

GIBSON DUNN



Anti-Money Laundering Update

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N.Y. LLC Transparency Act Now in Effect, in Narrower Form – Certain Non-U.S. Entities Registered in N.Y. to File Reports

Gov. Kathy Hochul's veto of legislative bill S. 8432 signaled that the NY LLC Transparency Act will, in many key respects, adopt the structure of the Federal CTA, and the December 30 guidance is consistent with that signal.

On January 1, 2026, New York State's LLC Transparency Act (the NY LLC Transparency Act) went into effect. The application of the NY LLC Transparency Act will be defined in large measure by two events that occurred in late 2025: (i) New York Gov. Kathy Hochul's December 19, 2025 [veto](#) of legislative bill S. 8432, which would have amended the NY LLC Transparency Act to define the scope of the law distinctly from the federal Corporate Transparency Act (the Federal CTA); and (ii) guidance materials posted by the New York Department of State on December 30, 2025 setting out the State's application of the NY LLC Transparency Act on important points. Gov. Hochul's veto signaled that the NY LLC Transparency Act will, in many key respects, adopt the structure of the Federal CTA, and the December 30 guidance is consistent with that signal.

*Based on current federal and state law, domestic companies will be exempt from the reporting requirements of the NY LLC Transparency Act, and **the NY LLC Transparency Act will apply only to certain non-U.S. entities which are (a) authorized or apply for authorization to do business in New York State, (b) deemed to be "limited liability companies," and (c) not otherwise eligible for an exemption. Entities meeting these criteria will be required to***

provide beneficial ownership information (exclusively with respect to their non-U.S. beneficial owners) to the New York Department of State and submit an annual update related thereto. These reporting requirements are in effect as of January 1, 2026. Covered entities that were already authorized to do business in New York State prior to that date have until December 31, 2026 to file the required information; covered entities who file their initial application for authority to do business in New York State on or after January 1, 2026 must file within thirty days of such application. Covered entities who meet criteria (a) and (b) but which are exempt must file an attestation of exemption by the same dates noted above.

Non-U.S. entities registered to do business in New York State may be subject to the NY LLC Transparency Act and should consult with their legal advisors concerning compliance with the law.

Background:

In 2021, the Federal CTA was enacted into law.^[1] Under its statutory terms, the Federal CTA requires non-exempt corporations, limited liability companies, and other entities that were created or registered to do business in a state or tribal jurisdiction (reporting companies) to file beneficial ownership interest (BOI) reports with the U.S. Financial Crimes Enforcement Network (FinCEN). BOI reports provide certain information about the beneficial owners of the entity and, in certain cases, about the individuals who participated in creating or registering the entity. On September 30, 2022, FinCEN published the Beneficial Ownership Information Reporting Requirements final rule (CTA Reporting Rule), implementing the Federal CTA's reporting requirements.

In 2023, New York State enacted a state-level analogue to the Federal CTA, the NY LLC Transparency Act.^[2] The NY LLC Transparency Act applies to entities that qualify as reporting companies under the Federal CTA “and any regulations promulgated thereunder,” but only if the entity is a “limited liability compan[y]” that is “formed or authorized to do business in New York State.”^[3] The NY LLC Transparency Act expressly cross-references other CTA provisions as well, including in defining the “beneficial owners” whose information must be provided and in providing the same exemptions from reporting.^[4] The NY LLC Transparency Act went into effect on January 1, 2026.

Enforcement of the Federal CTA was preliminarily enjoined nationwide by a federal district court in Texas on December 3, 2024.^[5] After a series of court rulings running into February 2025,^[6] enforcement of the Federal CTA as to U.S. citizens and domestic reporting companies was paused by the Trump Administration while the Department of the Treasury prepared a revision to the CTA Reporting Rule.^[7] An interim final rule was issued on March 21, 2025 (the Updated Reporting Rule), which narrowed the definition of “reporting company” to cover only non-U.S. entities registered to do business in a U.S. state or tribal jurisdiction. Furthermore, the Updated Reporting Rule removed the requirement that non-U.S. reporting companies report the information of beneficial owners who are U.S. persons.^[8]

Because the NY LLC Transparency Act adopted the applicable definitions of the Federal CTA and its implementing regulations, the narrower scope of the Updated Reporting Rule also narrowed the scope of the NY LLC Transparency Act. In an effort to enforce the NY LLC Transparency Act consistently with the Federal CTA itself, rather than with the Updated Reporting

Rule, and to provide certainty and reduce confusion,^[9] the New York Legislature passed S. 8432. The Amendment would have revised the NY LLC Transparency Act's definitions of "beneficial owner" and "reporting company" so that they parrot the language in the Federal CTA's statutory text (rather than the narrower text in the federal regulations). However, on December 19, 2025, Governor Kathy Hochul vetoed S. 8432.

Going Forward:

As a result of the veto, in important respects the scope of the NY LLC Transparency Act will continue to be based both on the statutory language of the Federal CTA and on federal regulations implementing the law. Therefore, the NY LLC Transparency Act will apply only to certain non-U.S. entities which are (a) authorized or apply for authorization to do business in New York State, (b) deemed to be "limited liability companies," and (c) not otherwise eligible for an exemption. As a result, the NY LLC Transparency Act will apply to a far smaller set of corporate entities than it would have if S. 8432 had become law. However, if FinCEN were to broaden the Updated Reporting Rule in the future, including under a subsequent Administration, then the scope of the NY LLC Transparency Act might similarly expand.

On December 30, 2025, the New York Department of State issued guidance materials on its website explaining the law and its requirements.^[10] Perhaps the most important aspect of the guidance is that the Department of State has adopted, as a matter of practice, the approach set out in the Federal CTA regulations that reporting companies "are not required to include beneficial ownership information for owners that are U.S. persons, including citizens of Puerto Rico or other U.S. territories." Prior to the issuance of this guidance, New York's adoption of that federal exemption was not certain. The guidance should therefore reduce the potential burdens of disparate Federal CTA and NY LLC Transparency Act compliance requirements for companies that are required to report.

Certain non-U.S. entities that are authorized to do business in New York State should recognize that they may be subject to the NY LLC Transparency Act and may have to file BOI reports. **The determination as to whether any given entity may be subject to the NY LLC Transparency Act will require a nuanced analysis as to whether the non-U.S. entity in question constitutes a "limited liability company" under New York law, and, if so, whether the entity is exempt from reporting.** Owners of non-U.S. entities registered or authorized to do business in New York, particularly those with non-U.S. beneficial owners, are encouraged to seek legal advice regarding their obligations. While under the Federal CTA BOI reporting is a one-time obligation until changes occur that warrant an updated report, under the NY LLC Transparency Act, reporting must occur annually,^[11] making the process potentially far more burdensome on reporting companies.

Under the NY LLC Transparency Act, non-U.S. reporting entities that are authorized to do business in New York State before January 1, 2026, and that are not otherwise exempt, must file the required information by December 31, 2026, or, if they are exempt, must file an attestation of exemption by the same date. Non-U.S. reporting entities who apply for authority to do business in the state pursuant to New York's Limited Liability Company Law on or after January 1, 2026, must file the required information or attestation of exemption within thirty days of their application.^[12] Violations of the law are subject to a \$500 per day fine for each day a reporting company is past due.^[13] The Department of State has said that a submission portal is soon to

be active, but in the meantime, entities required to submit documents can do so via a pdf form, sent to a specific email address.^[14]

^[1] See William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, Pub. L. 116-283, Div. F., § 6403 (adding 31 U.S.C. § 5336).

^[2] The Act is codified at Limited Liability Company Law (LLC Law) §§ [1106](#), [1107](#), [1108](#).

^[3] LLC Law § 1106(b).

^[4] *Id.* § 1106.

^[5] See Gibson Dunn Client Alert, “[Corporate Transparency Act Enforcement Preliminarily Enjoined Nationwide](#)” (Dec. 5, 2024).

^[6] The U.S. Court of Appeals for the Eleventh Circuit upheld the Federal CTA from constitutional challenge on December 16, 2025. *Nat’l Small Bus. United v. U.S. Dep’t of the Treasury*, No. 24-10736, 2025 WL 3637295 (11th Cir. Dec. 16, 2025).

^[7] See Gibson Dunn Client Alert, “[CTA Update: Department of the Treasury Announces Suspension of Enforcement of Corporate Transparency Act Against U.S. Citizens and Domestic Reporting Companies](#)” (Mar. 3, 2025).

^[8] See Gibson Dunn Client Alert, “[CTA Update: FinCEN Issues Interim Final Rule Exempting U.S. Companies and U.S. Persons, Updating Deadlines for Foreign Companies](#)” (Mar. 25, 2025).

^[9] [Sponsor Memo for S. 8432](#).

^[10] <https://dos.ny.gov/beneficial-owner-disclosure>.

^[11] LLC Law § 1107(g) (requiring a reporting company to file “an annual statement confirming or updating: (1) their beneficial ownership disclosure information; (2) the street address of its principal executive office; (3) status as exempt company, if applicable; and (4) such other information as may be designated by the department of state”).

^[12] LLC Law § 1107(d).

^[13] *Id.* § 1108(a).

^[14] <https://dos.ny.gov/beneficial-ownership-disclosure-filing-instructions>.

The following Gibson Dunn lawyers prepared this update: David Ware, Justin Newman, Shannon Errico, and Sam Raymond.

Gibson Dunn has deep experience with issues relating to the Bank Secrecy Act, the Corporate Transparency Act, other AML and sanctions laws and regulations, and challenges to Congressional statutes and administrative regulations.

For assistance navigating white collar or regulatory enforcement issues, please contact the authors, the Gibson Dunn lawyer with whom you usually work, or any leader or member of the firm's Anti-Money Laundering, Administrative Law & Regulatory, Investment Funds, Real Estate, or White Collar Defense & Investigations practice groups.

Please also feel free to contact any of the following practice group leaders and members and key CTA contacts:

Anti-Money Laundering:

Stephanie Brooker – Washington, D.C. (+1 202.887.3502, sbrooker@gibsondunn.com)

M. Kendall Day – Washington, D.C. (+1 202.955.8220, kday@gibsondunn.com)

David Ware – Washington, D.C. (+1 202.887.3652, dware@gibsondunn.com)

Ella Capone – Washington, D.C. (+1 202.887.3511, ecapone@gibsondunn.com)

Sam Raymond – New York (+1 212.351.2499, sraymond@gibsondunn.com)

Administrative Law and Regulatory:

Stuart F. Delery – Washington, D.C. (+1 202.955.8515, sdelery@gibsondunn.com)

Eugene Scalia – Washington, D.C. (+1 202.955.8673, dforrester@gibsondunn.com)

Helgi C. Walker – Washington, D.C. (+1 202.887.3599, hwalker@gibsondunn.com)

Matt Gregory – Washington, D.C. (+1 202.887.3635, mgregory@gibsondunn.com)

Investment Funds:

Kevin Bettsteller – Los Angeles (+1 310.552.8566, kbettsteller@gibsondunn.com)

Shannon Errico – New York (+1 212.351.2448, serrico@gibsondunn.com)

Greg Merz – Washington, D.C. (+1 202.887.3637, gmerz@gibsondunn.com)

Real Estate:

Eric M. Feuerstein – New York (+1 212.351.2323, efeuerstein@gibsondunn.com)

Jesse Sharf – Los Angeles (+1 310.552.8512, jsharf@gibsondunn.com)

Lesley V. Davis – Orange County (+1 949.451.3848, ldavis@gibsondunn.com)

Anna Korbakis – Orange County (+1 949.451.3808, akorbakis@gibsondunn.com)

White Collar Defense and Investigations:

Stephanie Brooker – Washington, D.C. (+1 202.887.3502, sbrooker@gibsondunn.com)

Winston Y. Chan – San Francisco (+1 415.393.8362, wchan@gibsondunn.com)

Nicola T. Hanna – Los Angeles (+1 213.229.7269, nhanna@gibsondunn.com)

F. Joseph Warin – Washington, D.C. (+1 202.887.3609, fwarin@gibsondunn.com)

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