

Corporate Transparency Act: What is Substantial Control?

Reporting Companies are required to identify all individuals who exercise **substantial control** over the company. There is no limit to the number of individuals who can be reported for exercising substantial control. An individual exercises **substantial control** over a Reporting Company if the individual meets any of four general criteria: (1) the individual is a senior officer; (2) the individual has authority to appoint or remove certain officers or a majority of directors of the Reporting Company; (3) the individual is an important decision-maker; or (4) the individual has any other form of substantial control over the Reporting Company. See the chart below for details about these criteria.

SUBSTANTIAL CONTROL INDICATORS



SENIOR OFFICER

any individual holding the position or exercising the authority of a:

1. President
2. Chief Financial Officer (CFO)
3. General Counsel (GC)
4. Chief Executive Officer (CEO)
5. Chief Operating Officer (COO)

or any other officer, regardless of official title, who performs a similar function as these officers



APPOINTMENT OR REMOVAL AUTHORITY

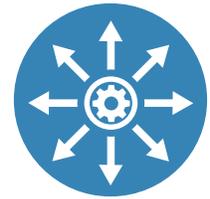
any individual with the ability to appoint or remove any **SENIOR OFFICER** or a majority of the board of directors or similar body



IMPORTANT DECISION-MAKER

any individual who directs, determines, or has substantial influence over important decisions made by the Reporting Company, including decisions regarding the Reporting Company's:

1. **Business**, such as:
 - Nature, scope, and attributes of the business
 - The selection or termination of business lines or ventures, or geographic focus
 - The entry into or termination, or the fulfillment or non-fulfillment, of significant contracts
2. **Finances**, such as:
 - Sale, lease, mortgage, or other transfer of any principal assets
 - Major expenditures or investments, issuances of any equity, incurrence of any significant debt, or approval of the operating budget
 - Compensation schemes and incentive programs for senior officers
3. **Structure**, such as:
 - Reorganization, dissolution, or merger
 - Amendments of any substantial governance documents of the Reporting Company, including the articles of incorporation or similar formation documents, bylaws, and significant policies or procedures



CATCH-ALL

any other form of substantial control over the Reporting Company. Control exercised in new and unique ways can still be substantial. For example, flexible corporate structures may have different indicators of control than the indicators included here.