UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
TRADING AND MARKETS

December 3, 2025

Mr. Bernard V. Canepa
Managing Director and Associate General Counsel
Securities Industry and Financial Markets Association
1099 New York Avenue, NW, 6th Floor
Washington, DC 20001

Re: **No-Action Relief Under Broker-Dealer Customer Identification Program Rule (31 C.F.R. § 1023.220) and Beneficial Ownership Requirements for Legal Entity Customers (31 C.F.R. § 1010.230)**

Dear Mr. Canepa:

On February 12, 2004, the staff of the Division of Trading and Markets (the "Division"), in consultation with the Department of Treasury's Financial Crimes Enforcement Network ("FinCEN"), issued a letter stating that it would not recommend enforcement action to the Commission if a broker-dealer treated a registered investment adviser as if it were subject to an anti-money laundering program rule under 31 U.S.C. § 5318(h) ("AML Program Rule") for the purposes of paragraph (b)(6) (now (a)(6)) of the customer identification program ("CIP") rule, 31 C.F.R. § 1023.220 ("CIP Rule").[1] By its terms, the 2004 Letter was to be withdrawn without further notice on the earlier of: (1) the date upon which an AML Program Rule for investment advisers becomes effective, or (2) February 12, 2005. Because an AML Program Rule for investment advisers did not become effective, the effectiveness of the no-action position in the 2004 Letter has been extended a number of times in substantially the same form since 2004, but subject to

[1] See Letter from Annette L. Nazareth, Director, Division of Market Regulation, SEC, to Alan Sorcher, Securities Industry Association, dated Feb. 12, 2004 (the "2004 Letter").

certain additional conditions in 2016.[2] It was extended most recently to January 1, 2026 on December 5, 2024.[3]

On August 28, 2024, FinCEN issued a new rule to include certain investment advisers in the definition of "financial institutions" under the Bank Secrecy Act, prescribe minimum standards for anti-money laundering/countering the financing of terrorism ("AML/CFT") programs to be established by certain investment advisers, require certain investment advisers to report suspicious activity to FinCEN pursuant to the Bank Secrecy

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[2] See Letter from Annette L. Nazareth, Director, Division of Market Regulation, SEC, to Alan Sorcher, Securities Industry Association, dated Feb. 10, 2005; Letter from Robert L.D. Colby, Acting Director, Division of Market Regulation, SEC, to Alan Sorcher, Securities Industry Association, dated Jul. 11, 2006; Letter from Erik Sirri, Director, Division of Trading and Markets, SEC, to Alan Sorcher, Securities Industry and Financial Markets Association ("SIFMA"), dated Jan. 12, 2008; Letter from Daniel M. Gallagher, Jr., Deputy Director, Division of Trading and Markets, SEC, to Ryan Foster, SIFMA, dated Jan. 11, 2010; Letter from Lourdes Gonzalez, Acting Co-Chief Counsel, Division of Trading and Markets, SEC, to Ryan Foster, SIFMA, dated Jan. 11, 2011; Letter from Emily Westerberg Russell, Senior Special Counsel, Division of Trading and Markets, SEC, to Ira Hammerman, Senior Managing Director and General Counsel, SIFMA, dated Jan. 11, 2013; Letter from Lourdes Gonzalez, Assistant Chief Counsel, Division of Trading and Markets, SEC, to Ira Hammerman, Executive Vice President and General Counsel, SIFMA, dated Jan. 9, 2015 (the "2015 Letter"); Letter from Emily Westerberg Russell, Senior Special Counsel, Division of Trading and Markets, SEC, to Aseel Rabie, Managing Director and Associate General Counsel, SIFMA, dated Dec. 12, 2016 (the "2016 Letter"); Letter from Emily Westerberg Russell, Senior Special Counsel, Division of Trading and Markets, SEC, to Aseel Rabie, Managing Director and Associate General Counsel, SIFMA, dated Dec. 12, 2018; Letter from Lourdes Gonzalez, Assistant Chief Counsel, Division of Trading and Markets, SEC, to Aseel Rabie, Managing Director and Associate General Counsel, SIFMA, dated Dec. 9, 2020 (the "2020 Letter"); Letter from Lourdes Gonzalez, Assistant Chief Counsel, Division of Trading and Markets, SEC, to Bernard V. Canepa, Managing Director and Associate General Counsel, SIFMA, dated Dec. 9, 2022 (the "2022 Letter"). In May 2016, FinCEN issued rules to clarify and strengthen customer due diligence requirements for covered financial institutions, including broker-dealers. See Customer Due Diligence Requirements for Financial Institutions, 81 FR 29398 (May 11, 2016). These rules include beneficial ownership requirements for legal entity customers, 31 C.F.R. § 1010.230 ("Beneficial Ownership Requirements"), which contain a reliance provision in paragraph (j) that is similar to the one contained in paragraph (a)(6) of the CIP Rule. Specifically, under paragraph (j) of the Beneficial Ownership Requirements, a covered financial institution may rely on the performance by another financial institution of the requirements of the rule, subject to certain conditions, including that the other financial institution is subject to an AML Program Rule. See 31 C.F.R. § 1010.230(j). Covered financial institutions had to comply with these rules by May 11, 2018. See Customer Due Diligence Requirements for Financial Institutions, 81 FR 29398 (May 11, 2016). The 2016 Letter extended the no-action position to include the Beneficial Ownership Requirements.

[3] See Letter from Lourdes Gonzalez, Assistant Chief Counsel, Division of Trading and Markets, SEC, to Bernard V. Canepa, Managing Director and Associate General Counsel, SIFMA, dated Dec. 5, 2024 (the "2024 Letter").

Act, and make several other related changes to FinCEN regulations (the "IA AML Program Rule").[4] The IA AML Program Rule was going to be effective January 1, 2026.

On August 5, 2025, Treasury issued an Order granting temporary exemptive relief from the requirements of the IA AML Program Rule until January 1, 2028.[5]

Following further consultation with FinCEN staff, the Division staff extends the effectiveness of the no-action position in the 2024 Letter until January 1, 2028.

This is a staff position with respect to enforcement action only and does not purport to express any legal conclusions. It may be withdrawn or modified if the staff determines that such action is necessary to be consistent with the Bank Secrecy Act and in the public interest, or if the staff determines that such action is necessary or appropriate in furtherance of the purposes of the Exchange Act. In addition, this position is based solely upon the representations made in previous letters and is limited strictly to the facts and conditions described therein. Any different facts or circumstances may require a different response.

Sincerely,

ANAND DAS Digitally signed by ANAND DAS Date: 2025.12.03 12:53:37 -05'00'

Anand Das
Senior Special Counsel
Division of Trading and Markets

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[4] See Financial Crimes Enforcement Network: Anti-Money Laundering/Countering the Financing of Terrorism Program and Suspicious Activity Report Filing Requirements for Registered Investment Advisers and Exempt Reporting Advisers, 89 FR 72156 (Sept. 4, 2024).

[5] See FinCEN Exemptive Relief Order to Delay the Effective Date of the Investment Adviser Rule, issued Aug. 5, 2025, available at https://www.fincen.gov/sites/default/files/shared/IA-Rule-Exemptive-Relief-Order.pdf. In addition, on September 22, 2025, FinCEN issued a notice of proposed rulemaking to delay the effective date of IA AML Program Rule to January 1, 2028. See FinCEN Notice of Proposed Rulemaking Delaying the Effective Date of the Anti-Money Laundering/Countering the Financing of Terrorism Program and Suspicious Activity Report Filing Requirements for Registered Investment Advisers and Exempt Reporting Advisers, 90 FR 45361 (Sept. 22, 2025).