

## Insights

# FINCEN ADOPTS AML/CFT RULES FOR INVESTMENT ADVISERS WITH FEW CHANGES FROM PROPOSED RULES

Sep 20, 2024

On August 28, 2024, the Financial Crimes Enforcement Network (“FinCEN”) adopted final rules (“Rules”) applicable to investment advisers with relatively few changes from the rules as proposed.

<sup>[1]</sup> As adopted, the Rules will require most investment advisers registered with the Securities and Exchange Commission (“SEC”) and exempt reporting advisers to:

- implement an AML/CFT program;
- file certain reports, such as Suspicious Activity Reports, with FinCEN;
- keep records such as those relating to the transmittal of funds;
- fulfill other obligations applicable to financial institutions subject to the Bank Secrecy Act and FinCEN’s implementing regulations; and
- apply information-sharing provisions between and among FinCEN, law enforcement government agencies, and certain financial institutions.

The most noteworthy changes in the Rules from those proposed is that the Rules exclude (A) registered investment advisers that are registered solely because they are “mid-sized” advisers (assets between \$25 and \$150 million under management), multi-state advisers or pension consultants, and (B) any investment advisers that report no assets under management to the SEC.

With respect to registered investment advisers and exempt reporting advisers that have a principal place of business outside of the United States, the Rules, in contrast to the those as proposed, only applies to their advisory activities that (i) take place within the United States, including through the involvement of U.S. personnel of the investment adviser or (ii) provide advisory services to a U.S. person or a foreign-located private fund with an investor that is a U.S. person.

The compliance date for the Rules is **January 1, 2026**. In the meantime, FinCEN and the SEC have jointly proposed, but not yet adopted, rules that would require investment advisers to adopt an AML-

related customer identification program. See [SEC and FinCEN Propose Rules to Impose Customer Identification Obligations on Certain Investment Advisers](#).

Additional proposed rules are expected that would detail required customer due diligence by investment advisers, including requirements to collect beneficial ownership information for legal entity customers. The full scope of AML-related obligations for investment advisers is still developing, and it is important to continue to monitor regulatory developments.

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[1] FinCen published a [summary fact sheet regarding the Rules](#). Please also see our prior client alert on the [proposed rules](#).

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