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Submitted electronically through https://datacollection.fnrw.finra.org/?notice_ref=377101

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

Re: Fraud Protection: Regulatory Notice 26-02

Dear Ms. Mitchell,

Fidelity Investments (“Fidelity”)¹ appreciates the opportunity to provide comments to the Financial Industry Regulatory Authority (“FINRA”) on its Regulatory Notice 26-02 (“Notice”) proposing rule modernization changes to further assist member firms in protecting customers from fraud and financial exploitation.² Fidelity appreciates FINRA’s efforts to support the industry in protecting investors from increasingly sophisticated fraud through proposed amendments to FINRA Rules 4512 (Customer Account Information) and 2165 (Financial Exploitation of Specified Adults).³ Fidelity offers the following suggestions to proposed new Rule 2166 to ensure that the time periods and procedural constraints do not undermine the rule’s goal of protecting customers: (1) increase the proposed “speed bump” under Rule 2166 from five business days to 20 business days; and (2) allow discretionary, rather than mandatory, notification of suspected fraud for any investor who is not considered a “Specified Adult.”⁴

1. Increase Proposed “Speed Bump” from Five Business Days to 20 Business Days.

Proposed new Rule 2166’s temporary “speed bump” will provide an important tool for member firms to protect investors from modern fraud schemes that have become increasingly more sophisticated and difficult to identify, track, and defend. Providing a temporary “speed

¹ Fidelity is one of the world’s leading providers of financial services, including investment management, retirement planning, portfolio guidance, brokerage, benefits outsourcing, and other financial products and services. We administer approximately \$16 trillion in assets from over 50 million individual investors, 29,000 employer client firms, 16,000 wealth management firms and institutions, and 8.5 million clearing and custody accounts. <https://www.fidelity.com/about-fidelity/our-company>.

² See Financial Industry Regulatory Authority; Fraud Protection, Regulatory Notice 26-02 (January 8, 2026), available at <https://www.finra.org/sites/default/files/2026-01/Regulatory-Notice-26-02.pdf>.

³ Fidelity supports the views expressed by the Securities Industry and Financial Markets Association in its comment letter.

⁴ “Specified Adult” is defined under FINRA Rule 2165 as “(A) a natural person age 65 and older; or (B) a natural person age 18 and older who the member reasonably believes has a mental or physical impairment that renders the individual unable to protect his or her own interests.”

bump” hold on any transaction in which there is a reasonable belief of suspected fraud is a meaningful protective measure. But the proposed rule’s timeframe of five business days is insufficient to adequately investigate and address the concerns raised by suspected fraud. The short timeframe could expose clients to greater risk by unnecessarily expediting investigations and removing transaction holds. Increasing the holding period of the “speed bump” would better reflect the operational realities of fraud protection.

Investigating potential fraud, contacting the impacted clients, communicating the situation, and providing support and education regarding the potential scheme, often takes a significant amount of time – much longer than the proposed five business days. This is particularly true when multiple accounts and clients may be impacted. The temporary hold period should be increased from five business days to 20 business days or to a reasonable period to allow the member firm to conduct an investigation. If member firms are permitted to extend the “speed bump” hold while engaging in reasonable investigatory and mitigative steps, the rule could also include requirements that member firms adopt policies and procedures to ensure legitimate transactions and disbursements are processed during the hold period. As highlighted in the Notice, fraud schemes often use urgency and isolation to condition potential victims to believe the scheme is real.⁵ To de-escalate the situation, multiple conversations could be necessary, which may take more than five business days. Additional time would allow member firms to appropriately investigate and potentially mitigate, while ensuring client access to their accounts.

2. Allow Discretionary Notification of Suspected Fraud for Any Investor Not Considered a “Specified Adult.”

In responding to a suspected fraud involving an investor not considered a “Specified Adult,” member firms should not be required to notify the client’s trusted contact or other authorized parties on the account, or across multiple accounts, if applicable. In these situations, member firms should have discretionary authority to use their professional judgment as to whether additional notification is necessary, depending on the facts and circumstances. Fidelity agrees with FINRA that the additional notifications are beneficial for the protection of elderly and vulnerable clients, but non-specified adults (those under age 65 or without impairments) may view mandatory notifications as an intrusive and unnecessary overreach into their financial privacy. Additionally, the mandatory notification for non-specified adults often causes unnecessary confusion for trusted contacts who do not know they have been named. FINRA should remove the mandatory requirement to notify trusted contacts across accounts for impacted individuals in instances in which Rule 2165 (Financial Exploitation of Specified Adults) is not applicable.

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⁵ See Notice at 12.

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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,

A handwritten signature in blue ink, appearing to read "H. Brown", is written over a light blue horizontal line.

cc: Robert Cook, President & CEO, FINRA
Robert Colby, Chief Legal Officer, FINRA