

## CLIENT ALERT

# FinCEN Announces Two-Year Delay to AML Rule for Advisers

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AUTHORS

David Mortlock | Britt Mosman | Joshua Nelson

It was more than 20 years in the making, and now it will be at least a couple more. On July 21, 2025, the Financial Crimes Enforcement Network (“**FinCEN**”) announced its intent to postpone implementation of the final rule (the “**IA AML Rule**”) establishing anti-money laundering (“**AML**”) compliance requirements for Registered Investment Advisers and Exempt Reporting Advisers (collectively, “**Advisers**”) for two years.<sup>1</sup> In its announcement, FinCEN said it intended to issue exemptive relief delaying the effective date from January 1, 2026 to **January 1, 2028** to allow FinCEN to revisit the scope of the IA AML Rule to ensure the rule is “effectively tailored to the diverse business models and risk profiles of the investment adviser sector” and “ensure efficient regulation that appropriately balances costs and benefits.” At the same time, FinCEN announced that it would be revisiting the to-be-finalized customer identification program rule requirements (the “**IA CIP Rule**”) in a joint rulemaking with the Securities and Exchange Commission (“**SEC**”).<sup>2</sup>

<sup>1</sup> Treasury Announces Postponement and Reopening of Investment Adviser Rule, Dept. of the Treasury (July 21, 2025), <https://home.treasury.gov/news/press-releases/sb0201>.

<sup>2</sup> *Id.* See also Customer Identification Programs for Registered Investment Advisers and Exempt Reporting Advisers, 89 Fed. Reg. 44571 (May 21, 2024), <https://www.federalregister.gov/documents/2024/05/21/2024-10738/customer-identification-programs-for-registered-investment-advisers-and-exempt-reporting-advisers>.

As we previously [reported](#), FinCEN issued the IA AML Rule on September 4, 2024, establishing AML compliance program and reporting requirements for Advisers as “financial institutions” regulated under the Bank Secrecy Act (“BSA”).<sup>3</sup> FinCEN had issued the IA AML Rule after several prior attempts to establish AML regulations for Advisers beginning more than 20 years ago.<sup>4</sup> In its latest announcement, FinCEN announced that it would be issuing exemptive relief for Advisers from the requirements of the IA AML Rule as it works through the rulemaking process to extend the effective date of the rule. Although FinCEN has not yet issued such relief, its announcement makes clear that it intends to delay the effective date for a minimum of two years, until January 1, 2028. It is possible that FinCEN will further delay the effective date of the IA AML Rule depending on how long it takes to issue a new version of the final rule, as FinCEN initially proposed making the IA AML Rule effective 12 months after finalizing its provisions and ultimately provided approximately 16 months for investment advisers to come into compliance with the final rule.<sup>5</sup>

While implementation of the IA AML Rule is delayed, FinCEN will reevaluate the scope of the rule and also work with the SEC to revisit the IA CIP Rule. Based on FinCEN's stated intention to provide more tailored AML compliance requirements, FinCEN may seek to narrow requirements that Advisers had flagged as inapplicable to many of their business models. For instance, commenters to the proposed IA AML Rule noted that many Advisers may not be able to logistically comply with requirements to file currency transaction reports, keep certain records, and comply with the Travel Rule because they do not hold currency or other funds besides fees that they earn for their services.<sup>6</sup> Although FinCEN has not yet indicated how it intends to tailor these rules going forward, the forthcoming notice-and-comment period will give parties an opportunity to highlight any requirements that would have only applied to a subset of Advisers or early implementation issues that they had encountered prior to FinCEN announcing the delay.

We will continue to monitor this space for developments as FinCEN begins to reevaluate the scope of the IA AML Rule and IA CIP Rule. Advisers and other interested parties will have an opportunity to comment on any proposed changes once FinCEN has released updated copies of the IA AML and CIP Rules. As FinCEN reevaluates these rules, Advisers should continue to maintain risk-based policies, procedures, and controls to address money laundering, countering the financing of terrorism, and other illicit crimes risks as a best practice.

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<sup>3</sup> Anti-Money Laundering/Countering the Financing of Terrorism Program and Suspicious Activity Report Filing Requirements for Registered Investment Advisers and Exempt Reporting Advisers, 89 Fed. Reg. 72156 (Sept. 4, 2024), <https://www.federalregister.gov/documents/2024/09/04/2024-19260/financial-crimes-enforcement-network-anti-money-launderingcountering-the-financing-of-terrorism>.

<sup>4</sup> Please see our prior client alert on the proposed IA AML Rule for details about the rule and its history. Third Time's a Charm: FinCEN Proposes AML Rule for Investment Advisers, Willkie (Feb. 20, 2024), [https://www.willkie.com/-/media/files/publications/2024/02/third\\_times\\_a\\_charm\\_fincen\\_proposes\\_aml\\_rule\\_for\\_investment\\_advisers.pdf](https://www.willkie.com/-/media/files/publications/2024/02/third_times_a_charm_fincen_proposes_aml_rule_for_investment_advisers.pdf).

<sup>5</sup> Anti-Money Laundering/Countering the Financing of Terrorism Program and Suspicious Activity Report Filing Requirements for Registered Investment Advisers and Exempt Reporting Advisers Sec. III.I., 89 Fed. Reg. 72156 (Sept. 4, 2024), <https://www.federalregister.gov/documents/2024/09/04/2024-19260/financial-crimes-enforcement-network-anti-money-launderingcountering-the-financing-of-terrorism>.

<sup>6</sup> Anti-Money Laundering/Countering the Financing of Terrorism Program and Suspicious Activity Report Filing Requirements for Registered Investment Advisers and Exempt Reporting Advisers Sec. III.C., 89 Fed. Reg. 72156 (Sept. 4, 2024), <https://www.federalregister.gov/documents/2024/09/04/2024-19260/financial-crimes-enforcement-network-anti-money-launderingcountering-the-financing-of-terrorism>.

This includes (among other things) implementing and maintaining a written compliance program, customer due diligence procedures, and an employee training program, all of which are periodically reviewed for updates and enhancements.

**If you have any questions regarding this client alert, please contact the following attorneys or the Willkie attorney with whom you regularly work.**

**David Mortlock**

202 303 113

dmortlock@willkie.com

**Britt Mosman**

202 303 1057

bmosman@willkie.com

**Joshua Nelson**

202 303 1045

jnelson@willkie.com

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BRUSSELS CHICAGO DALLAS FRANKFURT HAMBURG HOUSTON LONDON LOS ANGELES  
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