Regulatory Notice 26-24

Communications with the Public

FINRA Adopts Amendment to Rule 2210 (Communications with the Public) to Allow Specified Projections of Performance and Targeted Returns

Effective Date: February 1, 2027

November 18, 2026

Notice Type

- Rule Amendment

Suggested Routing

- Advertising
- Compliance
- Legal
- Mutual Fund
- Operations
- Registered Representatives
- Risk
- Senior Management
- Systems
- Training
- Variable Contracts

Key Topics

- Advertising Regulation
- Communications with the Public
- Supervision

Referenced Rules & Notices

- Rule 2210

Summary

FINRA has adopted amendments to FINRA Rule 2210 (Communications with the Public) to allow a member's communications to project the performance or present a targeted return with respect to a security, a securities portfolio, or an asset allocation or other investment strategy, subject to specified conditions to ensure these projections of performance and targeted returns are relevant to the likely financial situation and investment objectives of the intended audience. In addition, members would be required to comply with the existing content standards in Rule 2210 when presenting projections of performance or targeted returns in communications, including that the projections of performance or targeted returns provide a sound basis for evaluating the facts for any particular security or type of security.

The text of the rule change is set forth in Attachment A.

Questions concerning this *Notice* should be directed to:

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- Ilana Herscovitz Reid, Associate General Counsel, Office of General Counsel (OGC), by email or (202) 728-8268;
- David Driscoll, Associate General Counsel, OGC, by email or (202) 728-8411.

Background & Discussion

FINRA has amended Rule 2210 to permit a member to project performance or present a targeted return in its communications, subject to specified conditions (the "Projections Amendments"). The Projections Amendments provide an exception to Rule 2210's general prohibition against performance projections, which provides that communications generally may not predict or project performance, imply that past performance will recur or make any exaggerated or unwarranted claim, opinion or forecast, subject to specified exceptions.[1] The Projections Amendments create a new, narrowly tailored, exception to Rule 2210's general prohibition of projections for a communication that projects performance or presents a targeted return with respect to a security, a securities portfolio, or an asset allocation or other investment strategy when members meet specified conditions.[2]

The Projections Amendments require a member communicating a projection of performance or targeted return to one or more investors to adopt and implement written policies and procedures reasonably designed to ensure that the communication is relevant to the likely financial situation and investment objectives of the intended audience. The Projections Amendments also require that a member provide sufficient information to enable the intended audience to understand (1) the criteria used and assumptions made in calculating the projected performance or targeted return; and (2) the risks and limitations of using the projected performance or targeted return in making investment decisions. Members must also retain records of information concerning the source of any projection of performance or targeted return. In addition, as with all communications with the public, member communications that contain projected performance or targeted returns must meet Rule 2210's general standards, including the requirements that communications be fair and balanced, provide a sound basis for evaluating the facts in regard to any particular security or type of security, and not contain false, exaggerated, unwarranted, promissory or misleading content.

Key Changes

1. **Projections of Performance and Targeted Returns**

   The Projections Amendments allow a member to project the performance or present a targeted return with respect to a security, a securities portfolio, or an asset allocation or other investment strategy in its communications, subject to the specified conditions detailed below.[3]

2. **Written Policies and Procedures**

   The Projections Amendments require a member to adopt and implement written policies and procedures reasonably designed to ensure that a communication including a projection of performance or targeted return

is relevant to the likely financial situation and investment objectives of the intended audience of the communication.[4] Per this requirement, a communication containing projected performance or a targeted return should be distributed only to investors whom a member reasonably believes have access to resources to independently analyze this information and who have the financial expertise to understand the risks and limitations of these types of presentations.[5] In addition, members generally may not include projections of performance or targeted returns in communications directed to a mass audience or intended for general circulation, including to a general retail investor audience. In such circumstances, a member generally could not form any expectation that the communication is relevant to the likely financial situation and investment objectives of the intended audience.[6]

The rule change does not prescribe the ways in which a member may satisfy the policies and procedures requirement; rather, it provides members with flexibility to develop policies and procedures that best suit their investor base and business models.[7]

Reasonably designed policies and procedures need not require the member to address each recipient's particular circumstances; rather, a member's policies and procedures may account for the grouping of investors into categories or types based on the member's reasonable judgment as to the likely investment objectives and financial situation of that investor category that is the intended audience of a communication.[8] For example, a member could meet the policies and procedures requirement by implementing written policies and procedures that are reasonably based in part on the member's past experiences with particular types of investors who seek this information or by restricting its intended audience for such a communication to persons or entities that have expressed interest in particular types of securities, or who have invested in similar securities in the past.[9]

3. Disclosures

The Projections Amendments require that a member provide sufficient information to enable the intended audience to understand (1) the criteria used and assumptions made in calculating the projected performance or targeted return; and (2) the risks and limitations of using the projected performance or targeted return in making investment decisions.[10]

Under the first disclosure requirement, FINRA would expect members to provide a general description of the methodology used sufficient to enable investors to understand the basis of the methodology, as well as the assumptions underlying the projection or targeted return. For example, FINRA would generally expect members to disclose whether a projected

performance or targeted return is net of anticipated fees and expenses.[11] However, members have flexibility to tailor such communications, where appropriate, depending on the facts and circumstances, including for example, the particulars of the specific communication and the intended audience. Likewise, this requirement is not intended to prescribe any particular methodology or calculation of such performance, nor does FINRA expect a firm to publicly disclose proprietary or confidential information regarding the firm's methodology and criteria.

The second disclosure requirement is intended to help ensure that investors do not unreasonably rely on a projection or targeted return given its uncertainty and risks. To comply with this requirement, FINRA would generally expect that a communication that presents a projection of performance or targeted return to provide sufficient information to enable the investor to understand the reasons why the projected performance or targeted return may differ from actual performance.[12]

4. Recordkeeping

The Projections Amendments require that members' communications records include information concerning the source of any projection of performance or targeted return.[13] Together with the existing Rule 2210 requirement that member communications "provide a sound basis for evaluating the facts in regard to any particular security or type of security," the Projection Amendments require members to substantiate the basis for such performance presentations in order to demonstrate compliance with the Rule 2210 content standards.[14]

Endnotes

1 *See* Rule 2210(d)(1)(F).

2 *See* Securities Exchange Act Release No. 106675 (October 15, 2026), 91 FR 66371 (October 20, 2026) (Order Approving File No. SR-FINRA-2026-004) ("Approval Order").

3 *See* Rule 2210(d)(1)(F)(iv).

4 *See* Rule 2210(d)(1)(F)(iv)(a).

5 Approval Order, 91 FR at 66372.

6 *Id.* at 66372-73.

7 *Id.* at 66373.

8 *See* Securities Exchange Act Release No. 104887 (February 20, 2026), 91 FR 9308, 9310 (February 25, 2026) ("Initial Rule Filing Notice").

9 *Id.* The mere fact that an investor would be interested in high returns would not, by itself, mean that the projected performance or targeted returns are relevant to the likely financial situation and investment objectives of the intended audience. *See* Initial Rule Filing Notice, 91 FR at 9310 n.32.

10 *See* Rule 2210(d)(1)(F)(iv)(b).

11 *See* Approval Order, 91 FR at 66379.

12 *See id.*

13 *See* Rule 2210(b)(4)(A)(iv).

14 *See* Rule 2210(d)(1)(A).

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