

## **FINRA Board Approves Rulemaking Item to Protect Seniors and Other Vulnerable Adults from Financial Exploitation**

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WASHINGTON — The Financial Industry Regulatory Authority (FINRA) announced that its Board of Governors approved a rulemaking item to help firms better protect seniors and other vulnerable adults from financial exploitation. The proposal would allow a firm to place a temporary hold on a disbursement of funds or securities and notify a customer's trusted contact when the firm has a reasonable belief that financial exploitation is occurring.

"Each day for the next 15 years, an average of 10,000 Americans will turn 65. Seniors are at risk, and FINRA is committed to helping protect seniors and other vulnerable adults from financial exploitation. This proposal is an important step forward that would benefit both investors and firms," said Richard Ketchum, FINRA Chairman and Chief Executive Officer.

The proposal would amend FINRA's customer account information rule to require firms to make reasonable efforts to obtain the name and contact information for a trusted contact person upon opening a customer's account.

In addition, the proposal would create a new FINRA rule permitting firms to place temporary holds on disbursements of funds or securities, from the accounts of investors aged 65 or older where there is a reasonable belief of financial exploitation. The proposal would also apply to investors 18 and older if they have mental or physical impairments that render them unable to protect their own interests and there is a reasonable belief of financial exploitation.

This new FINRA rule would not create a duty to place temporary holds on disbursements. Rather, it would provide firms with a safe harbor when they exercise discretion in placing temporary holds on disbursements.

FINRA plans to issue a Regulatory Notice soliciting comment on this proposal within the next several weeks.

On April 20, 2015, FINRA launched a toll-free senior hotline – 1-844-57-HELPS – to provide older investors with a supportive place to get assistance from knowledgeable FINRA staff related to concerns they have with their brokerage accounts and investments. To date, FINRA has received over 1500 calls on issues including how to find information on their brokers, calls from children of deceased parents trying to locate assets or having difficulty moving assets from a brokerage firm, concerns from seniors ranging from routine poor service complaints to routine sales practice issues at firms, and fraud raised by a senior and/or child on behalf of senior investors.

FINRA, the Financial Industry Regulatory Authority, is the independent regulator for all securities firms doing business in the United States. FINRA is dedicated to investor protection and market integrity through effective and efficient regulation and complementary compliance and technology-based services. FINRA touches virtually every aspect of the securities business—from registering and educating all industry participants to examining securities firms, writing rules, enforcing those rules and the federal securities laws, and informing and educating the investing public. In addition, FINRA provides surveillance and other regulatory services for equities and options markets, as well as trade reporting and other industry utilities. FINRA also administers the largest dispute resolution forum for investors and firms. For more information, please visit [www.finra.org](http://www.finra.org).