



July 1, 2024

Secretary Vanessa Countryman  
U.S. Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549-1090.  
Attn: File Number S7-2024-02

Re: Proposed Rule: Customer Identification Programs for Registered Investment Advisers and Exempt Reporting Advisers

Dear Secretary Countryman:

We appreciate the opportunity to comment on RIN 1506-AB66, Customer Identification Programs for Registered Investment Advisers and Exempt Reporting Advisers as proposed by the Financial Crimes Enforcement Network (FinCEN) on May 13, 2024.

We are writing to provide feedback on the proposed ruling under FINCEN 2024-10738, specifically addressing concerns regarding the implications of the proposed regulations on Registered Investment Advisers (RIAs), particularly those that hold their assets with a custodian and those of a smaller scale.

The proposal's reliance on excluding only RIAs with custodians for mutual funds overlooks practical considerations of RIAs that hold all their clients' investments at a custodian. The additional independent verification requirements outlined in the proposal would result in redundant compliance obligations. This redundancy not only places an unnecessary administrative burden on RIAs but also diverts resources that could be better utilized in enhancing client services and operational efficiencies.

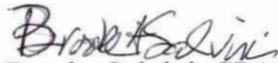
Moreover, the introduction of additional regulatory requirements, such as customer identification programs imposes a significant administrative burden on small RIAs. This is especially troublesome when the addition of this regulation regarding independent verification obligations is a duplication of the same efforts already performed by the RIA's custodians. As such, RIAs whose client investments are held by an account custodian should be exempt from the proposed regulation. This would avoid regulatory duplication and place the compliance burden on the entity providing the client account, rather than a third-party RIA merely advising on the account.

The cumulative impact of regulatory requirements on small RIAs cannot be overlooked. As regulatory burdens continue to mount, smaller firms face heightened challenges in maintaining compliance, thereby potentially deterring new entrants, and limiting competition within the industry. This not only undermines innovation and diversity within the RIA sector but also has broader implications for financial inclusion efforts with the public, as smaller RIAs often play a vital role in serving diverse populations and fostering closer relationships with clients.

Considering these concerns, we urge FinCEN to carefully reassess the proposed regulations to ensure that they strike an appropriate balance between regulatory objectives and the practical realities faced by small RIAs. Any regulatory framework should aim to support, rather than hinder, the ability of smaller firms to thrive and contribute positively to the financial services landscape. Failure to do so risks undermining the broader public interest by limiting access to personalized financial services and stifling innovation and diversity within the industry.

Thank you for the opportunity to comment on the proposed rules and please reach out to us with any questions or to discuss any of the above-mentioned comments and suggestions in further detail as the Office of Regulations and Interpretations works through this rulemaking. For any questions or clarification, please contact Kate Kiley, Director of Congressional and Political Affairs at [Kate.Kiley@aicpa-cima.com](mailto:Kate.Kiley@aicpa-cima.com), or at 202-434-9219, or Dan Snyder, AICPA Director of Personal and Financial Planning at [Dan.Snyder@aicpa-cima.com](mailto:Dan.Snyder@aicpa-cima.com) or 919-402-4064.

Sincerely,



Brooke Salvini, CPA, PFS, CFP®

Chair, AICPA Personal Financial Planning Executive Committee

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