

## Major Changes to Pennsylvania Corporate Law Part 2: Businesses' Executives are Losing Their Ability to Maintain Anonymity

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*This is Part 2 of a multipart series that will provide a summary of the key changes coming to Pennsylvania as a result of changes to the Pennsylvania Business Corporation Law (Title 15). Part 2 discusses privacy implications. [To read Part 1 of this series, which discusses annual reporting requirements, please click here.](#)*

On November 3, 2022, House Bill 2057 was signed into law as Act 122, generating a number of changes to the Pennsylvania Business Corporation Law, also referred to as Title 15 of the Pennsylvania Consolidated Statutes. One of the major changes to the Pennsylvania Business Corporation Law is the implementation of a [new annual reporting requirement](#) for both domestic and foreign entities, such as corporations, limited liability companies and partnerships, that are formed in Pennsylvania or that are qualified to do business in Pennsylvania. This new annual reporting requirement will result in the loss of anonymity for certain high-level individuals engaged in the operation of a business. Previous reporting requirements did not require disclosure of any individuals involved in the business with the exception of the incorporator, who was often a lawyer rather than any individuals involved in the new entity.

Every year, beginning in 2024, a business registered with the State of Pennsylvania, including both domestic and foreign corporations, limited liability companies and partnerships, will be required to disclose as part of its annual report:

- The names and titles of each individual who is a principal officer; and
- The name of at least one director, member, or partner.

Individuals creating a new entity will be able to retain their anonymity and privacy for the first year of the business's existence. However, all principal officers and at least one director, member or partner of an entity formed in or registered to do business in Pennsylvania will be forced to reveal themselves to the public each subsequent year the business exists. This is similar to existing requirements for Delaware entities.

With the names of each principal officer and at least one director, member or partner of a business disclosed to the public, these individuals may face increased risk of personal lawsuits given that their identity will be readily accessible to the public.

Previously, an entity could use a service provider to establish a registered address for process service, but with these new changes to Pennsylvania law, companies will have no viable alternative to revealing key individuals, even if the business values their officer's anonymity or an individual values their own privacy.

In addition to the disclosure of certain individuals' identities who are involved in the business, each entity is now also required to disclose the address of its principal office, if any principal office exists, in addition to the current requirement of disclosing a business's registered office.

The result of requiring the disclosure of more identifying information for both individuals and the business itself is that both the State and the public will be able to more closely track a business's activities and the individuals involved in such activities.

Many private, closely held business are accustomed to operating without having their officers and directors publicly identified. This is particularly true of privately held real estate businesses. However, beginning in 2024, anonymity will no longer be an option.

The new requirements of Pennsylvania law that require disclosure of principal officers and at least one director, member or partner are separate from the federal [Corporate Transparency Act](#). This Act requires that certain corporate entities disclose to the U.S. Treasury Department's Financial Crimes Enforcement Network their true owners and other personal identifying information in an effort to assist law enforcement in combatting money laundering as well as the use of shell companies to perpetuate fraud and other illicit activity. Unlike the Title 15 reporting requirements, which are accessible by the general public, personal identifying information reported under the Corporate Transparency Act is stored in a secure, non-public database. Reporting requirements under the Corporate Transparency Act are set to go into effect January 1, 2024.

If you have questions about the Pennsylvania Business Corporations Law updates that went into effect January 2, 2023 or would like assistance in preparing your business to implement the required changes due to these updates, please contact attorney [Charmaine Nyman](#) or any member of the [Barley Snyder Business Practice Group](#).

*Stay tuned for additional alerts discussing how these changes could impact your entity and how Barley Snyder can help you comply with the Pennsylvania Business Corporations Law updates. Also, be on the lookout for future alerts regarding how to update your business's organizational documents to provide maximum flexibility in operating your business given these changes in Pennsylvania law.*

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