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FinCEN to Postpone Investment Adviser Anti-Money Laundering Rule

August 5, 2025

This alert has been updated to reflect additional developments.

On August 5, 2025, the US Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) issued an exemptive relief order (order) officially delaying the effective date of its final anti-money laundering rule (AML rule) for covered investment advisers, which are now exempt from complying with all requirements of the AML rule until January 1, 2028. The order also states that FinCEN intends to issue a notice of proposed rulemaking to propose a new effective date for the AML rule that will be no earlier than January 1, 2028. The postponement is intended to reduce the industry's potential compliance costs while FinCEN revisits the substance of the AML rule.

FinCEN previously announced its intention to postpone the AML rule and that it intends to revisit the proposed updates to the customer due diligence (CDD) rule establishing customer identification program requirements for investment advisers, which had been jointly proposed with the Securities and Exchange Commission (SEC) in May 2024 but was not finalized as of the date of announcement.

Originally issued in August 2024, the AML rule was slated to take effect on January 1, 2026. It would have expressly included investment advisers in the definition of a "financial institution" under the Bank Secrecy Act and required covered investment advisers to establish a comprehensive, written AML program that addressed the so-called "four pillars" of AML program compliance:

1. Development of risk-based policies, procedures and controls commensurate with the risks of each adviser's services and customers.
2. Designation of a compliance officer responsible for implementing the program and monitoring operations and internal controls.
3. Establishment of an ongoing training program.
4. Implementation of a process for independent review of the program.

The AML rule also would have imposed CDD requirements, but these requirements were supposed to be informed by the FinCEN/SEC joint rulemaking specific to CDD. The delay in finalizing the updates to the CDD rule had been causing consternation among industry participants with the effective date of the AML rule less than six months away.

For now, it seems that investment advisers can breathe a sigh of relief (to the extent that the AML rule would have imposed novel or complex additional requirements). That said, they should continue to monitor announcements from FinCEN and the SEC regarding the AML rule and related rulemaking activities.

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