

**Insights**

## **FINCEN PROPOSES AML/CFT RULES FOR INVESTMENT ADVISERS**

Feb 23, 2024

On February 13, 2024, the U.S. Treasury Financial Crimes Enforcement Network (FinCEN) issued a Notice of Proposed Rulemaking regarding a new proposed rule that would require certain investment advisers to apply anti-money laundering and countering the financing of terrorism (AML/CFT) measures pursuant to the Bank Secrecy Act (BSA).

The proposed rule would amend the definition of “financial institution” under the Bank Secrecy Act to include “investment advisers” and require SEC-registered investment advisers (RIAs) and exempt reporting advisers (ERAs) 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 BSA and FinCEN’s implementing regulations; and
- apply information-sharing provisions between and among FinCEN, law enforcement government agencies, and certain financial institutions.

At this time, FinCEN is not proposing a customer identification program requirement for investment advisers nor are they proposing an obligation for investment advisers to collect beneficial ownership information for legal entity customers. Both of these issues are expected to be addressed in subsequent rule making.

Under the proposed rule RIAs and ERAs would be required to comply with the rule on or before 12 months from the rule’s final effective date. Under the proposed rule, FinCEN has delegated examination authority for compliance to the SEC.

FinCEN has proposed AML regulations for investment advisers several times since 2002, but none of those proposed rules have gone into effect. The current proposed rule was formulated in

conjunction with a [risk assessment](#) performed by the U.S. Department of Treasury on the investment adviser industry.

The comment period for the proposed rule is open until April 15, 2024. Clients interested in providing comments are encouraged to consult with their BCLP contacts or any of the attorneys listed below.

## **RELATED PRACTICE AREAS**

- Corporate
- Anti-Money Laundering Compliance
- Financial Services Corporate & Regulatory Team
- Community Banking Litigation
- Bank Regulatory Compliance, Operational Support & New Products
- Bank Transactions & Strategy
- Private Investment Funds
- Fintech
- Finance
- Broker-Dealer and Investment Advisor Regulatory Enforcement, Disputes and Investigations
- Banking Sector

## MEET THE TEAM



**Robert M. Crea**

San Francisco

[robert.crea@bcplaw.com](mailto:robert.crea@bcplaw.com)

[+1 415 675 3413](tel:+14156753413)



**Kenneth M. Achenbach**

Atlanta

[ken.achenbach@bcplaw.com](mailto:ken.achenbach@bcplaw.com)

[+1 404 572 6808](tel:+14045726808)



**Andrey Spektor**

New York

[andrey.spektor@bcplaw.com](mailto:andrey.spektor@bcplaw.com)

[+1 212 541 2085](tel:+12125412085)



## **Lauren A. Ford**

Charlotte

[lauren.ford@bclplaw.com](mailto:lauren.ford@bclplaw.com)

+1 704 749 8930

---

This material is not comprehensive, is for informational purposes only, and is not legal advice. Your use or receipt of this material does not create an attorney-client relationship between us. If you require legal advice, you should consult an attorney regarding your particular circumstances. The choice of a lawyer is an important decision and should not be based solely upon advertisements. This material may be "Attorney Advertising" under the ethics and professional rules of certain jurisdictions. For advertising purposes, St. Louis, Missouri, is designated BCLP's principal office and Kathrine Dixon ([kathrine.dixon@bclplaw.com](mailto:kathrine.dixon@bclplaw.com)) as the responsible attorney.