

Covered Entities Under FinCEN's AML Final Rule

This document outlines which investment advisory entities fall under the new FinCEN Anti-Money Laundering (AML) Final Rule. It provides clarity on regulatory requirements for various types of investment advisers, specifying which entities must comply with the new AML obligations and which are exempt.

SEC-Registered Investment Advisers & Exempt Reporting Advisers

Entity Type	Covered by AML Rule?	Notes
SEC-Registered Investment Advisers (RIAs)	✓ Yes	Explicitly included as "financial institutions" under the rule.
Exempt Reporting Advisers under Section 203(l) (Venture Capital Fund Advisers)	✓ Yes	Must report to SEC and fall under new AML obligations.
Exempt Reporting Advisers under Section 203(m) (Private Fund Advisers under \$150M AUM)	✓ Yes	Also report to SEC; covered by the Final Rule. Includes qualifying foreign advisers.

Foreign Private Fund Advisers & Dual Registrants

Entity Type	Covered by AML Rule?	Why / Notes
Foreign Private Fund Advisers (filing as 203(m) ERAs)	✓ Yes	If they advise only U.S. private funds and file as ERAs under 203(m), they're covered.
Dual Registrants (BD + RIA)	✓ Yes	Already subject to AML via broker-dealer status; must now harmonize RIA AML compliance.

Family Offices & Foreign Private Advisers

Entity Type	Covered by AML Rule?	Why / Notes
Family Offices	✗ No	Specifically excluded from rule coverage. Not considered financial institutions under BSA.
Foreign Private Advisers exempt under Section 202(a)(30)	✗ No	Not registered, not ERAs, and not reporting to SEC—excluded for now.

Family offices, which provide investment advisory services exclusively to family clients, benefit from a specific carve-out in the Final Rule. Similarly, foreign private advisers meeting the exemption criteria under Section 202(a)(30) remain outside the rule's scope.

State-Registered and Multi-State Advisers

Entity Type	Covered by AML Rule?	Why / Notes
State-Registered Investment Advisers	✗ No	Not registered with the SEC; excluded from AML rule coverage.
Multi-State Advisers not registered with the SEC	✗ No	Only SEC-registered firms and certain ERAs are included.

The AML Final Rule creates a clear regulatory divide between SEC-registered advisers and state-registered advisers. Firms registered exclusively at the state level avoid federal AML compliance obligations, regardless of the number of states in which they operate.

Other Non-Covered Entities

Entity Type	Covered by AML Rule?	Why / Notes
Pension Consultants	✗ No	Excluded under the Final Rule, unless also SEC-registered as advisers.
Non-U.S. Advisers with no U.S. clients or private funds	✗ No	Not operating in U.S. jurisdiction –outside scope of the rule.

Next Steps for Investment Advisers



Determine Coverage Status

Assess your firm's registration and activities to see if the AML rule applies.



Develop Compliance Framework

Create AML policies and controls tailored to your business model.



Implement Testing and Training

Test your program and train staff on AML compliance and reporting.

Consult legal counsel to ensure your AML program meets all requirements and integrates with existing compliance.