

March 9, 2026

**Via FINRA Regulatory Comment Form**

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

**Re: FINRA Regulatory Notice 26-02  
FINRA Requests Comment on Rule Revisions to Help Member Firms Protect  
Senior Investors from Financial Exploitation and All Investors From Fraud**

Dear Ms. Mitchell:

We are submitting this letter on behalf of the Committee of Annuity Insurers (the "Committee"),<sup>1</sup> in response to FINRA Regulatory Notice 26-02, *FINRA Requests Comment on Rule Revisions to Help Member Firms Protect Senior Investors from Financial Exploitation and All Investors from Fraud* (the "Notice"), issued by the Financial Industry Regulatory Authority, Inc. ("FINRA") on January 8, 2026.<sup>2</sup> The Notice solicits comment on proposed amendments to FINRA Rules 4512 (Customer Account Information) and 2165 (Financial Exploitation of Specified Adults) and a proposed new Rule 2166 (Temporary Delays for Suspected Fraud). The Committee appreciates the opportunity to comment on the Notice.

**BACKGROUND**

The Committee appreciates FINRA's dedication to strengthening protection for senior and vulnerable investors and providing broker-dealers with tools to help combat financial exploitation. In 2018, through its adoption of FINRA Rule 2165 and amendments to Rule 4512, FINRA implemented a regulatory framework designed to support the early identification and prevention of financial exploitation of senior and vulnerable adults. This framework permitted FINRA members to contact a senior or vulnerable customer's trusted contact person and institute a temporary hold on disbursements of funds or securities when they developed a reasonable suspicion of financial exploitation. This regulatory framework benefitted from a rule change in 2021, when FINRA expanded Rule 2165 to let members place holds on securities transactions (not just disbursements) and lengthened the temporary hold period by an additional 30-business-days,

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<sup>1</sup> The Committee is a coalition of many of the largest and most prominent issuers of annuity contracts. The Committee's 33 member companies represent approximately 80% of the annuity business in the United States. The Committee was formed in 1981 to address legislative and regulatory issues relevant to the annuity industry and to participate in the development of insurance, securities, banking, and tax policies regarding annuities. For over four decades, the Committee has played a prominent role in shaping government and regulatory policies with respect to annuities at both the federal and state levels, working with and advocating before the SEC, CFTC, FINRA, IRS, Treasury Department, and Department of Labor, as well as the NAIC and relevant Congressional committees. A list of the Committee's member companies is available on the Committee's website at [www.annuity-insurers.org/about-the-committee/](http://www.annuity-insurers.org/about-the-committee/).

<sup>2</sup> FINRA Regulatory Notice 26-02, *FINRA Requests Comment on Rule Revisions to Help Member Firms Protect Senior Investors from Financial Exploitation and All Investors from Fraud* (January 8, 2026), available [here](#).

provided certain criteria were met.<sup>3</sup> Along with improving the framework through rule changes, FINRA has issued guidance seeking to clarify key aspects of the rules.

The Notice represents FINRA's latest effort to strengthen protections for investors against financial exploitation. Growing out of the FINRA's "FINRA Forward" rule modernization initiative and comments received by member firms, including the Committee, the Notice proposes targeted amendments to FINRA Rules 2165 and 4512, and introduces a new Rule 2166, each intended to strengthen member firms' ability to protect customers from financial exploitation and fraud while operating within a regulatory safe harbor. The rule changes proposed in the Notice focus on several areas where members experience friction under the existing framework, including:

- **Amendments to Trusted Contact Person Provision in Rule 4512.** Recognizing the importance of the trusted contact person framework in protecting investors from financial exploitation, the Notice proposes two amendments. First, firms would have the opportunity to use the term "emergency contact" as an alternative to "trusted contact person." Second, firms would be permitted to seek a customer's authorization to apply a trusted contact person to a customer's existing and future accounts with the member firm – an expansion of existing guidance.
- **Extension of Hold Period Under Rule 2165.** The Notice proposes adding three 30-business day extensions to the current temporary hold framework under Rule 2165, allowing transactions or disbursements to be held for a total of 145 business days provided that certain conditions are met.
- **New Proposed Rule 2166.** Proposed Rule 2166 would offer firms a tool to protect all customers, regardless of age or capacity, from suspected fraud. The rule would allow a firm to place a temporary delay of up to five business days on a transaction or disbursement in the account of any customer if the firm developed a reasonable belief of fraud targeting the customer, provided certain conditions are met.

## COMMITTEE COMMENTS

The Committee appreciates the opportunity to comment on the Notice and is generally supportive of the proposed changes. The Committee has long supported the implementation and expansion of FINRA's regulatory framework around the protection of customers from financial exploitation. In connection with FINRA Regulatory Notice 25-07 (FINRA's request for comment on modernizing rules related to member workplaces), the Committee specifically advocated for two changes to Rule 2165: (1) extending the maximum temporary hold period beyond 55-business days; and (2) providing a mechanism for firms to protect customers of all ages from suspected fraud.<sup>4</sup> The Committee is pleased that the Notice addresses these points by proposing the expansion of the hold period under Rule 2165 for an additional 90 business days and the addition of a new Rule 2166 that would grant a safe harbor allowing firms to protect customers regardless of age or capacity.

The Committee offers the following two comments, which are focused on areas where greater clarity or flexibility may further strengthen the proposed framework.

### 1. The Committee Requests that FINRA Further Expand the Hold Period in Proposed Rule 2166

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<sup>3</sup> See Securities Exchange Act Release No. 34-94061, Order Approving a Proposed Rule Change to Amend Rule 2165 (Financial Exploitation of Specified Adults) (January 25, 2022), 87 FR 4974 (January 31, 2022) (Notice of Filing of File No. SR-FINRA-2021-016), available [here](#).

<sup>4</sup> The Committee's comment letter in response to FINRA Regulatory Notice 25-07 can be found [here](#).

The Committee supports Proposed Rule 2166 and its objective of providing member firms with a regulatory safe harbor to protect all customers from suspected fraud, regardless of age or capacity. The extension of protections beyond senior and vulnerable investors represents a meaningful advancement in FINRA's investor protection framework, and the Committee commends FINRA for recognizing that fraud can target any customer. However, the Committee respectfully submits that the proposed five business day temporary delay period under Proposed Rule 2166 will not, in many circumstances, afford firms sufficient time to adequately investigate suspected fraud, form and maintain a reasonable belief that fraud is targeting the customer, contact the customer and/or customer's trusted contact person, and provide the customer with educational resources regarding prevalent fraud schemes.

Accordingly, the Committee recommends that FINRA consider expanding the temporary delay period under Proposed Rule 2166 to at least 15 business days. Specifically, the Committee suggests two alternative approaches for FINRA's consideration. First, FINRA could establish an initial temporary hold period of 15 business days, which would align the delay period under Proposed Rule 2166 with the initial hold period currently available under Rule 2165 and provide firms with a more practicable timeframe within which to take appropriate protective action. Alternatively, FINRA could retain the proposed five business day initial delay period but permit member firms to extend the delay by an additional 10 business days where the firm continues to maintain a reasonable belief that fraud is targeting the customer, resulting in a total delay period of up to 15 business days.

The Committee believes that either approach would better equip member firms to effectively protect customers from fraud while maintaining appropriate safeguards against unnecessary delays in customer account activity. The Committee would also welcome FINRA's consideration of a framework permitting further extensions of the temporary delay period beyond 15 business days, subject to appropriate conditions (such as those contained in Rule 2165), in circumstances where additional time is necessary to resolve the suspected fraud and protect the customer's interests.

## **2. Expansion of Individuals Authorized to Place Holds**

The Committee supports the proposed expansion of the individuals authorized to place temporary holds under Rule 2165 to include those persons who serve in a specialized senior investor protection fraud prevention role with responsibilities that include, as appropriate, investigating, evaluating, escalating, and reporting financial exploitation. However, the Committee respectfully recommends that FINRA consider broadening this provision further to encompass additional personnel whose job responsibilities include investigating, evaluating, and reporting financial exploitation, regardless of whether such individuals serve in a role specifically designated as a "specialized senior investor protection fraud prevention role."

In the Committee's view, the current proposed language may unnecessarily restrict the pool of qualified personnel who are well-positioned to identify and respond to suspected financial exploitation. By removing the requirement that the individual hold a specialized title or designated role, and instead focusing on whether the individual's actual job responsibilities encompass the investigation, evaluation, escalation, and reporting of financial exploitation, FINRA would afford member firms greater operational flexibility to deploy appropriately qualified personnel to protect customers from financial exploitation in a timely and effective manner.

## **REQUEST FOR REGULATORY COORDINATION**

In addition to the two comments noted above, the Committee would like to offer a more general comment focused on the need for greater coordination among the various financial regulators and others to help build a more comprehensive and coordinated framework to help financial institutions fight financial exploitation and fraud.

Along those lines, the Committee believes that, in conjunction with extending the hold period under Rule 2165, FINRA should encourage the North American Securities Administrators Association ("NASAA") to amend its Model Legislation or Regulation to Protect Vulnerable Adults from Financial Exploitation (the "Model Act")<sup>5</sup> to be consistent with Rule 2165. The Model Act, which has been adopted by most states, currently provides for a maximum hold period of 25 business days, which is significantly shorter than the hold period available under Rule 2165 and would not encompass FINRA's proposed 90-business-day extension. As a result, member firms operating across multiple jurisdictions will be required to navigate a patchwork of inconsistent hold period requirements each time they encounter suspected financial exploitation. The Committee respectfully urges FINRA to work with NASAA and state securities regulators to harmonize hold periods across jurisdictions, thereby reducing regulatory complexity and enabling member firms to more effectively protect customers from financial exploitation.

By way of further example, the Notice would afford member firms additional flexibility to use the term "emergency contact" as an alternative to "trusted contact person." Certain states may have adopted statutes or regulations that specifically reference the term "trusted contact person" in provisions governing the permissible disclosure of customer information to designated third parties. Coordination between FINRA and state regulators would help ensure that any terminology differences do not create ambiguity or conflict with respect to a firm's authority to contact and disclose information to such individuals under applicable law.

In addition, the Committee requests that FINRA spearhead an effort to coordinate with state agencies, law enforcement bodies, adult protective services agencies, and courts that receive reports of financial exploitation from member firms to impress upon them the importance of establishing expeditious processes for the resolution of issues raised by such reports. The effectiveness of the temporary hold framework depends not only on the length of the hold period available to member firms, but also on the responsiveness of the governmental and judicial bodies to which firms report suspected exploitation. Delays in the review and resolution of such reports can undermine the protections that the hold framework is designed to provide and may leave customers in a prolonged state of uncertainty regarding access to their accounts.

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<sup>5</sup> NASAA's Model Act can be found [here](#).

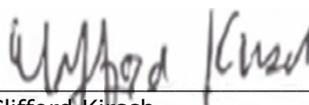
**CONCLUSION**

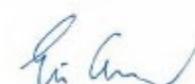
The Committee appreciates the opportunity to provide these comments on the Notice. Please do not hesitate to contact Clifford Kirsch (212.389.5052 or [CliffordKirsch@eversheds-sutherland.com](mailto:CliffordKirsch@eversheds-sutherland.com)) or Eric Arnold (202.383.0741 or [EricArnold@eversheds-sutherland.com](mailto:EricArnold@eversheds-sutherland.com)) with any questions or to discuss this comment letter.

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Respectfully submitted,

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**FOR THE COMMITTEE OF ANNUITY INSURERS**