

# Regulatory Notice

26-02

## Fraud Protection

### FINRA Requests Comment on Rule Revisions to Help Member Firms Protect Senior Investors From Financial Exploitation and All Investors From Fraud

Comment Period Expires: March 9, 2026

#### Summary

FINRA seeks comment on proposed rule modernization changes to further assist member firms in protecting customers from fraud and financial exploitation. Based on comments on [Regulatory Notice 25-07](#), FINRA proposes amendments to FINRA Rules 4512 (Customer Account Information) and 2165 (Financial Exploitation of Specified Adults) and proposed Rule 2166 (Temporary Delays for Suspected Fraud).

The rule text is available in [Attachment A](#).

Questions concerning this *Notice* should be directed to:

- ▶ James S. Wrona, Vice President and Associate General Counsel, Office of General Counsel (OGC), by [email](#) or (202) 728-8270; or
- ▶ Alicia Goldin, Vice President and Associate General Counsel, OGC, by [email](#) or (202) 728-8155.

Questions regarding the Economic Impact Assessment in this *Notice* should be directed to Joon-Suk Lee, Senior Economist, Regulatory Economics and Market Analysis, by [email](#) or (202) 728-8971.

January 08, 2026

#### Notice Type

- ▶ Request for Comment

#### Suggested Routing:

- ▶ Compliance
- ▶ Legal
- ▶ Operations
- ▶ Registered Representatives
- ▶ Risk
- ▶ Senior Management
- ▶ Systems
- ▶ Training

#### Key Topics:

- ▶ Investor Protection
- ▶ Scams and Fraud
- ▶ Senior Investors
- ▶ Temporary Holds
- ▶ Trusted Contacts

#### Referenced Rules & Notices:

- ▶ FINRA Rule 2165
- ▶ FINRA Rule 3240
- ▶ FINRA Rule 3241
- ▶ FINRA Rule 4512
- ▶ Regulatory Notice 17-11
- ▶ Regulatory Notice 20-34
- ▶ Regulatory Notice 22-05
- ▶ Regulatory Notice 22-31
- ▶ Regulatory Notice 25-07
- ▶ Proposed Rule 2166

## Action Requested

FINRA encourages all interested parties to submit comments. Comments must be received by March 9, 2026.

Comments must be submitted through one of the following methods:

- ▶ Online using FINRA's comment form for this *Notice*;
- ▶ Emailing comments to [pubcom@finra.org](mailto:pubcom@finra.org); or
- ▶ Mailing comments in hard copy to:

Jennifer Piorko Mitchell  
Office of the Corporate Secretary  
FINRA  
1700 K Street, NW  
Washington, DC 20006-1506

To help FINRA process comments more efficiently, persons should use only one method to comment.

Important Note: All comments received in response to this *Notice* will be made available to the public on FINRA's website. In general, FINRA will post comments as they are received.<sup>1</sup>

## Background and Discussion

FINRA has long been committed to protecting senior investors and combating financial fraud through regulation, investor education and assistance, and collaboration with member firms, state and federal agencies and investor-protection advocates. These efforts have become increasingly important as scams, fraud and financial exploitation have surged in recent years, driven in part by technological advances that enable sophisticated criminal schemes targeting investors of all ages.

Helping member firms protect their customers from these threats is a key component of FINRA Forward, and we sought comment on these issues in *Regulatory Notice* 25-07. The comments strongly agreed on the importance of protecting senior and vulnerable investors from fraud and financial exploitation and recognized the risks of fraud for all investors. Commenters requested enhancements to FINRA's senior investor protection rules and additional tools to protect customers of all ages from fraud. Commenters also encouraged FINRA to expand its investor education work and facilitate information sharing to help member firms combat fraud.

In this *Notice*, we discuss the growing problem of fraud and financial exploitation; highlight FINRA's approach to protecting senior investors and combating fraud, including new initiatives launched as part of FINRA Forward; and request comment

on proposed modernization of FINRA's rules to help ensure that member firms have more tools to proactively prevent customer harm. Specifically, we are requesting comment on:

- ▶ **Trusted Contact Amendments:** To increase adoption and effectiveness of trusted contacts, we propose to permit member firms to use the alternative term "emergency contact" and to provide additional flexibility for a customer to name a trusted or emergency contact for use across all the customer's accounts at the member firm.
- ▶ **Temporary Hold Amendments:** We propose to extend the maximum temporary hold period under Rule 2165 from 55 business days to 145 business days, in three 30-business day increments, subject to safeguards. We also propose additional modifications that provide enhanced clarity and flexibility to make the rule more effective.
- ▶ **New "Speed Bump" for Suspected Fraud:** To offer member firms a tool to protect all customers (irrespective of age or capacity) from suspected fraud, we propose new Rule 2166 to permit a temporary delay of up to five business days on disbursements or transactions when there is a reasonable belief of fraud. This separate safe harbor framework, modeled on our existing Rule 2165, would permit member firms to use a "speed bump" to alert a customer of suspected fraud.

### The Growing Threat of Fraud and Financial Exploitation

Americans over age 60 lost more than \$4.8 billion to fraud in 2024.<sup>2</sup> This estimate represents not only devastating financial losses but also the profound personal toll fraud takes on victims, including embarrassment, isolation and diminished quality of life. Moreover, the actual magnitude of fraud losses is unknown due to underreporting.<sup>3</sup>

For senior investors, these losses can be particularly catastrophic. Unlike younger investors who may have years of future earnings to rebuild their financial security, senior investors are often living on fixed incomes derived from a lifetime of savings, with limited or no ability to offset significant losses. The irreversible nature of these losses underscores why FINRA has placed special emphasis on protecting this vulnerable population and why member firms play such a crucial role as the first line of defense against exploitation.

While the impact of fraud can be most devastating for senior investors as a group, the threat of fraud extends across all age demographics<sup>4</sup> and is growing at an alarming pace. The Federal Bureau of Investigation (FBI) reported a record-breaking \$16.6 billion in losses in 2024, representing a 33 percent increase in losses from 2023.<sup>5</sup> Globally, consumers lost over \$1 trillion to scams in 2024.<sup>6</sup>

Criminal perpetrators employ increasingly sophisticated tactics using technology and artificial intelligence (AI), making it more difficult for both member firms and investors to identify scams.<sup>7</sup> These advances have contributed to the rapid evolution and proliferation of fraud schemes that can victimize investors regardless of age or sophistication.<sup>8</sup>

### **FINRA's Approach**

FINRA recognizes that member firms are on the frontline of protecting customers from threat actors and FINRA is well positioned to support member firms in these efforts. Through FINRA Forward initiatives and expanded programmatic activities, FINRA has enhanced its multi-faceted fraud prevention activities organized around four core pillars: empowering member firms through education and information sharing; educating and assisting investors; outreach and collaboration; and adopting rules that provide member firms with tools to protect investors.

#### **Empowering Member Firms**

FINRA has developed several programs to provide member firms with intelligence, resources and practical guidance that are useful in protecting their customers from increasingly sophisticated fraud schemes.

#### *Leveraging Financial Intelligence*

Representing FINRA's expanded commitment to combating cyber and fraud risks, FINRA will launch its Financial Intelligence Fusion Center (FIFC) in 2026 to collect, analyze, and disseminate cyber and fraud threat intelligence to member firms in real time through a secure portal. The FIFC is intended to be a resource for all member firms—providing intelligence capabilities for small and mid-size firms while serving as an additional resource for firms with dedicated intelligence teams.

In addition, FINRA's Financial Intelligence Unit (FIU) evaluates emerging risks and threats, with a primary focus on retail investor fraud schemes. FIU has focused on "ramp and dump" and investment club schemes<sup>9</sup> and identifying and reporting imposter websites to member firms, enabling prompt takedown requests. In addition to informing FINRA's regulatory operations and investor education, FIU arms member firms with detailed information on emerging fraud patterns.

#### *Training Programs*

FINRA's Vulnerable Adults and Seniors Team (VAST) serves as a bridge between regulatory requirements and practical implementation. With a mission to deter, detect, and investigate financial exploitation and abuse of vulnerable adult and senior investors, VAST recently initiated a series of workshops in conjunction with FINRA conferences to facilitate active discussion of elder fraud trends through

practical case studies, enabling member firms and industry practitioners to learn from FINRA staff and each other.

FINRA's Cyber & Analytics Unit strengthens member firms' preparedness against cyber-enabled fraud (including emerging cyber threats, such as account takeovers, social engineering attacks and AI-enhanced fraud schemes) through hands-on cyber workshops and "tabletop" exercises, which FINRA will continue to offer regularly across the country.<sup>10</sup> These programs complement FINRA's intelligence-sharing initiatives by translating threat intelligence into practical defensive measures.

#### *Member Firm Resources and Education*

In May 2025, FINRA launched a new set of "Customer Resources" within the Member Firm Hub on FINRA.org, featuring two "Key Topic" pages: [Investor Education Resources](#) and [Scam Prevention & Assistance Resources](#). FINRA developed these pages in response to extensive feedback from member firms. The pages provide consolidated resources that firms and registered professionals can use or share with their customers. FINRA also maintains a "Key Topics" page on [Senior Investors](#) and, in June 2025, published a list of [Senior Investor Protection Resources](#) for member firms. FINRA regularly educates member firms and their associated persons through conferences,<sup>11</sup> the Annual Regulatory Oversight Report<sup>12</sup> and other training, including continuing education courses.<sup>13</sup>

#### **Educating and Assisting Investors**

The FINRA [Securities Helpline for Seniors](#) (Helpline)—which recently celebrated its tenth anniversary—provides real-time guidance to investors and their families, offering a critical resource for those concerned about potential exploitation or seeking information about protective measures available through their brokerage firms and regulators.<sup>14</sup>

FINRA and the FINRA Foundation provide free, unbiased reports, as well as information and tools to help retail investors better understand basic principles of investing and the markets, and how to avoid scams and other financial pitfalls. For example, FINRA has published numerous investor alerts and fact sheets on emerging fraud schemes, including [relationship investment scams](#), [pump-and-dump scams](#), [AI-related fraud](#), [GenAI fraud](#), [broker imposter scams](#), [SMS phishing scams](#), and [mail theft-related check fraud](#). FINRA also recently published [steps older investors can take to reduce fraud risk](#) and updated its publication on [protecting older investors from financial exploitation](#), which helps explain to investors FINRA's trusted contact and temporary hold rules.

The FINRA Foundation also undertakes and sponsors critical research to understand fraud prevalence, mechanics, victim impact and risk factors; cultivates free, counselor-led support programs for scam victims; and develops innovative

fraud awareness resources, including a nationally distributed public television documentary and interactive online game.

### **Outreach and Collaboration**

#### *Regulatory and Law Enforcement Coordination*

FINRA works with the SEC, NASAA and other regulators on joint initiatives, including coordinated investor bulletins and alerts. FINRA also partners with the National Adult Protective Services Association (NAPSA) and Adult Protective Services (APS) offices across the U.S. to enhance coordination and provide education on the financial services industry, fraud trends and the interaction between FINRA rules and APS efforts to address potential financial exploitation. In addition, FINRA routinely identifies and refers matters outside our jurisdiction to other regulatory and law enforcement agencies.<sup>15</sup>

#### *Industry and Community Engagement*

The FINRA Foundation complements FINRA's senior protection and education initiatives by engaging in national, state and grassroots partnerships to develop and distribute fraud prevention resources, conduct outreach and provide training. Since 2008, the FINRA Foundation has developed and implemented evidence-based programs that have trained tens of thousands of professionals—including law enforcement officers, social workers, mental health professionals and others in a position to educate and assist consumers impacted by fraud. In addition, FINRA participates in targeted webinars and educational programs for diverse groups.<sup>16</sup>

#### *Technology Company Collaboration*

FINRA's engagement with social media companies has led to enhanced fraud prevention efforts by major platforms. For example, intelligence briefings on investment club schemes led a leading technology company that operates prominent social media platforms to prioritize these schemes in its fraud prevention programs and issue its own public service announcements addressing investment fraud.

### **Existing Rule Framework: Trusted Contacts and Temporary Holds**

Through extensive engagement with the public and market participants, FINRA has developed a regulatory framework designed to provide member firms with flexible tools to protect senior and vulnerable investors from financial exploitation. This framework consists of two rules that work in tandem to facilitate early detection and intervention through member firms' ability to contact a customer's trusted contact person and place a temporary hold on a transaction or disbursement when they have a reasonable suspicion of financial exploitation.<sup>17</sup>

FINRA Rule [4512](#) (Customer Account Information), in part, requires member firms to make reasonable efforts to obtain information for a trusted contact upon the opening of all non-institutional customer accounts. The trusted contact is intended to serve as a resource for the member firm in various situations, including helping to update contact information when a customer becomes unavailable, assisting when concerns arise over possible diminished capacity or other health issues, protecting assets, and responding to possible financial exploitation. The trusted contact rule is not limited to senior investors and can be a valuable tool for customers of all ages. Designation as a trusted contact does not give the contact "power of attorney" type authority over customer accounts; rather, they are an important resource for member firms and customers in special circumstances.

FINRA Rule [2165](#) (Financial Exploitation of Specified Adults) represents the first uniform national standard for placing temporary holds to address suspected financial exploitation. The rule permits a member firm to place a temporary hold, with stated time limits, on a securities transaction or disbursement of funds or securities from the account of a "Specified Adult" customer when the member firm reasonably believes that financial exploitation of that adult has occurred, is occurring, has been attempted or will be attempted. For purposes of the rule, Specified Adult means: (A) a natural person age 65 and older; or (B) a natural person age 18 and older who the member firm reasonably believes has a mental or physical impairment that renders the individual unable to protect his or her own interests.

Rule 2165 permits a temporary hold for initial periods of 15 to 25 business days, with the possibility of a single 30-business-day extension (for a total maximum of 55 business days) if the member firm has reported the matter to a state regulator or agency of competent jurisdiction or a court of competent jurisdiction and the member firm continues to have a reasonable belief of financial exploitation. The rule allows member firms to extend a temporary hold beyond the 55-business day maximum upon a state agency's request to do so, which is not required to be accomplished through a formal order.<sup>18</sup>

Trusted contacts and temporary holds have played an important role in providing member firms ways to quickly respond to suspicions of financial exploitation before potentially ruinous losses occur for the customer.

### **Modernizing Our Rules: The Need for Enhanced Protections**

As part of the [FINRA Forward](#) initiative, we are widely reviewing our rules and guidance to ensure they remain relevant and effective. To that end, we requested comment on a broad range of issues, including senior investors and fraud protection, and whether we should modify or enhance aspects of Rules 4512 and 2165.

Based on the feedback received, as well as FINRA's engagement with member firms, other regulators, FINRA's advisory committees, investor-protection groups and others, FINRA has identified several areas where enhancements to the existing framework could provide additional protections and practical flexibility for member firms seeking to protect their customers.

## 1. Proposed Amendments to Rule 4512

While the trusted contact framework has proven valuable, greater rates of adoption would bring significantly more value to investor protection. According to the FINRA Foundation's National Financial Capability Study: 2024 Investor Survey, 42 percent of respondents say they have authorized a trusted contact for their investment accounts, up from 38 percent in 2021, while over half (53 percent) say they have not.<sup>19</sup> Among those who have not named a trusted contact, nearly half (49 percent, or just over one-quarter of all survey respondents) say they would be willing to do so.

To increase familiarity and use of this important tool, FINRA has sought to highlight the benefits of naming a trusted contact and make clear to investors that doing so does not give that person authority to make decisions about a customer's account or execute transactions, and does not make that person a power of attorney, legal guardian, trustee or executor.<sup>20</sup> FINRA has also shared effective practices with member firms to highlight the approaches that have helped some member firms achieve higher rates of adoption.<sup>21</sup> FINRA will continue these efforts.

The comments to *Regulatory Notice 25-07* have identified rule-based approaches to increase awareness, understanding and adoption. Commenters said that customers may be more familiar with or receptive to alternative terminology, such as "emergency contact." Additionally, enabling customers to designate a single trusted contact across multiple accounts at a member firm could increase usage. For example, in some instances, customers have named a trusted contact on one account with a member firm, but overlooked other accounts, which limits the utility of the trusted contact listing.

### *Providing Increased Flexibility to Use the Term "Emergency Contact"*

The proposed amendment in new paragraph (e) of Rule 4512.06 would give member firms the option to use the term "emergency contact" as an alternative to "trusted contact person." Firms' written supervisory procedures and training materials would need to reflect that the terms have the same meaning and obligations.

### *Providing Additional Flexibility in Naming a Trusted Contact for All Accounts*

The trusted contact provisions are part of Rule 4512 (Customer Account Information) and apply to each non-institutional customer account. FINRA has previously provided guidance permitting a member firm to seek to obtain trusted contact information

collectively where a customer has more than one account (e.g., in one update letter for all the customer's accounts), provided that each of the affected accounts is clearly identified to the customer.<sup>22</sup>

To provide additional flexibility, we propose to expand this guidance in proposed new paragraph (d) of Rule 4512.06. This would permit member firms to seek the customer's authorization to apply a trusted contact to such customer's existing and future accounts with the member firm, provided that the customer is offered the choice to assign the trusted contact on an account-by-account basis rather than to all accounts.

#### *Ministerial Change*

As a ministerial matter, the proposed amendments would delete from Rule 4512(a) a transition provision that addressed the application of the trusted contact requirement to accounts that were opened pursuant to a prior rule. Due to the passage of time, this provision is no longer needed.

## **2. Proposed Amendments to Rule 2165**

Member firms have expressed concerns that the time periods specified in Rule 2165 can limit their ability to protect customer assets when financial exploitation is ongoing. In many cases, member firms report that APS or other investigating authorities have not concluded their investigations before the temporary hold period of 55 business days expires, and in some cases, have not responded to the member firm's requests for status updates under the current rule. Many commenters expressed support for extending the time limit for temporary holds beyond the current 55-business-day limit.

According to NAPSA, financial exploitation investigations are often the most complex and time-consuming, and in many instances can take longer than a year.<sup>23</sup> Given the complexity of modern fraud schemes and the time required for effective investigation and intervention, FINRA believes that extending the permissible temporary hold period would provide member firms with additional time to work with customers, trusted contacts and appropriate authorities to prevent or mitigate harm. Commenters also raised various granular points to improve the effectiveness of Rule 2165.

Based on the feedback, we are requesting comment on several proposed amendments to Rule 2165.

#### *Extending the Temporary Hold Period*

We propose a structured framework for extending temporary holds beyond the current 55-business day maximum, by adding three 30-business day extensions to a new maximum of 145 business days (unless otherwise terminated or extended by the relevant authority).

The proposed amendment would provide relevant government authorities with more time to assess referrals, determine whether to investigate, and evaluate whether additional time will be needed to investigate or resolve the matter. It also provides additional time for a member firm to communicate with these authorities regarding whether to terminate or further extend the hold.

The new structured framework would impose measured conditions and other safeguards. The ability to extend for each 30-business day period would be conditioned on the member firm making reasonable follow-up efforts with the relevant authority regarding the status of the reported matter; not having received a response;<sup>24</sup> and continuing to have a reasonable belief of financial exploitation.

The first extension beyond 55 business days would require notification, which may be oral, to all parties authorized to transact business on the account as well as to the trusted contact person(s) (subject to certain exceptions). These individuals must be notified of the extension, the reason for and potential duration of the extension, and how the member firm can be contacted for questions or concerns.<sup>25</sup> The amendment also would require documentation associated with such extensions, including the details of the member firm's attempts to communicate with the relevant government authority, records demonstrating that the member firm made reasonable efforts to determine the status of the referred matter, and the lack of a response from the relevant authority.<sup>26</sup> At any time, if the relevant authority requests an extension, the member firm would be permitted to continue the hold outside of the structured time periods.<sup>27</sup>

This balanced approach provides for longer holds in complex cases while maintaining the integrity of a "temporary hold" framework through a clearly defined process.

#### *Reporting Matters to Federal Authorities*

Rule 2165 permits a temporary hold to be extended from 25 business days to 55 business days if the member firm has provided notification of the member firm's reasonable belief of financial exploitation to a state regulator or agency of competent jurisdiction or a court of competent jurisdiction. In recognition of the multi-jurisdictional nature of many instances of financial exploitation and potential avenues at the federal level for investigation and redress, we propose to expand such references to expressly include federal authorities.<sup>28</sup>

#### *Individuals Authorized to Place, Extend or Terminate a Hold*

Pursuant to existing Rule 2165(c)(2), a member firm's written supervisory procedures must identify the title of each person authorized to place, terminate or extend a temporary hold on behalf of the member firm. Such individuals must be associated persons who serve in a supervisory, compliance or legal capacity for the member firm.

Some member firms have dedicated teams to handle senior investor issues.<sup>29</sup> Commenters suggested that broadening the rule to permit such individuals (even if they do not formally fall within the “supervisory, compliance or legal” categories) to place, terminate or extend a hold would enable more prompt and effective handling of suspected exploitation.

To facilitate the administration of the temporary hold provisions by member firm personnel with the appropriate expertise and day-to-day responsibilities, we propose a limited expansion of the types of individuals whom a member firm can authorize to place, terminate or extend a temporary hold. The proposed expansion would cover associated persons who serve in “a specialized senior investor protection or fraud prevention role with responsibilities that include, as appropriate, investigating, evaluating, escalating, and reporting potential financial exploitation of Specified Adults.”

#### *Codifying Guidance Articulated in Frequently Asked Questions (FAQs)*

For clarity, we propose to largely codify existing guidance articulated in two FAQs.<sup>30</sup> First, pursuant to proposed Supplementary Material .04, a member firm may extend a temporary hold upon the request of a relevant authority, and that request need not be in the form of a formal order or in writing, so long as the member firm maintains a record of the authority’s request.<sup>31</sup> Accordingly, if a relevant authority indicates to a member firm, by telephone, email or otherwise, that additional time is needed to address a reported matter, the member firm may extend the hold and retain a record of the request.

Second, pursuant to proposed Supplementary Material .07, a member firm may flag or place restrictions on an account rather than a particular disbursement or transaction as long as the member firm has a process for permitting legitimate disbursements and transactions to go through (e.g., regular bill payments), and allows such transactions or disbursements to go through. The provision makes clear that the member firm may not rely on the safe harbor if it blocks transactions or disbursements where there is not a reasonable belief of financial exploitation regarding such transactions or disbursements.

### **3. Proposed Rule 2166**

The proliferation of fraud and scams targeting individuals of all ages and the evolution of fraud tactics have heightened a need for protective measures that extend beyond the current Specified Adult criteria. To offer member firms a tool to protect all customers (regardless of age or capacity) from suspected fraud, we propose new Rule 2166 (Temporary Delays for Suspected Fraud).

The proposed rule is modeled on Rule 2165 and similarly offers an optional safe harbor approach—but in a much more streamlined fashion—with a “speed bump” mechanism, distinct from the longer-term holds available under Rule 2165 for Specified Adults. Specifically, the rule would permit a member firm to place a temporary delay of up to five business days on a transaction or disbursement in the account of a customer<sup>32</sup> if there is a reasonable belief of fraud<sup>33</sup> targeting the customer, with associated safeguards.<sup>34</sup>

Proposed Rule 2166 is designed to prevent customer losses by giving member firms a brief intervention window (or “speed bump”) to facilitate outreach by the member firm to the customer (away from perpetrator influence), information gathering, conversation and provision of relevant educational resources about fraud schemes. The goal is to persuade the customer to recognize the attempted fraud and not to proceed with the transaction or disbursement.

The FBI explains that “[o]ne of the most common tactics scammers employ is a false sense of urgency or isolation” and for this reason, the FBI “urges the public to ‘Take A Beat’: resist pressure to act quickly, pause for a moment, and assess the situation.”<sup>35</sup> Using a permissible “speedbump” or “cooling off period” of this type is consistent with this FBI fraud and scam awareness campaign, and is supported by research suggesting that emotional stimulus can increase susceptibility to fraud.<sup>36</sup> Other research indicated that awareness about specific scams can help protect against financial loss.<sup>37</sup> Accordingly, the ability to pause a transaction or disbursement and educate the customer about the specific type of suspected fraud or scam could be beneficial.

The rule contains safeguards modeled on similar provisions in Rule 2165 to protect customers and prevent misapplication of the rule.

- ▶ The member firm may only place the temporary delay if the member firm reasonably believes that fraud has occurred, is occurring, has been attempted or will be attempted.
- ▶ Within two business days of placing a delay, the member firm would be required to provide notification, which may be oral, to authorized parties on the account and a trusted contact person of the temporary delay, the reason for the delay, and how the member firm can be contacted for questions or concerns.<sup>38</sup> As in Rule 2165, notification to a party would not be required if that party is unavailable or the member firm reasonably believes that the party is involved in the fraud.
- ▶ The temporary delay would expire no later than five business days after placing the hold, unless otherwise terminated or extended by a federal or state regulator or agency of competent jurisdiction or a court of competent jurisdiction.

- ▶ The rule would impose supervision and training requirements consistent with Rule 2165 (as proposed to be amended).
- ▶ The proposed records requirement would also be generally consistent with the corresponding aspects of Rule 2165 and would require records of any information provided to the customer in connection with the temporary delay.

This approach seeks to balance investor protection with respect for customer autonomy. It complements Rule 2165 by addressing situations where customers of any age and capacity are targeted by fraud. The differences between Rule 2165 and proposed Rule 2166 recognize that there are agencies focused on financial exploitation of seniors (e.g., APS). The hold periods in Rule 2165 provide the member firm the time needed to gather information that can form the basis of a referral to such agency, and the time an agency may need to evaluate the matter and conduct its investigation. The length of the Rule 2165 hold period also recognizes the severity of the consequences for seniors who are the victims of financial exploitation, as discussed above. Those same considerations and resources do not necessarily exist for fraud perpetrated on other types of investors.

FINRA understands that some member firms currently rely on contractual provisions in their account opening agreements to place holds on transactions or disbursements to protect customers from fraud. In some cases, these holds may exceed five business days. The optional safe harbor under proposed Rule 2166 would offer a structured framework for member firms (including those that do not currently have such provisions), without restricting a member firm's ability to pursue (or continue to pursue) contractual approaches.<sup>39</sup>

As with Rule 2165, Supplementary Material .01 to proposed Rule 2166 makes clear that the rule does not require member firms to place temporary delays.

#### *Guidance on Information Sharing*

To address questions that continue to arise regarding member firms' ability to share information regarding suspected financial exploitation or fraud in light of privacy considerations, we note that nothing in the rule prohibits a member firm from sharing information that is otherwise permitted by law. In addition, we are reiterating prior guidance on this issue and clarifying its application in the context of proposed Rule 2166.

First, in approving the amendments to Rule 4512 and adoption of Rule 2165, the SEC confirmed that a member firm's disclosures to a trusted contact pursuant to Rules 4512(a)(1)(F) and 2165 would be consistent with Regulation S-P because such disclosures would be made with the customer's consent or authorization, to protect against fraud or unauthorized transactions, or to comply with federal, state or local laws, rules and other applicable legal requirements. Accordingly, a member firm's

disclosures to a trusted contact consistent with Rules 2165 and 4512 would be permissible under Regulation S-P.<sup>40</sup> We believe that such disclosures consistent with proposed Rule 2166 would also be permissible under Regulation S-P.

Second, we note that, in many instances, a member firm would be permitted to disclose information to a non-affiliated third party, such as another financial institution, related to the suspected financial exploitation of a Specified Adult,<sup>41</sup> and this would also be true for suspected fraud targeting a customer.<sup>42</sup> Regulation S-P allows a member firm to share nonpublic personal information with non-affiliated third parties for certain purposes, including to protect against or prevent actual or potential fraud, unauthorized transactions, claims or other liability.<sup>43</sup>

In addition, Section 314(b) of the USA PATRIOT Act and its implementing regulation provide financial institutions with the ability, upon providing notice to the U.S. Department of the Treasury, to share information with one another, under a safe harbor that offers protections from liability, to identify and report to the federal government activities that may involve money laundering or terrorist activity.<sup>44</sup>

### **Economic Impact Assessment**

FINRA has undertaken an economic impact assessment, as set forth below, to analyze the economic baseline for the proposed amendments and their potentially significant economic impacts, including anticipated costs and benefits, relative to the baseline, and the alternatives considered in assessing how best to meet FINRA's regulatory objectives.

#### *Regulatory Need*

Advances in technology and use of sophisticated tactics have made fraud a significant and growing risk for investors and member firms. While investors of all ages face significant risk of fraud, senior investors, in particular, are often living on fixed incomes and budgets without the ability to offset significant losses over time or through other means. The proposed rule amendments would enhance the tools that member firms have to fight fraud and financial exploitation of senior and vulnerable adult investors, and to protect other investors where there is a reasonable suspicion of fraud.

#### *Economic Baseline*

The economic baseline includes current Rules 4512 and 2165, which assist member firms in protecting customer assets through trusted contacts and, for Specified Adults, the ability to place temporary holds on disbursements and transactions when there is a reasonable belief of financial exploitation. The economic baseline also includes current industry practices relating to compliance with these provisions as well as current risks of fraud and financial exploitation of individuals who are not

Specified Adults. The proposed rule change would mostly affect member firms with retail operations. As of December 31, 2024, there are at least 1,135 member firms that serve retail investors.<sup>45</sup>

Survey data from the current National Financial Capability Study Report indicate that about 42 percent of investors have authorized a trusted contact for their investment accounts.<sup>46</sup> Among those investors who do not have a trusted contact, 81 percent do not recall being asked to name one and 49 percent indicated that they would be willing to do so.<sup>47</sup>

Regarding temporary holds, FINRA conducted a survey of member firms in 2020.<sup>48</sup> At that time, FINRA found that “approximately 53 percent of survey respondents stated that they had been unable to resolve a matter related to disbursements within 25 business days.”<sup>49</sup> Furthermore, “[f]or matters that took longer to resolve than the 25-business day period, approximately 35 percent of survey respondents indicated that it took on average 26–50 business days to resolve the matter and approximately 59 percent of survey respondents indicated that it took on average 51–100 business days to resolve the matter.”<sup>50</sup>

#### *Economic Impacts*

The proposed amendments would impact member firms and investors, especially senior and vulnerable investors. As discussed above, FINRA is proposing amendments in three areas: (1) amendments to Rule 4512, allowing the use of “emergency contact” terminology under the existing trusted contact framework to reduce customer confusion, and codifying existing guidance; (2) amendments to Rule 2165, including extending maximum temporary hold periods and codifying existing guidance; and (3) proposing new Rule 2166 that introduces a new temporary hold mechanism for addressing suspected fraud, applicable to any customer (regardless of age or capacity).

#### *Anticipated Benefits*

FINRA believes that the proposed amendments to Rule 4512 allowing the use of the term “emergency contact” as an alternative to “trusted contact person” would increase customer comfort with designating an individual as a trusted contact. FINRA also believes that an increase in customer use of this designation would improve member firms’ ability to intervene in situations of suspected fraud or other circumstances of potential investor harm. This would subsequently improve the chances to prevent potential financial losses to investors.

FINRA believes that the proposed amendments to Rule 2165 would better address the fact that, in a significant number of instances, relevant authorities, such as APS or law enforcement, require more than the current maximum of 55 business days to evaluate or address financial matters. The data from the 2020 FINRA member

firm survey discussed above suggest that about 28 percent of member firms face instances where a matter took more than 50 days to resolve. The data also suggest that the majority of matters are resolved within the current maximum of 55 business days.

The proposed amendments would establish a structured framework to extend temporary holds up to a maximum of 145 business days (absent further extension by the relevant authority) and provide a mechanism whereby the extension of a hold is commensurate to the circumstances. The more flexible structured framework is expected to benefit investors by allowing, when needed, for more time to address situations where fraud or other circumstances of potential investor harm may be occurring. The proposed amendment strikes a balance between addressing circumstances where there is a demonstrated need for longer holds and avoiding overly long holds or misuse.

The newly proposed Rule 2166 expands the extent of investor protections to cover not only senior and vulnerable investors, but all investors. It does so by introducing an optional safe harbor for member firms to place a short delay of up to five business days on disbursements or transactions when there is a reasonable belief of fraud targeting a customer, without restricting a member firm's ability to include contractual provisions in their account opening agreements to place holds or delays to protect customers from fraud. The proposed rule change would benefit investors by allowing member firms to intervene in situations of suspected fraud and thereby potentially prevent financial losses to investors, especially if relevant information can be collected and effectively communicated to investors within five business days.<sup>51</sup> Accordingly, the expected benefits from the proposed rule change would be greatest where the member firm maintains awareness of common fraud schemes and knows the customer, including how to effectively communicate with them. The proposed rule would benefit member firms by providing them with safe harbor protection from specified FINRA rules if they meet the terms of the rule when implementing a delay of up to five business days on disbursements or transactions.

#### *Anticipated Costs*

Allowing member firms to use the term "emergency contact" as an alternative to "trusted contact person" would result in negligible additional costs, if they choose to use the "emergency contact" terminology. Member firms may incur some minor costs in updating materials that reference "trusted contact person," such as written supervisory procedures, training materials and account opening agreements.

To the extent that member firms choose to take advantage of the proposed amendments to Rule 2165 as well as proposed Rule 2166, additional operational costs such as additional personnel time for communicating with relevant authorities,

notifying authorized parties and trusted contact persons of hold extensions or temporary delays, and enhanced recordkeeping efforts may result. Additionally, member firms would need to update their written supervisory procedures and develop training programs to implement the new provisions.

In addition, there could be indirect costs to member firms and investors in situations where longer temporary holds or Rule 2166-based delays are implemented. The possibility exists that the imposition of a hold (or temporary delay) might cause lost or diminished investment opportunities and dissatisfaction with customer service by some investors. These costs would likely increase with the length of time of the hold. Some investors may view temporary holds or delays as impositions on their autonomy that exceed any benefits resulting from better fraud protection. In some instances, this may prompt some investors to move assets, which imposes costs on them. For member firms, this could result in lost business and diminished client relationships. In addition, if time-sensitive disbursements or transactions are affected by such holds or delays, there may be missed opportunities or other disruptions to the investor. While acknowledging the possibility of member firms and investors incurring the various indirect costs discussed above, FINRA is unable to gauge their magnitude.

Conversely, in situations where proposed Rule 2166 would apply but member firms choose not to place a temporary delay, there is the possibility that member firms expose themselves to the risk of customer complaints and legal action. FINRA believes that a legal risk exists whether or not FINRA adopts the proposed rule, and the safe harbor approach appropriately balances investor protection with member firm liability concerns when firms act in good faith.

#### *Competitive Effects*

FINRA believes the competitive effects of the potential amendments would differ across the impacted member firms, depending on their business model and composition of their customer base and whether and to what extent they choose to use the tools the proposed amendments offer. For example, the competitive effects from the proposed amendments would depend in part on the extent to which a member firm already has business practices in place that facilitate the detection of potential fraud and responses to it. The ability to introduce a five-business-day delay, based on proposed Rule 2166, may be more useful to member firms with full-service business models than to others. Some member firms may not see much advantage from this additional tool and may instead see mostly risks of additional customer complaints and legal action. Other member firms that currently rely on contractual agreements governing temporary holds (irrespective of customer age) may be indifferent. To the extent that member firms make their practices regarding these tools known to current and prospective customers, member firms may

attract additional investors for whom such practices and protections are especially important and salient.

The competitive impact of the proposed amendments on member firms versus non-member firms, such as investment advisory firms, is unclear.

#### *Alternatives Considered*

FINRA is proposing to address financial exploitation of non-Specified Adults through proposed Rule 2166. FINRA considered, as some commenters advocated (and others opposed), expanding existing Rule 2165 to cover non-Specified Adults and to cover situations where Specified Adults experience diminished capacity but no financial exploitation.

The proposed approach complements Rule 2165 by addressing situations where customers of any age are targeted by fraud, while preserving the enhanced protection framework of Rule 2165 for senior and other vulnerable investors, who, as a group, suffer the largest losses to fraud, and for whom losses can be most financially debilitating. Relative to expanding Rule 2165, the proposed approach avoids potential disruption of existing member firm practices geared specifically to Specified Adults. Moreover, while for Specified Adults there are agencies with mandates to investigate financial exploitation (e.g., APS), the same is not necessarily true for fraud perpetrated on non-Specified Adults. Hence, while the hold periods in Rule 2165 provide member firms the time needed to gather information that can form the basis of a referral to such agencies, and the time an agency may need to conduct its investigation, similar considerations do not necessarily exist for non-Specified Adults.

Additionally, with respect to the appropriate maximum length of delay under proposed Rule 2166, FINRA considered whether 10 business days would be preferable to 5 business days. With 10 business days, member firms may have a greater ability to collect information, investigate, reach the customer, and possibly schedule in-person meetings. However, the potential cost to the investment opportunities of the investor can increase as the length of the hold extends. Given this potential cost along with concerns about impacts on customer autonomy, FINRA is proposing the five-business-day delay and specifically requesting comment on the length of delay.

As for situations of impairment of Specified Adults absent financial exploitation, FINRA did not receive sufficient comment on this issue to meaningfully inform a determination on this issue at this time.

## Request for Comment

FINRA requests comment on all aspects of the proposal. FINRA requests that commenters provide empirical data or other factual support for their comments wherever possible.

Specifically, FINRA requests comment on the following questions.

- ▶ Is the proposed “emergency contact” terminology likely to increase customer comfort and participation?
- ▶ Are there potential unintended consequences of allowing a single trusted contact across multiple accounts, including future accounts? Are there potential unintended consequences of requiring a customer to be provided the option to select a trusted contact on an account-by-account basis?
- ▶ Is the proposed 145-business-day maximum temporary hold period for Rule 2165 appropriate? Would a shorter or longer period be more appropriate? If so, why?
- ▶ Are the proposed conditions for hold extensions reasonable and balanced?
- ▶ Is the proposed five-business-day temporary delay an appropriate intervention window for proposed Rule 2166? Would a 10-business-day period be more appropriate? If so, why?
- ▶ Are the safeguards in proposed Rule 2166 appropriately tailored?
- ▶ What are the additional material economic impacts, including costs and benefits, for investors and member firms of these proposed amendments?
- ▶ How might the impacts differ across various member firm business models and member firm sizes?
- ▶ Are there potential economic consequences not discussed in this *Notice*?
- ▶ How might these proposed amendments affect competition among member firms, as well as competition between member firms and other financial intermediaries such as investment advisers?

## Conclusion

The proposed amendments described in this *Notice* represent FINRA’s ongoing commitment to adapting its regulatory framework to address the dynamic and increasingly complex threats facing investors today. FINRA aims to provide member firms with the practical tools and flexibility necessary to protect their customers from financial exploitation and fraud.

## Endnotes

- 1 Parties should submit in their comments only personally identifiable information, such as phone numbers and addresses, that they wish to make available publicly. FINRA, however, reserves the right to redact, remove or decline to post comments that are inappropriate for publication, such as vulgar, abusive or potentially fraudulent comment letters. FINRA also reserves the right to redact or edit personally identifiable information from comment submissions.
- 2 See Federal Bureau of Investigation (FBI) Internet Crime Complaint Center (IC3), [FBI Internet Crime Report 2024](#), at 3 (FBI IC3 Report), reporting that “as a group, those over the age of 60 suffered the most losses and submitted the most complaints.” This represents a 46 percent increase in complaints from 2023.
- 3 See, e.g., Rachel E. Morgan & Susannah N. Tapp, [Examining Financial Fraud Against Older Adults](#), Nat'l Inst. of Justice J. (March 20, 2024) (citing data on fraud against older adults, but noting that “the actual number of fraud cases is unknown as many people do not report their victimization, and underreporting is especially high for older adults”); U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN), [Advisory on Elder Financial Exploitation](#), FIN-2022-A002, at 1-2 (June 15, 2022) (FinCEN 2022 Advisory) (“Despite the fact that [elder financial exploitation] is the most common form of elder abuse, the majority of incidents go unidentified and unreported as victims may choose not to come forward out of fear, embarrassment, or lack of resources.”).
- 4 For example, Federal Trade Commission (FTC) data show that median losses are highest for older adults, but individuals under age 60 accounted for 64 percent of reported fraud in 2024. See FTC, [Protecting Older Consumers](#)

[2024-2025: A Report of the Federal Trade Commission](#) 18 (December 1, 2025); see also FTC, [Consumer Sentinel Network Data Book 2024](#) (March 2025) (FTC 2024 Data Book). The FTC's Consumer Sentinel data are available [online](#) in an interactive format.

- 5 See [FBI IC3 Report](#), *supra* note 2.
- 6 Sam Rogers, [International Scammers Steal Over \\$1 Trillion in 12 Months in Global State of Scams Report 2024](#), Global Anti-Scam Alliance (November 7, 2024).
- 7 See, e.g., FBI, [Alert Number: I-120324-PSA: Criminals Use Generative Artificial Intelligence to Facilitate Financial Fraud](#) (December 3, 2024).
- 8 See, e.g., [FBI IC3 Report](#), *supra* note 2, at 3 (“As nearly all aspects of our lives have become digitally connected, the attack surface for cyber actors has grown exponentially. Scammers are increasingly using the Internet to steal Americans' hard-earned savings. And with today's technology, it can take mere taps on a keyboard to hijack networks, cripple water systems, or even rob virtual exchanges.”); INTERPOL, [INTERPOL Financial Fraud assessment: A global threat boosted by technology](#) 11 (March 11, 2024) (“Within financial fraud, technology has emerged as the key enabling factor for criminal groups. The use of AI, large language models (LLM) and cryptocurrencies can scale up certain types of financial fraud exponentially with low levels of investment.”).
- 9 See, e.g., [Regulatory Notice 22-25](#) (November 17, 2022); FINRA, [This On-Ramp Could Lead You to a Dump](#) (March 30, 2023); FINRA, [Investor Alert: Social Media 'Investment Group' Imposter Scams Continue to Rise](#) (December 9, 2025).

- 10 These realistic, structured exercises, led by FINRA staff with direct examination and investigation experience, enable member firms to test response protocols, strengthen coordination, clarify roles, and identify gaps before a real-world incident occurs.
- 11 For example, the 2025 Annual Conference featured a dedicated session on mitigating impacts of fraud and scams targeting customers.
- 12 See [2026 FINRA Annual Regulatory Oversight Report](#) (December 9, 2025); [2025 FINRA Annual Regulatory Oversight Report](#) (January 28, 2025).
- 13 FINRA maintains a catalog of e-learning courses for member firms to use in furtherance of their training programs, and a number of these courses address diminished capacity, vulnerable populations and exploitation of senior investors.
- 14 The Helpline provides real-time assistance not only to investors and their families but also to member firms. For example, the Helpline has assisted member firms with concerns related to FINRA Rules 2165 and 4512 and connects member firms with the relevant subject matter experts in FINRA's Office of General Counsel when interpretive questions arise.
- 15 For example, FINRA's intelligence work has directly contributed to major enforcement initiatives, including providing briefings that supported the SEC's launch of its Cross-Border Task Force.
- 16 For example, VAST co-hosted two webinars for the New York Public Library in 2025: "Red Flags and Safe Harbors: Navigating Financial Scams in Today's Market" and "FINRA in Action: Senior Protection from Crypto ATM Fraud."
- 17 Other FINRA rules that are generally applicable to all customers, but can be particularly relevant in protecting senior investors include FINRA [Rule 3240](#) (Prohibition on Borrowing From or Lending to Customers) and [Rule 3241](#) (Registered Person Being Named a Customer's Beneficiary or Holding a Position of Trust for a Customer).

18 See FINRA, [Frequently Asked Questions Regarding FINRA Rules Relating to Financial Exploitation of Senior Investors](#), Q.3.2 (last visited December 18, 2025) (FINRA Seniors FAQs).

19 Judy T. Lin, Christopher Bumcrot, Olivia Valdes, Gary Mottola, Susan Sarver, Robert Ganem, Christine Kieffer, & Gerri Walsh, [Investors in the United States: A Report of the National Financial Capability Study](#), FINRA Investor Education Foundation (December 2025).

20 For example, FINRA has published the following resources related to trusted contacts [Webpage](#), [Infographic](#), [Video](#) and [Investor Bulletin: Why You Should Consider Adding a Trusted Contact to Your Account](#).

21 See [Regulatory Notice 22-31](#) (December 15, 2022); see also FINRA 2025 and 2026 Annual Regulatory Oversight Reports, *supra* note 12.

22 See [FINRA Seniors FAQs](#), *supra* note 18, at Q.4.5.

23 See [Letter from National Adult Protective Services Association](#), dated June 12, 2025 (noting that FINRA's prior amendments to Rule 2165, extending the temporary hold period to 55 business days, "mirror the average time it takes to conduct an APS investigation. This average encapsulates all categories of reports that APS investigates (*i.e.*, physical, sexual and emotional abuse, self-neglect, caregiver neglect), in addition to financial abuse. Financial exploitation investigations are often the most complex and time-consuming and there are many examples of cases being open for more than a year."). See also *infra* text accompanying notes 48-50.

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24 An automated response or acknowledgement or other communication that does not address the status of the referral would not be considered a response for these purposes.

25 The current rule requires notification of the hold and the reason for the hold to authorized parties and the trusted contact person within two business days of placing the hold. We propose to amend this requirement to also require information about how the member firm can be contacted for questions or concerns. See Proposed Supplementary Material .06.

26 In circumstances where the member firm receives no communication from the relevant authority, documentation of a lack of response could include a notation or attestation that no response was received from the relevant authority as of a specified date.

27 See Proposed Supplementary Material .04.

28 See, e.g., Board of Governors of the Federal Reserve System et al., [Interagency Statement on Elder Financial Exploitation](#) 7 (December 2024) ("Some agencies or programs may be able to help victims recover stolen funds. For example, the IC3 Recovery Asset Team is a domestic program designed to 'streamline communication between financial institutions and assist FBI field offices with the freezing of funds for those who made transfers to fraudulent accounts under false pretenses.' Another example is FinCEN's international Rapid Response Program that 'helps victims and their financial institutions recover funds stolen as the result of certain cyber-enabled financial crime schemes, including business e-mail compromise.'") (citations omitted).

29 See, e.g., [Regulatory Notice 20-34](#).

30 See [FINRA Seniors FAQs](#), *supra* note 18, at Q.3.2 and Q.1.2.

31 To the extent a member firm receives an oral request from the relevant authority, the member firm would be expected to create a record of such communication and maintain it in accordance with proposed Supplementary Material .04.

32 For purposes of this rule, "customer" would mean "a natural person age 18 and older." Proposed Rule 2166(a)(2). "Account" would mean "any account of a member for which a customer has the authority to transact business." Proposed Rule 2166(a)(1). Customers who meet the definition of "Specified Adult" under Rule 2165 may be protected by a member firm under either Rule 2165 or proposed Rule 2166. We note that a "mental or physical impairment that renders the individual unable to protect his or her own interests" can apply to temporary impairments (e.g., due to addiction or temporary illness) as well as permanent or chronic impairments. See Securities Exchange Act Release [No. 79215](#) (November 1, 2016), 81 FR 78238, 78246 (November 7, 2016) (Order approving File No. SR-FINRA-2016-039). In the context of placing a temporary delay in the account of a customer under the age of 65, if the member firm forms a reasonable belief that the customer has such a mental or physical impairment, the member firm could choose to rely instead on Rule 2165.

33 For purposes of this rule, "fraud" would be defined as "a deceptive scheme perpetrated by a third party that targets a customer and results in a request for a disbursement of funds or securities or a transaction in securities based on false or misleading information." Proposed Rule 2166(a)(4). This definition is intended to be broad and would include, for example, identity theft and account takeovers.

34 Like Rule 2165, proposed Rule 2166 would provide member firms and their associated persons with a safe harbor from FINRA Rules 2010, 2150 and 11870 when acting in accordance with the requirements of the rule.

35 See FBI, [FBI Announces Nationwide 'Take A Beat' Campaign to Increase Awareness of Frauds and Scams](#) (August 19, 2024) (noting that perpetrators "may try to instill trust, induce empathy, or fear, or promise monetary gains, companionship, or employment opportunities—all to lure victims into immediate action").

36 See Katharina Kircanski et al., [Emotional Arousal May Increase Susceptibility to Fraud in Older and Younger Adults](#), 33(2) *Psychol. & Aging* 325-337 (March 2018), ("Persuasion tactics used by fraud perpetrators often elicit high levels of emotional arousal; thus, studying emotional arousal may help to identify the conditions under which individuals are particularly susceptible to fraud. We examined whether inducing high-arousal positive (HAP) and high-arousal negative (HAN) emotions increased susceptibility to fraud. [...] For participants who exhibited the intended induced emotional arousal, both the HAP and HAN conditions [...] significantly increased participants' reported intention to purchase falsely advertised items.").

37 See Marguerite DeLiema, Yiting Li & Gary Mottola, [Correlates of responding to and becoming victimized by fraud: Examining risk factors by scam type](#), 47(3) *Int'l J. of Consumer Stud.* 1042-1059 (May 2023) ("Using survey data from 1375 American and Canadian consumers who previously reported a scam to a North American consumer complaint organization, this study examines the correlates of responding to and losing money to four categories of consumer fraud: opportunity-based scams, threat-based

scams, consumer purchase scams, and phishing scams. [...] Having advance knowledge of fraud prior to being exposed was protective across nearly all scam types. Results suggest that awareness about specific scams helps protect against financial loss.").

38 See Proposed Rule 2166(b)(1)(B) and Proposed Supplementary Material .04. FINRA understands that a member firm may not necessarily be able to speak with or otherwise get a response from such persons within the two-business-day period. Consistent with guidance provided in connection with Rule 2165, FINRA would consider, for example, a member firm's sending an email or placing a telephone call and leaving a message with appropriate person(s) within the two-business-day period to constitute notification for purposes of proposed Rule 2166. See [Regulatory Notice 17-11](#), note 20 (March 30, 2017). A member firm may similarly mail a letter, but due to the short duration of the temporary delay in proposed Rule 2166, delivery by mail may not be the most expedient means of communication.

39 See also [Regulatory Notice 22-05](#), note 13 (February 15, 2022) ("Regarding whether the best execution obligation applies to a member firm's decision to place a temporary hold on a securities transaction where there is a reasonable belief of customer financial exploitation, [b]roker-dealers are reminded that nothing under the federal securities laws or FINRA rules obligates them to accept an order where they believe that the associated compliance or legal risks are unacceptable.") (citing [SEC Staff Bulletin: Risks Associated with Omnibus Accounts Transacting in Low-Priced Securities](#) (last updated October 17, 2023)).

40 See [FINRA Seniors FAQs](#), *supra* note 18, at Q.5.1;

Securities Exchange Act Release [No. 79964](#) (February 3, 2017), 82 FR 10059 (February 9, 2017) (Notice of Filing of Partial Amendment No. 1 and Order Granting Accelerated Approval of File No. SR-FINRA-2016-039), note 159 and accompanying text.

41 See [FINRA Seniors FAQs](#), *supra* note 18, at Q.6.1.

42 We also understand that some member firms currently rely on contractual provisions (e.g., in their account opening agreements) that permit the member firm to contact a person “reasonably associated” with the customer or a family member when a firm suspects financial exploitation of a customer and there is no trusted contact on file. Some state laws contain similar provisions. See, e.g., Ark. Code Ann. § 23-42-309(b) (2024); Ala. Code § 8-6-174 (2024).

43 See exception provided by 17 C.F.R. § 248.15(a)(2)(ii) and other exceptions to Regulation S-P’s notice and opt out requirements provided by 17 C.F.R. §§ 248.14 and 248.15. Member firms are reminded that nonpublic personal information received or disclosed for the purpose of protecting against or preventing actual or potential fraud under 17 C.F.R. § 248.15(a)(2)(ii) or another exception in 17 C.F.R. § 248.14 or 248.15 is subject to 17 C.F.R. § 248.11’s limits on redisclosure and reuse for information. In determining whether to share information with a non-affiliated third party pursuant to 17 C.F.R. § 248.15(a)(2)(ii) or another exception in 17 C.F.R. § 248.14 or § 248.15, a member firm should take appropriate steps to ensure that the third party seeking the information is not attempting to obtain customer information fraudulently (for example, a perpetrator impersonating bank staff) and that the information is shared consistent with the member firm’s policies and procedures related to Regulation S-P and Regulation S-ID (17 C.F.R. § 248.201).

44 See 31 C.F.R. § 1010.540 (Voluntary information sharing among financial institutions) regarding the requirements that must be met to qualify for the safe harbor from liability; *see also* [FinCEN 2022 Advisory](#), *supra* note 3 (strongly encouraging such voluntary information sharing as critical to identifying, reporting, and preventing elder financial exploitation, among other illicit activity); *see also* FinCEN, [The SAR Activity Review: Trends Tips and Issues: Issue 23](#) (May 2013) (providing examples of information sharing among financial institutions pursuant to Section 314(b), including for suspected financial exploitation of a senior). Additional information from FinCEN is available on its [website](#). Member firms should also note that Section 314(b) does not authorize a participating financial institution to share a Suspicious Activity Report (SAR) itself, or to disclose any information that would reveal the existence of a SAR. See 31 C.F.R. § 1023.320(e) (relating to the requirement to maintain the confidentiality of SARs); *see also* FinCEN, [Section 314\(b\) Fact Sheet](#) (December 2020).

45 See FINRA, [2025 FINRA Industry Snapshot](#) 34-36 (September 2025). The 1,135 member firms represent the sum of the member firms that are part of the “Retail” firm grouping as listed in tables 2.6.1 through 2.6.3 of the publication.

46 See Judy T. Lin, et al., *supra* note 19.

47 *Id.*

48 See [Regulatory Notice 20-34](#) (October 5, 2020).

49 At the time of the survey, Rule 2165 only provided provisions related to temporary holds in conjunctions with disbursements. Hence the relevant survey questions only pertained to such situations.

50 See [2025 FINRA Industry Snapshot](#), *supra* note 45, at 5.

51 See, e.g., Craig Honick et al., [Exposed to Scams – Can Challenging Consumers' Beliefs Protect Them From Fraud?](#) (September 2021).

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