

## Investment Management & Funds Regulatory Update - July 2025

July 28, 2025 | Client Update | 2-minute read

In this issue, we discuss FinCEN's postponement of the effective date for a final anti-money laundering rule that was issued in August 2024 for investment advisers, as well as a recent enforcement action against the former CCO of a registered investment adviser.

### Rules and regulations

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

On July 21, 2025, the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) [announced](#) that it would revisit the substance of a final rule that would establish anti-money laundering and countering the financing of terrorism (AML/CFT) compliance requirements on certain investment advisers (the Investment Adviser Rule). FinCEN anticipates that it will postpone the effective date of the Investment Adviser Rule until January 1, 2028. For further information, please see our recent [client update](#) on this topic.

### Litigation

#### SEC charges former CCO of registered investment adviser for altering records provided to SEC examiners

On July 15, 2025, the SEC issued an [order](#) (the Order) instituting and settling administrative and cease-and-desist proceedings against a former Chief Compliance Officer (CCO) of a registered investment adviser (RIA) that terminated its registration in January 2024. According to the Order, SEC exam staff conducted an examination of the RIA in 2022 and 2023, and as part of the examination, requested the RIA's pre-clearance policies and procedures, as well as documents related to the personal trading activity of one of the RIA's portfolio managers. According to the Order, before producing such documents to SEC exam staff, the CCO modified approximately 170 transaction approval forms, including by changing the dates of signatures to match trade dates, and by filling in missing information on such forms. In addition, for transactions for which no transaction approval form existed, the CCO allegedly created a transaction approval form and affixed the portfolio manager's signature without the portfolio manager's knowledge or authorization.

On account of this alleged conduct, the SEC charged the CCO with willfully aiding and abetting and causing the RIA's violations of Sections 204(a) and 206(4) of the Advisers Act, and Rule 206(4)-7 thereunder. The CCO agreed to cease and desist from future violations and to pay a civil penalty of \$40,000. The order also bars the CCO from acting in a compliance capacity with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization, or for an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter, for a period of three years.

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.

**Leor Landa**

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

**Andrew M. Ahern**

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

**Sijia Cai**

+1 212 450 3071  
sijia.cai@davispolk.com

**Luke P. Eldridge**

+1 202 962 7144  
+1 212 450 3081  
luke.eldridge@davispolk.com

**Christopher P. Healey**

+1 202 962 7036  
christopher.healey@davispolk.com

**Michael S. Hong**

+1 212 450 4048  
michael.hong@davispolk.com

**Gregory S. Rowland**

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

**Alisa A. Waxman**

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

**Lee Hochbaum**

+1 212 450 4736  
lee.hochbaum@davispolk.com

**James H.R. Windels**

+1 212 450 4978  
james.windels@davispolk.com

*This communication, which we believe may be of interest to our clients and friends of the firm, is for general information only. It is not a full analysis of the matters presented and should not be relied upon as legal advice. This may be considered attorney advertising in some jurisdictions. Please refer to the firm's privacy notice for further details.*