



NICE
Actimize

eBook

Registered Investment Advisers: Impact of the FinCEN Final Rule



What is the Final Rule?

Necessary Components for Effective Final Rule Compliance

The Importance of Know Your Customer (KYC) Procedures

Transaction Monitoring Must Accurately Detect Suspicious Activity

Screen with Precision

Beat the Deadline and Implement a Comprehensive and Proven AML Compliance Solution



What is the Final Rule?

On August 28th, 2024, the U.S Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) adopted the **Final Rule**, which adds certain registered investment advisers (RIAs) to the definition of "financial institution" under the Bank Secrecy Act (BSA).

The Final Rule mandates RIAs to develop and implement policies and procedures designed to detect and report suspicious activities to FinCEN. This rule aims to strengthen oversight and reduce illicit financial activity within the advisory sector.

RIAs must be fully compliant with this rule by Jan 1, 2026



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Necessary Components for Effective Final Rule Compliance

To meet the requirements of the Final Rule, RIAs must implement a comprehensive Anti-Money Laundering (AML) compliance program. The key provisions include:

Know Your Customer

RIAs must conduct thorough KYC checks on their clients, including gathering the right information, verifying identity and documentation, including ultimate beneficial ownership checks, as well as comprehensive customer risk assessment

Screening

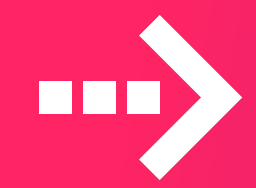
All RIAs need a thorough screening solution which not only screens for sanctioned parties and payments, but also identifies higher risk customers such as those who are Politically Exposed Persons (PEPs) or identified in adverse media or other risk data

Suspicious Activity Reporting

RIAs must monitor customer activity and report suspicious activities to FinCEN, such as transactions or behavior that may indicate illicit activity

Recordkeeping Requirements

RIAs must comply with stricter requirements to ensure strong governance, effective policies and procedures, and ultimately an audited and transparent compliance program



These measures are mandatory for RIAs to ensure compliance, reduce the risk of a regulatory finding and help in the fight against financial crime.



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The Importance of Know Your Customer (KYC) Procedures

A robust KYC process helps prevent illicit actors from accessing financial services by gathering the right information, allowing RIAs to fully understand their clients and their risks, RIAs can identify and mitigate risks early, remaining compliant. NICE Actimize's solution allows RIAs to:

- ➔ Deduplicate entity profiles to ensure richer profiles and accurate risk assessment
- ➔ Verify and validate client identities accurately and quickly
- ➔ Accurately determine customer risk based on static information, relationship network, and behavior, continually monitor internal and external data for changes, and reassess the customer risk
- ➔ Continually monitor risk with extensive third-party data integration and screening, transaction monitoring, and reporting systems, we assess customer risk in real-time and alert to any changes

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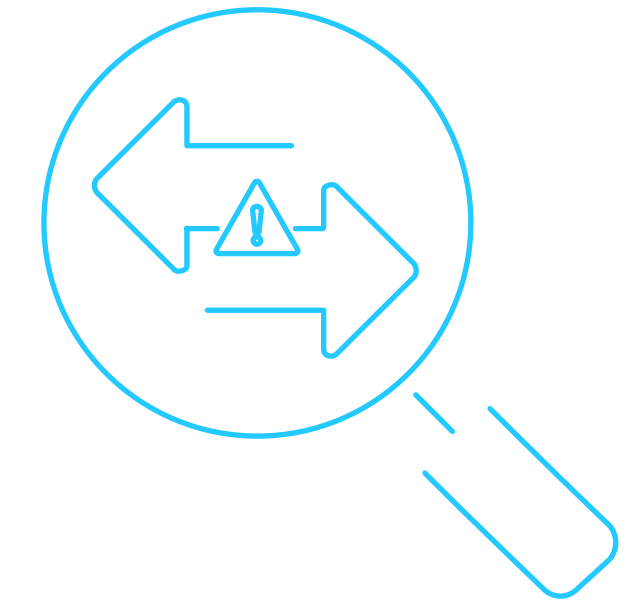
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Transaction Monitoring Must Accurately Detect Suspicious Activity

Transaction monitoring is fundamental for RIAs to comply with the new regulations. With increased regulatory demands, the right technology is essential for effective monitoring, detection, and reporting of suspicious activities. RIAs will need to understand their risks to implement effective monitoring, identify and alert on suspicious activity, with the ability to detail why an alert was generated, aiding in faster investigations and decisions, ensuring appropriate action is taken to stay compliant.



90%
of money
laundering goes
undetected
every year ¹



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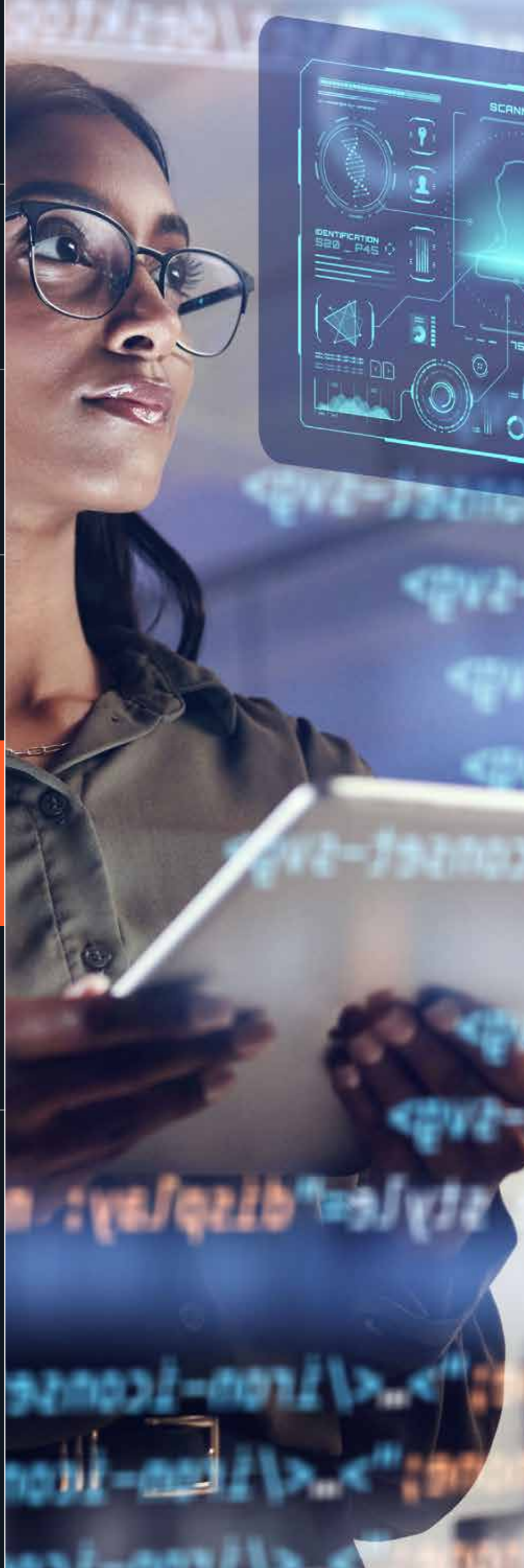
Transaction Monitoring Must Accurately Detect Suspicious Activity

NICE Actimize's Transaction Monitoring system empowers RIAs developed with the latest advancements in AI by a team of experts, designed to spot suspicious activity, reduce noise and ensure you remain compliant, offering key benefits such as:

- **Continuous Optimization:** AI-driven optimization to continually assess system performance and recommend optimizations to maintain an effective and efficient monitoring system
- **Detection Accuracy:** Extensive out of the box models combined with advanced, AI driven analytics detects more suspicious activity
- **Noise reduction:** Use proven machine learning to reduce false positives by up to 75%, focus your valuable resources on truly suspicious activity
- **Comprehensive Coverage:** Extensive typology coverage to protect you from all financial crime threats
- **Timely Reporting:** Automated regulatory reporting augmented with Generative AI for precise and consistent SAR and CTR creation, including a compliant, detailed narrative
- **Seamless Investigations:** Automation and AI support investigators to deliver the right information, at the right time and provide decision support for faster, more consistent, and accurate investigations
- **Actionable Management Oversight:** Gain actionable insights through comprehensive reporting to maintain an optimal monitoring solution and a high-performing team



Identify and report suspicious activity quickly and accurately, remain compliant and mitigate your organization's risk exposure.



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The screening process is a critical component of compliance with the Final Rule for RIAs, as it enables firms to detect customers who match with global, regional, or internal watchlists. Identifying and managing high-risk individuals or entities.

Featuring advanced analytics, NICE Actimize’s screening solution benefits include:

Agnostic and Always Updated Watchlists

Never miss a screening hit with always updated screening lists and an agnostic solution to ingest any global watchlists

Fast payment screening

Block a positive hit in as little as 200 milliseconds

Advanced Matching Analytics

Accurately account for cultural and linguistic variations in names as well as errors in messages for precise matching

Predictive Analytics

Use AI to accurately determine the likelihood of a hit being a true or false positive to aid in resource management

Hit Consolidation

Consolidates related hits into a single hit with automated hit disposition for faster and targeted investigations

Flexible Screening

Screen in real-time, batch, or on-demand depending on your needs

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A hand is shown at the bottom, holding a glowing blue globe. The globe is covered in a network of white lines and dots, representing a global network or data flow. The background is dark blue with some light streaks and a grid pattern.

Beat the Deadline and Implement a Comprehensive and Proven AML Compliance Solution

To comply with the Final Rule and avoid significant fines and reputational damage, RIAs should act now and leverage modern and proven technology.

NICE Actimize offers a complete suite of AML solutions for full compliance— from end-to-end KYC, advanced screening, precise transaction monitoring, and automated suspicious activity reporting—keeping your firm ahead of potential threats and regulatory expectations.

Take the First Step to Complying Today →

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NICE Actimize

Partner with NICE Actimize to comply before the deadline.

Contact us →

¹ [The Hidden Truth Behind Money Laundering, Banks And Cryptocurrency \(forbes.com\)](https://www.forbes.com)

About NICE Actimize

NICE Actimize is the largest and broadest provider of financial crime, risk and compliance solutions for regional and global financial institutions, as well as government regulators. Consistently ranked as number one in the space, NICE Actimize experts apply innovative technology to protect institutions and safeguard consumers and investors assets by identifying financial crime, preventing fraud and providing regulatory compliance. The company provides real-time, cross-channel fraud prevention, anti-money laundering detection, and trading surveillance solutions that address such concerns as payment fraud, cybercrime, sanctions monitoring, market abuse, customer due diligence and insider trading.

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