

Invested in America

ONE YEAR LATER: FINRA RULES 2165 AND 4512

FINRA RULE 4512

NEW YORK, FEBRUARY 2019

TRUSTED CONTACT

Trusted Contact Authorization Form

- To be used in certain circumstances:
 - If customer cannot be reached
 - If firm has concerns about health status or well being of customer
 - If firm believes customer may be a victim of fraud/exploitation.
- Allows firms to share NPPI

	Contact Authorization Form
Trusted	Contact Add
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Financial Autor LFN1673	

FINCA Financial Industry Regulatory Authority

Amendments to Rule 4512

- Requires firms to attempt to collect trusted contacts for new and existing clients.
- Requires firms to attempt to regularly update that information.
- Includes an exemption for institutional accounts.
- Effective February 5, 2018.

Full text of the rule: <u>http://finra.complinet.com/en/display/display_main.html?rbid=2403&record_id=17537</u>



FINCA Financial Industry Regulatory Authority

Can use trusted contact name for:

- Confirming customer's current contact information
- Health status
- Identify any legal guardian, executor, trustee or holder of a power of attorney
- Or otherwise permitted under the rule

Full text of the rule:

http://finra.complinet.com/en/display/display_main.html?rbid=2403&record_id=17537





October	Regulatory Notice 15-37: FINRA seeks comment on proposed adoption of FINRA Rule 2165 to permit qualified persons of firms to place temporary holds on disbursements of funds or securities from the accounts of specified customers where there is a reasonable belief of financial exploitation of these customers.
2015	<u>http://www.finra.org/industry/notices/15-37</u>
October	SR-FINRA-2016-039: FINRA files with the Securities and Exchange Commission a proposed rule change to adopt FINRA Rule 2165.
2016	Federal Register Notice: <u>http://www.finra.org/sites/default/files/rule_filing_file/SR-FINRA-2016-039-federal-register-notice.pdf</u>
January	FINRA files a response to comments on Rules 4512 and 2165:
2017	http://documents.sifma.org/State Gov Relations/StatE_News/2014/FINRA_Response_to_Comments/
March	Regulatory Notice 17-11: Securities and Exchange Commission approves adoption of Rule 2165.
2017	http://www.finra.org/sites/default/files/Regulatory-Notice-17-11.pdf
February	Amendments to FINRA Rule 4512, on Customer Account Information, goes into effect.
2018	http://finra.complinet.com/en/display/display_main.html?rbid=2403&element_id=9958
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FINRA Request for Comment

October 2015

Regulatory Notice 15-37: FINRA seeks comment on proposed adoption of FINRA Rule 2165 to permit qualified persons of firms to place temporary holds on disbursements of funds or securities from the accounts of specified customers where there is a reasonable belief of financial exploitation of these customers. http://www.finra.org/industry/notices/15-37

SIMFA Files Comments

December 2015 SIMFA files comments on FINRA Regulatory Notice 15-37: <u>http://www.finra.org/sites/default/files/15-</u> <u>37 SIFMA comment.pdf</u>

FINRA Responds to Comments

January 2017 FINRA files a response to comments on Rules 4512 and 2165: http://documents.sifma.org/State Gov Relations/StatE News/2014/FINRA Response to Comments/

Interagency Guidance Agencies provide guidance on privacy laws and reporting financial abuse of seniors: http://documents.sifma.org/State Gov Relations/StatE News/2014/interagency guidance/





Q. Does Rule 4512 require that a customer provide the trusted-contact information?



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Q. When is a member required to seek to obtain the trusted-contact information for accounts in existence prior to the effective date of the amendments to Rule 4512 ("existing accounts")? When is a member required to update the trusted-contact information?



Additional FINRA Rules and Resources



Senior Investors Webpage

- www.finra.org/industry/senior-investors
- Contains information on Rules, Notices, Guidance, News Releases, Investor Education and Examinations

FINRA-Identified Rules Relevant to Senior Investors

- Regulatory Notice 16-12: Guidance on Firm Responsibilities for Sales of Pension Income Stream Products
- Regulatory Notice 11-52: Obligations Regarding Supervision of Registered Persons Using Senior Designations
- Regulatory Notice 07-43: Obligations Regarding Senior Investors and Highlighting Industry Practices to Serve Senior Customers

Available FINRA Guidance Topics

• 2165/4512 FAQs and Podcasts on Senior Designations, FINRA's 2015 Exam Priorities, Protecting Senior Investors and Considerations for Working with Seniors.

