STATE OF NEW YORK

8432

2025-2026 Regular Sessions

IN SENATE

June 10, 2025

Introduced by Sen. HOYLMAN-SIGAL -- read twice and ordered printed, and when printed to be committed to the Committee on Rules

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:

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:

(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:

(1) exercises substantial control over the entity; or

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

(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~~]:

(1) mean a limited liability company that is:

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

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

(2) not mean or include:

(i) an issuer:

(A) of a class of securities registered under section twelve of the federal securities exchange act of 1934 (15 U.S.C. 78l); or

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

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

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

(iii) a banking organization, as defined in:

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

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

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

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

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

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

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

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

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

(vi) an entity that:

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

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

(vii) an investment adviser:

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

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

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

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

(ix) an entity that:

(A) is an insurer that is authorized by the state and subject to supervision by the commissioner of financial services; and

(B) has an operating presence within New York state;

(x) (A) a registered entity, as defined in section 1a of the federal commodity exchange act (7 U.S.C. 1a); or

(B) an entity that is:

1. (I) a futures commission merchant, introducing broker, swap dealer, major swap participant, commodity pool operator, or commodity trading advisor, as such terms are defined in section 1a of the federal commodity exchange act (7 U.S.C. 1a); or

(II) a retail foreign exchange dealer, as described in section 2(c)(2)(B) of the federal commodity exchange act (7 U.S.C. 2(c)(2)(B)); and

2. registered with the federal commodity futures trading commission under the federal commodity exchange act (7 U.S.C. 1 et seq.);

(xi) a public accounting firm registered in accordance with section 102 of the federal sarbanes-oxley act of 2002 (15 U.S.C. 7212);

(xii) a public utility corporation that provides telecommunications services, electrical power, natural gas, or water and sewer services within the state;

(xiii) a financial market utility designated by the federal financial stability oversight council under section 804 of the federal payment, clearing, and settlement supervision act of 2010 (12 U.S.C. 5463);

(xiv) any pooled investment vehicle that is operated or advised by a person described in clause (A), (B), (C), (D) or (F) of subparagraph (iii) or subparagraph (v) or (vi) of this paragraph;

(xv) any:

(A) organization that is described in section 501(c) of the federal internal revenue code of 1986 (determined without regard to section 508(a) of such code) and exempt from tax under section 501(a) of such code, except that in the case of any such organization that loses an exemption from tax, such organization shall be considered to be continued to be described in this subclause for the one hundred eighty-day period beginning on the date of the loss of such tax-exempt status;

(B) political organization, as defined in section 527(e)(1) of the federal internal revenue code of 1986, that is exempt from tax under section 527(a) of such code; or

(C) trust described in paragraph (1) or (2) of section 4947(a) of such code;

(xvi) any limited liability company that:

(A) operates exclusively to provide financial assistance to, or hold governance rights over, any entity described in subparagraph (xiv) of this paragraph;

(B) is a United States resident;

(C) is beneficially owned or controlled exclusively by one or more United States residents that are United States citizens or lawfully admitted for permanent residence; and

(D) derives at least a majority of its funding or revenue from one or more United States residents that are United States citizens or lawfully admitted for permanent residence;

(xvii) any entity that:

(A) employs more than twenty employees on a full-time basis in the United States;

(B) filed in the previous year federal income tax returns in the United States demonstrating more than five million dollars in gross receipts or sales in the aggregate, including the receipts or sales of:

1. other entities owned by the entity; and

2. other entities through which the entity operates; and

(C) has an operating presence at a physical office within the state;

(xviii) any limited liability company of which the ownership interests are owned or controlled, directly or indirectly, by one or more entities described in subparagraph (i), (ii), (iii), (iv), (v), (vii), (viii), (ix), (x), (xi), (xii), (xiii), (xv) or (xvii) of this subparagraph;

(xix) any limited liability company:

(A) in existence for over one year;

(B) that is not engaged in active business;

(C) that is not owned, directly or indirectly, by a foreign person;

(D) that has not, in the preceding twelve-month period, experienced a change in ownership or sent or received funds in an amount greater than one thousand dollars, including all funds sent to or received from any source through a financial account or accounts in which the entity, or an affiliate of the entity, maintains an interest; and

(E) that does not otherwise hold any kind or type of assets, including an ownership interest in any limited liability company; and

(xx) any entity or class of entities that the department of state, by regulation, determined should be exempt from the requirements of section eleven hundred seven of this article because requiring beneficial ownership information from the entity or class of entities:

(A) would not serve the public interest; and

(B) would not be highly useful in 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.

(c) "Exempt company" shall mean a limited liability company or foreign limited liability company not otherwise defined as a reporting company that meets [~~a condition for exemption enumerated in 31 U.S.C. § 5336(a)(11)(B)~~] one or more of the following conditions:

(1) a minor child, which shall mean an individual under the age of eighteen;

(2) an individual acting as a nominee, intermediary, custodian, or agent on behalf of another individual;

(3) an individual acting solely as an employee of a limited liability company, and whose control over or economic benefits from such entity is derived solely from the employment status of the person;

(4) an individual whose only interest in a limited liability company, is through a right of inheritance; or

(5) a creditor of a limited liability company unless the creditor meets the requirements of paragraph one of this subdivision.

(e) The department of state is hereby authorized to promulgate rules and regulations to further clarify any definitions outlined in this section.

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