

ENSURE GOOD GOVERNANCE AND COMPLIANCE WITH STRATEGIC ENTITY MANAGEMENT



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CORPORATE GOVERNANCE — INFORMATION CENTRAL

Corporate governance, [compliance](#) and legal departments are more pressed than ever to keep up with increasing regulatory compliance, complex administrative maintenance, and expectations for rapid transmission of digital corporate data.

Regulatory and other external requirements are significant. In the United States, all states require some form of information reporting, commonly known as [annual reports](#). Public companies in the U.S. must monitor officer and director trading activity and SEC compliance. The Sarbanes-Oxley and [Dodd-Frank](#) Acts impose stringent internal record-keeping requirements. In addition, there are country-specific requirements. Many countries require companies to file audited financial statements or returns annually. The United Kingdom’s Companies House requires businesses to track their “Persons of Significant Control,” and to report on specified details in their annual confirmation statement.

Internal needs for corporate data are triggered at every phase of the corporate entity lifecycle. The management team, board of directors, audit committees and regulators regularly request entity information. Other departments such as finance, tax and legal need access to corporate data in the course of day-to-day business. From entity formation to dissolution, charter documents, annual meeting records, ownership and more, accurate entity information is routinely required for most internal business processes.

GOOD ENTITY MANAGEMENT IS A STRATEGIC FUNCTION

In fact, corporate secretaries and paralegals report the one constant in their day is the need for instant, real-time access to subsidiary and related data and documents, wherever they are.

Many are employing [entity management](#) as a strategic response to keep costs down and manage risk in the face of intensifying compliance and regulatory pressures.

At its most basic, entity management is:

- 1) Staying up-to-date on the fiduciary, regulatory and statutory responsibilities of a business entity and its directors, officers, managers, and partners
- 2) Advising the board, management, and committees on these corporate governance matters

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- 3) Actively maintaining and managing the corporate record to support all transactions, filings, reports, and audits to fulfill these responsibilities
- 4) Providing secure access to the corporate record to support both internal business needs and external requirements

For each and every entity, a corporate secretary must typically manage 100 or more discrete and unique data points.

These data points range from the most basic, such as the name of the entity and its state of formation, to the more specific, such as bank account information for global subsidiaries. Maintaining this information is also essential to the corporate secretary's important advisory role.

YOU'RE KNOWN BY THE DATA YOU KEEP

The corporate record is a dynamic body of information that reflects any and all changes to the business, such as mergers, acquisitions, and changes to the entity's name, legal structure, ownership, directors and more. Consider some of the typical information needs which must be managed:

Compliance

- ▶ Track all entity attributes, management structure, capital structure, and ownership as baseline information for effective overall management and local level business licenses.
- ▶ Know jurisdictions that all entities are qualified in, and filing deadlines in order to file annual reports.
- ▶ Know compliance ownership reporting, preclearance procedures, and reporting processes to complete SEC Section 16 filings for directors and officers.
- ▶ Understand the country by country entity requirements in order to conduct business outside the United States.

Governance

- ▶ Oversee the full corporate database to ensure adherence to required corporate secretarial procedures.
- ▶ Manage a comprehensive compliance calendar for filings due dates and required shareholder, board, and committee meetings.
- ▶ Maintain meeting minutes and resolutions to provide clear visibility into governance actions for relevant stakeholders.

- ▶ Track all corporate lifecycle activity and events and maintain documentation for reporting, audits and future corporate actions.

Board of Directors

- ▶ Record and maintain the minutes of board and committee meetings, and produce reports to ensure that appropriate governance matters are brought to the attention of the board and management.
- ▶ Manage consent and resignation templates and documents for each entity to meet state compliance requirements, support corporate transactions and manage risk.
- ▶ Maintain an address book for all officers, directors, etc. for meetings and other contact needs.



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Management

- ▶ Supply ownership information for mergers, acquisitions, and other business deals, as well as for regular management review.
- ▶ Produce reports quickly for management and other departments, such as tax and finance, as needed.

HOW CAN YOU MANAGE THE COMPLEXITY?

Increasingly corporate secretaries and corporate legal departments are using [web-based entity management systems](#) to manage their complex information and entity management needs and to facilitate secure data sharing.

They are able to maximize efficiency and accuracy and contain costs within their own department, and simultaneously implement organization-wide entity management policies customized to the company's processes. Workflow automation has helped drive higher quality, more timely corporate compliance and improved oversight without requiring additional staff. For example, role-based security settings allow corporate secretaries to delegate updates to the departments that implement them, such as tax, legal and compliance. Outside counsel, auditors and board members can also interact with the data on an “as needed” basis.

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Additionally, as the number of tasks involved in entity management has multiplied, corporate legal departments have increasingly sought to engage outside law firms and service companies to fully manage many of these tasks using a centralized system of record to allow the corporate legal department to maintain control of the data while allowing the outside partner to complete the more mundane tasks required for compliance.

CONCLUSION

Entity management has become a central function of corporate governance for compliance professionals. Because all other essential governance and compliance functions

rely on a dynamic, accurate corporate record, [best practices](#) in entity management support the corporate secretary and paralegal's central governance advisory role. Electronic tools and industry expertise help professionals to manage, access and share corporate data on a moment's notice. Consider evaluating your own entity management practices to target how you can benefit from current innovations and best-in-class tools.

LEARN MORE

To learn more about how CT can help you better manage your entity management compliance needs, contact a CT representative or call 844-314-3459 (toll-free US).