

March 9, 2026

VIA ELECTRONIC MAIL: pubcom@finra.org

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

RE: Regulatory Notice 26-02; Fraud Protection; Rule Revisions to Help Member Firms Protect Senior Investors From Financial Exploitation and All Investors From Fraud

Dear Ms. Piorko Mitchell,

Cambridge Investment Research, Inc. (“Cambridge”) appreciates the opportunity to comment on FINRA Regulatory Notice 26-02 (the “Proposal”). The Proposal contemplates changes to FINRA Rule 4512 allowing firms to use the term “emergency” contact in place of “trusted” contact, and FINRA Rule 2165 extending the temporary hold period, as well as newly proposed FINRA Rule 2166, which would allow Firms to implement a five-day “speed bump” when there is reasonable belief of fraud.

Cambridge supports the Proposal so far as it : (1) enhances understanding of the role and purpose of a Trusted Contact; (2) provides financial professionals with alternative methods for explaining the Trusted Contact concept to clients; (3) affords firms additional time to investigate potential instances of financial exploitation; and (4) allows firms greater flexibility to assess concerns involving clients who may not otherwise meet the definition of a vulnerable client.

I. Proposed Amendments to Rule 4512

With respect to Rule 4512, the term “emergency” contact, as opposed to “trusted” contact enhances the likelihood that clients and financial professionals will appreciate the significance of this designation, facilitate more meaningful conversations regarding the purpose of the designation, and hopefully drive higher rates of adoption. Consequently, Cambridge is very supportive of creating optionality in the terminology contemplated by the Proposal.

Additionally, with respect to Rule 4512, Cambridge believes that the Rule should be expanded to permit designation of a contact person at the client level. Considerations underlying adoption of the trusted contact regime apply not only to a single account but typically across a client’s entire relationship with a firm. Consequently, investors should

have at least the option to apply their contact designation to their entire relationship with a firm, as opposed to a single account. This optionality more accurately reflects the reality that financial exploitation impacts clients as a whole, not individual accounts.

II. Proposed Amendments to Rule 2165

As FINRA is aware, investigations into potential financial exploitation are often complex and time-consuming. Therefore, Cambridge supports the Proposal's extension of the hold period articulated in Rule 2165.

Nevertheless, the Proposal as it relates to Rule 2165 is too restrictive in terms of who can extend the hold period under this rule. Restricting the reasons for extending a hold to just delayed or absent responses from state agencies, particularly in circumstances where agencies are unwilling or unable to share information, renders the improvement contemplated by the Proposal in this regard potentially meaningless. Cambridge is also concerned that the "reasonable" follow-up referenced in the Proposal is too vague and thus causes uncertainty and risk for firms attempting to comply with Rule 2165.

Cambridge is also concerned that longer temporary holds may increase the likelihood of customer complaints, yet the proposal does not provide corresponding relief or guidance in this area as it related to financial professionals. The Firm encourages consideration of alternative reporting mechanisms or, at a minimum, the establishment of a specific non-sales-practice complaint designation for complaints arising from temporary holds under Rule 2165.

III. Proposed Rule 2166

Finally, Cambridge supports FINRA's adoption of new Rule 2166. Specifically, allowing firms to institute a five-day temporary hold on a transaction or disbursement—the "speed bump"—when the firm suspects fraud with respect to *any* customer, regardless of age or capacity, is a welcome addition to the firms' arsenal in combating fraud.

However, there is room for improvement in proposed Rule 2166. For example, the five-day hold may be too short to provide the protection contemplated. Additionally, the supervision, training, and record keeping requirements are so vague as to put firms at risk of non-compliance.

Also, the decision whether to engage a Contact should remain optional. Many issues involving fraud can be resolved directly with the client, but mandatory contact may discourage clients from designating a Contact at the outset.

Cambridge also questions the inclusion of language addressing a potential extension contingent upon approval by a federal or state regulator, or a court or agency of competent jurisdiction, noting that it is highly unlikely the states would act within the short timeframe provided. That said, the language does not appear to be harmful to the overall proposed rule.

Cambridge encourages FINRA to provide greater clarity regarding the scope of “fraud,” and whether the rule should be more narrowly tailored to scams, as firms would likely independently place holds in situations not involving client-initiated activity.

IV. Conclusion

Cambridge appreciates FINRA’s consideration of these proposed rule changes and the opportunity to provide feedback on Regulatory Notice 26-02. The Firm supports FINRA’s continued efforts to enhance investor protection through practical and meaningful safe harbors that enable firms to respond effectively to potential financial exploitation. Cambridge respectfully encourages FINRA to consider the comments and recommendations outlined above as it finalizes these proposals and looks forward to continued collaboration to ensure the rules appropriately balance investor protection, regulatory clarity, and operational feasibility.

Cambridge would be happy to discuss further any of the comments or recommendations outlined in this letter.

Respectfully submitted,

/s/ Seth A. Miller

Seth A. Miller
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