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## SEC AND FINCEN PROPOSE CUSTOMER IDENTIFICATION PROGRAM REQUIREMENTS FOR CERTAIN INVESTMENT ADVISERS

*This May, the US Securities and Exchange Commission and the Financial Crimes Enforcement Network proposed a joint rule that would mandate SEC-registered investment advisers and exempt reporting advisers to adopt customer identification programs. This article explains the customer identification program requirements and their integration into the broader anti-money laundering compliance framework — highlighting the implications for investment advisers.*

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On May 13, 2024, the US Securities and Exchange Commission and the US Department of the Treasury’s Financial Crimes Enforcement Network (“FinCEN”) issued a joint notice of proposed rulemaking (the “CIP Proposal”)<sup>1</sup> that would apply customer identification program (“CIP”) obligations to SEC-registered investment advisers (“RIAs”) and exempt reporting advisers (“ERAs,” and collectively with RIAs, “SEC Advisers”).<sup>2</sup>

The CIP Proposal complemented — and was foreshadowed by — FinCEN’s February 2024 proposal to impose anti-money laundering (“AML”) compliance program obligations on SEC Advisers (the “AML Proposal”).<sup>3</sup> The AML Proposal would expand the

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*footnote continued from previous column...*

(May 13, 2014), <https://www.sec.gov/files/bsa-1-fact-sheet.pdf>. See also, Gary Gensler, Chair, SEC, *Statement on Customer Identification Program* (May 13, 2024), <https://www.sec.gov/news/statement/gensler-statement-customer-id-program-05-13-24>; and Mark Uyeda, Comm’r, SEC, *Statement on Customer Identification Programs for Registered Investment Advisers and Exempt Reporting Advisers* (May 13, 2024), <https://www.sec.gov/news/statement/uyeda-statement-cip-registered-investment-advisers-exmpt-reporting-advisers-051324>.

<sup>3</sup> *FinCEN: Anti-Money Laundering/Countering the Financing of Terrorism Program and Suspicious Activity Report Filing Requirements for Registered Investment Advisers and Exempt*

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<sup>1</sup> U.S. Dept. Treas. and SEC, *Customer Identification Programs for Registered Investment Advisers and Exempt Reporting Advisers*, 89 Fed. Reg. 44,571 (May 21, 2024), <https://www.federalregister.gov/d/2024-10738>.

<sup>2</sup> For additional information, please refer to the SEC’s supplementary materials. Press Release, SEC, *FinCEN Propose Customer Identification Program Requirements for Registered Investment Advisers and Exempt Reporting Advisers*, (May 13, 2024), <https://www.sec.gov/news/press-release/2024-54>; and *Fact Sheet: Customer Identification Programs*, SEC.GOV,

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