

GIBSON DUNN



Investment Funds | Anti-Money Laundering Update

July 23, 2025

Department of the Treasury's Financial Crimes Enforcement Network Announces Postponement and Reopening of Investment Adviser Rule

On July 21, 2025, the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) announced that it intends to postpone the effective date for the final rule establishing Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) Program and Suspicious Activity Report Filing Requirements for SEC-registered investment advisers and exempt reporting advisers (IA AML Rule).^[1] The effective date, originally set for January 1, 2026, will be delayed to January 1, 2028.

According to the announcement, FinCEN's decision to postpone the IA AML Rule is intended to allow for a broader review of the rule's scope and substance to ensure it is efficient and appropriately tailored to the diverse business models and risk profiles within the industry, while still addressing the ongoing risks of illicit finance and exploitation of the U.S. financial system.

During the postponement period, FinCEN plans to revisit the substance of the IA AML Rule through a future rulemaking process. In addition, FinCEN, in coordination with the Securities and Exchange Commission, intends to reconsider the joint proposed rule regarding customer identification program requirements for investment advisers.

Had the IA AML Rule become effective on January 1, 2026, private fund sponsors registered or required to register with the SEC as investment advisers or filing reports as exempt reporting advisers^[2] would have faced significant new compliance obligations, including a formal requirement to establish and maintain a risk-based AML/CFT Program that includes, at a minimum: (i) written policies, procedures, and controls reasonably designed to prevent the adviser from being used for illicit finance purposes and to ensure compliance with the Bank Secrecy Act's (BSA) requirements; (ii) ongoing AML/CFT training for appropriate personnel; (iii) independent testing of the AML Program; (iv) ongoing risk-based due diligence of customers; and (v) the appointment of a designated individual responsible for day-to-day compliance with the AML/CFT Program and BSA. While many investment advisers already maintain AML Programs, these BSA obligations would require additional compliance measures for much of the industry and would subject covered advisers to examination for BSA compliance and civil and criminal exposure for non-compliance. Additionally, advisers would have been obligated to monitor for and report suspicious activities through the filing of Suspicious Activity Reports (SARs) with FinCEN and to comply with other BSA currency reporting, information sharing, and recordkeeping obligations, processes that many private fund sponsors have not previously undertaken.

While FinCEN must go through the rulemaking process to formally extend the effective date of the IA AML Rule, Treasury indicated that to provide regulatory certainty to advisers in the interim, FinCEN intends to issue appropriate exemptive relief recognizing the delayed effective date. Advisers should monitor further developments as FinCEN undertakes its review and prepares for future rulemaking in this area.

^[1] Press Release, U.S. Dep't of the Treasury, Treasury Announces Postponement and Reopening of Investment Adviser Rule (July 21, 2025), <https://home.treasury.gov/news/press-releases/sb0201>; Press Release, FinCEN, Treasury Announces Postponement and Reopening of Investment Adviser Rule (July 21, 2025), <https://www.fincen.gov/news/news-releases/treasury-announces-postponement-and-reopening-investment-adviser-rule>.

^[2] The Final Rule includes some narrow exemptions to coverage for certain types of advisers, including RIAs that only register with the SEC because they are Mid-Sized Advisers, Multi-State Advisers, or Pension Consultants and RIAs that do not report any Assets Under Management on Form ADV. For investment advisers based outside of the United States, the IA AML Rule only applies to advisory activities that (i) take place within the United States, including through the involvement of U.S. personnel 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. FinCEN, Fact Sheet: FinCEN Issues Final Rule to Combat Illicit Finance and National Security Threats in the Investment Adviser Sector (Aug. 28, 2024), <https://www.fincen.gov/sites/default/files/shared/IAFinalRuleFactSheet-FINAL-508.pdf>; IA AML Rule, 89 Fed. Reg. 72156 (Sept. 4, 2024), <https://www.govinfo.gov/content/pkg/FR-2024-09-04/pdf/2024-19260.pdf>.

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Gibson Dunn's lawyers are available to assist with any questions you may have regarding the issues and considerations discussed above. Please contact the Gibson Dunn lawyer with whom you usually work, the authors, or any of the leaders or members of the firm's Investment Funds and Anti-Money Laundering practice groups:

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