

March 9, 2026

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

Re: 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:

LPL Financial Holdings, Inc. ("LPL") appreciates the opportunity to provide comments to the Financial Industry Regulatory Authority ("FINRA") in response to 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 "Request"). We look forward to collaborating with FINRA as it reviews its regulatory requirements applicable to members and associated persons and modernizes its rulebook.

While LPL is generally supportive of the proposed amendments to FINRA Rules 4512 (Customer Account Information) and 2165 (Financial Exploitation of Specified Adults) and proposed Rule 2166 (Temporary Delays for Suspected Fraud), clear guidance from FINRA is needed to promote consistent application of the proposed changes to the rules. LPL's comments below are organized by subject matter in the order that they appear in the Request.

I. Overview of LPL

LPL is a full-service wealth management firm and the parent company of two dually registered FINRA Member independent broker-dealers and retail investment advisory firms, operating in all 50 states and territories. We are steadfast in our belief that Americans deserve access to personalized guidance from a financial professional. LPL serves as a trusted partner to more than 32,000 financial professionals and the wealth management practices at approximately 1,200 financial institutions, servicing and acting as a custodian for approximately \$2.4 trillion in brokerage and advisory assets on behalf of approximately 8 million Americans.

We provide our financial professionals with the technology, research, clearing, and compliance services and practice management programs they need to serve their clients and create thriving businesses. Our financial professionals offer investment and financial education, financial planning, access to investment products and brokerage services, and personalized investment advice to investors seeking wealth management, retirement planning, financial planning, and asset management solutions.

II. Comments on the Request

A. Rule 4512 (Customer Account Information)

Updates to Rule 4512: Currently, Rule 4512(a)(1)(F) and its supplementary material require firms to attempt to obtain, for retail accounts, the name and contact information of a “trusted contact person age 18 or older who may be contacted about the customer’s account.” LPL is supportive of modifying Rule 4512 to change the reference from “trusted contact” to “emergency contact” or permit usage by firms of that term, given that wording is more commonly used in other contexts such as employment, healthcare, and similar circumstances. This will avoid customer confusion and increase the probability that retail customers will provide that information. LPL is supportive of the additional flexibility for a customer to name a trusted or emergency contact for use across all customer’s accounts. Further, LPL suggests adding a provision that if a customer has reached the age of 65 and has not designated a trusted contact, firms may contact a third-party individual they reasonably believe could assist in addressing possible financial exploitation, confirm the specifics of the customer’s current contact information or health status, or provide the identity of the customer’s legal guardian, executor, trustee or holder of a power of attorney.

B. Rule 2165 (Financial Exploitation of Specified Adults)

Extended Temporary Hold If There Is Ongoing Exploitation: Currently, assuming a firm’s internal review supports its reasonable belief that the financial exploitation of the specified adult has occurred, is occurring, has been attempted or will be attempted, FINRA Rule 2165(b)(4) permits a temporary hold on trades and disbursements for an additional 30 business days. That 30-business day hold period in Rule 2165(b)(4) is in addition to the 15-business day hold in Rule 2165(b)(2) and the 10-business day hold in Rule 2165(b)(3) (for a total of 55 business days). To allow greater time for state regulators, adult protective services, or law enforcement to investigate and act, LPL generally supports FINRA’s proposed modified Rule 2165, to allow extending temporary holds beyond 55 business days to the new maximum of 145 business days in 30-day increments. LPL also supports FINRA broadening the application of Rule 2165 beyond “specified adults,” to include any customer where there is a reasonable belief of financial exploitation.

Expanding the Rule 2165 Safe Harbor: LPL urges FINRA to expand the scope of the safe harbor to exempt customer complaints made in connection with a FINRA Rule 2165 temporary hold from disclosure on Forms U4 and U5 and pursuant to FINRA Rule 4530 (the “Safe Harbor Protections”). Registered representatives rely on their firm’s supervisory, compliance, and legal personnel to make determinations under Rule 2165. Without the proposed Safe Harbor Protections, the possibility of a customer complaint being reported on Form U4, U5 or pursuant to FINRA Rule 4530 can have a significant chilling effect on reporting within a firm. When a hold is placed on a customer account, even when intended to protect the customer, it can cause a customer to become angry and submit complaints for any variety of reasons. Further, it is possible a bad actor could use the possibility of a reportable complaint as a tool to leverage in connection with the financial exploitation of a customer. Registered representatives should not be punished via disclosures on Forms U4 and U5 or pursuant to FINRA Rule 4530, when a firm imposes a hold pursuant to FINRA Rule 2165. Therefore, FINRA Rule 2165 should clarify that customer complaints made in connection with a Rule 2165 temporary hold are not reportable on Forms U4, U5 and pursuant to FINRA Rule 4530.

C. Proposed Rule 2166 (Temporary Delays for Suspected Fraud)

Extending Temporary Delay: LPL Financial generally supports FINRA's proposed Rule 2166 and has confidence the rule would provide member firms with a limited, reasonable mechanism to temporarily delay transactions when fraud is suspected, thereby enhancing investor protection without unduly restricting customer access to funds. Extending the proposed delay from five to ten business days would more appropriately balance the need for timely intervention with customer autonomy.

Guidance for Reasonable Belief of Fraud: To promote consistent application and mitigate regulatory uncertainty, LPL recommends that FINRA provide additional guidance regarding the "reasonable belief of fraud" standard, including illustrative factors or examples that may be relied upon by firms and associated persons acting in good faith. LPL further encourages FINRA to clarify that firms and associated persons will not be subject to liability or disciplinary action solely because a temporary delay is later determined to have been unnecessary, provided the delay was based on a good faith reasonable belief, and implemented in accordance with the firm's supervisory procedures.

Training Expectation Guidance: We recommend that FINRA provide clarity regarding any training expectations for associated persons under proposed FINRA Rule 2166. Given the judgment-based nature of this rule, guidance on whether firms are expected to provide initial and/or periodic training would promote consistent application while preserving firm flexibility.

Optional Contact of Trusted Personnel: LPL also recommends that contact with trusted or authorized personnel in connection with a temporary delay under proposed FINRA Rule 2166 be optional rather than mandatory. Because this tool is intended to apply to all customers, regardless of age or capacity, some customers may not have designated trusted contacts or may prefer not to involve third parties in a time sensitive or personal financial matter. Preserving firm discretion in this area would respect customer privacy and avoid discouraging use of the trusted contact tool.

Application of Safe Harbor Protections: The firm recommends that FINRA expressly extend the Safe Harbor Protections applicable under FINRA Rule 2165, detailed above, to actions taken pursuant to proposed FINRA Rule 2166. Providing parallel protection would ensure that firms and associated persons acting in good faith and in accordance with written supervisory procedures are not subject to liability or disciplinary action as a result of a temporary delay. Aligning the Safe Harbor Protections across FINRA Rule 2165 and proposed FINRA Rule 2166 would promote consistent application, encourage appropriate use of the new tool, and reduce regulatory uncertainty.

III. Conclusion

Thank you for your consideration and FINRA's continued commitment to modernizing its rules.

Kind Regards,



Matthew Morningstar
Group Managing Director, Chief Legal Officer