EVERSHEDS SUTHERLAND

**Eversheds Sutherland (US) LLP**
1114 Avenue of the Americas, 40th Floor
New York, NY 10036-7703

D: +1 212.389.5000
F: +1 212.389.5099

September 30, 2026

**Via Electronic Submission**

Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

**Re: File No. SR-FINRA-2026-018; Release No. 34-106275 — Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change to Amend FINRA Rules 0150, 2165 and 4512 and to Adopt FINRA Rule 2166**

Dear Secretary:

We are submitting this letter on behalf of the Committee of Annuity Insurers (the "Committee"),[1] in response to FINRA's August 20, 2026 Notice of Filing of a Proposed Rule Change to Amend FINRA Rules 0150, 2165, and 4512 and To Adopt FINRA Rule 2166 (the "Proposal"),[2] which seeks to modernize protections for senior and vulnerable investors and make additional fraud prevention tools available to all customers. The Committee appreciates the opportunity to submit comments in response to the Proposal.

**Background**

The Committee has long supported FINRA's efforts to strengthen protections for senior and vulnerable investors. 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, provided firms met certain criteria.[3] Along with improving the framework through rule changes, FINRA has issued guidance seeking to clarify key aspects of the rules.

[1] 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/.

[2] FINRA, Notice of Filing of a Proposed Rule Change to Amend FINRA Rules 0150 (Application of Rules to Exempted Securities Except Municipal Securities), 2165 (Financial Exploitation of Specified Adults) and 4512 (Customer Account Information) and To Adopt FINRA Rule 2166 (Temporary Delays for Suspected Fraud), Exchange Act Release No. 34-106275 (September 6, 2026), 91 FR 57407 (September 9, 2026), available here.

[3] *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), available here.

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The Proposal represents FINRA's latest effort to strengthen investor protections against financial exploitation. Growing out of a Regulatory Notice issued earlier this year, the Proposal includes targeted amendments to FINRA Rules 2165 and 4512 and introduces a new Rule 2166 – each intended to enhance member firms' ability to protect customers from financial exploitation and fraud while operating within a regulatory safe harbor. The Proposal focuses 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 Proposal would add three 30-business-day extensions to the current temporary hold period under Rule 2165, allowing transactions or disbursements to be held for a total of 145 business days provided 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 ten 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**

**1. The Committee Supports the SEC's Approval of the Proposal**

The Committee supports the Proposal and urges the SEC to approve it. 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.[4] The Committee was pleased earlier this year when FINRA announced through Regulatory Notice 26-02 that it was considering implementing both of these comments.[5] In response to Regulatory Notice 26-02, the Committee expressed general support for the proposed rule changes but noted that the 5-day hold period in Proposed Rule 2166 was too short and should be expanded.[6] The Committee appreciates FINRA taking that comment into account in the Proposal, where the 5-day hold period was extended to 10 days.[7]

Financial exploitation and fraud are growing issues that impact firms across the industry, including Committee members. The Proposal provides firms with meaningful tools to combat this fraud by facilitating the collection of trusted contact person information, enabling more robust investigations into suspected exploitation, and expanding the universe of individuals who are protected. For these reasons, the Committee believes the SEC should approve the Proposal.

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[4] The Committee's comment letter in response to FINRA Regulatory Notice 25-07 can be found here.

[5] 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.

[6] *See* Comment Letter from the Committee of Annuity Insurers in Response to FINRA Regulatory Notice 26-02 (March 9, 2026), available here.

[7] *See* Proposal at 57414 (noting that, "[b]ased on commenter feedback that a maximum of five business days may be inadequate to allow member firms to effectively make use of the 'speed bump,' FINRA is proposing a 10-business-day delay.").

2. **Additional Considerations**

The Committee also offers the following additional considerations:

**Further Expansion of Temporary Hold Period in Proposed Rule 2166.** The Committee appreciates FINRA's decision, in response to commenter feedback, to increase the maximum temporary delay under Proposed Rule 2166 from five to 10 business days.[8] That change is a meaningful step in the right direction and will provide member firms additional time to intervene before a fraudulent transaction or disbursement occurs. The Committee respectfully submits, however, that the delay period should be increased to at least 15 business days. FINRA stated that permitting a delay longer than 10 business days could risk turning the intended temporary "speed bump" into a longer hold process and could interfere with customer autonomy.[9] Those concerns are important, but a 10-business-day limit does not fully account for the operational realities member firms face when investigating suspected fraud. Further, a 15-business-day period also would align the delay period under Rule 2166 with the 15-business-day initial hold period available under Rule 2165. That alignment would simplify compliance for member firms navigating both rules and promote consistency across FINRA's protective framework. Finally, a 15-business-day period would remain a brief, limited-time intervention, subject to the rule's safeguards and the requirement that the member firm continue to maintain a reasonable belief that fraud is targeting the customer.

**Request for Regulatory Coordination.** The Committee offers this request for greater regulatory coordination as a broader observation, not as a basis to delay or complicate this rulemaking. The Committee strongly supports the Proposal and urges the Commission to approve it. That said, the Committee believes the effectiveness of FINRA's financial exploitation protection framework (as enhanced by the Proposal) would benefit from greater coordination among financial regulators and other governmental bodies.

First, 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") to be consistent with Rule 2165's extended hold periods.[10] The Model Act's 25-business-day maximum is significantly shorter than the proposed 145-business-day maximum under Rule 2165. This disparity creates a patchwork of inconsistent requirements for firms operating across jurisdictions. Coordination among the SEC, FINRA, NASAA, and state securities regulators would reduce regulatory complexity and enhance firms' ability to protect customers.

Second, FINRA should coordinate with state regulators regarding the terms "emergency contact" and "trusted contact person." The Proposed Rule Change would permit firms to use "emergency contact" as an alternative to "trusted contact person."[11] Certain state statutes or regulations, however, may specifically use the term "trusted contact person" when addressing a firm's authority to contact or disclose information to a designated third party. Coordination would help ensure that terminology differences do not create ambiguity concerning a firm's authority under applicable law.

Third, the Committee requests that the SEC and FINRA spearhead coordination with state agencies, law enforcement, adult protective services agencies, and courts to establish expeditious processes for resolving reports of financial exploitation. The effectiveness of a temporary hold framework depends not only on the duration of the hold, but also on the responsiveness of the governmental and judicial bodies that receive and act on those reports. Delays in reviewing or resolving a report can undermine the protection the framework is designed to provide.

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[8] *See* Proposal at 57414, 57417.

[9] *See* Proposal at 57417.

[10] NASAA's Model Act can be found here.

[11] *See* the Proposal at 57409, 57415.

**CONCLUSION**

The Committee appreciates the opportunity to provide these comments on the Proposal. Please do not hesitate to contact Clifford Kirsch (212.389.5052 or cliffordkirsch@eversheds-sutherland.com) or Eric Arnold (202.383.0741 or ericarnold@eversheds-sutherland.com) with any questions or to discuss this comment letter.

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Respectfully submitted,

**EVERSHEDS SUTHERLAND (US) LLP**

BY: 
Clifford Kirsch

BY: 
Eric Arnold

**FOR THE COMMITTEE OF ANNUITY INSURERS**