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## Amendments to New York LLC Transparency Act Delay Effective Date, Among Other Changes

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New York Governor Kathy Hochul last month signed into law amendments to the recently enacted New York LLC Transparency Act (as amended, the “NYLTA”), extending the NYLTA’s effective date from December 21, 2024, to January 1, 2026 (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 federal Corporate Transparency Act (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, 2027. 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 within thirty days of filing the articles of organization for an LLC formed under New York law or the initial application for registration filed by a foreign LLC. Thereafter, the NYLTA (as amended) imposes an ongoing requirement to file an annual statement with the New York Department of State confirming or updating (1) the beneficial ownership disclosure information; (2) the street address of the entity’s principal executive office; (3) status as an exempt company, if applicable; and (4) such other information as may be designated by the New York Department of State.

The definitions of important terms such as “exempt company,” “reporting company,” “applicant,” and “beneficial owner” used in the NYLTA refer to the equivalent definitions in the CTA but are limited in application only to LLCs. 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 attested to under penalty of perjury indicating the specific exemption(s) for which the LLC qualifies.

Potential penalties for failing to comply with the NYLTA include monetary penalties of \$500 for every day that a required filing under the NYLTA is past due, as well as a potential suspension or cancellation of an LLC.

The amendments to the NYLTA also provide that the beneficial ownership information relating to natural persons will be deemed confidential except (1) by written consent of or request by the beneficial owner of the LLC; (2) by court order; (3) to federal, state, or local government agencies performing official duties as required by statute; or (4) for a valid law enforcement purpose. This is in contrast to the original New York statute, which provided for beneficial ownership information to be made publicly available in a searchable database.

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.

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