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March 9, 2026

**VIA ELECTRONIC MAIL**

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

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

Dear Ms. Mitchell:

Robinhood Financial LLC and Robinhood Securities, LLC<sup>1</sup> (together, “Robinhood”) respectfully submit this letter in response to Regulatory Notice 26-02, which seeks comment on proposed rule modernization changes to further assist member firms in protecting customers from fraud and financial exploitation. At Robinhood, we take pride in providing low-cost brokerage services to millions of investors through a modern, technology-forward brokerage platform.

We welcome FINRA’s recognition that member firms are on the frontline of protecting customers in today’s evolving landscape of scams, fraud, and financial exploitation. Robinhood has made significant investments in supervisory systems, compliance infrastructure, surveillance tools, cybersecurity protections, and customer education initiatives. These efforts reflect our shared commitment to safeguarding investors and promoting market integrity. Safeguarding customers from financial harm is a fundamental responsibility that underpins investor confidence and the proper functioning of the markets. We view robust fraud prevention, timely intervention, and the continuous enhancement of our controls as critical components of fulfilling that responsibility and maintaining the trust customers place in our platform.

We also agree that FINRA is uniquely positioned to support and empower member firms in continuing to enhance customer protection. As a regulator that engages with both the public and market participants, FINRA can play a critical role by providing clear guidance, facilitating

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<sup>1</sup> Both of these FINRA-member broker-dealers are wholly owned subsidiaries of Robinhood Markets, Inc.

information-sharing across the industry, and leveraging data-driven oversight to identify emerging risks.<sup>2</sup> Regulatory Notice 26-02 identifies several areas where enhancements to the existing framework could provide additional protections and flexibility for member firms.

First, Robinhood supports FINRA's proposed updates to the trusted contact framework. Providing firms with the option to use the term "emergency contact" as an alternative to "trusted contact person," and permitting firms to seek a customer's authorization to apply a trusted contact designation across existing and future accounts are sensible modernization steps that may improve customer understanding and operational efficiency.<sup>3</sup>

Second, FINRA proposes expanding the temporary hold period under Rule 2165 beyond the current 55-business-day maximum by adding three additional 30-business-day extensions.<sup>4</sup> The amendment would require documentation associated with such extensions, including details of the member firm's attempts to communicate with the relevant government authority, records demonstrating that the member firm made reasonable efforts to determine the status of the referred matter, and documentation reflecting the lack of a response from the relevant authority.

While we appreciate FINRA's effort to provide firms with additional flexibility in appropriate circumstances, we request that FINRA provide guidance – such as through Frequently Asked Questions – regarding the meaning of "reasonable efforts" and "attempts." Further, the proposed condition requiring that the firm "has not received a response" from the relevant regulator, agency, or court in order to extend the hold is potentially confusing. For example, it is unclear how the rule would apply where a firm does receive a response from an authority that supports continuation or expansion of the hold. We encourage FINRA to clarify this aspect of the proposal to ensure firms are not placed in an uncertain position when acting to protect customers in coordination with authorities.

Additionally, the proposed requirement that firms document follow-up efforts to communicate with the relevant regulator, agency, or court would impose an unnecessary operational burden.<sup>5</sup> Creating and maintaining records that document the dates of communication attempts, methods used, any communications received, and the lack of response from the relevant regulator, agency, or court would add costs and administrative complexity without materially enhancing investor protection. We suggest that this level of prescriptive documentation is unnecessary and that a principles-based approach would better balance investor protection with operational efficiency.

Third, FINRA proposes new Rule 2166, which would permit a member firm to place a temporary delay of up to five business days on a transaction or disbursement where there is a

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<sup>2</sup> Regulatory Notice 26-02 at 2, 4.

<sup>3</sup> Regulatory Notice 26-02 at 8.

<sup>4</sup> Regulatory Notice 26-02 at 10.

<sup>5</sup> Regulatory Notice 26-02 at 10.

reasonable belief of fraud targeting the customer. FINRA recognizes that some firms currently rely on contractual provisions in account agreements to place holds to protect customers from fraud, and states that the optional safe harbor in proposed Rule 2166 would not limit a firm's ability to continue using such contractual approaches.<sup>6</sup> We request that FINRA further clarify that use of the safe harbor provision is not mandatory and should not be presumed to be required. We also request clarification that a firm's decision not to rely on the safe harbor provision—where it instead uses contractual or other lawful authorities—should not be viewed negatively in examinations, enforcement matters, other supervisory contexts, or arbitration proceedings, and that a firm's decision not to invoke this optional rule should not give rise to any adverse inference.

Robinhood appreciates the opportunity to comment on FINRA's request for comment on rule modernization changes to assist firms in protecting customers from fraud and financial exploitation. We support FINRA's continued efforts to modernize its rules and encourage FINRA to ensure any rule changes remain operationally workable and sufficiently clear to avoid unintended consequences. Please contact Robinhood's General Counsel, Lucas Moskowitz, at [lucas.moskowitz@robinhood.com](mailto:lucas.moskowitz@robinhood.com) if you have any questions or comments.

Respectfully submitted,

Signed by:



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Matt Billings

President

Robinhood Financial LLC and Robinhood Securities, LLC

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<sup>6</sup> Regulatory Notice 26-02 at 13.