

FinCEN postpones effective date of anti-money laundering rules for investment advisers

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FinCEN issued a final rule postponing the effective date of regulations that would impose anti-money laundering compliance requirements on investment advisers, indicating the agency will revisit and potentially scale back anti-money laundering compliance obligations for the sector.

On December 31, 2025, the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) issued a [final rule](#) postponing the effective date of regulations that would impose anti-money laundering and countering the financing of terrorism (AML/CFT) compliance requirements on certain investment advisers (the Investment Adviser Rule).¹ The new effective date of the Investment Adviser Rule is January 1, 2028, representing a two-year delay from the original effective date. FinCEN first [announced](#) that it would postpone and revisit the substance of the Investment Adviser Rule on July 21, 2025 and subsequently granted exemptive relief to investment advisers covered by the rule.²

The delay, according to FinCEN, will allow the agency to revisit the scope of the Investment Adviser Rule to ensure that it is "consistent with the Administration's deregulatory agenda" and "appropriately balances costs and benefits." FinCEN's statements suggest that the agency may significantly reduce the scope of compliance obligations imposed on the investment adviser sector. FinCEN has also stated that it will work with the Securities and Exchange Commission (SEC) to revisit the joint proposed rule that would establish Customer Identification Program (CIP) rule requirements for investment advisers (the Proposed CIP Rule).³

Under the Trump administration, we expect that Treasury will take further actions to reshape and modernize the AML/CFT regulatory framework, which has emerged as a regulatory priority for the Treasury Department. Indeed, in April, Treasury announced that the department, together with FinCEN and the Internal Revenue Service, would "take immediate action to eliminate 15 rules and guidance materials" as part of the administration's agenda "to unleash American prosperity by reining in burdensome regulations."⁴ Since that announcement, Treasury Secretary Scott Bessent and Treasury officials have consistently advocated for modernizing AML/CFT compliance and reducing the overall regulatory burden for financial institutions.⁵ For example, as discussed in our [client update](#), certain federal banking agencies and FinCEN recently issued an order that would provide banks with more flexible options for complying with the CIP Rule. There was widespread speculation that the Trump administration would amend or rescind the Investment Adviser Rule,⁶ and FinCEN's decision to "revisit" the Investment Adviser Rule falls in line with the administration's broader regulatory agenda.

It seems likely that FinCEN will revisit other AML/CFT rulemakings issued during the Biden administration, such as the final rule imposing reporting obligations for residential real estate transactions⁷ and the July 2024 proposed rule that would amend AML/CFT program requirements for financial institutions regulated under the Bank Secrecy Act (BSA).⁸

Implications of the delay

In August 2024, FinCEN issued the Investment Adviser Rule (discussed in our [client update](#)), which would, effective January 1, 2026, extend the AML/CFT compliance program and suspicious activity reporting requirements of the BSA to

certain registered investment advisers and exempt reporting advisers (collectively, covered advisers). In May 2024, FinCEN and the SEC also issued (but never finalized) the Proposed CIP Rule that would have required covered advisers to establish written CIPs as part of their AML/CFT compliance programs. The Investment Adviser Rule itself was over two decades in the making, as FinCEN first proposed AML/CFT regulations for the investment adviser sector in 2002, and finalizing the regulations had been a priority of Treasury and FinCEN under the prior administration.⁹

In July 2025, FinCEN stated that the agency would delay and “revisit the substance” of the Investment Adviser Rule to ensure it is “effectively tailored to the diverse business models and risk profiles of the investment adviser sector.” In August, following its initial announcement, FinCEN granted exemptive relief to covered advisers while the agency completed the formal rulemaking process to delay the effective date. After issuing a notice of proposed rulemaking in September, FinCEN has now issued a final rule postponing the effective date of the Investment Adviser Rule until January 1, 2028. According to FinCEN, the two-year delay will provide additional time both for the agency to review the rule and for investment advisers to come into compliance with its requirements.

FinCEN has not specified a timeframe for its substantive amendments to the Investment Adviser Rule, however, stating only that it will revisit the scope “at a later date.” FinCEN also stated that it would revisit the Proposed CIP Rule, together with the SEC, but did not commit to any particular timeline.

It remains to be seen when and how FinCEN will amend the Investment Adviser Rule, and in theory, FinCEN could decide to rescind the rule completely or extend the effective date again. Based on FinCEN’s statements and recent deregulatory actions, we think the agency will likely scale back compliance obligations under the Investment Adviser Rule, particularly with respect to smaller advisers.¹⁰ However, all options are on the table, and the administration has already shown that it is willing to dramatically overhaul existing AML/CFT regulations.¹¹

We recommend that financial institutions continue to closely monitor Treasury and FinCEN’s announcements for developments.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

Andrew M. Ahern

+1 212 450 3057
andrew.ahern@davispolk.com

Kendall Howell

+1 202 962 7068
kendall.howell@davispolk.com

Leor Landa

+1 212 450 6160
leor.landa@davispolk.com

Neil H. MacBride

+1 202 962 7035
neil.macbride@davispolk.com

Paul Marquardt

+1 202 962 7156
paul.marquardt@davispolk.com

Gregory S. Rowland

+1 212 450 4930
gregory.rowland@davispolk.com

Will Schisa

+1 202 962 7129
will.schisa@davispolk.com

Daniel P. Stipano

+1 202 962 7012
dan.stipano@davispolk.com

Alisa A. Waxman

+1 212 450 3078
alisa.waxman@davispolk.com

Charles Marshall Wilson

+1 202 962 7130
charles.wilson@davispolk.com

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- ¹ FinCEN, Delaying the Effective Date of the Anti-Money Laundering/Countering the Financing of Terrorism Program and Suspicious Activity Report Filing Requirements for Registered Investment Advisers and Exempt Reporting Advisers, 91 Fed. Reg. 36 (January 2, 2026).
- ² U.S. Department of the Treasury, Press Release, "Treasury Announces Postponement and Reopening of Investment Adviser Rule" (July 21, 2025), <https://home.treasury.gov/news/press-releases/sb0201>; FinCEN, Exemptive Relief Order to Delay the Effective Date of the Investment Adviser Rule (Aug. 5, 2025), <https://www.fincen.gov/sites/default/files/shared/IA-Rule-Exemptive-Relief-Order.pdf>.
- ³ The Proposed CIP Rule is discussed in our May 2024 [client update](#).
- ⁴ U.S. Department of the Treasury, Press Release, "Treasury Department Takes Action to Unleash Financial Sector and Unburden Small Businesses through Elimination of Unnecessary, Duplicative, and Costly Regulations" (April 9, 2025), <https://home.treasury.gov/news/press-releases/sb0079>.
- ⁵ See, e.g., U.S. Department of the Treasury, "Treasury Secretary Scott Bessent Remarks before the American Bankers Association" (April 9, 2025), <https://home.treasury.gov/news/press-releases/sb0078>; U.S. Department of the Treasury, "Deputy Secretary Faulkender Lays Out Guiding Principles for Bank Secrecy Act Modernization" (June 18, 2025), <https://home.treasury.gov/news/press-releases/sb0173>.

- ⁶ See, e.g., Neil MacBride, Paul Marquardt, David Portilla, Dan Stipano, “How Trump Admin Treasury Policies Are Reaching Banks,” *Law360* (July 3, 2025), <https://www.law360.com/compliance/articles/2354715/how-trump-admin-treasury-policies-are-reaching-banks>.
- ⁷ See our September 2024 [client update](#).
- ⁸ See our July 2024 [client update](#).
- ⁹ See, e.g., U.S. Department of the Treasury, 2024 National Strategy for Combating Terrorist and Other Illicit Financing (May 2024), <https://home.treasury.gov/system/files/136/2024-Illicit-Finance-Strategy.pdf>.
- ¹⁰ Notably, FinCEN acknowledged “ongoing illicit finance risks, threats, and vulnerabilities” in the investment adviser sector.
- ¹¹ For example, as discussed in our [client update](#), FinCEN eliminated beneficial ownership reporting requirements for U.S. companies and U.S. persons under the Beneficial Ownership Information Reporting Rule.