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Treasury to Delay Investment Adviser AML Rule to 2028, Announces Intent to Reconsider AML and CIP Rules

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On July 21, 2025, the Department of the Treasury announced a two-year postponement of the much-anticipated anti-money laundering (AML) rule, adopted by Treasury's Financial Crimes Enforcement Network (FinCEN) in 2024, requiring investment advisers to implement AML programs that comply with the Bank Secrecy Act (BSA) and file suspicious activity reports (SARs). The implementation date, previously set for January 1, 2026, will be delayed until at least January 1, 2028. Treasury also stated that it intends to collaborate with the Securities and Exchange Commission (SEC) to reevaluate the related jointly proposed rule imposing customer identification program (CIP) requirements on investment advisers. Treasury also announced that, while it works through the rulemaking process to implement this rule postponement, it will issue interim exemptive relief delaying the effective date in order to provide investment adviser firms with certainty while that rulemaking process is ongoing.

According to Treasury, this postponement, and Treasury's collaboration with the SEC, will allow Treasury to undertake a comprehensive substantive reassessment of these rules to ensure that they are "effectively tailored to the diverse business models and risk profiles of the investment adviser sector." Over the next two years, Treasury anticipates pursuing this reassessment through the rulemaking process, which involves soliciting public comments and conducting additional stakeholder outreach. In this regard, it is worth bearing in mind that different industry stakeholders are unlikely to be fully aligned on all issues. Treasury's stated goal is "to ensure efficient regulation that appropriately balances costs and benefits." While this signals an intent to scale back the rules' requirements and applicability as a general matter, it remains to be seen exactly which requirements might be reduced and/or which advisers might be exempted.

The postponement provides much-needed breathing space for many investment adviser firms. Many advisers had already developed budgets and timelines to develop AML policies and procedures, to assess the need for and implement new surveillance technologies (either by using in-house resources and personnel or by identifying and engaging third-party service providers) and to train personnel on SAR filings. But while this announcement will allow many advisers to set these efforts to the side for the time being, any planning and implementation work to date should not be discarded, at least not until the shape of the revised rules comes into clearer focus. Advisers' preparation efforts to date may also yield value for firms that anticipate investing in or through, or interacting with counterparties in, jurisdictions that are subject to more stringent AML-related rules, or for advisers that market themselves to institutional investors that expect their advisers to have robust AML policies and practices. While AML requirements in other jurisdictions, and counterparties' and investors' commercial expectations, may differ in some respects from Treasury's AML rule and the proposed CIP rule, there is often a fair degree of overlap. This could drive investment adviser firms to continue developing similar policies and procedures to address those other needs.

Treasury's explicit commitment to crafting "effectively tailored" AML and CIP rules also provides the industry with an important opportunity to advocate for proportional and appropriately scaled compliance obligations that acknowledge the distinct operational models of the highly-varied investment adviser market. Under the current administration, both Treasury and the SEC have been very active in their stakeholder outreach and engagement efforts on a variety of fronts and have consistently expressed a desire for efficient and tailored regulation. Although the final outcome remains uncertain, both regulators seem likely to be receptive to comments that can justify a more limited approach while balancing the policy goals of combatting money laundering and the financing of terrorism.

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