



January 24, 2022

Ms. Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

**Re: File No. SR-FINRA-2021-016 (Proposed Rule Change to Amend Rule 2165
(Financial Exploitation of Specified Adults))**

Dear Ms. Countryman:

This letter is submitted by FINRA on the above-referenced rule filing (the "Proposal") related to proposed amendments to Rule 2165 to permit member firms to: (1) extend a temporary hold on a disbursement of funds or securities or a transaction in securities for an additional 30-business days if the member firm has reported the matter to a state regulator or agency or a court of competent jurisdiction; and (2) place a temporary hold on a securities transactions where there is a reasonable belief of financial exploitation.

The Securities and Exchange Commission ("SEC" or "Commission") published the Proposal for public comment in the Federal Register on June 28, 2021,¹ and received five comments in response to the Proposal.² On August 23, 2021, FINRA

¹ See Securities Exchange Act Release No. 92225 (June 22, 2021), 86 FR 34084 (June 28, 2021) (Notice of Filing of File No. SR-FINRA-2021-016).

² See letters from Eric Arnold and Clifford Kirsch of Eversheds Sutherland on behalf of the Committee of Annuity Insurers to Vanessa Countryman, Secretary, SEC (July 19, 2021) (CAI); William Benson, National Policy Adviser, and Kendra Kuehn, National Policy Adviser, National Adult Protective Services Association to Vanessa Countryman, Secretary, SEC (July 29, 2021) (NAPSA); Lisa Bleier and Marin Gibson, Securities Industry and Financial Markets Association, to SEC (July 28, 2021) (SIFMA); Christine Lazaro, Director of the Securities Arbitration Clinic and Professor of Clinical Legal Education, Securities Arbitration Clinic at St. John's University School of Law to Vanessa Countryman, Secretary, SEC (July 19, 2021) (St. John's); and Ron Long, Head of Aging Client Services, Wells Fargo & Co. to Vanessa Countryman, Secretary, SEC (July 15, 2021) (Wells Fargo).

responded to the comments received by the Commission.³

The Commission then published a notice and order to solicit comments and to institute proceedings to determine whether to approve or disapprove the proposed rule change.⁴ The Commission received one comment letter addressing the Proposal in response to the publication of the Order Instituting Proceedings.⁵ On November 2, 2021, FINRA responded to the additional comment received by the Commission.⁶

FINRA is submitting this additional letter at the request of the SEC staff. Based on discussions with SEC staff regarding Section 22(e) of the Investment Company Act of 1940, FINRA does not believe that a broker-dealer's delay of a redemption of mutual fund shares pursuant to its customer's mutual fund redemption request, or of a disbursement of mutual fund redemption proceeds to its customer, in reliance on Rule 2165 as amended by the Proposal and based on a reasonable belief of financial exploitation of the customer would be imputed to the mutual fund, including where the broker-dealer is the fund's principal underwriter.⁷

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If you have any questions, please contact me at (202) 728-8013, email: jeanette.wingler@finra.org.

Best regards,
/s/ Jeanette Wingler
Jeanette Wingler
Associate General Counsel

³ See Letter from Jeanette Wingler, Associate General Counsel, FINRA, to Vanessa Countryman, Secretary, SEC (Aug. 23, 2021).

⁴ See Securities Exchange Act Release No. 93103 (Sept. 22, 2021), 86 FR 53696 (Sept. 28, 2021) (Order Instituting Proceedings to Determine Whether to Approve or Disapprove SR-FINRA-2021-016) ("Order Instituting Proceedings").

⁵ See letter from William A. Jacobson, Esq. and Erik Oakley, Cornell Securities Law Clinic, to Vanessa Countryman, Secretary, SEC (Oct. 13, 2021) (Cornell Clinic).

⁶ See Letter from Jeanette Wingler, Associate General Counsel, FINRA, to Vanessa Countryman, Secretary, SEC (Nov. 2, 2021).

⁷ See also Notice of Filing of Partial Amendment No. 1 and Order Granting Accelerated Approval of File No. SR-FINRA-2016-039, Securities Exchange Act Release No. 79964 (Feb. 3, 2017), 82 FR 10059, 10066 (Feb. 9, 2017).