

August 27, 2015

FinCEN Proposes AML Regulations for Investment Advisers

The Financial Crimes Enforcement Network (“FinCEN”) proposed a rule on August 25, 2015 requiring certain investment advisers to establish anti-money laundering programs and report suspicious activity to FinCEN. FinCEN also proposed to include investment advisers in the definition of “financial institution,” which, among other things, would require them to file Currency Transaction Reports (“CTRs”) and keep records relating to the transmittal of funds.

FinCEN noted that:

- Requiring investment advisers to establish AML programs and file reports of suspicious activity would bring them under similar regulations as other financial institutions such as mutual funds, broker-dealers in securities, banks, and insurance companies; and
- Requiring investment advisers to file CTRs and comply with recordkeeping requirements of the Bank Secrecy Act may also deter illicit actors from using them as conduits.

FinCEN would delegate its authority to examine investment advisers for compliance with these requirements to the SEC. The proposal would apply to investment advisers that are required to be registered with the SEC.

Attached is a link to the proposing release. We will provide a more detailed analysis of the rule proposal shortly.

Click Here for the Release

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This memorandum is not intended to provide legal advice, and no legal or business decision should be based on its content. Questions concerning issues addressed in this memorandum should be directed to:

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