

CLIENT ALERT

## FinCEN Orders Exemptive Relief to Delay the Investment Adviser AML Rule by Two Years

AUGUST 7, 2025

Last year in September, we published [an alert](#) about the U.S. Department of the Treasury's Financial Crimes Enforcement Network (**FinCEN**) [final rule](#), which would have imposed certain anti-money laundering and combating the financing of terrorism (**AML/CFT**) program and other Bank Secrecy Act-related obligations on investment advisers (**IA AML Rule**) effective January 1, 2026. The IA AML Rule would have required most U.S. Securities Exchange Commission (**SEC**)-registered investment advisers (**RIAs**)<sup>[1]</sup> and exempt reporting advisers (together, **Covered IAs**) to comply with FinCEN's AML/CFT obligations, including:

- implementing a risk-based and reasonably designed AML Program;
- filing certain reports, such as suspicious activity reports, with FinCEN;
- keeping certain records, such as those relating to the transmittal of funds (i.e., complying with the recordkeeping and travel rules); and
- complying with the information sharing provisions of section 314(a) and (b) of the USA PATRIOT Act.

On August 5, 2025, FinCEN issued an [order](#) providing exemptive relief for Covered IAs from all requirements of the IA AML Rule until January 1, 2028 (**Order**). As a basis for the Order, FinCEN determined that the IA AML Rule should be reviewed to ensure it strikes an appropriate balance between cost and benefit. Specifically, FinCEN stated that

[w]hile the illicit finance risks associated with investment advisers remain, this review will allow FinCEN to ensure the IA AML Rule is consistent with the Administration's deregulatory agenda and is effectively tailored to the diverse business models and risk profiles of the investment adviser sector—while still adequately protecting the U.S. financial system and guarding against money laundering, terrorist financing, and other illicit finance risks.

### WHAT'S NEXT?

During the postponement of the IA AML Rule, FinCEN stated that it intends to issue a notice of proposed rulemaking (**NPRM**) to propose a new effective date for the IA AML rule no earlier than January 1, 2028. We expect that this NPRM could include substantive changes to the IA AML Rule, considering FinCEN's [earlier announcement](#) that it

intends to revisit the substance of the IA AML Rule together with the FinCEN-SEC joint proposed rule establishing customer identification program rule requirements for Covered IAs.

---

[1] The IA AML Rule added “investment adviser” to the definition of “financial institution” under the regulations implementing the BSA, but the term “investment adviser” was defined to exclude RIAs that register with the SEC solely because they are: (i) mid-sized advisers (RIAs with between \$25 million and \$100 million assets under management (**AUM**) *and* not required to register as an adviser with, or subject to an examination as an adviser by, the state where they maintain their principal office and place of business); (ii) multi-state advisers (RIAs with less than \$100 million AUM who are required, among other things, to register as an adviser with 15 or more states); (iii) pension consultants (RIAs who provide investment advice to certain employee benefit plans, governmental plans, or church plans under the Employee Retirement Income Security Act of 1974); or (iv) no-reported-AUM advisers (RIAs that do not report any regulatory AUM on Form ADV).

2 Min Read

---

## Authors

[Carl Fornaris](#)

[Basil Godellas](#)

[Monica Lopez-Rodriguez](#)

---

## Related Capabilities

Financial Innovation & Regulation

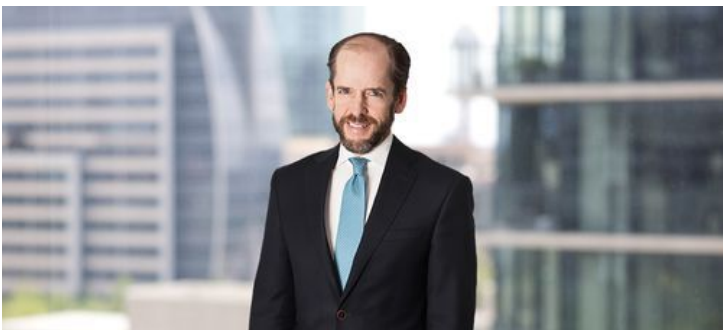
Financial Services Litigation

Financial Crimes Compliance

Financial Services

## Related Professionals

---



[Carl Fornaris](#)



Basil Godellas



Monica Lopez-Rodriguez