

UNITED STATES DEPARTMENT OF THE TREASURY



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**FOR IMMEDIATE RELEASE**

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## FinCEN Proposes AML Regulations for Investment Advisers

WASHINGTON—The Financial Crimes Enforcement Network (FinCEN) today proposed a rule requiring certain investment advisers to establish anti-money laundering (AML) programs and report suspicious activity to FinCEN pursuant to the Bank Secrecy Act (BSA). FinCEN also proposed to include investment advisers in the general 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.

“Investment advisers are on the front lines of a multi-trillion dollar sector of our financial system,” said FinCEN Director Jennifer Shasky Calvery. “If a client is trying to move or stash dirty money, we need investment advisers to be vigilant in protecting the integrity of their sector.”

This proposed rulemaking would address money laundering vulnerabilities in the U.S. financial system. Presently, illicit actors seeking to access the financial system may attempt to gain such access through an investment adviser as a means to avoid detection of their activity which might otherwise occur in dealings with financial institutions that have AML programs and suspicious activity reporting requirements. Requiring investment advisers to establish AML programs and file reports of suspicious activity would bring them under similar regulations as other financial institutions subject to the BSA, such as mutual funds, broker-dealers in securities, banks, and insurance companies. Requiring investment advisers to file CTRs and comply with the recordkeeping requirements of the BSA may also deter illicit actors from using them as conduits.

The proposal would apply to investment advisers that are required to be registered with the U.S. Securities and Exchange Commission (SEC), including advisers to certain hedge funds, private equity funds, and other private funds. FinCEN would delegate its authority to examine investment advisers for compliance with these requirements to the SEC. Written comments on

this proposed rulemaking must be submitted on or before 60 days after its publication in the Federal Register.

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*FinCEN's mission is to safeguard the financial system from illicit use and combat money laundering and promote national security through the collection, analysis, and dissemination of financial intelligence and strategic use of financial authorities.*