

Anti-Money Laundering

July 22, 2025

Bank Secrecy Act Postponed for Investment Advisers and Exempt Reporting Advisers

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Introduction

On July 21, the United States Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) announced its intent to postpone compliance with new regulatory requirements imposing certain anti-money laundering (AML) program requirements from the Bank Secrecy Act (BSA)¹ on certain registered Investment Advisers (RIAs) and exempt reporting Advisers registered with the Securities and Exchange Commission (SEC) (ERAs; collectively with RIAs, Investment Advisers).² When the Final Rule was first issued, Investment Advisers were going to be subject to the BSA as of January 1, 2026, while the new effective date will be, at the earliest, January 1, 2028.³

How We Got Here

This postponement comes after much speculation in light of the new administration's regulatory priorities and delay in finalizing the proposed joint FinCEN SEC Customer Identification Program (CIP) rule.⁴ The CIP Rule Notice of Proposed Rulemaking (NPRM) was published in May 2024, and comments were accepted until July. However, when FinCEN issued its guidance on the BSA in its Final Rule in August 2024, the proposed CIP rule was still not final. In fact, the CIP NPRM was referenced in the Final Rule, with FinCEN noting that a CIP final rule would be issued prior to the January 1, 2026 effective date. As of the time of this Client Alert, the CIP Rule is still not final. Due to this delay, it was anticipated that FinCEN would consider postponing the Final Rule's compliance date to allow FinCEN to promulgate a CIP final rule.

FinCEN's rationale for the Final Rule postponement is to ease compliance costs and reduce regulatory uncertainty for Investment Advisers. FinCEN also plans to revise the Final Rule "through a future rulemaking process," most likely by narrowing the number of Investment Advisers that would be in scope for the BSA and/or tailoring which provisions of the BSA will apply to Investment Advisers. FinCEN is expected to issue guidance that will decrease the compliance burden on Investment Advisers given the new administration's push to decrease the scope of certain regulatory requirements.⁵ To that end, FinCEN also intends to work with the SEC and will revisit the CIP NPRM prior to issuing the joint final rule.

What This Means

This incoming postponement will allow Investment Advisers more time to analyze their existing AML policies, procedures, and program. While the revised regulatory requirements will not take effect until at least 2028 and will be more narrowly tailored, Investment Advisers, in anticipation of the new compliance date, should nevertheless continue creating and implementing internal controls, risk-assessment procedures, and compliance frameworks that adequately address the risks unique to the industry. They also should stay informed about any forthcoming exemptive relief orders (i.e., a new Final Rule) that FinCEN issues to solidify and formalize the delayed effective date.

Additionally, it would be prudent for Investment Advisers to follow the current administration's enforcement priorities to tailor their existing AML programs such that red flags of potential misconduct are addressed and that misconduct is detected and blocked.⁶ Among the current administration's enforcement priorities are investment fraud, criminal conduct using digital assets, sanctions violations, and market manipulation. Investment Advisers should keep in mind their existing AML and sanctions obligations under the Money Laundering Control Act and the economic sanctions and embargo-related rules and regulations promulgated by the Department of Treasury Office of Foreign Assets Control.

While the Final Rule is in flux and the compliance date has been pushed forward by two years, we encourage Investment Advisers to continue the process of reviewing their AML programs. Our prior Client Alert⁷ discusses AML best practices for private fund managers. Lowenstein will be monitoring further developments to the Final Rule and is available to assist our clients with implementing the necessary changes. For any questions about this Client Alert or other anticipated changes to the Final Rule beyond the postponement, please contact the authors at LSAMLETeam@lowenstein.com.

¹ FinCEN, "Anti-Money Laundering/Countering the Financing of Terrorism Program and Suspicious Activity Report Filing Requirements for Registered Investment Advisers and Exempt Reporting Advisers," 31 CFR Parts 1010 and 1032, Aug. 9, 2024 (the "Final Rule").

² As defined by the Investment Advisers Act of 1940, 31 U.S.C. 80b-1 *et seq.*

³ See U.S. Dept. of Treasury, "Treasury Announces Postponement and Reopening of Investment Adviser Rule," July 21, 2025, [available here](#).

⁴ See "Customer Identification Programs for Registered Investment Advisers and Exempt Reporting Advisers," [available here](#). For Lowenstein's Client Alert on the CIP NPRM, see "SEC and FinCEN Propose Customer Identification Obligations for Investment Advisers," [available here](#). Note that the comment period for the CIP NPRM closed on July 22, 2024.

⁵ Executive Order 14192, "Unleashing Prosperity Through Deregulation," Jan. 31, 2025.

⁶ See Lowenstein's prior client alert on the enforcement priorities at "DOJ Announces Updated Corporate Criminal Enforcement Policies Under Its New White Collar Enforcement Plan," May 20, 2025, [available here](#).

⁷ See "AML Best Practices for Private Fund Managers: The Prudence of Establishing an AML Compliance Program," 2023.02.17, [available here](#).

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