

# Beneficial Ownership Information

## Overview

In May 2016, the U.S. government passed a new regulation regarding the beneficial ownership of legal entity customers. Going forward, it will be mandatory for **all** financial institutions to comply with this regulation by identifying the ultimate beneficial owner(s) and a controlling person of a legal entity customer opening or maintaining an account.

In compliance with this new regulation, Blue Gate Bank will collect beneficial ownership information from legal entity customers starting in the second quarter of 2018. This means that any time an account is opened or maintained for a legal entity, we will request information that identifies the ultimate beneficial owner(s) and controlling person of the legal entity. The required identifying information includes name, address, date of birth, identification number, and other information that will help identify those individuals. This information will need to be collected whether or not the person identified is a Blue Gate Bank client. This information will also be collected for existing legal entity customers who establish or maintain accounts once this new regulation is implemented at Blue Gate Bank in the second quarter of 2018.

While we understand the information requested is personal and sensitive, we need to obtain this information in order to comply with the law. As always, we will treat all information collected with the utmost care. All information will be stored securely and handled with the same standard of privacy that we have always maintained.

## What you need to know about Beneficial Ownership

- A. The new regulation impacts all legal entities opening or maintaining accounts at any financial institution.
- B. Legal entities will need to identify and attest to all ultimate beneficial owner(s) that meet specific requirements as well as a controlling person (e.g., Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Managing Member, General Partner, President, Vice President or Treasurer).
- C. Blue Gate Bank will collect information regarding the ultimate beneficial owner(s) and control person of legal entities whether or not they have a personal relationship with the financial institution.

We appreciate your business and are committed to providing you with extraordinary service for years to come.

## Frequently Asked Questions

### 1. What is the beneficial ownership regulation and why does it matter?

The beneficial ownership regulation is a federal law requiring all financial institutions to identify and verify the identity of the beneficial owners of legal entity customers as well as a controlling person of the legal entity anytime an account is opened or maintained. The regulation is aimed at making financial institutions safer for their customers and protecting the country's financial system.

### 2. Why has Blue Gate Bank been asked to collect this information?

Blue Gate Bank, as well as all other financial institutions in the U.S., will be required to collect beneficial ownership information. The U.S. government implemented the new beneficial ownership regulation to help fight financial crimes. Blue Gate Bank is doing its part in upholding the new regulation to protect the financial system. Compliance with regulations has always been of utmost importance to Blue Gate Bank, and the new beneficial ownership regulation will be treated with the same level of importance.

### 3. Is Blue Gate Bank the only bank that is required to collect beneficial ownership information?

No. All financial institutions are required to comply with the new beneficial ownership regulation and will be collecting this beneficial ownership information from applicable customers.

## Beneficial Ownership Information

### 4. What constitutes beneficial ownership?

The U.S. government regulation defines “beneficial ownership” as being made up of two roles: (1) those that have an ownership interest in a legal entity and (2) those that control a legal entity.

For those people who have an ownership interest in the legal entity, Blue Gate Bank is required to identify and collect personal information on anyone that meets or exceeds the following ownership thresholds:

#### A. Ultimate Beneficial Owners:

A natural person having 25 percent or more of the equity interests of a legal entity; or

A natural person owning more than 10 percent if:

- An individual, with any amount of ownership, is a non-U.S. person (i.e., a non-U.S. citizen who is not a lawful permanent resident); or
- The entity customer or intermediary entity is formed outside of the U.S.; or
- The entity client is a Private Investment Companies (PICs)/Personal Investment Vehicles (PIVs)

#### B. Control Person:

A person with significant managerial control or influence over a legal entity customer (e.g., Chief Executive Officer, Chief Financial Officer, Managing Member, General Partner, etc.) For every legal entity client subject to beneficial ownership, you must identify one control person.

**NOTE:** It is possible that the control person may also be an ultimate beneficial owner.

### 5. How will the change impact my existing accounts?

The change should not impact your existing accounts. However, please be aware that your Blue Gate Bank representative may reach out for beneficial ownership information to update your account file, ensuring necessary compliance for any future financial requests.

### 6. What if the people who have been identified as beneficial owners or control persons are not clients of Blue Gate Bank? Do I still need to provide their personal information to Blue Gate Bank?

Yes. Regardless of customer status, information about the ultimate beneficial owners and control person must be provided in order to comply with the regulation.

### 7. My Blue Gate Bank representative has asked me for a Certification of Beneficial Ownership. What is this and why is it necessary?

The Certification of Beneficial Ownership is a legally required form that Blue Gate Bank must collect from legal entity customers regarding their ultimate beneficial owners and the control person. By completing the form, you are attesting that the information provided is accurate to the best of your knowledge.

## Beneficial Ownership Information

**8. Where will beneficial ownership data be stored?**

Blue Gate Bank will maintain beneficial ownership information in its system of record. We maintain strict privacy policies and procedures. Any client information, including beneficial ownership information, will not be shared.

**9. Will the information I provide for beneficial ownership be used for marketing to prospects that do not already have a relationship with Blue Gate Bank?**

No. This information will not be used for marketing or prospecting purposes.

**10. How do I get beneficial ownership information back to my Blue Gate Bank representative?**

Beneficial ownership information will be collected using Blue Gate Bank documents and should be returned to your Blue Gate Bank representative.

**11. Given the sensitive nature of the information that is being provided for beneficial ownership, can I provide the details directly to my Blue Gate Bank representative?**

Yes. If you are more comfortable providing information in person, please reach out to your Blue Gate Bank representative directly.

**12. I also have personal accounts with Blue Gate Bank. Will Blue Gate Bank also collect beneficial ownership information for my personal accounts?**

No. The Beneficial Ownership regulation only applies to applicable legal entity accounts.