



Indirect Owners

Overview/Policy

Identify all indirect owners in this section.

In the case of an owner that is a corporation, each of its shareholders that beneficially owns, has the right to vote, or has the power to sell or direct the sale of 25% or more of a class of voting security of that corporation. For purposes of this section, a person beneficially owns any securities (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law sharing the same residence. In the case of an owner that is a partnership, all general partners and those limited and special partners that have the right to receive upon dissolution or have contributed 25% or more of the partnership's capital.

In the case of an owner that is a trust, the trust and each trustee.

In the case of an owner that is a Limited Liability Company ("LLC"), (i) those members that have the right to receive upon dissolution or have contributed 25% or more of the LLC's capital, and (ii) if managed by elected or appointed managers, all elected or appointed managers.

Continue up the chain of ownership listing all 25% or more owners at each level of ownership. Only once a public reporting company, a credit union, a bank, or a bank holding company regulated by a Federal Banking or Credit Union Regulator or a natural person is reached, no ownership information further up the chain of ownership need be given.

Many states require currently approved companies to provide the regulator with advance notice before making changes to their indirect owner(s). An advance notification allows the regulator to review the change prior to its effective date and indicate to the licensee whether or not the proposed change is acceptable.

Not all states require an Advance Change Notice. Review the <u>Advance Change Notice Requirement Chart</u> and <u>Amendment Checklist</u> prior to submitting a change to indirect owner(s).

Definitions and Charts

Term	Definition
Advance Change Notice	An NMLS filing notifying state agencies of certain changes to a licensee's NMLS information in advance of the effective date.
Effective Date	The date on which a change to a licensee's NMLS information is intended to be effective.





Full Legal Name – Provide the full legal name of the indirect owner. If the person listed is a company (organization), the applicant or licensee should list the full legal name in its domestic state.

Ownership Type – Status examples include: partner, trustee, indirect owner, shareholder, etc.

Equity Owner in Which Interest is Held – Provide the name of the direct or indirect owner in which percent ownership interest is held.

Percentage of Ownership – Identify the percentage of ownership that the indirect owner holds in the company that owns the applicant or licensee. The total percentage of ownership can be less than 100% due to the fact that those with less than a 25% ownership at each level need not be identified. The total percentage of ownership cannot be more than 100%.

SSN or EIN – Provide the person's Social Security Number or the company's Tax Identification Number or Employer Identification Number as issued by the IRS.

Control Person

Licensees must identify natural person indirect owners of 10% or more of the licensee as a control person using the available radio button. These individuals must complete and submit an Individual (MU2) Form.

Individual or Company

An applicant or licensee's owners may include company organizations so they should continue up the ownership chain, reporting those with 25% or more ownership interest at each level until the reporting reaches a publicly traded entity, or the last natural person.

If the person listed is a natural person (individual), the applicant should list his/her Full Legal Name as last, first, middle, use the "Direct Owner In Which Interest is Owned" field to enter the company name for which this individual is reporting, and provide his/her Title and the Percentage of Ownership for the applicant. All indirect owners of 25% or more should be identified, regardless of the applicant's business structure.

How To

Add an Indirect Owner:

- From the *Indirect Owners* screen, click **Add Individual** or **Add Company**.
 Adding an individual or company will depend on the type of ownership of the company.
- 2. Enter either an Individual ID, License Number, or First and Last Name.
- 3. Click **Search**.
- 4. If the individual's NMLS ID is displayed, click the corresponding **Individual ID.**

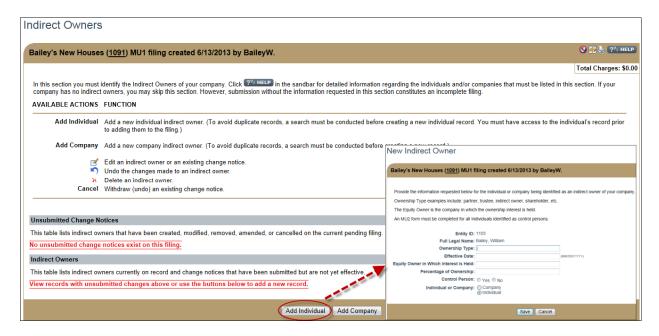
Note: If no search results are returned, create an individual by selecting





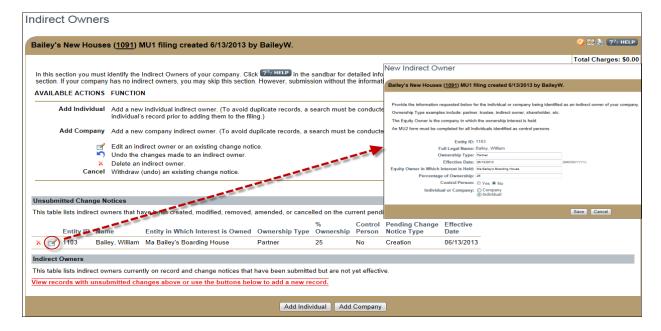
Create Individual and complete the required fields to create the individual. All individual indirect owners are required to have their own individual account in NMLS. The individual will need to go through the process to create an account in NMLS.

- 5. Complete all required fields.
- 6. Click **Create**.



Edit Indirect Owners from the Unsubmitted Change Notice Section (first gray bar):

- 1. From the *Indirect Owners* screen, click the **Edit** icon.
- 2. Complete necessary updates and click **Save**.

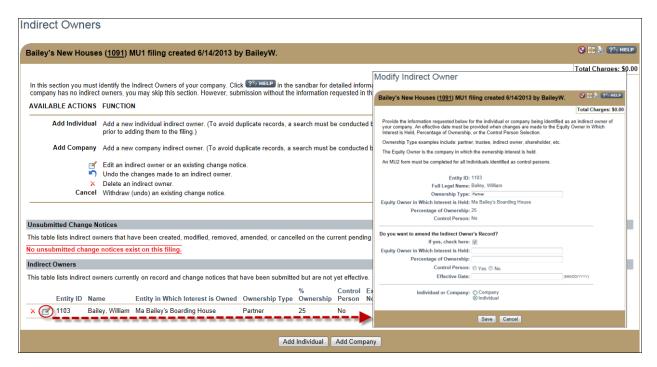






Edit an Indirect Owner Previously submitted on the Company (MU1) Form (second gray bar):

- 1. From the *Indirect Owners* screen, click the **Edit** icon.
- 2. If the Equity Owner in which interest is Held, Percentage of Ownership, or Control Designation needs to be modified, select the box titled "Do you want to amend the Indirect Owner's Record?"
 - a. Enter the Effective Date for the change (MM/DD/YYYY).
- 3. Otherwise, modify the data fields as necessary and click **Save**.



Note: After edits are made to an *Indirect Owner* use the **Undo**() icon to undo changes made. Use the **Delete** (×) icon to delete an *Indirect Owner*.

Helpful Hints

- 1. Individuals listed as an *Indirect Owner* (Control Person) on the Company (MU1) Form must have an individual NMLS account and will be required to complete an Individual (MU2) Form.
- 2. The *Percentage(s)* of *Ownership* may not exceed 100% at any given time. To remove an indirect owner, you must first amend their *Percentage* of *Ownership* to 0% with an applicable effective date for the change. The *Indirect Owner* may be deleted upon implementation of the change of ownership percentage.

Additional Resources:

Find state-specific requirements on the <u>NMLS Resource Center</u>.





- Details regarding information available in NMLS Consumer Access can be found within <u>Information Viewable on NMLS Consumer Access.</u>
- Quick Guides:
 - o Submitting Company Form (MU1)
 - o Individual Account Creation
 - o <u>Attestation</u>
 - o Company (MU1) Form ACN Indirect Owners

See Company and Branch Help <u>Table of Contents</u>