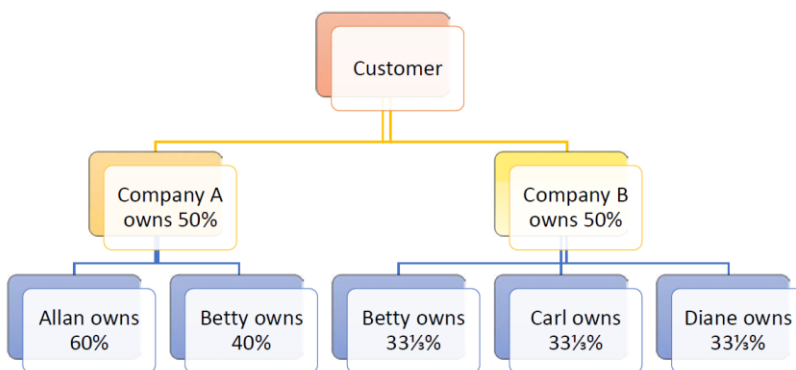




## How to Determine Beneficial Ownership Percentage if There is Indirect Ownership

If another entity indirectly owns 25% or more of your entity, then it needs to be determined if an individual owner of the secondary entity owns 25% or more of your entity. Refer to the following example of indirect ownership.



For purposes of the Rule, Allan is a beneficial owner of Customer because he owns indirectly 30 percent of its equity interests through his direct ownership of Company A. Betty is also a beneficial owner of Customer because she owns indirectly 20 percent of its equity interests through her direct ownership of Company A plus  $16\frac{2}{3}$  percent through Company B for a total of indirect ownership interest of  $36\frac{2}{3}$  percent. Neither Carl nor Diane is a beneficial owner because each owns indirectly only  $16\frac{2}{3}$  percent of Customer's equity interests through their direct ownership of Company B.