# FinCEN Issues New AML Rule

## New AML Guidelines Applicable to both RIAs and ERAs

On August 28, 2024, the Financial Crimes Enforcement Network ("FinCEN") **finalized** a rule under the Bank Secrecy Act ("BSA") that would require certain Registered Investment Advisers ("RIAs") and Exempt Reporting Advisers ("ERAs") to create and implement AML/CFT programs.

The final rule adds "investment adviser" to the definition of "financial institution" under the BSA's implementing regulations.

The rule requires RIAs and ERAs to:

- Implement a risk-based and reasonably designed AML/CFT program;
- File certain reports, such as Suspicious Activity Reports (SARs), with FinCEN;
- Keep certain records, such as those relating to the transmittal of funds (i.e., comply with the Recordkeeping and Travel Rules); and
- Fulfill certain other obligations applicable to financial institutions subject to the BSA and FinCEN's implementing regulations, such as special information sharing procedures.

In addition, the final rule does not exempt investment advisers from the requirements to file Currency Transaction Reports (CTRs) or adhere to the Recordkeeping and Travel Rules. Moreover, the final rule applies to investment advisers the information sharing provisions of sections 314(a) and 314(b) of the USA PATRIOT Act.

FinCEN is delegating its examination authority for the requirements of this rule to the SEC.

Although not a part of the new rule, The SEC and FinCEN are also proposing to implement a Customer Identification Program ("CIP") requirement on Advisers. The rule, if adopted, would require RIAs and ERAs to, among other things, implement a CIP that includes procedures for verifying the identity of each customer to the extent reasonable and practicable and maintaining records of the information used to verify a customer's identity. The proposal is generally consistent with the CIP requirements for other financial institutions, such as brokers or dealers in securities and mutual funds.

Compliance with the new requirements becomes effective January 1, 2026.

# About HighCamp Compliance

**HighCamp** is a boutique compliance consulting and outsourcing firm helmed by former SEC examiners, CCOs and proven consulting professionals. The firm specializes in regulatory compliance and operational support for SEC-registered private equity, real estate, venture capital, hedge fund, and institutional alternative managers. HighCamp is 100-percent employee owned, with a gender-balanced leadership team. The company has locations in New York City (Metro), Los Angeles, Denver, Dallas, Milwaukee, and Bozeman.