



## Investment Adviser AML Program

## ✦ **FinCEN's New Requirements for Investment Advisers**

On August 28, 2024, the Financial Crimes Enforcement Network (FinCEN) issued a landmark final rule to include certain investment advisers (IAs) in the definition of a “financial institution” under the Bank Secrecy Act (BSA). This rule imposes anti-money laundering (AML) and countering the financing of terrorism (CFT) requirements on registered investment advisers and exempt reporting advisers (collectively, “Covered Institutions”).

Covered institutions have until January 1, 2026, to fully implement AML/CFT programs and be prepared for examination by the Securities and Exchange Commission (SEC). Covered Institutions must begin building out their AML programs now to be fully compliant on Day 1 and avoid penalties for noncompliance.

## **Who We Serve**

- ▶ Registered Investment Advisers (RIAs)
- ▶ Exempt Reporting Advisers (ERAs)
- ▶ Private Equity, Hedge, and Venture Capital funds
- ▶ Wealth and Asset managers

## ✦ **Our Approach**

K2 Integrity works with clients to develop tailored AML programs that cover key requirements defined in FinCEN's final rule, and support clients in addressing the risks associated with sanctioned individuals, corrupt officials, tax evaders, and other criminal actors abusing investment advisers to invest in U.S. securities, real estate, and other assets.

Firms have until January 1, 2026, to comply with the final rule. This timeline allows advisers to develop and implement the necessary policies, procedures, and controls. Specifically, Covered Institutions are required under the final rule to establish and implement a risk-based AML/CFT program, adhere to FinCEN reporting requirements, maintain records such as those relating to the transmittal of funds, and fulfill certain other obligations, such as special information sharing procedures.

K2 Integrity works with IAs by taking immediate measures to assess the applicability of the final rule to their business and the effort associated with achieving full compliance by the effective date of the regulations. This should include determining an implementation timeline, reviewing current state operational processes (e.g., know-your-customer (KYC) measures), and identifying gaps.

K2 Integrity supports IAs with applicability of the final rule, exam readiness assessments, and end-to-end design, development, and implementation of AML compliance programs in line with requirements issued by FinCEN and other regulators.

## Services

K2 Integrity is uniquely positioned to help investment advisers of all sizes and business models proactively manage compliance under the new FinCEN rule. We support IAs with planning, designing, and implementing AML/CFT compliance programs to meet the January 1, 2026 deadline.

Educating executive leadership on the requirements needed to comply to establish an appropriate “tone from the top” compliance approach.

Establishing strong third-party risk management controls to ensure compliance with the new rule.

Conducting firm-wide AML training sessions to ensure organizational awareness of compliance obligations.

Developing and implementing AML/CFT policies and procedures required to operationalize AML compliance programs.

Conducting a readiness assessment to establish the AML requirements that apply to each firm, and customize a program to prepare for future SEC examinations.

Delivering comprehensive support in managing compliance operations (e.g., providing outsourced KYC and transaction monitoring alert support).

Advising on industry-leading AML/CFT practices with reference to regulatory expectations, including FinCEN’s IA final rule standards.

Performing investigative due diligence on higher-risk funds, and of clients, including individual and institutional investors.

## Our Philosophy

At K2 Integrity, we understand that critical moments define an organization’s success. We strive to build financial and institutional integrity, reduce risk, and uncover truth. Our commitment to superior intelligence, expert analysis, and insightful solutions helps our clients navigate complexity and achieve better outcomes.

That is why our clients partner with K2 Integrity: to thrive in an ever-changing world filled with questions and risk.

## Key Contacts

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For more information, please visit

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