birth place of birth employment and education information credit report criminal history 	each <ul style="list-style-type: none"> official employee of the proposed federal credit union

State-chartered credit unions that are federally insured			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
When state-chartered credit unions apply for insurance with NCUA	NCUA Form 9600 - Information to Be Provided in Support of the Application of a State Chartered Credit Union for Insurance of Accounts , along with a copy of the application filed with the state supervisory authority	<ul style="list-style-type: none"> background check credit review NCUA Form 4012 - Report of Official and Agreement to Serve 	<ul style="list-style-type: none"> board of directors supervisory committee members credit committee members (if one has been set up)

Sources: GAO analysis of NCUA forms, guidance documents, and statements. | GAO-26-107967

Notes: In some states, state-chartered credit unions have the option of choosing a private insurer. As of May 29, 2025, about 100 state-chartered credit unions in 10 states were privately insured and not under NCUA’s supervision. These credit unions are governed by state law and regulation. Reporting requirements may vary by state.

According to NCUA officials, credit unions do not have beneficial owners because they are not-for-profit, member-owned institutions. The board of directors is responsible for the general direction and control of the affairs of each federal credit union and changes in the control structure of the credit union are generally identified during the examination process, and/or during quarterly reporting cycles.

According to NCUA, credit unions are traditionally domestic entities. There are no U.S. branches of foreign credit unions. However, NCUA-insured credit unions may open a branch outside of the United States with an application to and approval by NCUA (locations for branches outside the U.S. are restricted to territories and possessions of the United States, the Panama Canal Zone, the Commonwealth of Puerto Rico, or credit unions located on military installations)). This application does not explicitly require an additional filing of ownership or control information.

Depository Institution Holding Companies

Number of entities: 3,901 (as of Nov. 17, 2025)	Data source: National Information Center
This exemption applies to: <ul style="list-style-type: none"> • As defined in section 2 of the Bank Holding Company Act of 1956, any company that has control over any bank or over any other company that itself is a bank holding company by: directly or indirectly owning, controlling, or having the power to vote 25 percent or more of any class of voting securities; controlling the election of the majority of directors or trustees of the bank or company; or directly or indirectly exercising a controlling influence over the management or policies of the bank or company as determined by the Board of Governors of the Federal Reserve System after notice and opportunity for hearing.¹ • Any company that directly or indirectly controls a savings association or that controls any other company that is a savings and loan holding company as defined in section 10(a) of the Home Owners' Loan Act.² <p>¹12 U.S.C. § 1841(a)(1)–(2). ²12 U.S.C. § 1467a(a)(1)(D).</p>	Oversight The Board of Governors of the Federal Reserve System (Federal Reserve) supervises depository institutions holding companies.

Control or Ownership Information Required for Depository Institution Holding Companies at Key Milestones

Bank holding companies			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
When an organization applies to become a bank holding company	FR Y-3 - Application to Become a Bank Holding Company and/or Acquire an Additional Bank or Bank Holding Company	<ul style="list-style-type: none"> • name • address • title or position • country of citizenship if different from country of residence • number and percentage of class of shares owned, controlled or held with voting power 	principals ^a
When an existing bank holding company applies to acquire an additional bank or bank holding company if the acquisition results in 5 percent or more outstanding shares of any class of voting securities When bank holding companies apply to merge or consolidate operations		<ul style="list-style-type: none"> • name • address • title or position • number and percentage of class of shares owned, controlled, or held with voting power 	any existing or proposed principal

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Savings and Loan holding companies			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
When an organization applies to become a savings and loan holding company	FR LL-10(e) - Application to Become a Savings and Loan Holding Company or to Acquire a Savings Association or Savings and Loan Holding Company	<ul style="list-style-type: none"> name address title or position country of citizenship if different from country of residence number and percentage of class of shares owned, controlled, or held with voting power 	principals ^a
When an organization applies to acquire or merge with a savings and loan holding company		<ul style="list-style-type: none"> name address title or position number and percentage of class of shares owned, controlled, or held with voting power 	any existing or proposed principal

Depository institution holding companies			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
Filed no later than 90 calendar days after the end of the company's fiscal year	FR Y-6 - Annual Report of Holding Companies	<ul style="list-style-type: none"> annual report to shareholders organizational chart with <ul style="list-style-type: none"> full legal name, legal entity identifier physical address, state or country of incorporation percentage ownership of equity or other interests by each direct equity holder 	each company included in the organizational chart and any other companies included in the annual report ^b
		<ul style="list-style-type: none"> name city, state, country country of citizenship for individuals acting in concert, identify the name of individuals or group acting in concert for trusts, identify each trustee or designated individual that has the power to vote 	each securities holder of record that directly or indirectly owns, controls, or holds—with power to vote—5 percent or more of any class of voting securities

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Depository institution holding companies			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
		<ul style="list-style-type: none"> number of common stock number of warrants number of options number of other securities percentage of each class of voting securities owned, controlled, or held with power to vote in the company 	
		<ul style="list-style-type: none"> name city, state, country title or position percentage of each class of voting securities owned, controlled, or held with power to vote in the company 	each insider (principal securities holder, director, trustee, partner, executive officer, or person exercising similar functions)

Notes: New bank holding companies also are required to file Form 2081c, Interagency Biographical and Financial Report, for all principals along with Form FR Y-3. For existing holding companies, this form is required for new principal shareholders, directors or senior executive officers. See the "Banks" section of this appendix for details on Form 2081c.

New savings and loan holding companies also may be required to file Form 2081c, Interagency Biographical and Financial Report, for individuals involved in the transaction along with Form FR LL-10(e)3. For applications resulting in the control of more than 5 percent of outstanding shares, Form 2081c must be filed for any new principal shareholders, directors, or senior executive officers. See the "Banks" section of this appendix for more details on Form 2081c.

Depository institutions must file Form FR 2081a, Interagency Notice of Change in Control, to report changes in control, and Form 2081b, Interagency Notice of Change in Director or Senior Executive Officer, to report changes in management. Both forms must be filed along with Form 2081c, Interagency Biographical and Financial Report. See the "Banks" section of this appendix for more details on these forms.

^aFor purposes of the Federal Reserve's applications, "principal" refers to any individual, corporation, or other entity that (1) owns or controls, directly or indirectly, individually or as members of a group acting in concert, 10 percent or more of the outstanding shares of any class; (2) is a director, trustee, partner, or executive officer; or (3) with or without ownership interest, participates, or has the authority to participate in, major policymaking functions, whether or not the individual has an official title or is serving without compensation. Principals that are corporations or partnerships also must file financial statements for the 2 most recent fiscal years and the most recent quarter end.

^bFor example, nonbanking companies over which the reporting company has more than 5 percent, but less than 25 percent, control.

Control or Ownership Information Required for Foreign Depository Institution Holding Companies at Key Milestones

Bank holding company to be acquired by a foreign company			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
When a company organized under the laws of a foreign country files an application with the Federal Reserve to acquire a U.S. bank holding company	FR Y-3F - Application for a Foreign Organization to Acquire a U.S. Bank or Bank Holding Company^b	Number of shares to be owned in the bank being acquired (applies to new and additional acquisitions)	<ul style="list-style-type: none"> the applicant subsidiaries of the applicant principals of the applicant trustees of the applicant shareholders employees as a class

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Bank holding company to be acquired by a foreign company			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
		<ul style="list-style-type: none"> list of principals name and address title or position number and percentage of each class of applicant shares owned, controlled or held with power to vote by the principal percentage of direct or indirect ownership 	each principal ^a
		<ul style="list-style-type: none"> brief history organization chart (including parent of the bank, if any, and any subsidiaries and their places of incorporation) list of all persons (natural and legal) in the upstream chain of command that directly or indirectly own 5 percent or more voting shares 	applicant
<p>When a foreign company applies to</p> <ul style="list-style-type: none"> acquire direct or indirect ownership or control of any voting shares of any bank if, after such acquisition, such company will directly or indirectly own or control more than 5 percent of the voting shares of such bank, or merge or consolidate with any other bank holding company 		Any changes as a result of the application in management or principal relationships	applicant and resulting bank holding company

Sources: GAO analysis of Federal Reserve's forms, guidance documents, and statements. | GAO-26-107967

Note: New applications must also include FR 2081c, Interagency Biographical and Financial Report, for the two individuals with the most senior decision-making authority for the applicant. See the "Banks" section of this appendix for more details on this form. Applications for new acquisitions also must include the FR 2081c for the two individuals with the most senior decision-making authority for the applicant bank. See the "Banks" section of this appendix for more details on this form.

^aFor the purposes of the Federal Reserve's applications, the term "principal" refers to any individual, corporation, or other entity that (1) owns or controls, directly or indirectly, individually or as members of a group acting in concert, 10 percent or more of the outstanding shares of any class; (2) is a director, trustee, partner, or executive officer; or (3) with or without ownership interest, participates, or has the authority to participate in major policymaking functions, whether or not the individual has an official title or is serving without compensation.

^bThe Federal Reserve must be able to determine that a foreign bank applying to become a bank holding company in the United States, as well as any parent foreign bank, is subject to comprehensive supervision or regulation in the home country of each bank.

Money Services Businesses

Number of entities: 27,092 (as of July 28, 2025)	Data source: Financial Crimes Enforcement Network
<p>This exemption applies to:</p> <ul style="list-style-type: none"> Money services businesses (MSB) that are registered with the Financial Crimes Enforcement Network (FinCEN). MSBs conducting the following services (within the United States, regardless of where they are located) generally are required to register with FinCEN: dealers in foreign exchange, check cashers, issuers or sellers of traveler’s checks or money orders, providers or sellers of prepaid access, and money transmitters. <p>MSBs that are not required to register with FinCEN are not exempt from reporting requirements, including an agent of an MSB, as long as it is not subject to any other exemption under the Corporate Transparency Act.</p>	<p>Oversight</p> <p><u>Financial Crimes Enforcement Network (FinCEN)</u></p> <p>The Bank Secrecy Act generally requires MSBs to register with FinCEN and follow certain reporting and record-keeping requirements.¹</p> <p><u>Internal Revenue Service (IRS)</u></p> <p>IRS has the authority to examine MSBs to determine compliance with requirements of the Bank Secrecy Act. IRS officials told us that the agency uses a risk-based process to examine only a sample of MSBs.</p> <p><u>State financial regulators</u></p> <p>State financial regulators are the primary regulators of nonbanks operating within the United States; thus, they license and regulate MSBs, including the types of MSBs required to register with FinCEN. Most states use the Nationwide Multistate Licensing System and Registry to manage their MSB licensing and renewal proces.²</p> <p>¹31 U.S.C. § 5330; 31 C.F.R. § 1022.380(a)(1). The Bank Secrecy Act is a federal recordkeeping and reporting law applicable to all financial institutions, including individuals and organizations, as defined under the Act and its implementing regulations.</p> <p>²The Nationwide Multistate Licensing System and Registry is the official system for nondepository financial services licensing or registration in participating state agencies. As of March 31, 2025, 49 states and territories with MSB licenses were using the system.</p>

Control or Ownership Information Required for Money Services Businesses at Key Milestones

Money services businesses (MSBs)			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
Within 180 days after the date in which the MSB is established to register with FinCEN, as required under the Bank Secrecy Act	FinCEN Form 107, Registration of Money Services Business	<ul style="list-style-type: none"> name address taxpayer identification number date of birth email/telephone names of one state where located or doing business 	one owner or controlling person ^a
Every 2 calendar years after initial registration to renew the registration			
Within 180 days of re-registration as a result of <ul style="list-style-type: none"> a hip or change in ownerscontrol (if required under state law), 			

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Money services businesses (MSBs)			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
<ul style="list-style-type: none"> a transfer of more than 10 percent of voting power or equity interest, or the MSB having more than a 50 percent increase in agents 			

Sources: GAO analysis of FinCEN's forms, guidance documents, and statements. | GAO-26-107967

Note: According to FinCEN officials, all MSBs are considered domestic if they engage in activities in the United States. In addition, MSBs must follow applicable state requirements based on the jurisdictions under which they are licensed.

^a31 U.S.C. § 5330(b) requires MSBs that must register with FinCEN to disclose the name and address of each person who owns or controls the business, is a director or officer of the business, or otherwise participates in the conduct of the affairs of the business.

Broker or Dealer in Securities

Number of entities: 3,268 (as of February 23, 2026)	Data source: Securities and Exchange Commission
<p>This exemption applies to an entity that is either:</p> <ul style="list-style-type: none"> A broker, which is any person in the business of buying and selling securities for the account of others (banks are generally excluded from this definition); or A dealer, which is any person engaged in the business of buying and selling securities through a broker or otherwise for that person's own account.¹ <p>And,</p> <p>Is registered with SEC.²</p> <p>¹15 U.S.C. § 78c.</p> <p>²15 U.S.C. § 78o.</p>	<p>Oversight</p> <p>The Securities and Exchange Commission (SEC) registers, regulates, and oversees brokers and dealers under the authority of the Securities Exchange Act of 1934.</p> <p>Brokers and dealers that wish to conduct securities transactions with the public in the U.S. also must apply for membership and register with a self-regulatory organization, typically the Financial Industry Regulatory Authority (FINRA).</p>

Control or Ownership Information Required for Broker or Dealer in Securities at Key Milestones

Brokers and dealers			
<ul style="list-style-type: none"> Brokers and dealers may have direct and indirect owners Direct owners include any person that owns, has the right to vote, or has the power to sell or direct the sale of 5 percent or more of a class of a voting security of the applicant Indirect owners include shareholders, general partners, and other persons that own, or have the right to vote, or have the power to sell or direct the sale of 25 percent or more of a class of a voting security of an entity that is a direct owner. For an owner that is a trust, the trust and each trustee are indirect owners 			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
To file an initial application to register with SEC To amend previously filed information	Form BD - Uniform Application for Broker-Dealer Registration	<ul style="list-style-type: none"> name address telephone number Internal Revenue Service employer identification number business name (if different) social security number (if sole proprietor) criminal record or subject to civil proceedings (past 10 years) 	broker-dealer (applicant)

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Brokers and dealers			
<ul style="list-style-type: none"> • Brokers and dealers may have direct and indirect owners • Direct owners include any person that owns, has the right to vote, or has the power to sell or direct the sale of 5 percent or more of a class of a voting security of the applicant • Indirect owners include shareholders, general partners, and other persons that own, or have the right to vote, or have the power to sell or direct the sale of 25 percent or more of a class of a voting security of an entity that is a direct owner. For an owner that is a trust, the trust and each trustee are indirect owners 			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
		<ul style="list-style-type: none"> • history of regulatory infractions with SEC, the Commodity Futures Trading Commission, or any other regulatory authority • history of bankruptcy 	
		<ul style="list-style-type: none"> • name • address • Central Registration Depository number 	<ul style="list-style-type: none"> • entities the applicant controls • entities that exercise control over the applicant • persons that directly or indirectly control management or policies
To file an initial application to register with SEC	Form BD - Uniform Application for Broker-Dealer Registration Schedule A, Direct Owners and Executive Officers	names	each <ul style="list-style-type: none"> • chief executive officer • chief financial officer • chief operations officer • chief legal officer • chief compliance officer • director • individuals with similar status or functions • shareholder, partner, trust and trustee, or member that is a direct owner with a 5 percent or more ownership stake
		<ul style="list-style-type: none"> • full legal name • identify if entity is domestic, foreign, or an individual • title/status (partner, trustee, sole proprietor, or shareholder) • percentage of ownership • identify control persons 	direct owners and executive officers
		names	each

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Brokers and dealers

- Brokers and dealers may have direct and indirect owners
- Direct owners include any person that owns, has the right to vote, or has the power to sell or direct the sale of 5 percent or more of a class of a voting security of the applicant
- Indirect owners include shareholders, general partners, and other persons that own, or have the right to vote, or have the power to sell or direct the sale of 25 percent or more of a class of a voting security of an entity that is a direct owner. For an owner that is a trust, the trust and each trustee are indirect owners

Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
To file an initial application to register with SEC	Form BD - Uniform Application for Broker-Dealer Registration		<ul style="list-style-type: none"> • shareholder, partner, or member that is an indirect owner with a 25 percent or more ownership stake • trust and trustee
	Schedule B, Indirect Owners	<ul style="list-style-type: none"> • full legal name • identify if entity is domestic, foreign, or an individual • status (partner, trustee, or shareholder) • percentage of ownership • identify control persons 	indirect owners

SEC-registered broker-dealers affiliated with material associated persons

Material associated persons are those affiliated subsidiaries and holding companies whose business activities are likely to have a meaningful impact on the broker-dealer financial and operating condition.

Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
Quarterly filings with SEC to report information on material associated persons	Form 17-H - Risk Assessment Report for Brokers and Dealers	name	each material associated person
		organizational chart showing relationship with associated persons	broker-dealer

Broker-dealer members of FINRA

Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
To apply for membership with the Financial Industry Regulatory Authority (FINRA)	Form NMA - New Member Application	<ul style="list-style-type: none"> • names • ownership percentages 	each direct and indirect owner of the broker-dealer (applicant)
		<ul style="list-style-type: none"> • chart reflecting ownership structure with exact ownership percentages • copy of Form BD • address 	broker-dealer

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Broker-dealer members of FINRA			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
		names	executives, officers, directors, and registered principals
Current members of FINRA planning for a change in ownership, control, or business operations through a <ul style="list-style-type: none"> merger direct or indirect acquisition change in equity ownership material change in business operations 	Form CMA - Continuing Membership Application	<ul style="list-style-type: none"> charts showing pre-transaction and post-transaction ownership structure copies of all formation and governing documents for the proposed structure 	FINRA member (broker-dealer)

Sources: GAO analysis of SEC and FINRA forms, guidance documents, and statements. | GAO-26-107967

Investment Company or Investment Adviser

Number of entities: Registered Investment Companies (including money market funds): 13,530 (as of Sept. 2025) Registered investment advisers: 15,874 (as of Oct. 31, 2025)	Data source: Securities and Exchange Commission
<p>This exemption applies to an entity that is either:</p> <ul style="list-style-type: none"> • An investment company as defined in section 3 of the Investment Company Act of 1940; generally, an investment vehicle that issues its own securities and is primarily engaged in the business of investing, reinvesting, or trading in securities.¹ • An investment adviser as defined in section 202 of the Investment Advisers Act of 1940; generally, a person engaged in the business of providing investment advice to others, either directly or in writing, for compensation.² Investment advisers include money managers, investment consultants, financial planners, and general partners of private funds. <p>And,</p> <ul style="list-style-type: none"> • Is registered with SEC under the Investment Company Act of 1940 or the Investment Advisers Act of 1940.³ <p>¹15 U.S.C. § 80a-3(a)(1). ²15 U.S.C. § 80b-2 (a)(11). ³15 U.S.C. §§ 80a-8, 80b-3.</p>	<p>Oversight</p> <p>The Securities and Exchange Commission (SEC) is the primary regulator of investment companies and investment advisers that must register with SEC and file annual reports.</p>

Control or Ownership Information Required for Investment Companies at Key Milestones

All registered investment companies			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
Annual report filed by investment companies that are registered with SEC, and no later than 75 days after the close of the fiscal year ^a	Form N-CEN - Annual Report for Registered Investment Companies	<ul style="list-style-type: none"> • name • central licensing and registration system number (if any) 	each director
		<ul style="list-style-type: none"> • name • central licensing and registration system number (if any) • address • foreign country (if applicable) • telephone number 	each person acting as chief compliance officer (the person responsible for administering the fund's policies and procedures)
		<ul style="list-style-type: none"> • name 	each investment adviser (other than a sub-adviser) ^b

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

All registered investment companies			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
		<ul style="list-style-type: none"> SEC file number central licensing and registration system number legal entity identifier (if any) state (if applicable) foreign country (if applicable) 	

^aUnit investment trusts file Form N-CEN no later than 75 days after the close of the calendar year.

^bDoes not apply to unit investment trusts small business investment companies.

Open-end management investment companies			
Open-end management companies are investment companies that issue and offer for sale or have outstanding any redeemable securities (for example, mutual funds and money market funds).			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
<p>File to</p> <ul style="list-style-type: none"> register open-end management investment companies with SEC (does not include insurance company separate accounts and small business investment companies licensed by the Small Business Administration) offer shares of an open-end company under the Securities Act of 1933 amend previous filings 	<p>Form N-1A</p>	<ul style="list-style-type: none"> name title length of service dollar range of equity securities in the fund beneficially owned 	portfolio manager—up to five person(s) primarily responsible for day-to-day management of the fund's portfolio
		<ul style="list-style-type: none"> name address 	each investment adviser and sub adviser
		<ul style="list-style-type: none"> name address age or year of birth position(s) held family relationship between any persons listed (any relationship by blood, marriage, or adoption, up to first cousin) percentage of the fund's equity securities owned 	<p>each</p> <ul style="list-style-type: none"> director and officer (president, vice-president, secretary, treasurer, controller, or any other officer performing policy-making functions) member of advisory board (if applicable)
		<ul style="list-style-type: none"> name dollar range of equity securities in the fund beneficially owned 	each director

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Open-end management investment companies			
Open-end management companies are investment companies that issue and offer for sale or have outstanding any redeemable securities (for example, mutual funds and money market funds).			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
		<ul style="list-style-type: none"> aggregate dollar range of equity securities beneficially owned in all registered investment companies overseen 	
		<ul style="list-style-type: none"> name address percentage of ownership or basis of control jurisdiction under which organized, if control person is a company all parents of the control person 	each control person (a person with direct or indirect beneficial ownership of more than 25 percent of the voting securities, or when it has been acknowledged, asserted or adjudicated that control exists) no more than 30 days prior to filing
		<ul style="list-style-type: none"> name address percentage of ownership 	each person that owns 5 percent or more of any class of the fund's outstanding equity securities

Closed-end management investment companies			
Closed-end management companies are investment companies that generally offer to the public a fixed number of securities at one time. Because a closed-end fund is not required to buy its shares back from the investors upon request, these shares are generally not redeemable.			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
<p>To</p> <ul style="list-style-type: none"> register closed-end management investment companies with SEC (does not include small business investment companies licensed by the Small Business Administration) offer shares of a closed-end company under the Securities Act of 1933 	Form N-2	<ul style="list-style-type: none"> name address name of ultimate control person (if applicable) 	each investment adviser
		<ul style="list-style-type: none"> name title length of service dollar range of equity securities in the Fund beneficially owned 	portfolio manager—up to 5 person(s) primarily responsible for day-to-day management of the fund's portfolio

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Closed-end management investment companies			
Closed-end management companies are investment companies that generally offer to the public a fixed number of securities at one time. Because a closed-end fund is not required to buy its shares back from the investors upon request, these shares are generally not redeemable.			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
<ul style="list-style-type: none"> file annual required amendments (companies that provide certain specified information to shareholders in the annual report are exempted from this requirement) 		<ul style="list-style-type: none"> name address percentage of voting securities or basis of control state or jurisdiction under which organized if control person is a company all parents of the control person 	each control person (a person with direct or indirect beneficial ownership of more than 25 percent of the voting securities, or when it has been acknowledged, asserted or adjudicated that control exists) no more than 30 days prior to filing
		<ul style="list-style-type: none"> name address age position(s) held family relationship between any persons listed (any relationship by blood, marriage, or adoption, up to first cousin) 	each <ul style="list-style-type: none"> director and officer (president, vice-president, secretary, treasurer, controller, or any other officer performing policy-making functions) member of advisory board (if applicable)
		<ul style="list-style-type: none"> name dollar range of equity securities in the fund beneficially owned aggregate dollar range of equity securities beneficially owned in all registered investment companies overseen 	each director
		<ul style="list-style-type: none"> name address percentage of ownership 	each person that owns 5 percent or more of any class of the fund's outstanding equity securities

Note: Closed-end investment companies with total outstanding securities or proposed offerings not exceeding \$10 million can apply for an exemption from registration requirements under the Investment Company Act of 1940. A company that is not registered with the SEC may not be exempt from the beneficial ownership information reporting rule depending on whether it falls under another exemption in the CTA or its implementing regulations.

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Unit investment trusts currently issuing securities			
<p>A unit investment trust is an investment company organized under a trust indenture, contract of custodianship or agency, or similar instrument that</p> <ul style="list-style-type: none"> • may be structured as an exchange-traded fund; • typically, will make a one-time public offering of only a specific, fixed number of securities or units, and it does not actively trade its investment portfolio; and • does not have a board of directors, corporate officers, or an investment adviser to render advice during the life of the trust. 			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
To file a registration statement with SEC	Form N-8B-2: Registration Statement of Unit Investment Trusts Which Are Currently Issuing Securities	<ul style="list-style-type: none"> • name • title of each class or series of securities issued • state or sovereign power the laws of which govern the organization of the trust • any change of name of the trust 	trust
		<ul style="list-style-type: none"> • name • principal business address • Internal Revenue Service employer identification number • form of organization • state or sovereign power under which organized • name of governmental supervising or examining authority 	each custodian or trustee ^a
		<ul style="list-style-type: none"> • form of organization • state or sovereign power the laws of which govern the organization of the depositor • date of organization • name(s) of company or companies other than the trust for which the depositor has acted in any capacity; their relationship, if any, to the trust; and nature of activities • companies that own securities of depositor • controlling persons of depositor • names of officers and directors 	depositor ^b

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Unit investment trusts currently issuing securities			
<p>A unit investment trust is an investment company organized under a trust indenture, contract of custodianship or agency, or similar instrument that</p> <ul style="list-style-type: none"> • may be structured as an exchange-traded fund; • typically, will make a one-time public offering of only a specific, fixed number of securities or units, and it does not actively trade its investment portfolio; and • does not have a board of directors, corporate officers, or an investment adviser to render advice during the life of the trust. 			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
		<p>Title and percentage of class of securities of the trust and securities of the depositor:</p> <ul style="list-style-type: none"> • owned of record which are also owned beneficially • owned of record which are not owned beneficially • owned beneficially which are not owned of record 	<p>depositor and each</p> <ul style="list-style-type: none"> • officer, director, or partner • natural person that directly or indirectly owns, controls or holds a 5 percent or more outstanding voting securities of depositor

^aThe term "custodian" means a bank or other person authorized to hold assets for a registered investment company. A trustee is an institution, usually a bank, designated by the issuer as the custodian of funds.

^bThe term "depositor" includes: the person primarily responsible for the organization of the trust; the person who has continuing functions or responsibilities with respect to the administration of the affairs of the trust other than the trustee or custodian; and the sponsor or manager of the trust. If there is more than one depositor, each person must provide the information required.

Control or Ownership Information Required for Investment Advisers at Key Milestones			
Registered Investment Advisers			
<p>Investment advisers, (including state-registered advisers) with at least \$100 million but less than \$110 million in assets under management, may register with SEC. Advisers with assets under management of \$110 million or more must register with SEC.</p> <p>Investment advisers with \$25 million or more but less than \$100 million in assets under management also must register with SEC if they are not required to register as an investment adviser with, or are not subject to examination by, the state securities authority in the state of the adviser's principal office and place of business</p> <p>Investment advisers to registered investment companies.</p>			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
To file an initial application to register with SEC	Form ADV - Uniform Application for Investment Adviser Registration and Report by Exempt Reporting Advisers, Part 1A, Schedule A (Direct Owners and Executive Officers)	name	<p>each</p> <ul style="list-style-type: none"> • direct owner (any person that owns, beneficially owns, has the right to vote, or has the power to sell or direct the sale of 5 percent or more of a class of voting securities):

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Registered Investment Advisers				
<p>Investment advisers, (including state-registered advisers) with at least \$100 million but less than \$110 million in assets under management, may register with SEC. Advisers with assets under management of \$110 million or more must register with SEC.</p> <p>Investment advisers with \$25 million or more but less than \$100 million in assets under management also must register with SEC if they are not required to register as an investment adviser with, or are not subject to examination by, the state securities authority in the state of the adviser's principal office and place of business</p> <p>Investment advisers to registered investment companies.</p>				
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected	
			<ul style="list-style-type: none"> executive officer (chief executive officer, chief financial officer, chief operations officer, chief legal officer, chief compliance officer, director and any other individuals with similar status or functions) shareholder, partner, trustee, or limited liability company (LLC) managers or members with a 5 percent or more ownership stake 	
		<ul style="list-style-type: none"> full legal name identify if entity is domestic, foreign, or an individual percentage of ownership disclose if owner or officer is a control person central licensing and registration system number, or, social security number and date of birth, or IRS tax identification number, or IRS employer identification number 	each direct owner and executive officer	
	Form ADV - Uniform Application for Investment Adviser Registration and Report by Exempt Reporting Advisers, Part 1A, Schedule B, (Indirect Owners)		Name	each shareholder, partner, trustee, or LLC member or manager that is an indirect owner with a 25 percent or more ownership stake (except individual owners)
			<ul style="list-style-type: none"> full legal name identify if entity is domestic, foreign, or an individual percentage of ownership 	each indirect owner, including

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Registered Investment Advisers			
<p>Investment advisers, (including state-registered advisers) with at least \$100 million but less than \$110 million in assets under management, may register with SEC. Advisers with assets under management of \$110 million or more must register with SEC.</p> <p>Investment advisers with \$25 million or more but less than \$100 million in assets under management also must register with SEC if they are not required to register as an investment adviser with, or are not subject to examination by, the state securities authority in the state of the adviser's principal office and place of business</p> <p>Investment advisers to registered investment companies.</p>			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
		<ul style="list-style-type: none"> disclose if indirect owner is a control person central licensing and registration system number, or social security number and date of birth, or IRS tax identification number, or IRS employer identification number 	<ul style="list-style-type: none"> shareholders that beneficially own, have the right to vote, or have the power to sell or direct the sale of 25 percent or more of a class of voting securities partners that have contributed or have the right to 25 percent or more of capital trustees members of limited liability companies that have the right to 25 percent or more of capital, and all elected managers (if applicable) 25 percent owners at each level in the chain of ownership
<p>To file</p> <ul style="list-style-type: none"> an initial application to register with SEC annual updating amendments within 90 days after the end of the fiscal year other than annual amendments 	<p>Form ADV - Uniform Application for Investment Adviser Registration and Report by Exempt Reporting Advisers, Part 1A, Item 1</p>	<ul style="list-style-type: none"> legal name name under which business is primarily conducted (if different) SEC file number if previously registered with SEC Central Index Key number(s) assigned by SEC (if any) central licensing and registration system number (if any) address business telephone number legal entity identifier (if any) 	investment adviser
		<ul style="list-style-type: none"> name address telephone number email address 	chief compliance officer (the person responsible for administering the fund's policies and procedures)

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Registered Investment Advisers			
<p>Investment advisers, (including state-registered advisers) with at least \$100 million but less than \$110 million in assets under management, may register with SEC. Advisers with assets under management of \$110 million or more must register with SEC.</p> <p>Investment advisers with \$25 million or more but less than \$100 million in assets under management also must register with SEC if they are not required to register as an investment adviser with, or are not subject to examination by, the state securities authority in the state of the adviser's principal office and place of business</p> <p>Investment advisers to registered investment companies.</p>			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
	<p>Form ADV - Uniform Application for Investment Adviser Registration and Report by Exempt Reporting Advisers, Part 1A, Schedule D, Section 10.A</p>	<ul style="list-style-type: none"> firm or organization name central licensing and registration system number (if any) business address individual name (if applicable) 	each control person not previously named that directly or indirectly controls the registrant management or policies
	<p>Form ADV - Uniform Application for Investment Adviser Registration and Report by Exempt Reporting Advisers, Part 1A, Schedule D, Section 10.B</p>	<ul style="list-style-type: none"> full legal name Central Index Key number 	any person identified as a control person that is a public reporting company
Registered Investment Advisers Managing \$150 Million or More in Private Funds			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
<p>To</p> <ul style="list-style-type: none"> register with SEC if managing at least \$150 million in private fund assets as of the last day of the most recent fiscal year file periodic filings on an annual or quarterly (large hedge funds and large liquidity funds) basis transition from quarterly to annual filing file final filing when no longer required to file Form PF 	<p>Form PF - Reporting Form for Investment Advisers to Private Funds and Certain Commodity Pool Operators and Commodity Trading Advisors</p>	<ul style="list-style-type: none"> full legal name SEC-801 number National Futures Association identification number, if any large trader identification and suffix, if any 	<ul style="list-style-type: none"> investment adviser each related person (any advisory affiliate and any person that is under common control with the firm)

Sources: GAO analysis of SEC forms, guidance documents, and statements and Investor.gov. | GAO-26-107967

Venture Capital Fund Advisers

<p>Number of entities: 2,073 (as of Dec. 2024)</p>	<p>Data source: Securities and Exchange Commission</p>
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Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

This exemption applies to an entity that meets both of the following criteria:

- It is an investment adviser that acts as an investment adviser only to one or more venture capital funds.¹
- It has filed Form ADV, Part 1A, and reported Item 10 (Control Persons), Schedule A (Direct Owners and Executive Officers), and Schedule B (Indirect Owners), with SEC.

¹15 U.S.C. § 80b-3(l).

Oversight

The Securities and Exchange Commission (SEC) is the primary regulator for venture capital fund advisers.

Venture capital fund advisers are exempt from registering with SEC but must file specific initial and annual reports with SEC. Venture capital fund advisers also may be required to register with one or more state securities authorities.

Control or Ownership Information Required for Venture Capital Fund Advisers at Key Milestones

For purposes of the exemption a venture capital fund is a type of private fund that, among other things, generally limits the right to redeem (by withdrawing, redeeming or requiring the repurchase of securities), and holds no more than 20 percent of the amount of the fund's aggregate capital contributions and uncalled committed capital in assets (other than short-term holdings) that are not "qualifying investments."² These funds are generally long-term investments that are locked in until a liquidity event such as an acquisition or an initial public offering takes place.

Venture capital fund advisers (including non-U.S. advisers)—that solely advise venture capital funds and are commonly known as a type of SEC-exempt reporting advisers (because they are not required to register as investment advisers with SEC)—have certain reporting requirements, including the following:

Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
To file an initial report with the Securities and Exchange Commission (SEC) within 60 days of qualifying for exemption	Form ADV - Uniform Application for Investment Adviser Registration and Report by Exempt Reporting Advisers, Part 1A, Schedule A (Direct Owners and Executive Officers)	name	each <ul style="list-style-type: none"> • direct owner (any person that owns, beneficially owns, has the right to vote, or has the power to sell or direct the sale of 5 percent or more of a class of voting securities) • executive officer (chief executive officer, chief financial officer, chief operations officer, chief legal officer, chief compliance officer, director and any other individuals with similar status or functions) • shareholder, partner, trustee, or limited liability company (LLC) member with a 5 percent or more ownership stake, or elected LLC managers.
		<ul style="list-style-type: none"> • full legal name • identify if entity is domestic, foreign, or an individual • percentage of ownership 	each direct owner and executive officer

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

For purposes of the exemption a venture capital fund is a type of private fund that, among other things, generally limits the right to redeem (by withdrawing, redeeming or requiring the repurchase of securities), and holds no more than 20 percent of the amount of the fund's aggregate capital contributions and uncalled committed capital in assets (other than short-term holdings) that are not "qualifying investments."⁸ These funds are generally long-term investments that are locked in until a liquidity event such as an acquisition or an initial public offering takes place.

Venture capital fund advisers (including non-U.S. advisers)—that solely advise venture capital funds and are commonly known as a type of SEC-exempt reporting advisers (because they are not required to register as investment advisers with SEC)—have certain reporting requirements, including the following:

Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
		<ul style="list-style-type: none"> disclose if owner or officer is a control person central licensing and registration system number, or social security number and date of birth, or Internal Revenue Service (IRS) tax identification number, or IRS employer identification number 	
	Form ADV - Uniform Application for Investment Adviser Registration and Report by Exempt Reporting Advisers, Part 1A, Schedule B, (Indirect Owners)	name	each shareholder, partner, trustee, or member that is an indirect owner with a 25 percent or more ownership stake (except individual owners)
		<ul style="list-style-type: none"> full legal name identify if entity is domestic, foreign, or an individual percentage of ownership disclose if indirect owner is a control person central licensing and registration system number, or social security number and date of birth, or IRS tax identification number, or IRS employer identification number 	each indirect owner, including <ul style="list-style-type: none"> shareholders that beneficially own, have the right to vote, or have the power to sell or direct the sale of 25 percent or more of a class of voting securities partners that have contributed or have the right to 25 percent of capital trustees members of limited liability companies that have the right to 25 percent of capital, and all elected managers (if applicable) 25 percent owners at each level in the chain of ownership
To file <ul style="list-style-type: none"> an initial report to SEC within 60 days of qualifying for exemption 		<ul style="list-style-type: none"> legal name name under which business is primarily conducted (if different) 	investment adviser

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

For purposes of the exemption a venture capital fund is a type of private fund that, among other things, generally limits the right to redeem (by withdrawing, redeeming or requiring the repurchase of securities), and holds no more than 20 percent of the amount of the fund's aggregate capital contributions and uncalled committed capital in assets (other than short-term holdings) that are not "qualifying investments."³ These funds are generally long-term investments that are locked in until a liquidity event such as an acquisition or an initial public offering takes place.

Venture capital fund advisers (including non-U.S. advisers)—that solely advise venture capital funds and are commonly known as a type of SEC-exempt reporting advisers (because they are not required to register as investment advisers with SEC)—have certain reporting requirements, including the following:

Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
<ul style="list-style-type: none"> • annual updating amendments within 90 days after the end of the fiscal year • other than annual amendments • a final report when no longer qualifies as an exempt reporting adviser 	Form ADV - Uniform Application for Investment Adviser Registration and Report by Exempt Reporting Advisers, Part 1A, Item 1	<ul style="list-style-type: none"> • SEC file number if reports to SEC as an exempt reporting adviser • Central Index Key number(s) assigned by SEC (if any) • central licensing and registration system number (if any) • address • business telephone number • legal entity identifier (if any) 	
		<ul style="list-style-type: none"> • name • address • telephone number • email address 	chief compliance officer (the person responsible for administering the fund's policies and procedures)
	Form ADV - Uniform Application for Investment Adviser Registration and Report by Exempt Reporting Advisers, Part 1A, Schedule D, Section 10.A	<ul style="list-style-type: none"> • firm or organization name • central licensing and registration system number (if any) • business address • individual name (if applicable) 	each control person not previously named that directly or indirectly controls the registrant management or policies
	Form ADV - Uniform Application for Investment Adviser Registration and Report by Exempt Reporting Advisers, Part 1A, Schedule D, Section 10.B	<ul style="list-style-type: none"> • full legal name • Central Index Key number 	any person identified as a control person that is a public reporting company

Sources: GAO analysis of SEC forms, guidance documents, and statements. | GAO-26-107967

³17 C.F.R. § 275.203(l)-1.

Insurance Companies

Number of entities: 4,732 insurers licensed in the United States in 2024 ¹ 3,466 captive insurers (as of Dec. 2024) ² 178 alien insurers (as of Oct. 1, 2025)	Data source: The Department of the Treasury’s Federal Insurance Office 2025 Annual Report on the Insurance Industry Business Insurance, Business Insurance Survey, April 2025 National Association of Insurance Commissioners’ Quarterly List of Alien Insurers, October 2025
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This exemption applies to an entity defined as an “insurance company” under section 2 of the Investment Company Act of 1940.³

To qualify for this exemption, an insurance company must be

- defined as a company organized as an insurance company whose primary business is that of writing insurance or reinsuring risks underwritten by other insurance companies, and
- be subject to supervision by the insurance commissioner or a similar official or agency of a state.

¹Insurer count includes property and casualty, life and health, and companies licensed solely as health insurers.

²Captive insurers count as reported by 30 states. It does not include U.S. territories.

³31 C.F.R. § 1010.380(c)(2)(xii); see also 15 U.S.C. § 80a-2(a)(17).

Oversight

In the United States, states are the primary regulators of the business of insurance for the 50 states, District of Columbia, and five U.S. territories. Each state government typically has a department or office responsible for licensing and regulating insurance companies. While insurers are regulated by the state of domicile, they are also required to be licensed in any state in which they sell their products or services.

At the federal level, the Federal Insurance Office in the Department of the Treasury monitors all aspects of the insurance industry for different indicators, including to identify any issues or gaps in the regulation of insurers that could contribute to a systemic crisis in the insurance industry or the U.S. financial system.

The National Association of Insurance Commissioners (NAIC) is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, District of Columbia and five U.S. territories. Through NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight. NAIC issues model laws that aim to achieve regulatory uniformity across all jurisdictions.

Control or Ownership Information Required for Insurance Companies at Key Milestones

Insurance companies (U.S., noncaptives)			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
Filed by <ul style="list-style-type: none"> • a newly formed insurance carrier in any state in which it is domiciled (the state in which it was incorporated or organized), or a nondomiciliary state (foreign state) to obtain a license to write business • to amend an existing certificate of authority (license) 	Uniform Certificate of Authority Application^a Primary application	<ul style="list-style-type: none"> • Form 3 - Line of Business Matrix • organizational chart with the name and official title of executive management, director and officers, and their related material functions • chart reflecting other management positions exercising control over operations if different from above • Form 11: Biographical Affidavit 	applicant company

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Insurance companies (U.S., noncaptives)			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
		<ul style="list-style-type: none"> name, residence address, and business occupation and affiliations for principal owners (owning 10 percent or more of the outstanding shares) ultimate controlling party information disclosure of any officer or director of applicant company or an individual who directly or indirectly controls 10 percent or more of the company that has been convicted or pleaded guilty to illicit acts or violations of insurance statutes, or is currently engaged in other legal actions Form 11: Biographical Affidavit 	applicant company that is part of a holding company system
<p>Must be filed</p> <ul style="list-style-type: none"> as part of the application/licensure process^b when filing any of the following amendments to the Uniform Certificate of Authority Application <ul style="list-style-type: none"> merger of two or more foreign insurers (an insurer licensed to write business in a nondomiciliary state) proposed/completed change of control of foreign insurers^b when a domestic insurer applies to transfer its domicile (re-domesticate) to another state 	Form 11 - Biographical Affidavit^c	<ul style="list-style-type: none"> full name citizenship status occupation/profession business address, telephone, and email education and training list of professional memberships employment for previous 20 years list of professional, occupational, and vocational licenses history of involvement in criminal, civil, and regulatory actions^d any liens or foreclosures filed against the filer or any associated entity date of birth address for previous 10 years any members of immediate family who individually or collectively own, or will own, 10 percent or more of outstanding shares or stock of any entity under an insurance regulatory agency 	<ul style="list-style-type: none"> all officers directors key managerial personnel of the applicant company individuals with a 10 percent, or more, beneficial ownership in the applicant company and the applicant company's ultimate controlling person (person that is not controlled by any other person)

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Insurance companies (U.S., noncaptives)			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
		<ul style="list-style-type: none"> any bankruptcies ever adjudicated background investigative report 	
Filed with the insurance department of the domiciliary state by any person seeking to enter into an agreement to merge with or otherwise acquire control of a domestic insurer, or any person (primarily engaged in the business of insurance) that is controlling a domestic insurer	Form A - Statement Regarding the Acquisition of Control or Merger with a Domestic Insurer	<ul style="list-style-type: none"> description of how control is to be acquired name and address chart/listing presenting interrelationships and affiliates of applicant and type of organization (corporation, partnership, etc.) and jurisdiction of formation for each person specified 	applicant seeking to acquire control of insurer
		Form 11: Biographical Affidavit	<ul style="list-style-type: none"> individual applicant, each director and executive officer, or owners of 10 percent or more of voting securities (for applicant that is not an individual)

^aThe Uniform Certificate of Authority Application is an NAIC electronic licensing facilitation system that provides a uniform process for insurance carriers to obtain or amend a certificate of authority (license) to write policies in all participating states. According to NAIC, as of December 2025, all states accepted the Uniform Certificate.

^bIndividuals with a 10 percent or more share in beneficial ownership in the applicant company or the applicant company's ultimate controlling person that are required to file a Biographical Affidavit may have the option to file NAIC's Form 9: Request for Disclaimer of Affiliation or Control of an Individual with the insurance commissioner/department of the state in which the insurer is domiciled to request an exception to this filing. In addition to the name and title/position of the individual filing the form, Form 9 requires the individual provides: (1) The number of authorized, issued, and outstanding voting securities of the subject; (2) The number and percentage of shares of the subject's voting securities, which are held of record or known to be beneficially owned, and the number of shares concerning which there is a right to acquire, directly or indirectly. (3) All material relationships (including but not limited to any contracts between the person and the subject or any affiliate of the person and the subject) and bases for affiliation between the subject and the person whose control is denied and all affiliates of such person. (4) An explanation stating why the person should not be considered to control the subject. This exception applies to amendments as listed to the Uniform Certificate of Authority Application as listed above.

^cStates generally require insurers to file updated Biographical Affidavits to report changes in officers, directors or key personnel (affiants). An affiant who has attended a foreign school or lived and worked internationally may have to file additional information including, but not limited to, foreign student identification number, and full address and telephone number of the college/university.

^dActions include any charges, indictment, guilty plea, or conviction, sentenced imposed, pardons or probation for any criminal offenses other than civic traffic offenses; any order related to a judicial, administrative, regulatory or disciplinary action as a result of a violation of federal or state law, or the law or another country regulating the business of insurance, securities or banking; any civil actions within the previous 10 years involving dishonesty, breach of trust, or a financial dispute; and any violation of federal or state small loan laws, banking or trust company laws, or credit union laws.

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Alien insurers			
Alien insurers are insurance companies that are incorporated according to the requirements of a country other than the United States. They are qualified to do business in the United States through a process administered by NAIC that includes applying to be admitted into NAIC's <i>Quarterly Listing of Alien Insurers</i> . ^a			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
Alien insurers seeking approval to write premiums in all U.S. states and territories	Cover letter	<ul style="list-style-type: none"> • history of company formation including name changes and/or acquisitions • holding company structure description and illustration • licensure and current standing with domiciliary regulator • qualification and experience of key management, and • information on lines of business and programs written, and the geographical distribution 	applicant
	NAIC International Insurers Department - Biographical Affidavit Form	<ul style="list-style-type: none"> • full legal name • citizenship status • occupation • employer's phone number and address • education • position with applicant • complete employer record for previous 20 years • history of licensing or regulatory issues • history or criminal or civil offenses • disclosure of stock ownership or control of 10 percent or more in any insurance company subject to regulation or its affiliates • history of bankruptcy • any other names, aliases, or nicknames used • social security number or government identification number (if not a U.S. citizen) • date of birth • address (current and for previous 10 years) 	<ul style="list-style-type: none"> • president and/or chief executive officer, • chief operating officer, • secretary, • treasurer, • chief underwriting office or actuary, • board of directors, and • any other individual who has authority or responsibility for planning, directing, and controlling the activities of the company (including any executives/board of directors at the direct, intermediate, or ultimate holding company level)

Sources: GAO analysis of Federal Insurance Office report and Insurance Information Institute and National Association of Insurance Commissioners statements and documentation. | GAO-26-107967

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

⁹Alien insurers are also required to renew their listing in the Quarterly Listing of Alien Insurers annually, including any changes to the biographical affidavits initially filed for all key officers and directors.

Captive insurers

- Captive insurers are special-purpose insurance companies that are wholly owned by commercial businesses to self-insure risks arising from parent company's (or companies') business activities.
- The captive's primary jurisdiction is known as its "domicile," which may be in the United States or in other countries. In the United States, the largest domicile for captive insurers is Vermont (with 683 captives registered in 2024).
- Captives, like other insurance companies, are chartered by states. According to NAIC, state laws generally address the formation of captive insurers. According to the Griffith Insurance Education Foundation, each state has its own license forms for captives. Whether and where a captive can be formed, as well as the type of captives that are allowed to be formed, depends on state law.
- An application to be formed as a captive insurer might not be filed with the office of the Secretary of State. For example, in South Dakota a company must obtain a certificate of authority and file a captive insurance company application with the Department of Labor and Regulation, Division of Insurance. In Vermont, a Captive Application for Admission is filed with the Department of Financial Regulation and in New York, a Captive Insurance Company Application is filed with the Department of Financial Services.
- Captives are regulated by states. As previously reported, regulatory requirements for captives are generally less restrictive than those for traditional insurers. However, captives generally can only conduct insurance transactions in the state in which they are domiciled, unless they become licensed in that other state.
- According to NAIC, captives are unique; thus, regulatory systems for traditional insurers and captives can vary significantly. For example, minimum capital levels are generally lower for captives. And while regulators utilize a national state-based regulatory system based on NAIC standards for traditional insurers, for captives they follow the state regulatory system. In addition, while traditional insurers are required to file a uniform financial statement that is shared with all regulators, captives are only required to share specific financial information with their state regulator.
- According to the Griffith Insurance Education Foundation, officers and directors of captive insurers are required to file NAIC Form 11, Biographical Affidavit, which collects personal information such as name, address, date and place of birth, and citizenship status.¹ Alabama also requires biographical affidavits for incorporators, board members, and service providers. Texas requires such affidavits for members of the governing body, corporate officers, and individual overseeing management of the captive (including its risk management, financial reporting, and investments).²
- Other state requirements for control or ownership information may vary.² For example:
 - Alabama requires the captive insurance application to include the name, address, phone number, and percentage of ownership for the beneficial owner(s) as well as a copy of an annual report such as the SEC's Form 10-K annual report, or a personal financial statement.
 - Delaware's application for a certificate of authority requires the name and percentage of ownership (10 percent or more) as well as a biographical affidavit for the identified owner(s). This biographical affidavit includes personal information such as social security number, residence for previous 10 years, and date of birth.
 - South Dakota's captive application requires the name, address, and percentage of ownership for each owner(s) of the captive, as well as a financial statement for each beneficial owner.
 - Vermont's application requires the name, address, and percentage of ownership for each beneficial owner(s) of the captive, along with an annual report or 10-K, an organizational chart and the business address.

¹Officers generally include the company's president, chief financial officer, general counsel, chief financial officer, or any other officer who performs a similar function. These officers may exercise substantial control of a company and therefore be considered beneficial owner(s).

²State information obtained from publicly available state guidance.

State Licensed Insurance Producers

<p>Number of entities:</p> <p>Active resident individual producers: 2,644,277</p> <p>Active non-resident individual producers: 12,806,667</p> <p>Active resident business producers: 218,959</p> <p>Active non-resident business producers: 668,263</p> <p>(as of Jan. 1, 2026)</p>	<p>Data source:</p> <p>National Association of Insurance Commissioners</p>
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<p>This exemption applies to an entity that meets both of the following criteria:</p> <ul style="list-style-type: none"> It is an insurance producer authorized by a state and subject to supervision by the insurance commissioner or a similar official or agency of a state. "Insurance producer" includes insurance agents and brokers. The entity has an operating presence at a physical office within the United States (the entity regularly conducts its business at a physical location in the United States that the entity owns or leases and that is physically distinct from the place of business of any other unaffiliated entity). 	<p>Oversight</p> <p>Individual states require insurance producers to be licensed to sell, solicit, or negotiate insurance. Producers also must comply with various state laws and regulations governing their activities.</p> <p>The National Association of Insurance Commissioners (NAIC) is a U.S. support organization that assists state insurance regulators in setting standards and regulatory best practices. Most states have adopted the Producer Licensing Model Act, which NAIC developed to streamline and standardize producer licensing requirements.¹</p> <p>¹According to NAIC information on states' adoption, at least 40 states adopted the Producer Licensing Model Act in whole or part.</p>
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Control or Ownership Information Required for State-Licensed Insurance Producers at Key Milestones

Individual state-licensed insurance producers			
"Insurance producer" is a general term applied to anyone who sells, solicits, or negotiates insurance products.			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
When an individual, resident or nonresident of the state, applies for a new producer license or a new line of insurance. Filed with the state in which the individual wishes to sell, solicit or negotiate insurance.	Uniform Application for Individual License/Registration^a	<ul style="list-style-type: none"> social security number national producer number (if assigned) central registration depository number (if applicable) full name date of birth residence, business and mailing addresses citizenship status personal and business phone numbers personal and business email addresses 	individual applicant

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Individual state-licensed insurance producers			
"Insurance producer" is a general term applied to anyone who sells, solicits, or negotiates insurance products.			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
		<ul style="list-style-type: none"> • any other names, aliases, assumed or fictitious names previously used • employment history for previous 5 years • any convictions, judgments withheld or deferred, or current charges for a <ul style="list-style-type: none"> ○ misdemeanor^b ○ felony ○ military offense • any involvement in an administrative proceeding regarding a professional or occupational license or registration • any judgment against, or bankruptcy proceeding made in relation to money owed by a business in which applicant was an owner, officer, partner, member, or manager • any outstanding tax obligations in the jurisdiction in which application is filed • any liability related to allegations of fraud, misappropriations of funds, or breach of fiduciary duty 	
When an individual insurance producer, resident or nonresident of the state, renews his or her license. ^c	Uniform Application for Individual License Renewal/Continuation	<ul style="list-style-type: none"> • home state • national producer number • date of birth • Financial Industry Regulatory Authority firm central registration depository number (if applicable) • full name • citizenship status • residence, business and mailing addresses • personal and business phone numbers • personal and business email addresses 	individual applicant

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Individual state-licensed insurance producers			
"Insurance producer" is a general term applied to anyone who sells, solicits, or negotiates insurance products.			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
		<ul style="list-style-type: none"> • any convictions, judgments withheld or deferred, or current charges for a: <ul style="list-style-type: none"> ○ misdemeanor^b ○ felony ○ military offense • any involvement in an administrative proceeding regarding a professional or occupational license or registration 	

Business entities state-licensed insurance producers			
A business entity is an agency, organization, partnership, or limited liability company that holds or is attempting to apply for an insurance license.			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
When a business entity, resident or nonresident of the state, is required to obtain an insurance producer license or apply for additional line(s) of insurance. Filed with the state in which the business entity wishes to sell, solicit, or negotiate insurance.	Uniform Application for Business Entity License/Registration^a	<ul style="list-style-type: none"> • entity name • incorporation/formation date • federal employer identification number • national producer number (if assigned) • Financial Industry Regulatory Authority firm central registration depository (if applicable) • any other assumed, fictitious, alias, or trade names previously used • state and country of domicile • business and mailing addresses • phone number • email address • any convictions, judgments withheld or deferred, or current charges for a <ul style="list-style-type: none"> ○ misdemeanor^b ○ felony ○ military offense 	business entity (applicant)

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Business entities state-licensed insurance producers			
A business entity is an agency, organization, partnership, or limited liability company that holds or is attempting to apply for an insurance license.			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
		<ul style="list-style-type: none"> any involvement in an administrative proceeding regarding a professional or occupational license or registration any judgment against, or bankruptcy proceeding made in relation to money owed by a business in which applicant was an owner, officer, partner, member, or manager any outstanding tax obligations in the jurisdiction in which the application is filed 	
		<ul style="list-style-type: none"> name social security number national producer number 	at least one designated/responsible licensed producer responsible for compliance with state insurance laws and regulations
		<ul style="list-style-type: none"> name title social security number or federal employer identification number date of birth ownership interest any convictions, judgments withheld or deferred, or current charges for a <ul style="list-style-type: none"> misdemeanor^b felony military offense any involvement in an administrative proceeding regarding a professional or occupational license or registration any judgment against, or bankruptcy proceeding made in relation money owed by a business in which applicant was an owner, officer, partner, member or manager any outstanding tax obligations in the jurisdiction in which application is filed 	All <ul style="list-style-type: none"> owners with 10 percent interest or voting interest, partners, officers and directors, or members or managers of a limited liability company

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Business entities state-licensed insurance producers			
A business entity is an agency, organization, partnership, or limited liability company that holds or is attempting to apply for an insurance license.			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
When a business entity, resident or nonresident of the state, renews its producer license. ^c	Uniform Application for Business Entity License Renewal/Continuation	<ul style="list-style-type: none"> entity name federal employer identification number home state and home state license number national producer number (if assigned) business and mailing addresses phone number business email address any convictions, judgments withheld or deferred, or current charges for a <ul style="list-style-type: none"> misdemeanor^b felony military offense any involvement in an administrative proceeding regarding a professional or occupational license or registration 	business entity (applicant)
		<ul style="list-style-type: none"> name social security number national producer number 	at least one designated/responsible licensed producer responsible for compliance with state insurance laws and regulations
		<ul style="list-style-type: none"> any convictions, judgments withheld or deferred, or current charges for a <ul style="list-style-type: none"> misdemeanor^b felony military offense any involvement in an administrative proceeding regarding a professional or occupational license or registration 	<ul style="list-style-type: none"> owners, partners, officers or directors, or member or managers of a limited liability company

Sources: GAO analysis of NAIC and National Insurance Producer Registry statements and documentation. | GAO-26-107967

Note: Applicants (residents, nonresidents, individuals and business entities) may file the uniform applications and renewals electronically via the National Insurance Producer Registry system. This registry requires filers to provide license or national producer number (if previously licensed), social security or federal employer identification number (for first-time applicants), and date of birth (for individuals).

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

^aAccording to NAIC licensing information, all members (50 states, District of Columbia, and five territories) have adopted uniform applications. However, as previously stated, not all states have adopted the Producer Licensing Model Act in part or wholly. These states may have their own filing requirements and forms. For example, according to NAIC's Producer Licensing Model Act state pages, California implemented similar statutes or regulations but has not adopted the Producer Licensing Model Act. Instead of NAIC's uniform application, the California Department of Insurance website indicates that applicants for an insurance producer (agent/broker) license in California file Form LIC 441-9 (individuals) and Form LIC 441-11 (business entities).

^bMisdemeanors do not include traffic violations.

^cAccording to National Insurance Producer Registry information, state renewal requirements vary. According to NAIC's Producer Licensing Model Act, some states may not require a producer license to be renewed.

Commodity Exchange Act Registered Entity

Number of entities:

Registered entities: 68 (as of Nov. 19, 2025)

Other Commodity Exchange Act entities: 3,399 (as of Oct. 31, 2025)

Data source:

Commodity Futures Trading Commission

National Futures Association

This exemption applies to entities that are registered with the Commodity Futures Trading Commission (CFTC) under the Commodity Exchange Act.¹

An entity qualifies for this exemption if either of the following two criteria apply:

- It is any one of the entities defined in the Commodity Exchange Act as a “registered entity,” including²
 - designated contract market,
 - derivatives clearing organization,
 - swap execution facility, and
 - swap data repository.
- It is one of the following entities that are listed under the Corporate Transparency Act and the beneficial ownership information reporting rule and registered with CFTC—the following entities are also known as intermediaries in the derivatives market:
 - commodity pool operators,
 - commodity trading advisors,
 - futures commission merchants,
 - introducing brokers,
 - swap dealers,
 - major swap participants, or
 - retail foreign exchange dealers.

¹31 C.F.R. § 1010.380(c)(2)(xiv).

²Any electronic trading facility in which an agreement, contract, or transaction subject to data reporting requirements—known as a significant price discovery contract—is executed or traded also considered a registered entity in respect to that contract. Because of its narrow application, it is not included on this list.

Oversight

Exempt entities defined under the Commodity Exchange Act are generally registered with and under the supervision of CFTC.

Some entities registered under the act—such as a swap execution facility or a derivatives clearing organization—also may be registered with SEC if the entity trades security-based swaps or clears security futures products.

Derivative market intermediaries such as commodity pool operators are required to register and be subject to examinations by CFTC. They are also required to register with and be members of the National Futures Association, which is a self-regulatory organization for the U.S. derivatives industry and is designated as a registered futures association by CFTC.

Control or Ownership Information Required for “Registered Entities” as Defined by the Act at Key Milestones

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Designated contract markets			
Designated contract markets are exchanges or other trading facilities that may list for trading futures, options, and swap contracts based on almost any underlying commodity, index, or instrument.			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
<p>To file an application with CFTC to be a designated contract market</p> <p>To file an amendment to a pending application</p>	<p>Form DCM - Contract Market Application or Amendment to Application for Designation</p>	<ul style="list-style-type: none"> signature name title 	<p>a duly authorized</p> <ul style="list-style-type: none"> principal officer (corporations), manager or member (limited liability companies), general partner (partnership), or managing agent (unincorporated organization or association which is not a partnership)
		<ul style="list-style-type: none"> name name under which business is or will be conducted (if different than application) address of principal office(s) phone number email address type of legal entity date of incorporation or formation state or jurisdiction of incorporation 	<p>applicant (any board of trade applying for designation as a contract market)</p>
	<p>Form DCM - Contract Market Application or Amendment to Application for Designation: Exhibit A</p>	<ul style="list-style-type: none"> name address 	<p>any person(s) that own(s) 10 percent or more of the applicant's stock, or controls or directs management or policies of applicant</p>
	<p>Form DCM - Contract Market Application or Amendment to Application for Designation: Exhibit B</p>	<ul style="list-style-type: none"> name title business experience any conviction or injunction in previous 10 years any disciplinary action in previous 5 years any disqualification, disciplinary action, or violation under the Act 	<ul style="list-style-type: none"> current officers, directors, governors, committee members (for noncorporate applicants), persons performing similar functions, or any entity performing the regulatory activities of the applicant

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Designated contract markets			
Designated contract markets are exchanges or other trading facilities that may list for trading futures, options, and swap contracts based on almost any underlying commodity, index, or instrument.			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
	Form DCM: Contract Market Application or Amendment to Application for Designation: Exhibit D	<ul style="list-style-type: none"> names organizational structure of applicant 	all affiliates of the applicant

Notes: A designated contract market is required to notify CFTC of any transactions that will result in the transfer of 10 percent or more of an equity interest in the designated contract market no later than 10 business days following the date on which the designated contract market enters into a firm obligation to make this transfer. A designated contract market that seeks to transfer its designation to a new legal entity, such as in the case of a corporate reorganization, must file a request for approval with CFTC.

Derivatives clearing organizations			
A derivatives clearing organization is generally defined as an entity that enables parties to certain agreements or transactions to substitute the credit of the derivatives clearing organization for the credit of the parties to the transaction, arranges or provides for the settlements resulting from such obligations, or otherwise provides clearing services that transfer credit risk among derivatives clearing organization participants resulting from their obligations.			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
To <ul style="list-style-type: none"> file an application with CFTC for registration as a derivatives clearing organization file an amendment to a pending application 	Form DCO - Derivatives Clearing Organization Application for Registration	<ul style="list-style-type: none"> signature name title 	a duly authorized <ul style="list-style-type: none"> principal officer (corporations), manager or member (limited liability companies), general partner (partnership), or managing agent (unincorporated organization or association that is not a partnership)
		<ul style="list-style-type: none"> name address date of formation jurisdiction of formation federal or other tax identification number 	applicant
	Form DCO - Derivatives Clearing Organization Application for Registration: Exhibit A-6	<ul style="list-style-type: none"> name title business experience 	<ul style="list-style-type: none"> current officers directors governors general partners LLC managers

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Derivatives clearing organizations			
<p>A derivatives clearing organization is generally defined as an entity that enables parties to certain agreements or transactions to substitute the credit of the derivatives clearing organization for the credit of the parties to the transaction, arranges or provides for the settlements resulting from such obligations, or otherwise provides clearing services that transfer credit risk among derivatives clearing organization participants resulting from their obligations.</p>			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
			<ul style="list-style-type: none"> standing committee members, or persons performing similar functions
	<p>Form DCO - Derivatives Clearing Organization Application for Registration:</p> <p>Exhibit A-7</p>	<ul style="list-style-type: none"> diagram of entire corporate organizational structure, including for all entities therein legal names percentage of ownership 	all affiliates of the applicant

Notes: A derivatives clearing organization is required to report to CFTC any changes in its or its parent's ownership or corporate structure such as a change that would result in at least a 10 percent change of ownership, a change to the person with controlling interest, or a transfer of all or substantially all of the derivatives clearing organization's assets to another legal entity. A derivatives clearing organization is required to report to CFTC the departure or addition of key personnel, including the chief executive officer, president, chief compliance officer, chief operating officer, chief risk officer, chief financial officer, chief technology officer, and the chief information security officer. Foreign derivatives clearing organizations may be exempted from registration with CFTC if the Commission determines that the derivatives clearing organization is subject to similar requirements in its home country.

Swap execution facilities			
<p>Swap execution facilities are trading systems or platforms in which multiple participants have the ability to execute or trade swaps by accepting bids and offers made by multiple participants in the facility or system through any means of interstate commerce.</p>			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
<p>To</p> <ul style="list-style-type: none"> file an application with CFTC to be registered as a swap execution facility file an amendment to an application for registration 	<p>Form SEF - Swap Execution Facility Application or Amendment to Application for Registration</p>	<ul style="list-style-type: none"> signature name title 	<p>a duly authorized</p> <ul style="list-style-type: none"> principal officer (corporations), manager or member (limited liability companies), general partner (partnership), or, managing agent (unincorporated organization or association that is not a partnership)
		<ul style="list-style-type: none"> name name(s) under which business is or will be conducted, if different than application address type of legal entity 	applicant

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Swap execution facilities			
Swap execution facilities are trading systems or platforms in which multiple participants have the ability to execute or trade swaps by accepting bids and offers made by multiple participants in the facility or system through any means of interstate commerce.			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
		<ul style="list-style-type: none"> date of incorporation or formation phone number email address state of incorporation or jurisdiction of formation 	
	Form SEF - Swap Execution Facility Application or Amendment to Application for Registration: Exhibit A	<ul style="list-style-type: none"> name address agreement, if any, under which the person may control or direct management or policies of applicant 	any person who own(s) 10 percent or more of the applicant's stock, or controls or directs management or policies of applicant
	Form SEF - Swap Execution Facility Application or Amendment to Application for Registration: Exhibit B	<ul style="list-style-type: none"> name title business experience any conviction or injunction in previous 10 years any disciplinary action in previous 5 years any disqualification, disciplinary action, or violation under the Act 	<ul style="list-style-type: none"> current officers, directors, governors, committee members (for noncorporate applicants), persons performing similar functions, or any entity performing the regulatory activities of the applicant
	Form SEF - Swap Execution Facility Application or Amendment to Application for Registration: Exhibit D	<ul style="list-style-type: none"> names organizational structure of applicant jurisdictions in which affiliates are doing business 	all affiliates of the applicant

Notes: A swap execution facility is required to notify CFTC of any transactions that will result in the transfer of 50 percent or more of an equity interest in the swap execution facility no later than 10 business days following the date on which the swap execution facility enters into a firm obligation to make this transfer. A swap execution facility that seeks to transfer its registration to a new legal entity as a result of a corporate change must file a request for approval with CFTC.

Swap data repositories			
A swap data repository is any person that collects and maintains information or records with respect to transactions or positions in swaps entered into by third parties for the purpose of providing a centralized recordkeeping facility for swaps.			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
To		<ul style="list-style-type: none"> signature of authorized person name 	a duly authorized

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Swap data repositories			
A swap data repository is any person that collects and maintains information or records with respect to transactions or positions in swaps entered into by third parties for the purpose of providing a centralized recordkeeping facility for swaps.			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
<ul style="list-style-type: none"> file an application with CFTC to be registered as a swap data repository file an amendment to a pending application for registration 	Form SDR: Swap Data Repository Application or Amendment to Application for Registration	<ul style="list-style-type: none"> title of signatory 	<ul style="list-style-type: none"> principal officer (corporations), manager or member (limited liability companies), general partner (partnership), or managing agent (unincorporated organization or association that is not a partnership)
		<ul style="list-style-type: none"> name as specified in charter and name under which business will be conducted (if different) address type of legal entity date of incorporation or formation state of incorporation or jurisdiction of organization 	applicant
	Form SDR: Swap Data Repository Application or Amendment to Application for Registration: Exhibit A	<ul style="list-style-type: none"> name address agreement, if any, under which person may control or direct management or policies of applicant 	any person that own(s) 10 percent or more of the applicant's stock, or may control or direct management or policies of applicant
	Form SDR: Swap Data Repository Application or Amendment to Application for Registration: Exhibit B	<ul style="list-style-type: none"> name title business experience over previous 5 years any conviction or injunction in previous 10 years any disciplinary action in previous 5 years any disqualification, disciplinary action, or violation under the Act 	<ul style="list-style-type: none"> current officers, directors, governors, committee members (for noncorporate applicants), persons performing similar functions, or chief compliance officer
		<ul style="list-style-type: none"> names nature of affiliation 	all affiliates

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Swap data repositories			
A swap data repository is any person that collects and maintains information or records with respect to transactions or positions in swaps entered into by third parties for the purpose of providing a centralized recordkeeping facility for swaps.			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
	Form SDR: Swap Data Repository Application or Amendment to Application for Registration: Exhibit G	<ul style="list-style-type: none"> board composition ownership information required in Exhibit A 	an affiliate that is a controlling parent of the applicant

Control or Ownership Information Required for Other Commodity Exchange Act Entities at Key Milestones
<p>These entities are described by CFTC as “intermediaries” in the derivatives market. An intermediary is a person who acts on behalf of another person in connection with futures, swaps, or options trading.</p> <ul style="list-style-type: none"> Commodity pool operators. A commodity pool operator is an individual or organization that operates a commodity pool and solicits funds for that commodity pool. It is an enterprise in which funds contributed by a number of persons are combined for the purpose of trading futures contracts or options on futures, retail off-exchange foreign exchange contracts, or swaps, or to invest in another commodity pool. Commodity trading advisor. An individual or organization that, for compensation or profit, advises others, directly or indirectly, on the value of or the advisability of buying or selling futures contracts, commodity options, retail off-exchange foreign exchange contracts, or swaps. Futures commission merchant. An organization that solicits or accepts orders to buy or sell futures contracts, options on futures, and retail off-exchange foreign exchange contracts or swaps, accepting money or other assets from customers to support such orders. Introducing brokers. An individual or organization that solicits or accepts orders to buy or sell futures contracts, options on futures, retail off-exchange foreign exchange contracts, or swaps but does not accept money or other assets from customers to support these orders. Swap dealers. An organization that holds itself out as a dealer in swaps, makes a market in swaps, regularly enters into swaps with counterparties as an ordinary course of business for its own account, or engages in any activity causing the organization to be commonly known in the trade as a dealer or market maker in swaps. Major swap participants. Any person who is not a swap dealer and that maintains a substantial position in swaps for any of the major swap categories whose outstanding swaps create a substantial financial exposure, or that is a highly leveraged financial entity. Retail foreign exchange dealer. An entity that acts, or offers to act, as a counterparty to an off-exchange foreign currency transaction (transactions that are executed directly by traders or institutions rather than an exchange) with a person that does not meet the definition of “eligible contract participant” as defined by 1a (18) of the act.^a The transaction entered into must generally be a futures, or an option on a futures contract, or, an offer that was entered into or financed by an offeror.

Intermediaries			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
To register intermediary entity with the National Futures Association	Firm Application - Form 7-R	<ul style="list-style-type: none"> full legal name category of entity type of business organization where the entity was incorporated, organized or established federal employer identification number (voluntary) 	applicant firm

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Intermediaries			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
		<ul style="list-style-type: none"> business address phone number email central registration depository number or investment adviser registration depository identification number full legal name, federal identification number, and jurisdiction of incorporation for all principals of the firm branch office information including address if applicable (not required for swap dealers and major swap participants) any other name used in the past name of any non-U.S. regulatory authority for previous 5 years disclosure of criminal matters, regulatory actions other than those taken by CFTC, the National Futures Association, or U.S. futures exchanges; and certain financial adversary actions 	
		Location/address for firm's books and records to be provided to CFTC for inspection	non-U.S. applicants
		<ul style="list-style-type: none"> branch identification address phone number email 	each branch office (if any; does not apply to swap dealers, major swap participants, and floor trader firms)
	Individual Application - Form 8-R	<ul style="list-style-type: none"> full legal name name and address of sponsor role in the firm title if individual has a 10 percent or more interest any other name used in the past date of birth residential address 	each natural person who is a principal of the applicant ^b

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Intermediaries			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
		<ul style="list-style-type: none"> social security number (voluntary) fingerprints and demographic information (exceptions allowed) country of citizenship disclosure of criminal matters; regulatory actions other than those taken by CFTC, the National Futures Association, or U.S. futures exchanges; and certain financial adversary actions employment and education history residential history for previous 5 years 	
<p>Annual review of operation for National Futures Association members that are:</p> <ul style="list-style-type: none"> Commodity pool operators Commodity trading advisors Futures commission merchants Introducing brokers, or Retail foreign exchange dealers 	NFA Self-Exam Questionnaire	<p>Verify that the following has been reported on Form 7-R:</p> <ul style="list-style-type: none"> all principals all branch office locations branch office managers (included in Form 8-R filed along Form 7-R) all "doing business as" names accuracy of all information including names, addresses, etc. reported any updates to the original information as a result of changes or corrections that have been made 	all members required to file questionnaire

Sources: GAO analysis of CFTC statements and guidance, and National Futures Association forms. | GAO-26-107967

Notes: Applicants must report any changes (and make the required disclosures) that take place after the forms have been filed. New principals must be disclosed by amending the original Form 7-R filing.

^a7 U.S.C. § 1a(18).

^bA principal is, with respect to an applicant, a registrant, or a person that is required to register under the Act and is (1) an individual who is a sole proprietor of a sole proprietorship; a general partner of a partnership; a director, president, chief executive officer, chief operating officer, chief financial officer, or a person in charge of a business unit, division or function subject to regulation by the Commission of a corporation, limited liability company or limited liability partnership; a manager, managing member or a member vested with the management authority for a limited liability company or limited liability partnership; or a chief compliance officer; or (2) an individual who directly or indirectly owns or is entitled to 10 percent or more of the outstanding shares of any class of an applicant or registrant's voting equity securities; has the power to sell 10 percent or more of outstanding voting shares; can receive 10 percent or more of the net profits, or, has the power to exercise a controlling influence over the entity's activities; or (3) an entity that is a general partner of a partnership; or is the direct owner of 10 percent or more of the outstanding voting shares; or (4) an individual or an entity that has contributed 10 percent or more of capital (exceptions apply).

Public Accounting Firms

Number of entities: 642 (as of Jan. 22, 2026) ¹	Data source: Public Company Accounting Oversight Board
An entity qualifies for this exemption if the entity is a public accounting firm registered in accordance with section 102 of the Sarbanes-Oxley Act of 2002. ² ¹ Quantity includes accounting firms headquartered in the U.S., Puerto Rico, and Northern Mariana Islands that are currently registered or pending withdrawal with PCAOB. ² See 15 U.S.C. § 7212(a).	Oversight According to the National Association of State Boards of Accountancy, every accounting firm in the United States must register with the board of accountancy in the state where its professionals practice. However, the licensing process for public accounting firms varies from state to state. ³ At the federal level, the Sarbanes-Oxley Act of 2002, established the Public Company Accounting Oversight Board (PCAOB) as a private-sector nonprofit organization that regulates the audits of public companies and brokers and dealers registered with the Securities and Exchange Commission. ⁴ The Act requires that public accounting firms that prepare or issue, or participate in the preparation or issuance of, any audit report with respect to any issuer, broker, or dealer, register with PCAOB. ³ State boards of accountancy license Certified Public Accountants and regulate the practice of public accountancy in the United States, according to the National Association of State Boards of Accountancy. ⁴ Pub. L. No. 107-204, 116 Stat. 745 (2002).

Control or Ownership Information Required for Public Accounting Firms at Key Milestones^a

Public accounting firms registered with PCAOB			
<ul style="list-style-type: none"> A public accounting firm is any legal entity that is engaged in the practice of public accounting or preparing or issuing audit reports. An associated person of a public accounting firm means any individual proprietor, partner, shareholder, principal, accountant, or professional employee of a public accounting firm, or any independent contractor or entity that, in connection with the preparation or issuance of any audit report, shares in the profits of, or receives compensation in any other form from, that firm; or participants as an agent or otherwise on behalf of such accounting firm in any activity of the firm (subject to certain exemptions). 			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
When a public accounting firm applies for registration with PCAOB	PCAOB Form 1 - Application for Registration	<ul style="list-style-type: none"> legal name other names used country physical and mailing address telephone number form and jurisdiction of organization name and address of associated entities 	applicant firm

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Public accounting firms registered with PCAOB			
<ul style="list-style-type: none"> A public accounting firm is any legal entity that is engaged in the practice of public accounting or preparing or issuing audit reports. An associated person of a public accounting firm means any individual proprietor, partner, shareholder, principal, accountant, or professional employee of a public accounting firm, or any independent contractor or entity that, in connection with the preparation or issuance of any audit report, shares in the profits of, or receives compensation in any other form from, that firm; or participants as an agent or otherwise on behalf of such accounting firm in any activity of the firm (subject to certain exemptions). 			
Milestone (time of filing)	Required filing	Ownership/control information	Person(s) for whom information is collected
		<ul style="list-style-type: none"> list of licenses or certifications, including issuing state or authority, and country of issuing authority roster of associated accountants including name, license or certification number, issuing U.S. state, and any other issuing authority physical and mailing address of any additional offices 	
		Disclose if involved in any pending, or past (previous 5 years) as a defendant or respondent in: <ul style="list-style-type: none"> a criminal proceeding a civil or alternative dispute resolution by a governmental entity (including a non-U.S. jurisdiction) arising out of the person's work in an audit or similar report involving a client that is not an issuer, broker, or dealer^b an administrative (including PCAOB and any other federal, state, or non-U.S. agency) proceeding arising out of the person's work in an audit or similar report involving a client that is not an issuer, broker, or dealer^b 	applicant firm and any associated person
Registered public accounting firms must file with PCAOB each year on or before June 30 ^c	PCAOB Form 2 - Annual Report	<ul style="list-style-type: none"> legal name other names used in audit reports former legal names address telephone physical and mailing address of any additional offices name of acquired public accounting firms (if any) 	registered public accounting firm ^c
		Name and address of designated U.S. agent (if any)	foreign registered public accounting firm

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

Sources: GAO analysis of PCAOB information and documentation. | GAO-26-107967

^aPCAOB officials told us that PCAOB's registration, annual reporting, and special reporting forms do not specifically require registered public accounting firms to report ownership or control information to the PCAOB or public, or to report changes in their ownership and control.

^bUnder the Sarbanes-Oxley Act of 2002 and Securities Exchange Act of 1934, "issuer" generally refers to any person that issues or proposes to issue any security, "broker" refers to any person engaged in the business of effecting transactions in securities for the account of others that is required to file financial statements that are certified by a registered accounting firm, and "dealer" refers to any person engaged in the business of buying and selling securities that is required to file financial statements that are certified by a registered accounting firm. Please see the securities reporting issuer and the broker and dealer tables for additional definitions.

^cA registered public accounting firm refers to any public accounting firm that is registered with PCAOB.

Pooled Investment Vehicles

Number of entities:

Registered funds: 13,282 (as of Mar. 2025)¹

Private funds advised by registered investment advisers: 52,572

Private funds advised by exempt reporting advisers: 33,342

(as of Oct. 31, 2025)²

Data source:

Securities and Exchange Commission

This exemption applies to:

- An investment company as defined in section 3 of the Investment Company Act of 1940, meaning generally an investment vehicle that issues its own securities and is primarily engaged in the business of investing, reinvesting, or trading in securities,³ or
- A company that (a) is excluded from the definition of investment company because it does not offer its securities publicly and is beneficially owned by not more than 100 persons (or 250 persons in the case of a venture capital fund with no more than \$12 million in aggregate capital contributions), or by only qualified purchasers (including natural persons or companies that own no less than \$5 million in investments) and, (b) has its legal name disclosed to SEC by its investment adviser in Form ADV.^{4,5}
- An entity that is operated or advised by any of the following entities exempted under the Corporate Transparency Act:
 - bank
 - credit union
 - broker or dealer
 - investment company or investment adviser
 - venture capital fund adviser

¹Quantity for registered funds includes mutual funds, exchange-traded funds, closed-end funds, and money market funds.

²Quantity for private funds that are U.S. domiciled funds advised by and annually reported to SEC by (a) SEC-registered investment advisers and (b) SEC-exempt reporting advisers that advise only venture capital funds.

³15 U.S.C. § 80a-3(a)(1).

⁴As defined in 15 U.S.C. § 80a-2(a)(51).

⁵15 U.S.C. §§ 80a-3(c)(1), 80a-3(c)(7). Investment advisers managing private funds, including those reporting to SEC as an exempt reporting adviser, report the name of each private fund on Schedule D of Form ADV.

Oversight

The Securities and Exchange Commission (SEC) is the primary regulator for pooled investment vehicles—commonly known as funds—that meet the definition of investment companies.

Pooled investment vehicles include public funds, which are investment companies that offer their securities publicly and are required to register and file annual reports with SEC.

Pooled investment vehicles also include private funds, which are private investment companies that do not offer securities publicly and are not required to be registered or regulated as investment companies by SEC. However, investment advisers that operate private funds generally are required to complete an initial filing and file annual reports with SEC if they are registered investment advisers or exempt reporting advisers under the Investment Adviser Act of 1940.

The oversight of registered investment companies, which are a type of pooled investment vehicles, and registered investment advisers that manage public and private funds is further discussed in the “investment company or investment adviser” section of this appendix.

Pooled investment vehicles

Appendix II: Ownership and Control Reporting Requirements of Selected Exempt Entities

- A pooled investment vehicle or fund, generally, is an entity created to pool money from multiple investors. Each investor purchases an interest in the fund, and shares in the profits and losses. Common types of funds include mutual funds and exchange-traded funds. Investment companies are generally considered to be pooled investment vehicles.
- Registered funds are investment companies or funds that are registered with SEC under the Investment Company Act of 1940. SEC-registered investment companies are generally publicly offered investment funds.
- Private investment companies, also known as private funds, do not offer publicly available securities and are excluded from the definition of investment company by section 3(c)(1) or 3(c)(7) of the Investment Company Act of 1940. Private funds, (such as hedge funds, private equity funds, and venture capital funds) also are considered pooled investment vehicles.

Foreign pooled investment vehicles

- A pooled investment vehicle that is formed under the laws of a foreign country and registered to do business in a state or tribal jurisdiction, is not considered exempt, but has a special requirement to report to the Financial Crimes Enforcement Network (FinCEN) the beneficial ownership information of one non-U.S. person who exercises substantial control over the legal entity.
- Under the interim final rule issued by FinCEN on March 26, 2025, foreign pooled investment vehicles are not required to report to FinCEN the beneficial ownership information of U.S. persons who exercise substantial control over the entity. If all persons who exercise substantial control are U.S. persons, the entity is not required to report any beneficial ownership information.



Financial Crimes Enforcement Network
U.S. Department of the Treasury

Office of the Director

Washington, D.C. 20220

May 6, 2026

Michael Clements
Director
Financial Markets and Community Investment
United States Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Clements:

Thank you for providing the opportunity to review the Government Accountability Office (GAO) draft report, “Corporate Transparency: Treasury Should Address Gaps in Ownership Information Resulting from Expanded Exemptions” (GAO-25-107967). As you are aware, on March 26, 2025, Treasury issued an interim final rule that removed the requirement for U.S. companies and U.S. persons to report beneficial ownership information (BOI) under the Corporate Transparency Act (CTA). The comment period closed on May 27, 2025. As of May 2026, Treasury is working diligently to finalize the rule.

As set forth in the interim final rule, the CTA acknowledged that BOI reporting creates compliance burdens for businesses and directed the Secretary of the Treasury to minimize those burdens. The CTA also provided Treasury with the authority to exempt certain entities if reporting would not serve the public interest or significantly aid law enforcement and national security efforts. In March 2025, consistent with Executive Order 14192, Treasury reassessed the balance between the benefits of BOI collection and its regulatory burden and impact on businesses. As a result, Treasury—with concurrence from the Departments of Justice and Homeland Security—determined that requiring BOI reporting from domestic companies is not sufficiently useful to justify the burden, particularly given that most affected entities are small, legitimate businesses. Treasury’s reassessment acknowledged potential risks related to illicit finance but noted that existing measures, such as financial institutions’ due diligence requirements, can help mitigate those risks.

While working to finalize this revised reporting rule, Treasury has continued to combat illicit finance through the many other tools at its disposal. Treasury also has continued its work to modernize the U.S. anti-money laundering and countering the financing of terrorism (AML/CFT) regulatory and supervisory framework to better achieve the purposes of the Bank Secrecy Act (BSA). Treasury is focused on ensuring that BSA reporting requirements are appropriately scoped to lead to more effective outcomes for financial institutions, as well as law enforcement and national security agencies. For example, on April 7, 2026, Treasury issued a proposed rule intended to fundamentally reform financial institutions’ AML/CFT programs under the BSA. The proposed rule would promote risk-based, reasonably designed programs

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Appendix III: Comments from the Department of the Treasury

FinCEN Comments Letter to Mr. Michael Clements

Page 2

and greater consistency in how banks are evaluated for effectiveness. Consistent with the Secretary’s remarks to the American Bankers Association in April 2025, Treasury is focusing on “changes to the AML/CFT framework to truly focus on national security priorities and higher-risk areas and explicitly permit financial institutions to de-prioritize lower risks.”

In light of these significant and ongoing FinCEN initiatives to combat illicit finance, Treasury does not concur with GAO’s recommendation that “Treasury identif[y] potential actions to address the risk posed by the domestic reporting company and U.S. person exemptions and provide[] Congress and law enforcement with highly useful information that addresses these risks.” Instead, Treasury’s ongoing work in the illicit finance space appropriately focuses its resources on the highest value national security priorities.

We appreciate the role of GAO in providing oversight of our programs. While we consider this audit fully resolved, we look forward to working with GAO in the future.

Sincerely,

/s/

Jimmy Kirby
Deputy Director

Appendix IV: Comments from the National Credit Union Administration

NCUA



OFFICE OF THE EXECUTIVE DIRECTOR
May 5, 2026

SENT BY EMAIL

Michael E. Clements
Director, Financial Markets and Community Investment
U.S. Government Accountability Office
441 G Street NW
Washington, DC 20548

Dear Mr. Clements:

We have reviewed the GAO's draft report entitled *Corporate Transparency - Treasury Should Address Gaps in Ownership Information Resulting from Expanded Exemptions*.

The NCUA appreciates the opportunity to review the report. The NCUA has no comments on or recommendations for the draft report.

Sincerely,

A handwritten signature in cursive script, appearing to read "Larry Fazio".

Larry Fazio
Executive Director

OED

National Credit Union Administration
1775 Duke Street | Alexandria, VA 22314 | ncua.gov

Appendix V: GAO Contact and Staff Acknowledgments

GAO Contact:

Michael E. Clements, clementsm@gao.gov

Staff Acknowledgments:

In addition to the contact named above, Kay Kuhlman (Assistant Director), Verginie Tarpinian (Analyst in Charge), Evelyn Calderon, Mariana Calderon, Caroline Christopher, Daniel Horowitz, Garrett Hillyer, Risto Laboski, Marc Molino, and Barbara Roesmann made key contributions to this report.

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