The ICC rule change makes, among other changes, certain modifications to its rulebook regarding the conditions of Note H of the customer and PAB reserve computations set forth in Rule 15c3–3a. The staff has analyzed ICC's rules, as well as the changes made pursuant to the ICC rule change, and made a recommendation to the Commission that they adequately implement the customer protection objectives of the conditions set forth in Note H.

Accordingly, the Commission is publishing this notice to advise broker-dealers that they may include a debit in their customer and/or PAB reserve computations when depositing cash, U.S. Treasury securities, and/or qualified customer securities to meet a margin requirement of ICC resulting from positions in U.S. Treasury securities of the customers of the broker-dealer.[15] Any changes to the relevant ICC rules and practices that would undermine these customer protection objectives could result in the Commission withdrawing this notice, at which point a broker-dealer could no longer include the debit in the customer and/or PAB reserve computations.

By the Commission.

Dated: September 3, 2026.

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–18278 Filed 9–8–26; 8:45 am]

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Framework, Exchange Act Release No. 105986 (Jul. 24, 2026), 91 FR 47864 (Jul. 29, 2026).

[15] *See supra* note 5 and accompanying text (discussing Note H conditions).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106275; File No. SR–FINRA–2026–018]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; 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)

September 3, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Exchange Act'' or ''Act'')[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on August 20, 2026, the Financial Industry Regulatory Authority, Inc. (''FINRA'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by FINRA. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

FINRA is proposing 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 new FINRA Rule 2166 (Temporary Delays for Suspected Fraud) to modernize protections for senior and vulnerable investors and to make additional fraud prevention tools available for all customers.

The text of the proposed rule change is available on FINRA's website at *http://www.finra.org* and at the principal office of FINRA.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, FINRA included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. FINRA has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

I. Background

A. FINRA's Existing Senior Investor Protection Rules

FINRA has long been committed to protecting senior investors and combating financial fraud through regulation, investor education and assistance, and engagement with member firms, state and federal agencies and investor protection advocates. FINRA recognizes that member firms are on the front line of protecting customers from threat actors and has developed a regulatory framework designed to provide member firms with flexible tools to help protect senior and vulnerable investors from financial exploitation. This framework includes two rules that facilitate early detection and intervention through member firms' ability to contact a customer's trusted contact person and place a temporary hold on a transaction or disbursement when they have a reasonable suspicion of financial exploitation.[3]

Trusted Contact Persons

Rule 4512, in part, requires member firms to make reasonable efforts to obtain the information for a trusted contact person upon the opening of all non-institutional customer accounts. The trusted contact person is intended to serve as a resource for the member firm in various situations, including helping to update customer contact information when a customer becomes unavailable, assisting when concerns arise over possible diminished capacity or other health issues, protecting assets, and responding to possible financial exploitation. Rule 4512 is not limited to senior investors, and a trusted contact person can be a valuable tool for customers of all ages. Designation as a trusted contact person does not give the person power of attorney-type authority over customer accounts, and does not give the person authority to execute transactions or make decisions about an account. Rather, trusted contact persons are an important resource for member firms and customers in special circumstances.

While the trusted contact framework has proven valuable, greater rates of adoption could significantly improve investor protection. According to the FINRA Foundation's National Financial Capability Study: 2024 Investor Survey, 42 percent of respondents say they have authorized a trusted contact person for their investment accounts, up from 38 percent in 2021, while over half (53 percent) say they have not.[4] Among those who have not named a trusted contact person, nearly half (49 percent, or just over one-quarter of all survey respondents) say they would be willing to do so.[5]

[3] Other FINRA rules that are generally applicable to all customers, but can be particularly relevant in protecting senior investors, include FINRA Rule 3240 (Prohibition on Borrowing From or Lending to Customers) and FINRA Rule 3241 (Registered Person Being Named a Customer's Beneficiary or Holding a Position of Trust for a Customer).

[4] Judy T. Lin, Christopher Bumcrot, Olivia Valdes, Gary Mottola, Susan Sarver, Robert Ganem, Christine Kieffer, & Gerri Walsh, *Investors in the United States: A Report of the National Financial Capability Study,* FINRA Investor Education Foundation (December 2025) (''National Financial Capability Study'').

[5] To increase familiarity with and use of this important tool, FINRA has sought to educate

Continued

Temporary Hold Framework

Rule 2165 represents the first uniform national standard for placing temporary holds to address suspected financial exploitation. The rule permits a member firm to place a temporary hold, with stated time limits, on a securities transaction or disbursement of funds or securities from the account of a ''Specified Adult'' when the member firm reasonably believes that financial exploitation of that adult has occurred, is occurring, has been attempted or will be attempted. For purposes of Rule 2165, Specified Adult means: ''(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.'' [6]

Currently, Rule 2165 permits a temporary hold for initial periods of 15 to 25 business days, with the possibility of a single 30-business-day extension (for a total maximum of 55 business days) if the member firm has reported the matter to a state regulator or agency of competent jurisdiction or a court of competent jurisdiction and the member firm continues to have a reasonable belief of financial exploitation. The rule allows member firms to extend a temporary hold beyond the 55-business-day maximum upon a state agency's request to do so, which is not required to be accomplished through a formal order.[7]

Temporary holds under Rule 2165 have played an important role in providing member firms a way to quickly respond to suspicions of financial exploitation before losses occur for customers. However, FINRA has learned through research and feedback from member firms and other interested parties that, in some cases, the current 55-business-day limit poses challenges. Notably, according to the National Adult Protective Services Association (''NAPSA''), financial exploitation investigations are often the most complex and time-consuming, and in many instances can take longer than a year.[8]

B. The Growing Threat of Fraud and Financial Exploitation

The Federal Trade Commission (''FTC'') found the overall cost of fraud to older adults in 2024 to be approximately $81.5 billion when accounting for underreporting.[9] Representing a portion of fraud losses, the Federal Bureau of Investigation's internet Crime Complaint Center (''FBI IC3'') received reports of more than $7.7 billion lost to fraud by Americans over age 60 in 2025.[10] These estimates represent not only devastating financial losses but also the profound personal toll fraud takes on victims, including shame, isolation and diminished quality of life.

For senior investors, fraud losses can be catastrophic. Unlike younger investors who may have years of future earnings to rebuild their financial security, senior investors are often living on fixed incomes derived from a lifetime of savings, with limited or no ability to offset significant losses. The frequently irreversible nature of these losses underscores why FINRA has placed special emphasis on protecting this vulnerable population and why member firms play such a crucial role as the first line of defense against financial exploitation.

While the impact of fraud can be devastating for senior investors as a group, the threat of fraud extends across all age demographics and is growing at an alarming pace.[11] The FTC estimated overall fraud losses in 2024, adjusted to account for underreporting, at $195.9 billion.[12] The FBI IC3 had a record-breaking $20.877 billion in reported fraud losses in 2025, representing a 26 percent increase from 2024.[13] Globally, consumers lost over $1 trillion to scams in 2024.[14]

Criminal perpetrators employ increasingly sophisticated tactics using technology and artificial intelligence (''AI''), making it more difficult for both member firms and investors to identify scams.[15] These advances have contributed to the rapid evolution and proliferation of fraud schemes that can victimize investors regardless of age, capacity or sophistication.[16]

C. Overview of Proposed Rule Changes

In light of these evolving threats and based on extensive engagement with member firms and other interested parties, FINRA is filing this proposed rule change to make additional fraud prevention tools available for all customers. As discussed in more detail below, FINRA is proposing:

- Amendments to Rule 4512 (Customer Account Information)

investors about trusted contact persons and highlight the benefits of naming a trusted contact person. *See, e.g.,* FINRA, SEC & North American Securities Administrators Association, Inc. (''NASAA''), *Investor Bulletin: Why You Should Consider Adding a Trusted Contact to Your Account* (August 25, 2025). FINRA has also shared effective practices with member firms to highlight approaches that have helped some member firms achieve higher rates of trusted contact adoption. *See Regulatory Notice* 22–31 (December 2022); *see also* FINRA, *2025 FINRA Annual Regulatory Oversight Report* (January 2025); FINRA, *2026 FINRA Annual Regulatory Oversight Report* (December 2025).

[6] Rule 2165(a)(1).

[7] *See* FINRA, *Frequently Asked Questions Regarding FINRA Rules Relating to Financial Exploitation of Senior Investors* at Q.3.2 (''FINRA Seniors FAQs'').

[8] *See* Letter from Jennifer Spoeri, Executive Director, William Benson & Kendra Kuehn, National Policy Advisors, and Joe Snyder, Policy Chair, National Adult Protective Services Association, to Jennifer Piorko Mitchell, Office of the Corporate Secretary, FINRA, dated June 12, 2025 (noting that FINRA's prior amendments to Rule 2165, extending the temporary hold period to 55 business days, ''mirror the average time it takes to conduct an APS investigation. This average encapsulates all categories of reports that APS investigates (*i.e.,* physical, sexual and emotional abuse, self-neglect, caregiver neglect), in addition to financial abuse. Financial exploitation investigations are often the most complex and time-consuming and there are many examples of cases being open for more than a year.'').

[9] Federal Trade Commission (''FTC''), *Protecting Older Consumers 2024–2025: A Report of the Federal Trade Commission* at 28 (December 1, 2025), *https://www.ftc.gov/system/files/ftc_gov/pdf/P144400-OlderAdultsReportDec2025.pdf* (''FTC Protecting Older Consumers''). The actual magnitude of fraud losses is challenging to estimate due to underreporting. *See, e.g.,* Rachel E. Morgan & Susannah N. Tapp, *Examining Financial Fraud Against Older Adults,* Nat'l Inst. of Justice J. (March 20, 2024) (citing data on fraud against older adults, but noting that ''the actual number of fraud cases is unknown as many people do not report their victimization, and underreporting is especially high for older adults''); U.S. Department of the Treasury's Financial Crimes Enforcement Network (''FinCEN''), *FIN–2022–A002: Advisory on Elder Financial Exploitation* at 1–2 (June 15, 2022) (''FinCEN 2022 Advisory'') (''Despite the fact that [elder financial exploitation] is the most common form of elder abuse, the majority of incidents go unidentified and unreported as victims may choose not to come forward out of fear, embarrassment, or lack of resources.'').

[10] *See* FBI IC3, *FBI internet Crime Report 2025* at 6 (''FBI IC3 Report''). This represents a 59 percent increase in losses from 2024.

[11] For example, FTC data show that median losses are highest for older adults, but individuals under age 60 accounted for 64 percent of reported fraud in 2024. *See* FTC Protecting Older Consumers, *supra* note 9, at 18; *see also* FTC, *Consumer Sentinel Network Data Book 2024* (March 2025) (''FTC 2024 Data Book''). The FTC's Consumer Sentinel data are available online in an interactive format.

[12] *See* FTC Protecting Older Consumers, *supra* note 9, at 28.

[13] *See* FBI IC3 Report, *supra* note 10.

[14] Sam Rogers, *International Scammers Steal Over $1 Trillion in 12 Months in Global State of Scams Report 2024,* Global Anti-Scam Alliance (November 7, 2024).

[15] *See, e.g.,* FBI, *Alert Number: I–120324–PSA: Criminals Use Generative Artificial Intelligence to Facilitate Financial Fraud* (December 3, 2024).

[16] *See, e.g.,* FBI IC3 Report, *supra* note 10, at 3 (''It has never been more important to be diligent with your cybersecurity, social media footprint, and electronic interactions. Cyber threats and cyber-enabled crime will continue to evolve as the world embraces emerging technologies such as artificial intelligence.''); INTERPOL, *INTERPOL Global Financial Fraud Threat Assessment* at 17 (March 2026) (''The proliferation of AI-driven tools, large language models (''LLMs''), cryptocurrencies, and the rapid expansion of the Fraud-as-a-service (''FaaS'') platforms have collectively lowered barriers to entry, enabling widespread access to sophisticated fraud capabilities, elevating the generation of financial gain through fraud schemes to an efficient, global industry.'').

designed to increase adoption and effectiveness of trusted contacts, by permitting member firms to use the alternative term ''emergency contact'' and to provide additional flexibility for a customer to name a trusted or emergency contact for use across all the customer's accounts at the member firm;

- Amendments to Rule 2165 (Financial Exploitation of Specified Adults) to extend the maximum temporary hold period under Rule 2165 from 55 business days to 145 business days, in three 30-business day increments, subject to safeguards, along with additional modifications that provide enhanced clarity and flexibility; and
- New Rule 2166 (Temporary Delays for Suspected Fraud) to offer member firms a separate safe harbor framework, modeled on existing Rule 2165, to protect all customers (irrespective of age or capacity) from suspected fraud, by permitting a temporary delay of up to 10 business days on disbursements or transactions when there is a reasonable belief of fraud. The addition of proposed new Rule 2166 would also require a conforming amendment to Rule 0150 (Application of Rules to Exempted Securities Except Municipal Securities).

II. Proposed Amendments To Rule 4512

A. Enabling Use of the Alternate Term ''Emergency Contact''

The proposed addition of new paragraph (e) of Rule 4512.06 would give member firms the option to use the term ''emergency contact'' as an alternative to ''trusted contact person.'' FINRA believes that providing member firms the flexibility to use the term ''emergency contact'' as an alternative to ''trusted contact person'' would clarify the role for customers who are unfamiliar with the term ''trusted contact person'' and potentially increase use of this tool. Member firms' written supervisory procedures and training materials would need to reflect that the terms have the same meaning and obligations.

B. Providing Additional Flexibility in Naming a Trusted Contact Person for All Accounts

The trusted contact provisions are part of Rule 4512 and apply to each non-institutional customer account. FINRA has previously provided guidance permitting a member firm to seek to obtain trusted contact person information collectively where a customer has more than one account (*e.g.,* in one update letter for all the customer's accounts), provided that each of the affected accounts is clearly identified to the customer.[17]

To provide additional flexibility, FINRA is proposing to expand this guidance in proposed new paragraph (d) of Rule 4512.06. This would permit member firms to seek the customer's authorization to apply a trusted contact person to all of the customer's existing and future accounts with the member firm, provided that the customer is also offered the choice to assign the trusted contact person on an account-by-account basis rather than to all accounts.

C. Clarifying and Other Ministerial Changes

As a ministerial matter, the proposed amendments delete from Rule 4512.06(a) a transitional provision that addressed the application of the trusted contact requirement to accounts that were opened pursuant to a prior rule. Due to the passage of time, this provision is no longer needed.

In addition, to clarify that member firms are permitted to obtain more than one trusted contact person, FINRA proposes a minor addition to Supplementary Material .06 to clarify that nothing in the rule shall prevent a member from obtaining more than one trusted contact person from a customer.[18]

III. Proposed Amendments to Rule 2165

A. Proposed Changes To Extend the Maximum Temporary Hold Period

FINRA is proposing a structured framework for extending temporary holds beyond the current 55-business-day maximum, by adding three 30-business-day extensions to a new maximum of 145 business days (unless otherwise terminated or extended by the relevant authority) in proposed Rule 2165(b)(5). While many financial exploitation situations are resolved within the existing framework of the rule, these additional extensions are designed to be used in those limited circumstances where Adult Protective Services (''APS''), law enforcement, and other relevant agencies and regulators may need additional time to assess referrals, determine whether to investigate, and communicate to member firms that additional time will be needed to investigate or resolve the matter.[19]

The new structured framework would impose measured conditions and other safeguards to prevent inappropriate extensions of a temporary hold. The ability to extend for each 30-business-day period would be conditioned on the member firm making reasonable follow-up efforts with the relevant authority regarding the status of the reported matter; not having received a response;[20] and continuing to have a reasonable belief of financial exploitation.[21]

The first extension beyond 55 business days would require notification, which may be oral, to all parties authorized to transact business on the account and to the trusted contact person(s) (subject to certain exceptions).[22] These individuals would need to be notified of the extension, the reason for and potential duration of the extension, and how the member firm can be contacted for questions or concerns.[23]

The amendment would also require documentation associated with any additional extension, including the documentation of follow-up efforts, the lack of a response from the relevant regulator or agency of competent jurisdiction or court of competent jurisdiction, and the member's continuing belief of financial exploitation.[24] In accordance with

[17] *See* FINRA Seniors FAQs, *supra* note 7, at Q.4.5.

[18] For example, Rule 2165 expressly includes reference to plural ''Trusted Contact Person(s).'' *See* Rule 2165(b)(1)(B)(ii). *See also, e.g.,* SEC, FINRA, & NASAA, *Investor Bulletin: Why You Should Consider Adding a Trusted Contact to Your Account* (August 25, 2025), *https://www.finra.org/investors/insights/trusted-contact* (''A trusted contact person must be age 18 or older. They may be a family member, close friend, attorney, accountant or another third party you believe would respect your privacy and be willing to help. *You may also choose to add more than one trusted contact to your account.* Finally, you may change your trusted contact in your account as often as you wish.'') (emphasis added).

[19] *See supra* note 8 and accompanying text.

[20] An automated response or acknowledgement or other communication that does not address the status of the referral would not be considered a response for these purposes.

[21] Proposed Rule 2165(b)(5)(A).

[22] Proposed Rule 2165(b)(5)(B) (stating that members must ''provide notification of the extension of the temporary hold, the reason for the extension, and the potential for the extension to last 90 business days'' to the trusted contact person(s) and 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).

[23] Currently, Rule 2165 requires notification of the hold and the reason for the hold to authorized parties and the trusted contact person within two business days of placing the hold. FINRA is proposing to amend this requirement to also require information about how the member can be contacted for questions or concerns. *See* proposed Rule 2165.06.

[24] Proposed Rule 2165(d)(7). In circumstances where the member receives no communication from the relevant authority, documentation of a lack of response could include a notation or attestation that no response was received from the relevant authority as of a specified date.

proposed Rule 2165.05, documentation of follow-up efforts with the relevant regulator, agency or court of competent jurisdiction ''shall include dates of communication attempts, methods used, and any communications received.'' [25] Member firms would also be required to maintain records demonstrating that they made reasonable efforts to determine the status of the referred matter.[26] As discussed below, at any time, if the relevant authority requests an extension, the member firm would be permitted to continue the hold outside of the structured time periods.[27]

This balanced approach provides for longer holds in complex cases while maintaining the integrity of the existing temporary hold framework through a clearly defined process.

B. Reporting Financial Exploitation To Federal Authorities

Currently, Rule 2165 permits a temporary hold to be extended if the member firm has provided notification of the member firm's reasonable belief of financial exploitation to a state regulator or agency of competent jurisdiction or a court of competent jurisdiction. In recognition of the multi-jurisdictional nature of many instances of financial exploitation and potential avenues at the federal level for investigation and redress, FINRA proposes to expand existing references in Rule 2165(b)(2)–(4) and 2165(d) to expressly include a federal regulator or federal agency of competent jurisdiction, and include these references in the proposed new provisions.[28]

C. Individuals Authorized To Place, Extend or Terminate a Hold

Pursuant to existing Rule 2165(c)(2), a member firm's written supervisory procedures must identify the title of each person authorized to place, terminate or extend a temporary hold on behalf of the member firm. Such individuals must be associated persons who serve in a supervisory, compliance or legal capacity for the member firm.

To facilitate the administration of the temporary hold provisions by member firm personnel who do not serve in a supervisory, compliance or legal capacity but who have relevant expertise and day-to-day responsibilities, FINRA proposes a limited expansion of the types of individuals whom a member firm can authorize to place, terminate or extend a temporary hold. The proposed addition of Rule 2165(c)(2)(B) would cover associated persons who serve in ''a specialized senior investor protection or fraud prevention role with responsibilities that include, as appropriate, investigating, evaluating, escalating, and reporting potential financial exploitation of Specified Adults.''

D. Codifying Guidance Articulated in Frequently Asked Questions

For clarity, FINRA proposes to largely codify existing guidance articulated in two Frequently Asked Questions (''FAQs''). First, pursuant to proposed Supplementary Material .04, a member firm may extend a temporary hold beyond the periods specified in Rule 2165 upon the request of a federal or state regulator or agency of competent jurisdiction or court of competent jurisdiction, and that request need not be in the form of a formal order or in writing,[29] so long as the member firm maintains a record of the authority's request.[30] Accordingly, if a relevant authority indicates to a member firm, by telephone, email or otherwise, that additional time is needed to address a reported matter, the member firm may extend the hold and retain a record of the request.

Second, pursuant to proposed Supplementary Material .07, a member firm may place restrictions on an entire account rather than a particular disbursement or transaction when the member firm has a reasonable belief of financial exploitation, has procedures reasonably designed to permit legitimate transactions and disbursements (*e.g.,* regular bill payments), and permits such legitimate transactions or disbursements.[31] The provision makes clear that a member firm may not avail itself of the Rule 2165 safe harbor if it blocks transactions or disbursements where there is not a reasonable belief of financial exploitation regarding such transactions or disbursements.[32]

E. Protection of Customer Assets

FINRA recognizes that member firms may hold crypto assets for customers, such as payment stablecoins regulated by the GENIUS Act.[33] FINRA therefore proposes to change the current terminology of ''funds or securities'' to ''funds, securities, or other assets'' throughout Rule 2165, and use this same terminology in proposed Rule 2166 (discussed below), to clarify that Rule 2165 and proposed Rule 2166 would permit member firms to protect any customer assets that may be held

[25] Proposed Rule 2165.05.

[26] *See supra* note 25.

[27] *See* proposed Rule 2165(b)(2)–(4) (''unless otherwise terminated or extended by a federal or state regulator or agency of competent jurisdiction or a court of competent jurisdiction'') and proposed Rule 2165.04; *see infra* Item II.A.1.III.D.

[28] *See, e.g.,* Board of Governors of the Federal Reserve System *et al., Interagency Statement on Elder Financial Exploitation* at 7 (December 2024) (''Some agencies or programs may be able to help victims recover stolen funds. For example, the IC3 Recovery Asset Team is a domestic program designed to 'streamline communication between financial institutions and assist FBI field offices with the freezing of funds for those who made transfers to fraudulent accounts under false pretenses.' Another example is FinCEN's international Rapid Response Program that 'helps victims and their financial institutions recover funds stolen as the result of certain cyber-enabled financial crime schemes, including business email compromise.' '') (citations omitted).

[29] To the extent a member receives an oral request from the relevant authority, the member would be expected to create a record of such communication and maintain it in accordance with proposed Rule 2165.04.

[30] *See* FINRA Seniors FAQs, *supra* note 7, at Q.3.2 (''*May a member extend a temporary hold beyond the period indicated in Rule 2165 if a state agency, such as adult protective services, securities regulator, or other state agency or regulator, asks a member to extend a temporary hold so that it has more time to investigate the matter or does the state agency need to issue a formal order? In addition, would the member need to report the agency's request to FINRA?* Rule 2165 allows a member to extend a temporary hold upon a state agency's request to do so. The state agency would not have to issue a formal order. In addition, Rule 2165 does not require a member to report a state agency's request to FINRA. However, the member would need to maintain a record of the state agency's request.'').

[31] *See* FINRA Seniors FAQs, *supra* note 7, at Q.1.2. (''*Under Rule 2165, may a member that has a reasonable belief of financial exploitation of a Specified Adult regarding a transaction or disbursement place a temporary hold or restrictions on an entire account if the member permits legitimate disbursements from the account?* Where a questionable transaction or disbursement involves less than all assets in an account, a member should not place a blanket hold on the entire account. Each transaction or disbursement should be analyzed separately. In addition, where a transaction or disbursement at issue involves all of the assets of the account (*e.g.,* an ACATS transfer request), the member must permit transactions or disbursements from the account where there is not a reasonable belief of financial exploitation regarding such disbursements (*e.g.,* regular bill payments). FINRA understands that some members intend, for operational reasons, to place a temporary hold or restrictions on an entire account when they have a reasonable belief of financial exploitation regarding a transaction or disbursement from the account, but also intend to permit legitimate transaction or disbursement from the account in these circumstances. FINRA believes that placing a temporary hold or restrictions on an entire account but allowing legitimate transactions or disbursements from the account is consistent with Rule 2165 and members may proceed in such a manner as long as they have procedures reasonably designed to permit legitimate transactions and disbursements. FINRA emphasizes that a member may not avail itself of the Rule 2165 safe harbor if it blocks transactions or disbursements where there is not a reasonable belief of financial exploitation regarding such transactions or disbursements.'').

[32] *See* proposed Rule 2165.07.

[33] *See* Guiding and Establishing National Innovation for U.S. Stablecoins Act, Public Law 119-27, 139 Stat. 419 (2025) (establishing federal guidelines for the use of stablecoins in financial markets).

with the member, including payment stablecoins.

IV. Proposed New Rule 2166

A. Background

The proliferation of fraud and scams targeting individuals of all ages and the evolution of fraud tactics have heightened a need for protective measures that extend beyond the current Specified Adult criteria in Rule 2165. To offer member firms a tool to protect all customers (regardless of age or capacity) from fraud, FINRA is proposing to adopt new Rule 2166.

Proposed Rule 2166 is modeled on Rule 2165 and similarly offers an optional safe harbor approach—but in a more streamlined fashion—with a ''speed bump'' mechanism distinct from the longer-term holds available under Rule 2165 for Specified Adults. Specifically, proposed Rule 2166 would permit a member firm to place a temporary delay of up to 10 business days on a transaction or disbursement in the account of a customer [34] if there is a reasonable belief of fraud [35] targeting the customer, with associated safeguards.[36]

Proposed Rule 2166 is designed to prevent customer losses by giving member firms a brief intervention window to facilitate outreach by the member firm to the customer (away from perpetrator influence). This brief intervention window would also facilitate outreach by the member firm to authorized parties and trusted contact persons, if the member chooses to do so. Further, it would facilitate information gathering, conversation and provision of relevant educational resources about fraud schemes. During that intervention window, a member firm could attempt to persuade the customer to recognize the attempted fraud and not proceed with the transaction or disbursement.

The FBI explains that ''[o]ne of the most common tactics scammers employ is a false sense of urgency or isolation'' and for this reason, the FBI ''urges the public to 'Take A Beat': resist pressure to act quickly, pause for a moment, and assess the situation.'' [37] Using a permissible ''speed bump'' or ''cooling off period'' of this type is consistent with this FBI fraud and scam awareness campaign, and is supported by research suggesting that emotional stimulus can increase susceptibility to fraud.[38] Other research indicates that awareness about specific scams can help protect against financial loss.[39] Accordingly, the ability to pause a transaction or disbursement and educate the customer about the specific type of suspected fraud or scam could help prevent fraud losses. FINRA offers a set of resources in its online Member Firm Hub, including Investor Education Resources and Scam Prevention & Assistance Resources.[40] These Key Topic pages provide consolidated resources that member firms and registered professionals can use or share with their customers.

B. Overview of Proposed New Rule 2166, Including Key Safeguards

Proposed Rule 2166 establishes a ''speed bump'' mechanism, distinct from the longer-term holds available under Rule 2165 for Specified Adults, which would permit a member firm to place a temporary delay of up to 10 business days on a transaction or disbursement in the account of a customer if there is a reasonable belief of fraud targeting the customer, with associated safeguards. The definition of ''fraud'' in Proposed Rule 2166 is intended to be broad and would include, for example, identity theft and account takeovers.[41]

The rule contains safeguards modeled on similar provisions in Rule 2165 to protect customers and prevent misapplication of the rule:

- Proposed Rule 2166(b)(1)(A): The member firm may only place the temporary delay if the member firm reasonably believes that fraud has occurred, is occurring, has been attempted, or will be attempted.
- Proposed Rule 2166(b)(1)(B) and 2166.04: Not later than two business days after placing a temporary delay, the member firm must provide notification, which may be oral, to the customer [42] of the temporary delay, the reason for the delay, and how the member firm can be contacted with questions or concerns.[43] Member firms may choose to also notify other authorized parties and trusted contact persons.
- Proposed Rule 2166(b)(2): The temporary delay would expire no later than 10 business days after the date that the member firm first placed the temporary delay, unless otherwise

[34] For purposes of this rule, ''customer'' would mean ''a natural person age 18 and older.'' Proposed Rule 2166(a)(2). ''Account'' would mean ''any account of a member for which a customer has the authority to transact business.'' Proposed Rule 2166(a)(1). Customers who meet the definition of ''Specified Adult'' under Rule 2165 may be protected by a member under either Rule 2165 or proposed Rule 2166. FINRA notes that a ''mental or physical impairment that renders the individual unable to protect his or her own interests'' can apply to temporary impairments (*e.g.,* due to addiction or temporary illness) as well as permanent or chronic impairments. *See* Securities Exchange Act Release No. 79215 (November 1, 2016), 81 FR 78238, 78246 (November 7, 2016) (Notice of Filing of File No. SR–FINRA–2016–039). In the context of placing a temporary delay in the account of a customer under the age of 65, if the member forms a reasonable belief that the customer has such a mental or physical impairment, the member could choose to rely instead on Rule 2165.

[35] For purposes of this rule, ''fraud'' would be defined as ''a deceptive scheme perpetrated by a third party that targets a customer and results in a request for a disbursement of funds, securities, or other assets or a transaction in securities based on false or misleading information.'' Proposed Rule 2166(a)(4).

[36] Like Rule 2165, proposed Rule 2166 would provide members and their associated persons with a safe harbor from FINRA Rules 2010, 2150 and 11870 when acting in accordance with the requirements of the rule.

[37] *See* FBI, *FBI Announces Nationwide 'Take A Beat' Campaign to Increase Awareness of Frauds and Scams* (August 19, 2024) (noting that perpetrators ''may try to instill trust, induce empathy, or fear, or promise monetary gains, companionship, or employment opportunities—all to lure victims into immediate action.'').

[38] *See* Katharina Kircanski et al., *Emotional Arousal May Increase Susceptibility to Fraud in Older and Younger Adults,* 33(2) Psychol. & Aging 325–337 (March 2018) (''Persuasion tactics used by fraud perpetrators often elicit high levels of emotional arousal; thus, studying emotional arousal may help to identify the conditions under which individuals are particularly susceptible to fraud. We examined whether inducing high-arousal positive (''HAP'') and high-arousal negative (''HAN'') emotions increased susceptibility to fraud. . . . For participants who exhibited the intended induced emotional arousal, both the HAP and HAN conditions . . . significantly increased participants' reported intention to purchase falsely advertised items.'').

[39] *See* Marguerite DeLiema, Yiting Li & Gary Mottola, *Correlates of responding to and becoming victimized by fraud: Examining risk factors by scam type,* 47(3) Int'l J. of Consumer Stud. 1042–1059 (May 2023) (''Using survey data from 1375 American and Canadian consumers who previously reported a scam to a North American consumer complaint organization, this study examines the correlates of responding to and losing money to four categories of consumer fraud: opportunity-based scams, threat-based scams, consumer purchase scams, and phishing scams. . . . Having advance knowledge of fraud prior to being exposed was protective across nearly all scam types. Results suggest that awareness about specific scams helps protect against financial loss.'').

[40] FINRA, *Member Firm Hub: Customer Resources, https://www.finra.org/member-firm-hub.*

[41] *See supra* note 35.

[42] Under Rule 2165, within two business days of placing a hold, a member must notify all parties authorized on the account and the trusted contact. *See* Rule 2165(b)(1)(B). For purposes of the more streamlined approach in proposed Rule 2166, FINRA is proposing to require notification to the customer, while permitting member firms to choose whether to also notify other authorized parties or trusted contact persons.

[43] *See* proposed Rule 2166(b)(1)(B) and 2166.04. FINRA understands that a member firm may not necessarily be able to speak with or otherwise obtain a response from the customer within the two-business-day period. Consistent with guidance provided in connection with Rule 2165, FINRA would consider, for example, a member firm's sending an email to a customer's email address on file with the firm or placing a telephone call and leaving a message with the customer within the two-business-day period to constitute notification for purposes of proposed Rule 2166. *See Regulatory Notice* 17–11 at n.20 (March 2017). A member firm may similarly mail a letter, but due to the short duration of the temporary delay in proposed Rule 2166, delivery by mail may not be the most expedient means of communication.

terminated or extended by a federal or state regulator or agency of competent jurisdiction or a court of competent jurisdiction.

• Proposed Rule 2166(c) and 2166.02: The rule would impose supervision and training requirements consistent with Rule 2165 (as proposed to be amended).

• Proposed Rule 2166(d): The records requirement would be generally consistent with Rule 2165(d) (as proposed to be amended).[44] Proposed Rule 2166(d) would require member firms to retain records of requests for disbursements or transactions that may constitute fraud and the resulting temporary delay, the basis for the reasonable belief of fraud, the name and title of the associated person who authorized the temporary delay, notification to relevant parties, any information provided to the customer in connection with the temporary delay, and information regarding any communications with or by a federal or state regulator or agency or court of competent jurisdiction.

Proposed Rule 2166 seeks to balance investor protection with respect for customer autonomy. It complements Rule 2165 by addressing situations where customers of any age and capacity are targeted by fraud. The differences between Rule 2165 and proposed Rule 2166 recognize that there are some factors that may be unique to senior investors, such as the existence of agencies focused on combating financial exploitation of seniors (*e.g.,* APS). The longer hold periods in Rule 2165 provide the member firm with the time needed to gather information that can form the basis of a referral to such agency, and the time an agency may need to evaluate the matter and conduct its investigation. The length of the Rule 2165 hold period also recognizes the severity of the consequences for seniors who experience financial exploitation, as discussed above. Those same considerations and resources do not necessarily exist for fraud perpetrated on other types of investors.[45]

C. Applying Proposed New Rule 2166 in Practice

FINRA understands that some member firms currently rely on contractual provisions in their account opening agreements to place holds on transactions or disbursements to protect customers from fraud. In some cases, these holds may exceed 10 business days. The optional safe harbor under proposed Rule 2166 would offer a structured framework for member firms (including those that do not currently have such contractual provisions) under FINRA rules, without restricting a member firm's ability to pursue contractual approaches.[46]

As with Rule 2165, Supplementary Material .01 to proposed Rule 2166 makes clear that the rule does not require member firms to place temporary delays.[47]

Consistent with proposed Supplementary Material .07 in Rule 2165, pursuant to Supplementary Material .05 in proposed Rule 2166, a member firm may place restrictions on an entire account rather than a particular disbursement or transaction when the member firm has a reasonable belief of fraud regarding a transaction or disbursement from the account, has procedures reasonably designed to permit legitimate transactions and disbursements (*e.g.,* regular bill payments), and permits such legitimate transactions or disbursements from the account in these circumstances. The provision makes clear that the member firm may not rely on the safe harbor if it blocks transactions or disbursements where there is not a reasonable belief of fraud regarding such transactions or disbursements.

V. Conforming Change To Rule 0150

FINRA proposes amending Rule 0150(c) to add proposed new Rule 2166 to the list of rules applicable to transactions in, and business activities relating to, exempted securities, except municipal securities, conducted by member firms and associated persons.

If the Commission approves the proposed rule change, FINRA will announce the effective date of the proposed rule change in a *Regulatory Notice.*

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,[48] which requires, among other things, that FINRA rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

The proposed rule changes are designed to enhance member firms' ability to prevent and address financial exploitation of senior and vulnerable investors and fraud impacting investors of all ages.

The proposed changes to Rule 4512, including the ability for member firms to use the term ''emergency contact'' as an alternative to ''trusted contact person,'' aim to increase customer understanding and adoption of this safeguard to help protect investors from fraud and financial exploitation, help member firms update contact information when a customer becomes unavailable, assist when concerns arise over possible diminished capacity or other health issues, and protect assets.

The proposed limited expansion of the time period in Rule 2165 would allow additional time for APS agencies, law enforcement, and state and federal regulators to assess referrals of suspected financial exploitation, determine whether to investigate, and, where relevant, communicate to member firms that additional time will be needed to investigate or resolve a matter. The additional proposed changes to Rule 2165 are intended to provide member firms clarity and flexibility in applying this critical investor protection tool. Ultimately, the purpose of these proposed changes is to further empower member firms to help

[44] Proposed Rule 2166(d) would not include the specific records requirements that are related to unique aspects of Rule 2165 concerning internal review and extensions of the temporary hold period.

[45] Under both Rule 2165 and proposed Rule 2166, member firms have the ability to coordinate with relevant parties, as appropriate, to prevent or address customer harm. In addition, Section 314(b) of the USA PATRIOT Act and its implementing regulation provide financial institutions with the ability, upon providing notice to the U.S. Department of the Treasury, to share information with one another, under a safe harbor that offers protections from liability, for purposes of identifying and, where appropriate, reporting activities that may involve possible terrorist activity or money laundering, which may include information about fraud and other specified unlawful activities. *See* 31 CFR 1010.540 (Voluntary information sharing among financial institutions) regarding the requirements that must be met to qualify for the safe harbor from liability. In June 2026, FinCEN issued updated guidance on information sharing under Section 314(b) through a fact sheet that further clarified: (1) the permissibility of real-time information sharing under Section 314(b) of the USA PATRIOT Act; (2) under what circumstances information, including related to fraud, can be shared; and (3) how information can be shared. *See* FinCEN, *Section 314(b) Fact Sheet* (June 12, 2026), *https://www.fincen.gov/system/files/shared/314bfactsheet.pdf. See also supra* note 28; *FinCEN Rapid Response Program Fact Sheet* (April 15, 2026), *https://www.fincen.gov/system/files/2026-04/RRPFactSheet.pdf;* FBI Cyber, *International Kill Chain Process, https://www.justice.gov/elderjustice/media/1364056/dl?inline.*

[46] *See also Regulatory Notice* 22–05 at n.13 (February 2022) (''Regarding whether the best execution obligation applies to a member firm's decision to place a temporary hold on a securities transaction where there is a reasonable belief of customer financial exploitation, '[b]roker-dealers are reminded that nothing under the federal securities laws or FINRA rules obligates them to accept an order where they believe that the associated compliance or legal risks are unacceptable.' '') (citing SEC, *Staff Bulletin: Risks Associated with Omnibus Accounts Transacting in Low-Priced Securities* (last updated October 17, 2023)).

[47] *See* proposed Rule 2166.01.

[48] 15 U.S.C. 78*o*–3(b)(6).

protect senior and vulnerable investors from experiencing unrecoverable losses due to financial exploitation.

Proposed new Rule 2166 is designed to provide member firms with an additional investor protection tool that would be available to any customer, regardless of age or capacity. The proposed new rule would enable member firms to place temporary delays of up to 10 business days on transactions and disbursements where there is a reasonable belief of fraud, during which time member firms can communicate with customers to alert them of suspected fraud and ultimately prevent unrecoverable fraud losses from occurring.

The proposed rule changes incorporate numerous conditions and important safeguards that apply to each temporary hold or delay and are designed to protect investors against misapplication of the rules.

B. Self-Regulatory Organization's Statement on Burden on Competition

FINRA does not believe that the proposed rule change would result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. All member firms would be subject to the proposed rule change.

Economic Impact Assessment

FINRA has undertaken an economic impact assessment, as set forth below, to analyze the economic baseline for the proposed rule change and their potentially significant economic impacts, including anticipated costs and benefits, relative to the baseline, and the alternatives considered in assessing how best to meet FINRA's regulatory objectives.

(a) Regulatory Need

Advances in technology and use of sophisticated tactics have made fraud a significant and growing risk for investors and member firms. While investors of all ages face a significant risk of fraud, senior investors are often living on fixed incomes and budgets without the ability to offset significant losses over time. The proposed rule amendments would enhance the tools that member firms have to fight fraud and financial exploitation of senior and vulnerable adult investors, and to protect other investors where there is a reasonable suspicion of fraud.

(b) Economic Baseline

The economic baseline includes current Rules 4512 and 2165, which assist member firms in protecting customer assets through trusted contact persons and, for Specified Adults, the ability to place temporary holds on disbursements and transactions when there is a reasonable belief of financial exploitation. The economic baseline also includes current industry practices relating to compliance with these provisions and relevant state laws as well as current risks of fraud and financial exploitation of individuals who are not Specified Adults. The proposed rule change would mostly affect member firms with retail operations. As of December 31, 2025, there are at least 1,088 member firms that serve retail investors.

Survey data from FINRA's current National Financial Capability Study Report indicate that about 42 percent of investors have authorized a trusted contact person for their investment accounts.[49] Among those investors who do not have a trusted contact person, 81 percent do not recall being asked to name one and 49 percent indicated that they would be willing to do so.[50]

Regarding temporary holds, FINRA conducted a survey of member firms in 2020. At that time, FINRA found that ''[a]pproximately 53 percent of survey respondents stated that they had been unable to resolve a matter within the 25-business day period.'' [51] Furthermore, ''[f]or matters that took longer to resolve than the 25-business day period, approximately 35 percent of survey respondents indicated that it took on average 26–50 days to resolve the matter and approximately 59 percent of survey respondents indicated that it took on average 51–100 days to resolve the matter.'' [52]

(c) Economic Impacts

The proposed amendments would impact member firms and investors, especially senior and vulnerable investors. As discussed above, FINRA is proposing amendments in three areas: (1) amendments to Rule 4512, allowing the use of ''emergency contact'' terminology under the existing trusted contact framework to reduce customer confusion, and codifying existing guidance; (2) amendments to Rule 2165, including extending maximum temporary hold periods and codifying existing guidance; and (3) proposing new Rule 2166 that introduces a new temporary delay mechanism for addressing suspected fraud, applicable to any customer (regardless of age or capacity).

Anticipated Benefits

FINRA believes that the proposed rule change to Rule 4512 allowing the use of the term ''emergency contact'' as an alternative to ''trusted contact person'' would increase customer comfort with designating an individual as a trusted contact person. FINRA also believes that an increase in customer use of this designation would improve member firms' ability to intervene in situations of suspected fraud or other circumstances of potential investor harm. This would subsequently improve the chances to prevent potential financial losses to investors.

FINRA believes that the proposed rule change to Rule 2165 would better address the fact that, in a significant number of instances, relevant authorities, such as APS or law enforcement, require more than the current maximum of 55 business days to evaluate or address financial matters. The data from the 2020 FINRA member firm survey discussed above suggest that about 28 percent of member firms face instances where a matter took more than 50 days to resolve. The data also suggest that the majority of matters are resolved within the current maximum of 55 business days.

The proposed rule change would establish a structured framework to extend temporary holds up to a maximum of 145 business days (absent further extension by the relevant authority) and provide a mechanism whereby the extension of a hold is commensurate to the circumstances. The more flexible structured framework is expected to benefit investors by allowing, when needed, for more time to address situations where fraud or other circumstances of potential investor harm may be occurring. The proposed rule change strikes a balance between addressing circumstances where there is a demonstrated need for longer holds and avoiding overly long holds or misuse.

The newly proposed Rule 2166 would expand temporary hold protections to cover not only senior and vulnerable investors, but all investors. It would do so by introducing an optional safe harbor for member firms to place a temporary delay of up to 10 business days on disbursements or transactions when there is a reasonable belief of fraud targeting a customer, without restricting a member firm's ability to include contractual provisions in their account opening agreements to place holds or delays to protect customers from fraud. The proposed rule change

[49] *See* National Financial Capability Study, *supra* note 4, at 21.

[50] *See* National Financial Capability Study, *supra* note 4, at 22.

[51] *See Regulatory Notice* 20–34 at 5 (October 5, 2020).

[52] *See supra* note 51.

would benefit investors by allowing member firms to intervene in situations of suspected fraud and thereby potentially prevent financial losses to investors, especially if relevant information can be effectively communicated to investors within 10 business days. Accordingly, the expected benefits from the proposed rule change would be greatest where the member firm maintains awareness of common fraud schemes and knows the customer, including how to effectively communicate with them. The proposed rule change benefits member firms by providing them with safe harbor protection from specified FINRA rules if they meet the terms of the rule when implementing a delay of up to 10 business days on disbursements or transactions.

Anticipated Costs

Allowing member firms to use the term ''emergency contact'' as an alternative to ''trusted contact person'' would result in negligible additional costs if they choose to use the ''emergency contact'' terminology. Member firms may incur some minor costs in updating materials that reference ''trusted contact person,'' such as written supervisory procedures, training materials and account opening agreements.

To the extent that member firms choose to take advantage of the proposed amendments to Rule 2165 as well as proposed Rule 2166, additional operational costs such as additional personnel time for communicating with relevant authorities, notifying relevant parties of hold extensions or temporary delays, and enhanced recordkeeping efforts may result. Additionally, member firms would need to update their written supervisory procedures and develop training programs to implement the new provisions.

In addition, there could be indirect costs to member firms and investors in situations where longer temporary holds under Rule 2165 or Rule 2166-based delays are implemented. The possibility exists that the imposition of a temporary hold or delay might cause lost or diminished investment opportunities and dissatisfaction with customer service by some investors. These costs would likely increase with the length of time of the hold. Some investors may view temporary holds or delays as impositions on their autonomy that exceed any benefits resulting from better fraud protection. In some instances, this may prompt some investors to move assets, which would impose costs on them. For member firms, this could result in lost business and diminished client relationships. In addition, if time-sensitive disbursements or transactions are affected by such holds or delays, there may be missed opportunities or other disruptions to the investor. While acknowledging the possibility of member firms and investors incurring the various indirect costs discussed above, FINRA is unable to gauge their magnitude.

Conversely, in situations where proposed Rule 2166 would apply but member firms choose not to place a temporary delay, there is the possibility that member firms expose themselves to the risk of customer complaints and legal action. FINRA believes that a legal risk exists whether or not FINRA adopts the proposed rule, and the safe harbor approach appropriately balances investor protection with member firm liability concerns when member firms act in good faith.

Competitive Effects

FINRA believes the competitive effects of the potential amendments would differ across the impacted member firms, depending on their business model and composition of their customer base and whether and to what extent they choose to use the tools the proposed rule change offer. For example, the competitive effects from the proposed rule change would depend in part on the extent to which a member firm already has business practices in place that facilitate the detection of potential fraud and responses to it. The ability to introduce a 10-business-day delay, based on proposed Rule 2166, may be more useful to member firms with full-service business models than to others. Some member firms may not see much advantage from this additional tool and may instead see mostly risks of additional customer complaints and legal action. Other member firms that currently rely on contractual agreements governing temporary holds (irrespective of customer age) may be indifferent. To the extent that member firms make their practices regarding these tools known to current and prospective customers, member firms may attract additional investors for whom such practices and protections are especially important and salient.

The competitive impact of the proposed rule change on member firms versus non-member firms, such as investment advisory firms, is unclear.

(d) Alternatives Considered

With respect to the appropriate maximum length of delay under proposed Rule 2166, FINRA considered whether five business days would be preferable to 10 business days. With five business days, the potential cost to the investor resulting from missed investment opportunities could be reduced. However, a shorter maximum of five business days would also decrease member firms' ability to collect information, reach the customer, reach the trusted contact person or other authorized parties (if the member firm chooses to), and possibly schedule in-person meetings. Based 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.

While FINRA is proposing to address financial exploitation of non-Specified Adults through proposed Rule 2166, FINRA had alternatively considered expanding existing Rule 2165 to cover non-Specified Adults. Relative to expanding Rule 2165, the proposed approach avoids potential disruption of existing member firm practices geared specifically to Specified Adults. Moreover, while for Specified Adults there are agencies with mandates to investigate financial exploitation (*e.g.,* APS), the same is not necessarily true for fraud perpetrated on non-Specified Adults.[53] Hence, while the hold periods in Rule 2165 provide member firms the time needed to gather information that can form the basis of a referral to such agencies, and the time an agency may need to conduct its investigation, similar considerations do not necessarily exist for non-Specified Adults.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

In January 2026, FINRA published *Regulatory Notice* 26–02 (the ''*Notice*''), requesting comment on the proposed rule change (the ''*Notice* Proposal''). FINRA received 26 comments in response to the *Notice.* A copy of the *Notice* is available on FINRA's website at *http://www.finra.org.* A list of the commenters in response to the *Notice* and copies of the comment letters received in response to the *Notice* are also available on FINRA's website.[54]

Most commenters expressed support for FINRA's efforts to provide member firms with additional tools to protect senior and vulnerable investors from financial exploitation and all investors from fraud; however, some commenters

[53] *See supra* note 45.

[54] *See* SR–FINRA–2026–018 (Form 19b–4, Exhibits 2b and 2c) (available on FINRA's website at *http://www.finra.org*). For a list of abbreviations assigned to commenters, *see* SR–FINRA–2026–018, Form 19b–4, Exhibit 2b.

opposed aspects of the proposal. Several commenters supported particular aspects of the *Notice* Proposal, including the proposed amendments to the trusted contact person framework, the proposed extension of the maximum temporary hold period under Rule 2165, and the adoption of proposed Rule 2166. Some commenters requested clarifications or modifications concerning, among other things, the reasonable belief standard, the length and conditions of temporary holds and delays, notification requirements, the use of trusted or emergency contacts, the treatment of customer complaints arising from temporary holds, the interaction of proposed Rule 2166 with contractual hold authority and account transfer requirements, and customer redress mechanisms. A summary of the comments and FINRA's response is set forth below.

Trusted Contact Amendments Under Rule 4512

The proposed amendment to Rule 4512 would give member firms the option to use the term ''emergency contact'' as an alternative to ''trusted contact person.'' This aspect of the proposal received nearly universal support [55] with only Pittsburgh Law Clinic opposing the change and Long & Mierswa requesting additional flexibility for the use of other similar terminology. For example, supporters stated that customers may view ''trusted contact'' as akin to ''trustee,'' a term that many associate with a loss of control over their account(s).[56] In contrast, supporters agreed that the term ''emergency contact'' is more universally understood than ''trusted contact person'' because ''emergency contact'' is known to many ''main street'' investors [57] and often used in other contexts such as healthcare, employment and education.[58] Pittsburgh Law Clinic opposed this proposed amendment, citing medical research showing patients routinely misunderstand emergency medical contacts and assume they have decision-making authority. Some commenters urged enhanced disclosure and more frequent confirmation of trusted contact person information.[59]

FINRA continues to believe that providing member firms the flexibility to use the term ''emergency contact'' as an alternative to ''trusted contact person'' would address practical concerns raised by member firms that some customers are unfamiliar with or hesitant about the term ''trusted contact person.'' FINRA believes that permitting the use of the term ''emergency contact'' would increase familiarity with and use of this important tool. FINRA will continue to consider additional ways to educate investors on this topic and encourages member firms to do so as well.[60]

FINRA believes that permitting the use of two key terms: ''trusted contact person'' and ''emergency contact'' would promote predictability and increase familiarity with the role. FINRA does not believe providing additional flexibility for the use of other terms is appropriate at this time, as it could create confusion about the trusted contact person's role and could have the unintended consequence of decreasing familiarity with and use of this important tool.

Several commenters suggested that FINRA consider allowing firms to request customers to designate more than one trusted contact person because a single contact may be unavailable, unreachable or otherwise unable to assist in some circumstances.[61] To clarify that this is permissible, FINRA has proposed a minor amendment to Rule 4512.06 as described above.[62]

The proposed amendment would also permit member firms to seek a customer's authorization to apply a trusted contact person to such customer's existing and future accounts with the member firm, provided that the customer is offered the choice to assign the trusted contact person on an account-by-account basis rather than to all accounts. This aspect of the proposal also received strong support.[63] For example, DFPG stated that managing trusted contact person information on an account-by-account basis can be operationally burdensome to member firms and confusing and burdensome for customers, particularly as they establish new accounts. DFPG further stated that allowing customers to authorize the application of trusted contact person information to all current and future accounts eases these burdens and maximizes trusted contact coverage, thereby reducing the risk of fraud and exploitation.

While SIFMA supported the proposed flexibility for a customer to name a trusted or emergency contact for use across all the customer's accounts at the member firm, SIFMA requested that FINRA clarify that a firm can choose whether to provide customers the option to appoint a trusted contact person at either the customer or account level only. SIFMA stated that requiring firms to adopt a hybrid approach on a customer-by-customer basis could impose significant technological and substantive challenges that could run counter to the purpose of this change.

Proposed Supplementary Material .06(d) is intended to clarify existing guidance and offer additional flexibility. Member firms may choose whether to offer their customers the ability to authorize the application of their trusted contact person information to all of the customer's accounts. However, if a member firm chooses to do so, it must offer customers the choice to assign trusted contact person(s) on an account-by-account basis rather than to all accounts. This approach seeks to provide additional flexibility for member firms and to appropriately balance operational concerns with investor autonomy.[64]

However, NASAA cautioned that while flexibility to seek a customer's authorization to apply a trusted contact person to such customer's existing and future accounts with the member may be beneficial, members should not be permitted to obtain a single authorization of a trusted contact person at the outset that would apply broadly and indefinitely to all future accounts, without periodically confirming that this remains the customer's intent. NASAA suggested that FINRA consider requiring firms to request confirmation or updates to trusted contact person information at least annually or, at a minimum, FINRA should consider providing guidance to encourage firms

[55] Apex; ASA; CAI; Cambridge; Cardozo Law Clinic; CFP, FPA & NAPFA; Commonwealth; DFPG; Fidelity; FSI; Hicks & Loeffel; Long & Mierswa; LPL; Mustico; NASAA; Robinhood; SIFMA; St. John's.

[56] CFP, FPA & NAPFA; Long & Mierswa; St. John's.

[57] ASA.

[58] CFP, FPA & NAPFA; LPL; NASAA.

[59] Cardozo Law Clinic; CFP, FPA & NAPFA; NASAA; PIABA.

[60] FINRA notes that under Rule 4512.06, ''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.'' Such disclosure may also help to educate customers about the benefits of naming a trusted contact.

[61] *See* CFP, FPA & NAPFA; Mustico; NASAA.

[62] *See supra* note 18 and accompanying text.

[63] Apex; CAI; CFP, FPA & NAPFA; DFPG; Fidelity; FSI; Long & Mierswa; LPL; PIABA; Robinhood; SIFMA; St. John's.

[64] Although some customers may prefer to appoint a single trusted contact person for all accounts, other customers may prefer to appoint different trusted contact persons for different accounts (*e.g.,* a customer prefers one trusted contact person for their personal account and a different trusted contact person for a joint account).

to issue periodic reminders prompting customers to review and maintain current trusted contact person information.

FINRA notes that Rule 4512 requires members to seek to update the trusted contact information for those accounts subject to the requirements in Exchange Act Rule 17a–3. Specifically, Supplementary Material .06(c) to Rule 4512 provides that with respect to any account subject to the requirements of Exchange Act Rule 17a–3(a)(17) to periodically update customer records, a member is required to 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 in Exchange Act Rule 17a–3(a)(17). Consistent with prior guidance, FINRA continues to believe that, with regard to updating the contact information for other accounts that are not subject to the requirements in Exchange Act Rule 17a–3, a member should consider asking the customer to review and update the name of and contact information for a trusted contact on a periodic basis or when there is a reason to believe that there has been a change in the customer's situation.[65]

CFP, FPA & NAPFA recommended that FINRA further amend Rule 4512 to require firms to either have customers designate a trusted contact person or have customers affirmatively opt out of the framework after they have been informed of the benefits of listing a trusted contact person. FINRA believes firms should retain flexibility in designing their trusted contact program implementation rather than mandating a specific opt-out mechanism. Providing firms with implementation flexibility would allow them to innovate and develop effective approaches tailored to their business models, customer bases, and operational capabilities.[66]

Rule 2165 Amendments

The proposed extension of the Rule 2165 maximum temporary hold period from 55 to 145 business days generated strong support by many commenters.[67] For example, several commenters stated that these amendments reflect the reality that fraud investigations frequently take time and may involve coordination across institutions, jurisdictions, and law enforcement or regulatory agencies.[68]

However, several commenters expressed opposition based on concerns regarding risks to investors of prolonged asset freezes and investor autonomy.[69] For example, Pittsburgh Law Clinic stated that the proposed maximum 145-business-day hold period would impose severe and disproportionate financial hardship on elderly investors living on fixed incomes. ASA stated that it did not believe the maximum 145-business-day hold period was necessary in the vast majority of situations and it would risk turning temporary holds into de facto long-term freezes that could impose substantial costs and hardship on seniors and other investors.

FINRA recognizes that many financial exploitation situations are resolved within the existing time limits of Rule 2165, or within a longer time period, when extended by a relevant authority.[70] However, in other situations, the proposed additional extensions would provide relevant government authorities with more time, where necessary, to assess referrals, determine whether to investigate, and evaluate whether additional time will be needed to investigate or resolve the matter. It would also provide additional time for a member to communicate with these authorities regarding whether to terminate or further extend the hold. Accordingly, FINRA continues to believe that a maximum 145-business-day hold period is appropriate.

FINRA notes that the proposed rule change would impose measured conditions and other safeguards designed to ensure that the extension framework is limited to appropriate circumstances, and does not result in a default hold of 145 business days in all cases. Specifically, the ability to extend for each 30-business-day period would be conditioned on the member making reasonable follow-up efforts with the relevant authority regarding the status of the reported matter, not having received a response, and continuing to have a reasonable belief of financial exploitation. The extension framework would also require notification to relevant parties and documentation associated with such extensions.

This balanced approach provides for longer holds in complex cases that have been referred to government authorities while maintaining the integrity of a ''temporary hold'' framework through a clearly defined process.

All commenters addressing the proposal to add ''federal'' agencies and authorities of competent jurisdiction supported the change, with Hicks & Loeffel requesting guidance concerning relevant federal entities.[71] Several commenters supported the proposed expansion of individuals authorized to place a hold,[72] with CAI requesting further broadening and NASAA urging caution. There was minimal feedback on FINRA's proposed codification of existing FAQ guidance,[73] and no opposition.

Proposed New Rule 2166 ''Speed Bump''

The *Notice* Proposal would permit a member firm to place a temporary delay of up to five business days on a transaction or disbursement in the account of a customer if there is a reasonable belief of fraud targeting the customer, with associated safeguards. There was broad support for this proposed new rule; however, there were varying perspectives on duration.[74] Six commenters explicitly supported the initially proposed five-business-day period as appropriate, with some advocating for limited permitted extensions.[75] However, multiple commenters raised concerns that a five-business-day period would be insufficient for investigation and customer outreach, and advocated for a longer period, with specific suggestions ranging from seven to 20 business days.[76]

For example, CFP, FPA & NAPFA stated that a longer ''speed bump'' would allow firms to better evaluate the situation and align with law enforcement and may also help customers recognize what may actually be a high-pressure scam, which could cloud a victim's judgment, especially

[65] *See* FINRA Seniors FAQs, *supra* note 7, at Q.4.4.

[66] For example, FINRA has observed members promoting effective ways of asking for trusted contact person information to increase likelihood of a designation, such as requiring a ''yes'' or ''no'' response to the trusted contact person question in account opening forms or asking, ''Who is your trusted contact?'' rather than, ''Would you like to name a trusted contact?'' *See 2026 FINRA Annual Regulatory Oversight Report, supra* note 5, at 37–40.

[67] CAI; Cardozo Law Clinic; CFP, FPA & NAPFA; Commonwealth; Fidelity; FSI; Hicks & Loeffel; Long & Mierswa; LPL; SIFMA. Fidelity and SIFMA requested 45-business-day intervals in lieu of 30-business-day intervals.

[68] Cardozo Law Clinic (citing research that APS investigation times vary dramatically by state: while the national median stands at 36 days, Kentucky averages 72 days, Vermont 81 days, New Hampshire 90 days, and Washington 113 days); Fidelity; Long & Mierswa; SIFMA.

[69] ASA; PIABA; Pittsburgh Law Clinic.

[70] FINRA notes that existing Rule 2165 permits holds beyond 55 business days at the relevant authority's request.

[71] CAI; Fidelity; Hicks & Loeffel; NASAA; PIABA; SIFMA.

[72] ASA; CAI; Fidelity; Long & Mierswa; SIFMA.

[73] *See supra* Item II.A.1.III.D.

[74] ASA; Apex; CAI; Cambridge; Cardozo Law Clinic; Commonwealth; Fidelity; FSI; Hicks & Loeffel; Long & Mierswa; LPL; PIABA; Pittsburgh Law Clinic; SIFMA.

[75] Apex; ASA; Cardozo Law Clinic; PIABA; Pittsburgh Law Clinic; St. John's.

[76] CAI; CFP, FPA & NAPFA; Fidelity; FSI; Long & Mierswa; LPL; Mustico; SIFMA.

''in the moment.'' [77] Fidelity suggested that a short timeframe could expose clients to greater risk by unnecessarily expediting investigations and removing transaction holds. Fidelity opined that increasing the holding period of the ''speed bump'' would better reflect the operational realities of fraud protection. Commonwealth disagreed with the five-business-day period, noting the ''stark'' difference in length between the Rule 2165 and Rule 2166 holds.[78]

Based on feedback that the initially proposed five-business-day temporary delay period is inadequate, FINRA is proposing a temporary delay of 10 business days. FINRA believes 10 business days would provide members more time to facilitate outreach to the customer (away from perpetrator influence), and, if the firm chooses, authorized parties or trusted contact persons, in order to persuade the customer to recognize the attempted fraud and not to proceed with the transaction or disbursement, thereby preventing customer losses. The additional time would also provide member firms flexibility to engage in the types of fraud prevention activities that commenters described, such as coordination across firm departments, account review and verification processes, trusted contact person engagement and consultation with regulatory agencies or law enforcement.

FINRA does not believe permitting a delay of longer than 10 business days under new Rule 2166 would be appropriate at this time, as it would risk turning what is intended to function as a temporary ''speed bump'' that helps firms disrupt fraud before disbursements or transactions occur into a longer hold process. A substantially longer delay for all adult customers could increase the risk of interfering with customer autonomy. FINRA believes a 10-business-day temporary delay approach balances investor protection with respect for customer autonomy.

Apex sought confirmation that firms would have flexibility to release a Rule 2166 hold early if the fraud concern is cleared before the hold period expires. FINRA confirms that early termination of a hold is permitted and notes that the safe harbor protection of proposed Rule 2166 is conditioned on the member having a reasonable belief that fraud has occurred, is occurring, has been attempted, or will be attempted. Accordingly, FINRA would expect a member to lift a temporary delay when it no longer has a reasonable belief of fraud.[79]

The *Notice* Proposal would require the member firm to provide notification to authorized parties on the account and a trusted contact person of the temporary delay, the reason for the delay, and how the member can be contacted for questions or concerns. Several commenters raised concerns that this mandatory notification to parties other than the customer may be unnecessary to address suspected fraud, could be viewed as overreaching by customers, could create confusion and unnecessary customer friction (especially in the absence of customer vulnerability), and could discourage trusted contact adoption or even chill member firms' willingness to rely on the safe harbor.[80] These commenters advocated for making notification to trusted contact persons and other authorized parties discretionary rather than mandatory under Rule 2166 (unlike Rule 2165, which applies to vulnerable adults and seniors).

Based on these comments, FINRA is proposing to require notification only to the customer, as discussed above. FINRA believes it is appropriate and consistent with the purposes of proposed Rule 2166 to provide member firms flexibility in this regard to address suspected fraud on a case-by-case basis. Notification to authorized parties and trusted contact persons would be permitted at the member's discretion.

Permissive vs. Mandatory Hold Under Rule 2165 and Proposed New Rule 2166

Current Rule 2165 and proposed Rule 2166 are structured as safe harbors, permitting members to place a temporary hold on a transaction or disbursement in a customer's account if there is a reasonable belief of financial exploitation/fraud targeting the customer, with associated safeguards. Two commenters objected to the permissive nature of these rules, instead advocating for a mandatory hold if a member firm observes red flags of exploitation or fraud.[81]

For example, Fitapelli stated that, ''By allowing firms to decline intervention even when credible red flags of exploitation are present, the rule shields members from liability while leaving elderly customers exposed. The permissive nature of the rule undermines its stated purpose of protecting senior investors.'' [82] Fitapelli urged FINRA to amend Rule 2165 to ''require mandatory transaction holds and reporting when objective indicators of elder financial exploitation are present, supported by clear standards and regulatory oversight.'' [83] PIABA echoed similar sentiments, stating that a firm's affirmative duty to delay a disbursement or take other protective actions for its customers when it suspects fraud or abuse must be more explicit. PIABA pointed to the ''growing body of state law that already imposes mandatory reporting obligations on broker-dealers and investment advisers.'' [84]

Tobin recommended FINRA adopt a mandatory escalation framework ''when a licensed industry professional raises a senior-exploitation concern.'' [85] Tobin also recommended FINRA require ''documentation when a broker declines to act under Rule 2165.'' [86]

FINRA continues to believe that a permissive hold framework would better serve both investor protection and operational realities than a mandatory hold framework. The existence of trusted contact persons, internal escalation procedures, and other protective measures (including, as applicable, relevant state laws) under the current framework provides multiple pathways for intervention without requiring holds in every case. Members may determine that customer education, trusted contact person notification, or enhanced monitoring represents a more appropriate response than temporary holds in some instances, and mandatory holds would eliminate this graduated approach.

''Reasonable Belief'' Standard

To rely on Rule 2165 or proposed Rule 2166, a member must have a reasonable belief of financial exploitation targeting the customer under Rule 2165 or a reasonable belief of fraud targeting the customer under proposed Rule 2166.[87] Several

[77] CFP, FPA & NAPFA.

[78] Commonwealth.

[79] This is consistent with the approach in Rule 2165. *See* Securities Exchange Act Release No. 79964 (February 3, 2017), 82 FR 10059, 10067 (February 9, 2017) (Order Granting Accelerated Approval of File No. SR–FINRA–2016–039).

[80] ASA; Fidelity; LPL; SIFMA.

[81] Fitapelli; PIABA.

[82] Fitapelli.

[83] *See supra* note 82.

[84] PIABA, at 3.

[85] Tobin, at 2.

[86] *See supra* note 85.

[87] Separately, under Rule 2165, the definition of Specified Adult incorporates a ''reasonable belief standard'' with respect to impairments (''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''). FINRA notes that a customer's suspected diminished capacity alone is not sufficient to place a temporary hold or delay under Rules 2165 or proposed Rule 2166, but rather the member firm must have a ''reasonable belief'' of fraud or financial exploitation. *See also supra* note 34.

commenters requested guidance on the ''reasonable belief'' standard.[88] The ''reasonable belief'' standard is intentionally designed to accommodate a wide variety of facts and circumstances to which these rules apply.[89] FINRA also notes that members have experience with applying this standard under Rule 2165. However, FINRA remains committed to assisting member firms in protecting investors, and will consider providing additional interpretive guidance if implementation experience reveals areas where members would benefit from further clarification.

ACATS-Related Fraud

Apex focused on the interaction between proposed Rule 2166, FINRA Rule 11870 (Customer Account Transfer Contracts), and National Securities Clearing Corporation (''NSCC'') Rule 50 (Automated Customer Account Transfer Service) in the ACATS context. Apex supported proposed Rule 2166 but raised concerns that its effectiveness would be constrained unless the account transfer framework and indemnification rules are modernized. Apex recommended that FINRA amend Rule 11870 to add suspected fraud as a permissible basis to take exception to a transfer instruction and coordinate with NSCC/DTCC and the Commission regarding indemnification reform.

FINRA appreciates Apex's concerns regarding ACATS-related fraud and the interaction between proposed Rule 2166 and existing account transfer processes. Proposed Rule 2166 would provide member firms with a safe harbor from Rule 11870 when a firm acts in accordance with the requirements of the proposed rule.

Amendments to Rule 11870 are outside the scope of this proposal, but FINRA is separately considering whether additional steps may be appropriate to deter fraud in the new account opening and account transfer processes.[90]

Litigation/Complaint Risk

Several commenters raised concerns that expanded authority to place temporary holds or delays could increase litigation risk, customer complaints or adverse consequences for associated persons.[91]

FINRA recognizes that firms may face competing risks when they act to protect customers from suspected fraud or financial exploitation and when they decline to do so. FINRA emphasizes that Rule 2165 and proposed new Rule 2166 are permissive safe harbors that do not require member firms to place temporary holds or delays, nor do they create private rights of action. Whether a customer complaint is reportable depends on the applicable reporting requirements and the facts and circumstances of the complaint.[92]

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include file number SR–FINRA–2026–018 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to file number SR–FINRA–2026–018. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (*https://www.sec.gov/rules/sro.shtml*). Copies of the filing will be available for inspection and copying at the principal office of FINRA. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR–FINRA–2026–018 and should be submitted on or before September 30, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[93]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–18293 Filed 9–8–26; 8:45 am]

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[88] Cardozo Law Clinic; Mustico; NASAA; Sigma/Parkland; Singer.

[89] FINRA has developed several programs to provide member firms with intelligence, resources and practical guidance that are useful in identifying red flags of fraud and protecting customers from increasingly sophisticated fraud schemes. For example, FINRA launched its Financial Intelligence Fusion Center (''FIFC'') in 2026 to collect, analyze, and disseminate cyber and fraud threat intelligence to member firms in real time through a secure portal. Moreover, FINRA provides member education in various forms including conferences, workshops, the FINRA Annual Regulatory Oversight Report, and continuing education courses. As discussed above, FINRA also publishes investor education materials that member firms can share with customers.

[90] *See, e.g.,* FINRA Quarterly Regulatory Policy Agenda (June 2026), *https://www.finra.org/rules-guidance/rulemaking-process/regulatory-policy-agenda.*

[91] *See* ASA; Cambridge; Sigma/Parkland.

[92] FINRA has indicated that it will consider issuing guidance regarding aspects of customer complaint reporting under FINRA Rule 4530 (Reporting Requirements). *See* Rule 4530; FINRA Quarterly Regulatory Policy Agenda, *supra* note 90; *see also* Form U4 (Uniform Application for Securities Industry Registration or Transfer) at Item 14I(3)(b) and Form U5 (Uniform Termination Notice for Securities Industry Registration) (which, in general, require disclosure if an individual is the subject of a written customer complaint that alleges that a registered or formerly registered individual was involved in forgery, theft, misappropriation or conversion of funds or securities).

[93] 17 CFR 200.30–3(a)(12).

SMALL BUSINESS ADMINISTRATION

[Disaster Declaration #21838 and #21839; KANSAS Disaster Number KS–20042]

Presidential Declaration of a Major Disaster for Public Assistance Only for the State of Kansas

AGENCY: U.S. Small Business Administration.

ACTION: Notice.

SUMMARY: This is notice of the Presidential declaration of a major disaster for Public Assistance Only for the state of Kansas (FEMA–4940–DR), dated September 1, 2026.

Incident: Severe Storms, Straight-line Winds, Tornadoes, and Flooding.

DATES: Issued on September 1, 2026.

Incident Period: June 4, 2026 through June 15, 2026.

Physical Loan Application Deadline Date: November 2, 2026.