



Search Filings

Submit Filings

Data & Research

Rules, Enforcement, & Compliance

Securities Topics

About

Submit a Tip or Complaint

NEWSROOM

Press Releases

Speeches & Statements

Meetings & Events

SEC Videos

Social Media Directory

What's New

Home / Newsroom / Press Releases / SEC, FinCEN Propose Customer Identification Program Requirements for Registered Investment Advisers and Exempt Reporting Advisers

PRESS RELEASE

Copy Link

SEC, FinCEN Propose Customer Identification Program Requirements for Registered Investment Advisers and Exempt Reporting Advisers

FOR IMMEDIATE RELEASE | 2024-54

Washington D.C., May 13, 2024 — Today the Securities and Exchange Commission and the U.S. Department of the Treasury’s Financial Crimes Enforcement Network (FinCEN) jointly proposed a new rule that would require SEC-registered investment advisers (RIAs) and exempt reporting advisers (ERAs) to establish, document, and maintain written customer identification programs (CIPs). The proposal is designed to prevent illicit finance activity involving the customers of investment advisers by strengthening the anti-money laundering and countering the financing of terrorism (AML/CFT) framework for the investment adviser sector.

Under this proposal, RIAs and ERAs would be required to implement reasonable procedures to identify and verify the identity of their customers, among other requirements, in order to form a reasonable belief that RIAs and ERAs know the true identity of their customers. The proposed rule would make it more difficult for criminal, corrupt, or illicit actors to establish customer relationships — including by using false identities — with investment advisers for the purposes of laundering money, financing terrorism, or engaging in other illicit finance activity.

This proposed rulemaking complements a separate FinCEN proposal in February 2024 to designate RIAs and ERAs as “financial institutions” under the Bank Secrecy Act (BSA) and subject them to AML/CFT program requirements and suspicious activity report (SAR) filing obligations, among other requirements. That proposal cites a [Treasury risk assessment](#) that identified that the investment adviser industry has served as an entry point into the U.S. market for illicit proceeds associated with foreign corruption, fraud, tax evasion, and other criminal activities. Together, these proposals aim to prevent illicit finance activity in the investment adviser sector and further safeguard the U.S. financial system.

“The proposed rule is designed to make it more difficult to use false identities to establish customer relationships with investment advisers,” said SEC Chair Gary Gensler. “I support this proposal because it could reduce the risk of terrorists and other criminals accessing U.S. financial markets to launder money, finance terrorism, or move funds for other illicit purposes.”

“Criminal, corrupt, and illicit actors have exploited the investment adviser sector to access the U.S. financial system and launder funds,” said FinCEN Director Andrea Gacki. “This proposal would help investment advisers better identify and prevent illicit actors from misusing their services, while advancing a harmonized set of CIP obligations.”

The rule, if adopted, would require RIAs and ERAs to, among other things, implement a CIP that includes procedures for verifying the identity of each customer to the extent reasonable and practicable and maintaining records of the information used to verify a customer’s identity, among other requirements. The proposal is generally consistent with the CIP requirements for other financial institutions, such as brokers or dealers in securities and mutual funds.

The [proposal is published](#) on SEC.gov and will be published in the Federal Register. The public comment period will remain open for 60 days after publication of the proposing release in the Federal Register. A [fact sheet](#) on the Notice of Proposed Rulemaking is available.

###

Last Reviewed or Updated: May 13, 2024

RESOURCES

- [Rule Details](#)
- [Fact Sheet](#)

[Return to top](#)

About the SEC

[Budget & Performance](#)

[Careers](#)

[Commission Votes](#)

[Contact](#)

[Contracts](#)

Transparency

[Accessibility & Disability](#)

[Diversity, Equity, Inclusion, & Accessibility](#)

[FOIA](#)

[Inspector General](#)

[No FEAR Act & EEO Data](#)

[Ombuds](#)

Websites

[Investor.gov](#)

[Related Sites](#)

[USA.gov](#)

Site Information

[Plain Writing](#)

[Privacy & Security](#)

[Site Map](#)

Stay connected. Sign up for email updates.

Your email address

SIGN UP

