

STATE OF NEW YORK

8662--A

2025-2026 Regular Sessions

IN ASSEMBLY

May 23, 2025

Introduced by M. of A. GALLAGHER -- read once and referred to the Committee on Corporations, Authorities and Commissions -- reported and referred to the Committee on Ways and Means -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the limited liability company law, in relation to the scope of certain provisions relating to beneficial owners of limited liability companies

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Subdivisions (a), (b) and (c) of section 1106 of the limited liability company law, as added by chapter 102 of the laws of 2024, are amended and a new subdivision (e) is added to read as follows:

2
3
4 (a) "Beneficial owner" shall [~~have the same meaning as defined in 31 U.S.C. § 5336(a)(3), as amended, and any regulations promulgated thereunder~~] mean, with respect to any entity or individual who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise:

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6
7
8 (1) exercises substantial control over the entity; or

9
10 (2) owns or controls not less than twenty-five percent of the ownership interests of the entity.

11
12 (b) "Reporting company" shall [~~have the same meaning as defined in 31 U.S.C. § 5336(a)(11), as amended, and any regulations promulgated thereunder, but shall only include limited liability companies formed or authorized to do business in New York state~~].

13
14
15 (1) mean a limited liability company that is:

16
17 (i) created by the filing of a document with the secretary of state;

18 or

19 (ii) authorized to do business in this state pursuant to article eight of this chapter; and

20
21 (2) not mean or include:

EXPLANATION--Matter in italics (underscored) is new; matter in brackets [-] is old law to be omitted.

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1 (i) an issuer:

2 (A) of a class of securities registered under section twelve of the
3 federal securities exchange act of 1934 (15 U.S.C. 781); or

4 (B) that is required to file supplementary and periodic information
5 under section 15(d) of the federal securities exchange act of 1934 (15
6 U.S.C. 78o(d));

7 (ii) an entity that exercises governmental authority on behalf of a
8 municipality, agency, authority, political subdivision of the state;

9 (iii) a banking organization, as defined in:

10 (A) section 3 of the federal deposit insurance act (12 U.S.C. 1813);

11 (B) section 2(a) of the federal investment company act of 1940 (15
12 U.S.C. 80a-2(a));

13 (C) section 202(a) of the federal investment advisers act of 1940 (15
14 U.S.C. 80b-2(a));

15 (D) a federal credit union or a state credit union, as such terms are
16 defined by section 101 of the federal credit union act (12 U.S.C. 1752);

17 (E) a bank holding company as defined by section two of the federal
18 bank holding company act of 1956 (12 U.S.C. 1841), and as defined by
19 section one hundred forty-one of the banking law; a savings and loan
20 holding company as defined in section 10(a) of the federal home owners'
21 loan act (12 U.S.C. 1467a(a));

22 (F) a money transmitting business registered with the federal secre-
23 tary of the treasury under 31 U.S.C. § 5330; or a licensee as defined by
24 section six hundred forty of the banking law; or

25 (G) a broker or dealer, as such terms are defined by section three of
26 the federal securities exchange act of 1934 (15 U.S.C. 78c), that is
27 registered under section fifteen of such act (15 U.S.C. 78 o); or a
28 broker or dealer as defined by section three hundred fifty-nine-e of the
29 general business law;

30 (iv) an exchange or clearing agency, as such terms are defined by
31 section three of the federal securities exchange act of 1934 (15 U.S.C.
32 78c), that is registered under section six or 17A of such act (15 U.S.C.
33 78f, 78g-1);

34 (v) any other entity not described in subparagraphs (i), (vii), or
35 (viii) of this paragraph that is registered with the federal securities
36 and exchange commission under the federal securities exchange act of
37 1934 (15 U.S.C. 78a et seq.);

38 (vi) an entity that:

39 (A) is an investment company, as defined by section three of the
40 federal investment company act of 1940 (15 U.S.C. 80a-3) or an invest-
41 ment adviser, as defined by section two hundred two of the federal
42 investment advisers act of 1940 (15 U.S.C. 80b-2); and

43 (B) is registered with the federal securities and exchange commission
44 under the federal investment company act of 1940 (15 U.S.C. 80a-1 et
45 seq.) or the federal investment advisers act of 1940 (15 U.S.C. 80b-1 et
46 seq.);

47 (vii) an investment adviser:

48 (A) 1. described in section 203(1) of the federal investment advisers
49 act of 1940 (15 U.S.C. 80b-3(1)); and

50 2. that has filed item 10, schedule A, and schedule B of part 1A of
51 form ADV, or any successor thereto, with the federal securities and
52 exchange commission; or

53 (B) as defined in article twenty-three-A of the general business law.

54 (viii) an insurance company, as defined in section two of the federal
55 investment company act of 1940 (15 U.S.C. 80a-2);

56 (ix) an entity that:

1 (A) is an insurer that is authorized by the state and subject to
2 supervision by the commissioner of financial services; and
3 (B) has an operating presence within New York state;
4 (x) (A) a registered entity, as defined in section 1a of the federal
5 commodity exchange act (7 U.S.C. 1a); or
6 (B) an entity that is:
7 1. (I) a futures commission merchant, introducing broker, swap dealer,
8 major swap participant, commodity pool operator, or commodity trading
9 advisor, as such terms are defined in section 1a of the federal commod-
10 ity exchange act (7 U.S.C. 1a); or
11 (II) a retail foreign exchange dealer, as described in section
12 2(c)(2)(B) of the federal commodity exchange act (7 U.S.C. 2(c)(2)(B));
13 and
14 2. registered with the federal commodity futures trading commission
15 under the federal commodity exchange act (7 U.S.C. 1 et seq.);
16 (xi) a public accounting firm registered in accordance with section
17 102 of the federal sarbanes-oxley act of 2002 (15 U.S.C. 7212);
18 (xii) a public utility corporation that provides telecommunications
19 services, electrical power, natural gas, or water and sewer services
20 within the state;
21 (xiii) a financial market utility designated by the federal financial
22 stability oversight council under section 804 of the federal payment,
23 clearing, and settlement supervision act of 2010 (12 U.S.C. 5463);
24 (xiv) any pooled investment vehicle that is operated or advised by a
25 person described in clause (A), (B), (C), (D) or (F) of subparagraph
26 (iii) or subparagraph (v) or (vi) of this paragraph;
27 (xv) any:
28 (A) organization that is described in section 501(c) of the federal
29 internal revenue code of 1986 (determined without regard to section
30 508(a) of such code) and exempt from tax under section 501(a) of such
31 code, except that in the case of any such organization that loses an
32 exemption from tax, such organization shall be considered to be contin-
33 ued to be described in this subclause for the one hundred eighty-day
34 period beginning on the date of the loss of such tax-exempt status;
35 (B) political organization, as defined in section 527(e)(1) of the
36 federal internal revenue code of 1986, that is exempt from tax under
37 section 527(a) of such code; or
38 (C) trust described in paragraph (1) or (2) of section 4947(a) of such
39 code;
40 (xvi) any limited liability company that:
41 (A) operates exclusively to provide financial assistance to, or hold
42 governance rights over, any entity described in subparagraph (xiv) of
43 this paragraph;
44 (B) is a United States resident;
45 (C) is beneficially owned or controlled exclusively by one or more
46 United States residents that are United States citizens or lawfully
47 admitted for permanent residence; and
48 (D) derives at least a majority of its funding or revenue from one or
49 more United States residents that are United States citizens or lawfully
50 admitted for permanent residence;
51 (xvii) any entity that:
52 (A) employs more than twenty employees on a full-time basis in the
53 United States;
54 (B) filed in the previous year federal income tax returns in the
55 United States demonstrating more than five million dollars in gross
56 receipts or sales in the aggregate, including the receipts or sales of:

1 1. other entities owned by the entity; and
2 2. other entities through which the entity operates; and
3 (C) has an operating presence at a physical office within the state;
4 (xviii) any limited liability company of which the ownership interests
5 are owned or controlled, directly or indirectly, by one or more entities
6 described in subparagraph (i), (ii), (iii), (iv), (v), (vii), (viii),
7 (ix), (x), (xi), (xii), (xiii), (xv) or (xvii) of this subparagraph;
8 (xix) any limited liability company:
9 (A) in existence for over one year;
10 (B) that is not engaged in active business;
11 (C) that is not owned, directly or indirectly, by a foreign person;
12 (D) that has not, in the preceding twelve-month period, experienced a
13 change in ownership or sent or received funds in an amount greater than
14 one thousand dollars, including all funds sent to or received from any
15 source through a financial account or accounts in which the entity, or
16 an affiliate of the entity, maintains an interest; and
17 (E) that does not otherwise hold any kind or type of assets, including
18 an ownership interest in any limited liability company; and
19 (xx) any entity or class of entities that the department of state, by
20 regulation, determined should be exempt from the requirements of section
21 eleven hundred seven of this article because requiring beneficial owner-
22 ship information from the entity or class of entities:
23 (A) would not serve the public interest; and
24 (B) would not be highly useful in national security, intelligence, and
25 law enforcement agency efforts to detect, prevent, or prosecute money
26 laundering, the financing of terrorism, proliferation finance, serious
27 tax fraud, or other crimes.
28 (c) "Exempt company" shall mean a limited liability company or foreign
29 limited liability company not otherwise defined as a reporting company
30 that meets [~~a condition for exemption enumerated in 31 U.S.C. §~~
31 ~~5336(a)(11)(B)] one or more of the following conditions:
32 (1) a minor child, which shall mean an individual under the age of
33 eighteen;
34 (2) an individual acting as a nominee, intermediary, custodian, or
35 agent on behalf of another individual;
36 (3) an individual acting solely as an employee of a limited liability
37 company, and whose control over or economic benefits from such entity is
38 derived solely from the employment status of the person;
39 (4) an individual whose only interest in a limited liability company,
40 is through a right of inheritance; or
41 (5) a creditor of a limited liability company unless the creditor
42 meets the requirements of paragraph one of this subdivision.
43 (e) The department of state is hereby authorized to promulgate rules
44 and regulations to further clarify any definitions outlined in this
45 section.~~

46 § 2. This act shall take effect immediately; provided, however, that
47 if the provisions of chapter 772 of the laws of 2023 shall not have
48 taken effect on or before such date then section one of this act shall
49 take effect on the same date and in the same manner as such chapter of
50 the laws of 2023 takes effect.