

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 16	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2016 - * 039 Amendment No. (req. for Amendments *) 1
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Filing by Financial Industry Regulatory Authority
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input type="checkbox"/>	Amendment * <input checked="" type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
Pilot <input type="checkbox"/> Extension of Time Period for Commission Action * <input type="checkbox"/> Date Expires * <input type="text"/>			Rule <input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4) <input type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(3) <input type="checkbox"/> 19b-4(f)(6)		

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) * <input type="checkbox"/> Section 806(e)(2) * <input type="checkbox"/>	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * <input type="checkbox"/>
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Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Jeanette Last Name * Wingler
 Title * Associate General Counsel
 E-mail * jeanette.wingler@finra.org
 Telephone * (202) 728-8013 Fax (202) 728-8264

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date 01/19/2017 Senior Vice President and Deputy General Counsel
 By Patrice Gliniecki

Patrice Gliniecki,

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

On October 19, 2016, Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (the “Commission” or “SEC”) proposed rule change SR-FINRA-2016-039 (the “Proposal”), pursuant to which FINRA proposed to: (1) amend FINRA Rule 4512 (Customer Account Information) to require members to make reasonable efforts to obtain the name of and contact information for a trusted contact person for a customer’s account; and (2) adopt new FINRA Rule 2165 (Financial Exploitation of Specified Adults) to permit members to place temporary holds on disbursements of funds or securities from the accounts of specified customers where there is a reasonable belief of financial exploitation of these customers.

The Commission published the proposed rule change for public comment in the Federal Register on November 7, 2016,¹ and received 21 comments in response to the Proposal.²

¹ See Securities Exchange Act Release No. 79215 (November 1, 2016), 81 FR 78238 (November 7, 2016) (Notice of Filing of File No. SR-FINRA-2016-039).

² See Letter from Jigar Gandhi, Counsel, American Council of Life Insurers, to Brent J. Fields, Secretary, SEC, dated November 28, 2016 (“ACLI”); letter from Michael Nicholas, Chief Executive Officer, Bond Dealers of America, to Brent J. Fields, Secretary, SEC, dated November 28, 2016 (“BDA”); letter from Eric Arnold and Clifford Kirsch, Sutherland, Asbill & Brennan LLP, on behalf of the Committee of Annuity Insurers, to Brent J. Fields, Secretary, SEC, dated November 28, 2016 (“CAI”); letter from William A. Jacobson, Clinical Professor of Law and Director, Cornell Securities Law Clinic, and Alexander K. Brehnan, Cornell Law School, to Brent J. Fields, Secretary, SEC, dated November 28, 2016 (“Cornell”); letter from Jessie Hill, Principal – Government and Regulatory Relations, Edward Jones, to Brent J. Fields, Secretary, SEC, dated November 28, 2016 (“Edward Jones”); David Hsu, Student Intern, and Nicole Iannarone, Assistant Clinical Professor, Georgia State University College of Law’s Investor Advocacy Clinic, to Brent J. Fields, Secretary, SEC, dated November 28, 2016 (“GSU”); letter from David T. Bellaire, Esq., Executive Vice President and General Counsel, Financial Services Institute, to Brent J. Fields, Secretary, SEC, dated November 28, 2016 (“FSI”); letter from Richard Foster, Senior Vice President and Senior Counsel for Regulatory and Legal Affairs, Financial Services Roundtable, to Brent J. Fields, Secretary, SEC, dated November 28, 2016 (“FSR”); letter from Tamara K. Salmon, Associate General Counsel, Investment Company Institute, to Brent J. Fields, Secretary, SEC, dated November 28, 2016 (“ICI”); letter from Catherine J. Weatherford, President and Chief Executive Officer, Insured Retirement Institute, to Brent J. Fields, Secretary, SEC, dated November 28, 2016 (“IRI”); letter from W. Alan Smith, Deputy General Counsel, Janney Montgomery Scott LLC, to Brent J. Fields, Secretary, SEC, dated November 28, 2016 (“Janney”); letter from Carrie L. Chelko, Chief Counsel, Lincoln Financial Network, to Brent J. Fields, Secretary, SEC, dated November 28, 2016 (“Lincoln”); letter from David P. Bergers,

FINRA is submitting by separate letter its response to comments on the Proposal contemporaneously with this Partial Amendment No. 1. With this Partial Amendment No. 1, FINRA is including Exhibit 4, which reflects changes to the text of the proposed rule change pursuant to this Partial Amendment No. 1, and Exhibit 5, which reflects the changes to the current rule text that are proposed in the Proposal, as amended by this Partial Amendment No. 1.

As discussed in FINRA's response to comments, this Partial Amendment No. 1 makes the following changes to the Proposal: (1) it clarifies the scope of the Proposal's safe harbor in Supplementary Material .01 to Rule 2165 by adding the words "associated persons" and by providing that the safe harbor is available when members exercise discretion in placing a temporary hold "consistent with the requirements of this Rule"; (2) it clarifies the timing of extensions or terminations of a temporary hold by replacing references to "sooner" with "otherwise" in referencing terminations or extensions of a hold by a state regulator or agency of competent jurisdiction or court of competent jurisdiction; (3) it provides an exception from the proposed requirement in Rule 2165 to notify not later than two business days after placing a temporary hold all parties authorized to transact business on an account if a party is unavailable or if the member reasonably believes that the party has engaged, is engaged, or will engage in the financial exploitation of a Specified Adult; and (4) it extends the Proposal's implementation period.

General Counsel, LPL Financial LLC, to Brent J. Fields, Secretary, SEC, dated November 28, 2016 ("LPL"); letter from Gary Sanders, Counsel and Vice President, Governmental Relations, National Association of Insurance and Financial Advisors, to Brent J. Fields, Secretary, SEC, dated November 28, 2016 ("NAIFA"); letter from Mike Rothman, President, North American Securities Administrators Association, Inc., to Brent J. Fields, Secretary, SEC, dated November 28, 2016 ("NASAA"); letter from Marnie Lambert, President, Public Investors Arbitration Bar Association, to Brent J. Fields, Secretary, SEC, dated November 28, 2016 ("PIABA"); letter from Elissa Germaine, Supervising Attorney, Atasia Richardson, Student Intern, and Alyse Velger, Student Intern, John Jaw Legal Services, Inc., Elisabeth Haub School of Law, Pace University, to Brent J. Fields, Secretary, SEC, dated November 28, 2016 ("PIRC"); letter from Lisa Bleier, Managing Director and Associate General Counsel, Securities Industry and Financial Markets Association, to Brent J. Fields, Secretary, SEC, dated November 28, 2016 ("SIFMA"); letter from Robert J. McCarthy, Director of Regulatory Policy, Wells Fargo Advisors, LLC, to Robert W. Errett, Deputy Secretary, SEC, dated November 28, 2016 ("Wells Fargo"); letter from Manisha Kimmel, Chief Regulatory Officer, Wealth Management, Thomson Reuters, to Brent J. Fields, Secretary, SEC, dated December 5, 2016 ("Reuters"); and letter from Rick Fleming, Investor Advocate, SEC, to Brent J. Fields, Secretary, SEC, dated December 28, 2016 ("Investor Advocate").

Clarify the Scope the Proposal's Safe Harbor

Proposed Supplementary Material .01 to Rule 2165 states that members will be provided a safe harbor from FINRA Rules 2010, 2150 and 11870 when members exercise discretion to place temporary holds on disbursements of funds or securities from the accounts of specified adults under the circumstances denoted in the Rule. Two commenters requested that the Supplementary Material be revised to explicitly state that the safe harbor applies to associated persons.³ In the Proposal, FINRA stated that proposed Rule 2165 would provide a safe harbor from FINRA rules for members and their associated persons when placing temporary holds on disbursements in accordance with the Rule. FINRA submits this Partial Amendment No. 1 in part to incorporate associated persons into the rule text, which is consistent with FINRA's original interpretation of the scope of the safe harbor.

FINRA also proposes to amend Supplementary Material .01 to replace "under the circumstances denoted in the Rule" with "consistent with the requirements of this Rule." The proposed change is intended to ensure clarity that the safe harbor is available when the requirements of Rule 2165 are met. As amended, proposed Supplementary Material .01 to Rule 2165 would explicitly provide that members and their associated persons have a safe harbor from FINRA Rules 2010, 2150 and 11870 when members exercise discretion in placing temporary holds on disbursements of funds or securities from the accounts of specified adults consistent with the requirements of Rule 2165.

Clarify Timing of Terminations or Extensions of a Temporary Hold

Under proposed Rule 2165(b)(2) and (3), a member may place a temporary hold for up to 25 business days when the requirements of the Rule are met, unless the temporary hold is "sooner" terminated or extended by a state regulator or agency of competent jurisdiction or a court of competent jurisdiction. SIFMA commented that the rule text as set forth in the Proposal could be read to require the termination or extension of the temporary hold by the state regulator or agency of competent jurisdiction or a court of competent jurisdiction prior to the initial hold being extended for an additional 10 business day period. FINRA did not intend to impose such a limitation. FINRA submits this Partial Amendment No. 1 in part to ensure rule text clarity on this point. As amended, proposed Rule 2165(b)(2) and (3) would provide that a member may place a temporary hold for up to 25 business days when the Rule's requirements are met, unless the temporary hold is "otherwise" terminated or extended by a state regulator or agency of competent jurisdiction or a court of competent jurisdiction. This proposed change is intended to recognize that a state regulator or agency or a court may terminate or extend a hold on a disbursement at any time during the time period provided by proposed Rule 2165(b)(2) and (3).

³ See FSR and Wells Fargo.

Exception for Notifying All Parties Authorized to Transact Business on an Account

Under proposed Rule 2165(b)(1)(B)(i), a member is required to notify all parties authorized to transact business on an account of the temporary hold and the reason for the temporary hold when the member places a temporary hold on a disbursement. Two commenters stated that there are concerns that the rule text does not contemplate a party being unavailable and that notifying all parties could lead to increased risk for the customer where a party is the suspected perpetrator of the financial exploitation.⁴ The commenters suggested providing an exception from the notification requirement where a party is unavailable or where the member reasonably suspects that a party has engaged, is engaged, or will engage in the financial exploitation of the Specified Adult. While FINRA recognizes that a member will need to exercise discretion in forming a reasonable belief that a party authorized to transact business on an account is engaged in the financial exploitation, FINRA believes that it is appropriate to provide an exception from contacting a party authorized to transact business on an account that is comparable to the exception provided for notifying a customer's trusted contact person. Accordingly, FINRA is proposing in this Partial Amendment No. 1 to amend Rule 2165(b)(1)(B)(i) to provide that a member is required to notify all parties authorized to transact business on an account, unless a party is unavailable or the member reasonably believes that the party has engaged, is engaged, or will engage in the financial exploitation of the Specified Adult.

Extended Implementation Timeline

FINRA stated in the Proposal that if it is approved by the Commission, FINRA will announce the effective date of the Proposal in a Regulatory Notice to be published no later than 60 days following Commission approval and that the effective date will be no later than 180 days following publication of the Regulatory Notice announcing Commission approval. FINRA has determined, based on concerns raised by commenters, to extend the implementation period before rule effectiveness to 12 months from SEC approval. One of the primary purposes of this extended implementation is to provide members more time to implement the Proposal. FINRA believes that this change is an appropriate balance of the commenters' concerns and the strong desire to provide tools to members to address possible financial exploitation under the Proposal as soon as practicable.

⁴ See SIFMA and LPL.

EXHIBIT 4

Exhibit 4 shows the changes proposed in this Partial Amendment No. 1, with the proposed changes in the original filing shown as if adopted. Proposed new language in this Partial Amendment No. 1 is underlined; proposed deletions in this Partial Amendment No. 1 are in brackets.

* * * * *

Text of Proposed New FINRA Rule

* * * * *

2100. TRANSACTIONS WITH CUSTOMERS

* * * * *

2165. Financial Exploitation of Specified Adults

(a) No Change.

(b) Temporary Hold on Disbursements

(1) A member may place a temporary hold on a disbursement of funds or securities from the Account of a Specified Adult if:

(A) The member reasonably believes that financial exploitation of the Specified Adult has occurred, is occurring, has been attempted, or will be attempted; and

(B) The member, not later than two business days after the date that the member first placed the temporary hold on the disbursement of funds or securities, provides notification orally or in writing, which may be electronic, of the temporary hold and the reason for the temporary hold to:

(i) all parties authorized to transact business on the

Account, unless a party is unavailable or the member reasonably

believes that the party has engaged, is engaged, or will engage in the financial exploitation of the Specified Adult; and

(ii) the Trusted Contact Person(s), unless the Trusted Contact Person is unavailable or the member reasonably believes that the Trusted Contact Person(s) has engaged, is engaged, or will engage in the financial exploitation of the Specified Adult; and

(C) The member immediately initiates an internal review of the facts and circumstances that caused the member to reasonably believe that the financial exploitation of the Specified Adult has occurred, is occurring, has been attempted, or will be attempted.

(2) The temporary hold authorized by this Rule will expire not later than 15 business days after the date that the member first placed the temporary hold on the disbursement of funds or securities, unless [sooner] otherwise terminated or extended by a state regulator or agency of competent jurisdiction or a court of competent jurisdiction, or extended pursuant to paragraph (b)(3) of this Rule.

(3) Provided that the member's internal review of the facts and circumstances under paragraph (b)(1)(C) of this Rule supports the member's reasonable belief that the financial exploitation of the Specified Adult has occurred, is occurring, has been attempted, or will be attempted, the temporary hold authorized by this Rule may be extended by the member for no longer than 10 business days following the date authorized by paragraph (b)(2) of this Rule, unless [sooner] otherwise terminated or extended by a state regulator or agency of competent jurisdiction or a court of competent jurisdiction.

(c) through (d) No Change.

••• **Supplementary Material:** -----

.01 Applicability of Rule. This Rule provides members and their associated persons with a safe harbor from FINRA Rules 2010, 2150 and 11870 when members exercise discretion in placing temporary holds on disbursements of funds or securities from the Accounts of Specified Adults [under the circumstances denoted in the] consistent with the requirements of this Rule. This Rule does not require members to place temporary holds on disbursements of funds or securities from the Accounts of Specified Adults.

.02 through .03 No Change.

* * * * *

EXHIBIT 5

Exhibit 5 shows the text of the proposed rule change, as amended by this Partial Amendment No. 1. Proposed new language is underlined; proposed deletions are in brackets.

* * * * *

4500. BOOKS, RECORDS AND REPORTS

* * * * *

4512. Customer Account Information

(a) Each member shall maintain the following information:

(1) for each account:

(A) through (C) No Change.

(D) signature of the partner, officer or manager denoting that the account has been accepted in accordance with the member's policies and procedures for acceptance of accounts; [and]

(E) if the customer is a corporation, partnership or other legal entity, the names of any persons authorized to transact business on behalf of the entity; and

(F) subject to Supplementary Material .06, name of and contact information for a trusted contact person age 18 or older who may be contacted about the customer's account; provided, however, that this requirement shall not apply to an institutional account.

(2) through (3) No Change.

(b) through (c) No Change.

••• Supplementary Material: -----

.01 through .05 No Change.

.06 Trusted Contact Person

(a) With respect to paragraph (a)(1)(F) of this Rule, at the time of account opening a member shall disclose in writing, which may be electronic, to the customer that the member or an associated person of the member is authorized to contact the trusted contact person and disclose information about the customer's account to address possible financial exploitation, to confirm the specifics of the customer's current contact information, health status, or the identity of any legal guardian, executor, trustee or holder of a power of attorney, or as otherwise permitted by Rule 2165. With respect to any account that was opened pursuant to a prior FINRA rule, a member shall provide this disclosure in writing, which may be electronic, when updating the information for the account pursuant to paragraph (b) of this Rule either in the course of the member's routine and customary business or as otherwise required by applicable laws or rules.

(b) The absence of the name of or contact information for a trusted contact person shall not prevent a member from opening or maintaining an account for a customer, provided that the member makes reasonable efforts to obtain the name of and contact information for a trusted contact person.

(c) With respect to any account subject to the requirements of SEA Rule 17a-3(a)(17) to periodically update customer records, a member shall make reasonable efforts to obtain or, if previously obtained, to update where appropriate the name of and contact information for a trusted contact person consistent with the requirements of SEA Rule 17a-3(a)(17).

* * * * *

Text of Proposed New FINRA Rule

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2100. TRANSACTIONS WITH CUSTOMERS

* * * * *

2165. Financial Exploitation of Specified Adults

(a) Definitions

(1) For purposes of this Rule, the term “Specified Adult” shall mean: (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.

(2) For purposes of this Rule, the term “Account” shall mean any account of a member for which a Specified Adult has the authority to transact business.

(3) For purposes of this Rule, the term “Trusted Contact Person” shall mean the person who may be contacted about the Specified Adult’s Account in accordance with Rule 4512.

(4) For purposes of this Rule, the term “financial exploitation” means:

(A) the wrongful or unauthorized taking, withholding, appropriation, or use of a Specified Adult’s funds or securities; or

(B) any act or omission by a person, including through the use of a power of attorney, guardianship, or any other authority regarding a Specified Adult, to:

(i) obtain control, through deception, intimidation or undue influence, over the Specified Adult's money, assets or property; or

(ii) convert the Specified Adult's money, assets or property.

(b) Temporary Hold on Disbursements

(1) A member may place a temporary hold on a disbursement of funds or securities from the Account of a Specified Adult if:

(A) The member reasonably believes that financial exploitation of the Specified Adult has occurred, is occurring, has been attempted, or will be attempted; and

(B) The member, not later than two business days after the date that the member first placed the temporary hold on the disbursement of funds or securities, provides notification orally or in writing, which may be electronic, of the temporary hold and the reason for the temporary hold to:

(i) all parties authorized to transact business on the Account, unless a party is unavailable or the member reasonably believes that the party has engaged, is engaged, or will engage in the financial exploitation of the Specified Adult; and

(ii) the Trusted Contact Person(s), unless the Trusted

Contact Person is unavailable or the member reasonably believes that the Trusted Contact Person(s) has engaged, is engaged, or will engage in the financial exploitation of the Specified Adult; and

(C) The member immediately initiates an internal review of the facts and circumstances that caused the member to reasonably believe that the financial exploitation of the Specified Adult has occurred, is occurring, has been attempted, or will be attempted.

(2) The temporary hold authorized by this Rule will expire not later than 15 business days after the date that the member first placed the temporary hold on the disbursement of funds or securities, unless otherwise terminated or extended by a state regulator or agency of competent jurisdiction or a court of competent jurisdiction, or extended pursuant to paragraph (b)(3) of this Rule.

(3) Provided that the member's internal review of the facts and circumstances under paragraph (b)(1)(C) of this Rule supports the member's reasonable belief that the financial exploitation of the Specified Adult has occurred, is occurring, has been attempted, or will be attempted, the temporary hold authorized by this Rule may be extended by the member for no longer than 10 business days following the date authorized by paragraph (b)(2) of this Rule, unless otherwise terminated or extended by a state regulator or agency of competent jurisdiction or a court of competent jurisdiction.

(c) Supervision

(1) In addition to the general supervisory and recordkeeping requirements of Rules 3110, 3120, 3130, 3150, and Rule 4510 Series, a member relying on this

Rule shall establish and maintain written supervisory procedures reasonably designed to achieve compliance with this Rule, including, but not limited to, procedures related to the identification, escalation and reporting of matters related to the financial exploitation of Specified Adults.

(2) A member's written supervisory procedures also shall identify the title of each person authorized to place, terminate or extend a temporary hold on behalf of the member pursuant to this Rule. Any such person shall be an associated person of the member who serves in a supervisory, compliance or legal capacity for the member.

(d) Record Retention

Members shall retain records related to compliance with this Rule, which shall be readily available to FINRA, upon request. The retained records shall include records of:

(1) request(s) for disbursement that may constitute financial exploitation of a Specified Adult and the resulting temporary hold; (2) the finding of a reasonable belief that financial exploitation has occurred, is occurring, has been attempted, or will be attempted underlying the decision to place a temporary hold on a disbursement; (3) the name and title of the associated person that authorized the temporary hold on a disbursement; (4) notification(s) to the relevant parties pursuant to paragraph (b)(1)(B) of this Rule; and (5) the internal review of the facts and circumstances pursuant to paragraph (b)(1)(C) of this Rule.

••• Supplementary Material: -----

.01 Applicability of Rule. This Rule provides members and their associated persons with a safe harbor from FINRA Rules 2010, 2150 and 11870 when members exercise

discretion in placing temporary holds on disbursements of funds or securities from the Accounts of Specified Adults consistent with the requirements of this Rule. This Rule does not require members to place temporary holds on disbursements of funds or securities from the Accounts of Specified Adults.

.02 Training. A member relying on this Rule must develop and document training policies or programs reasonably designed to ensure that associated persons comply with the requirements of this Rule.

.03 Reasonable Belief of Mental or Physical Impairment. A member's reasonable belief that a natural person age 18 and older has a mental or physical impairment that renders the individual unable to protect his or her own interests may be based on the facts and circumstances observed in the member's business relationship with the natural person.

* * * * *