BLANKROME

Corporate

FEBRUARY 13, 2024

The New York LLC Transparency Act Will Add Beneficial Ownership Disclosure Requirements in December

The State of New York is poised to apply its own set of disclosure requirements for certain businesses later this year with a new law that mirrors in many respects the federal Corporate Transparency Act (the "CTA"). In December 2023, Governor Kathy Hochul signed into law the New York LLC Transparency Act (the "NYLTA"). The law will become effective on December 21, 2024 (the "Effective Date").

The NYLTA will require all limited liability companies ("LLCs") either formed under New York law or foreign LLCs that seek to be authorized to do business in New York to submit certain beneficial ownership information to the New York Department of State. LLCs will be required to disclose their beneficial owners unless the LLC qualifies for an exemption from the requirements. New York LLCs and foreign LLCs registered to do business in New York should evaluate their structure with counsel that is familiar with the NYLTA (and the CTA) to determine whether they will have a filing obligation under the new law.

For New York LLCs formed on or prior to the Effective Date, and foreign LLCs authorized to do business in New York on or prior to the Effective Date, the deadline to file the required beneficial ownership report or the statement specifying the applicable exemptions(s) from the filing requirement is January 1, 2025. For New York LLCs formed after the Effective Date, and foreign LLCs authorized in New York after the Effective Date, the NYLTA will require that beneficial ownership information be submitted together with the filing of the articles of organization for an LLC formed under New York law or with the initial application for registration filed by a foreign LLC.

The definitions of important terms such as "exempt company," "reporting company," and "beneficial owner" used in the NYLTA refer to the equivalent definitions in the CTA. Correspondingly, the NYLTA shares the same 23 exemptions from the reporting requirements as the CTA. If an LLC falls within one or more of the available exemptions, however, in a departure from the CTA, the NYLTA requires the entity to submit a statement signed by a member or manager of the entity indicating the specific exemption(s) for which the LLC qualifies.

Also in a departure from the CTA, only LLCs are subject to the NYLTA and there is no obligation to report "company applicants" under the NYLTA.

Other states (such as California) have proposed, but not yet adopted, their own beneficial ownership reporting requirements. Reporting companies already grappling with the federal CTA will need to continue to monitor the disclosure landscape in the state jurisdictions in which they were created or qualified to do business.

For more information or assistance, contact Jeffrey M. Rosenfeld, Peter Schnur, Louis M. Rappaport, Thomas A. Cournoyer, Alexander J. Dondershine, or a member of Blank Rome's Corporate group.

Jeffrey M. Rosenfeld
215.569.5752 | jeffreym.rosenfeld@blankrome.com

Peter Schnur
212.885.5435 | peter.schnur@blankrome.com

Louis M. Rappaport
215.569.5647 | louis.rappaport@blankrome.com

Thomas A. Cournoyer
212.885.5422 | thomas.cournoyer@blankrome.com

Alexander J. Dondershine
212.885.5496 | alexander.dondershine@blankrome.com