



**Carrie L. Chelko**  
SVP & Chief Compliance Officer  
Fidelity Brokerage Services LLC  
245 Summer Street V13E, Boston, MA 02210  
610.368.0406 [carrie.chelko@fmr.com](mailto:carrie.chelko@fmr.com)

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*Submitted electronically:* [pubcom@finra.org](mailto:pubcom@finra.org)

Jennifer Piorko Mitchell  
Office of the Corporate Secretary  
FINRA  
1735 K Street NW  
Washington, DC 20006-1506

**Re: FINRA Regulatory Notice 20-34: Proposed Amendments to FINRA Rule 2165 and Retrospective Rule Review Report**

Dear Ms. Mitchell:

Fidelity Investments (“Fidelity”)<sup>1</sup> appreciates the opportunity to provide comments to the Financial Industry Regulatory Authority (“FINRA”) on Regulatory Notice 20-34 (the “Notice”) regarding proposed enhancements to FINRA Rule 2165 (Financial Exploitation of Specified Adults). Fidelity fully supports FINRA’s efforts to protect senior investors and other vulnerable persons from financial exploitation. Since its adoption in 2017, FINRA Rule 2165 has provided member firms with new tools to combat financial exploitation. In particular, the ability to place a temporary hold on a disbursement of monies from a client account has provided added protections for vulnerable Fidelity customers.

Fidelity appreciates FINRA’s retrospective review of Rule 2165 and submits this comment letter in support of the two proposed changes. We believe that these changes to Rule 2165 will provide even better tools for Fidelity and other member firms to prevent financial exploitation of vulnerable adults.

## **I. Extension of the Length of Time for Holds**

Currently, Rule 2165 allows a member firm to place a temporary hold on a disbursement of funds from the account for up to twenty-five (25) business days when the firm reasonably believes there is financial exploitation. This hold is of a limited duration and is designed to enable a member firm to promptly investigate perceived exploitation. Unfortunately, the limited duration is very often an inadequate amount of time. While member firms promptly investigate an exploitive act, the member firm also as appropriate involves the Adult Protective Services (APS) state or county agency, law enforcement, courts and/or applicable state regulators (“state entities”). The relevant state entities have much broader investigative powers and need additional

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<sup>1</sup> Fidelity Investments is a leading provider of investment management, retirement planning, portfolio guidance, brokerage, benefits outsourcing, and many other financial products and services. Fidelity submits this letter on behalf of our broker-dealers and FINRA members Fidelity Brokerage Services LLC, Fidelity Distributors Corporation, and National Financial Services LLC.



time to investigate the reported exploitation. Under the proposed amendments, extending the hold for an additional thirty (30) business days will enable the relevant state entities to conduct and complete an investigation. As such, Fidelity supports this extension to ensure the protection of senior clients and vulnerable adults who may be victims of financial exploitation.

## **II. Permitting a Temporary Hold on Both Disbursements and Transactions**

Rule 2165 currently permits a financial services provider to place a temporary hold on a disbursement of funds from an account if the firm reasonably believes there is financial exploitation. In the Notice, FINRA proposes to expand the rule to include temporary holds on transactions. This will allow member firms to temporarily hold certain client instructions if the firm reasonably believes that the instructions are the result of a financial exploitation. Fidelity supports this proposed amendment and believes that it will provide further protections from exploitative purchases, sales or asset liquidations. Indeed, these safeguards are critical to ensure that a client does not experience additional financial harms like adverse tax consequences, surrender charges or other risks associated with purchasing or selling securities, either with cash or on margin. We believe FINRA's requirements to have written supervisory procedures to identify, escalate and report financial exploitation are appropriate safeguards to ensure protection for senior investors and other vulnerable adults.

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Fidelity would be pleased to provide further information, participate in any direct outreach efforts that FINRA undertakes, or respond to questions FINRA may have about our comments.

Sincerely,



Carrie L. Chelko  
SVP & Chief Compliance Officer  
Fidelity Brokerage Services LLC

cc: James S. Wrona, Vice President & Associate General Counsel  
Jeannette Wingler, Associate General Counsel