October 7, 2019

Jennifer Piorko Mitchell
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506

Re: Regulatory Notice 19-27

The National Adult Protective Services Association's (NAPSA) Policy Leadership met on September 27th to discuss FINRA's request for comment on its senior investor rules (FINRA Regulatory Notice 19-27 FINRA Requests Comment on Rules and Issues Relating to Senior Investors). Here are our comments:

Extension of Temporary Holds on Disbursements.
The Policy Leadership finds that APS, state regulators and law enforcement typically need more time to conduct thorough investigations. As many of these agencies are understaffed and now are receiving more reports than ever before, we therefore suggest 60 business days and the ability to extend the hold if there is enough evidence or the need to continue the investigation has been established.

The Policy Leadership also notes the diversity in APS programs and difficulty in obtaining an extension of a temporary hold from an APS agency or a court. The Policy Leadership recommends that FINRA partner with NAPSA to develop awareness and solutions to this problem including potential distribution and awareness of the new protocol developed by NAPSA. The protocol will be available shortly through NAPSA.

Expanding Protection
The Policy Leadership believes the hold should be extended to matters beyond disbursements. This would include any transactions that may negatively impact the senior. For example, this could be selling a security and depositing the proceeds in a cash account (in anticipation of a subsequent disbursement) where there may be tax consequences, penalties, fees, etc. for selling that particular security.

The Policy Leadership notes that self-neglect reports constitute the largest category of reports made to APS, and that individuals who self-neglect often lack the ability to protect their assets due to a mental or physical disability. This issue was raised by a number of financial services firms with whom NAPSA works regarding financial abuse. FINRA rule 2165 appears to limit holds on disbursements to instances of suspected exploitation. The Policy Leadership asks that the rule be expanded to include reporting and temporary holds on disbursements when a firm is concerned about customers managing their own assets as opposed to only when there is financial exploitation by a third party.

Trusted Contacts

The response rate is very low for requests for trusted contacts. NAPSA recommends that efforts be made to determine the cause and possible solutions that would increase this rate. There may be other industries that could help inform this issue.

Role of Advisers

The Policy Leadership does not believe that an adviser should be permitted to serve as a Power of Attorney, trustee, executor or be a beneficiary on a client's account/estate. There are too many problems and conflicts of interest. If they are an Investment Adviser Representative (IAR) it is already considered a conflict and is prohibited.

Application of Hold Rules

The Policy Leadership would like to see the hold rules apply to investment companies (e.g., mutual funds). Currently, the SEC has made " suggestions" but nothing stronger. Oftentimes, investment companies are the custodian of the actual assets and there is nothing to be done to hold the actual assets if the client goes to them directly circumventing the broker-dealer.

Thank you for the opportunity to comment and we look forward to working with you in the future as you finalize the FINRA rule.

Sincerely,

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