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Edward Jones

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November 9, 2020

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

Re: FINRA Regulatory Notice 20-34 – Proposed Amendments to FINRA Rule 2165 and Retrospective Rule Review Report

Dear Ms. Piorko Mitchell:

Edward Jones appreciates the opportunity to submit comments on FINRA's proposed amendments to Rule 2165. As discussed below, we support extending the temporary hold period on a client's account for an additional 30 days if the member firm has reported the matter to a state agency or a court of competent jurisdiction, and permitting member firms to place a temporary hold on a transaction in securities when the firm has a reasonable belief that the client is being financially exploited. In our view, both measures will serve to complement current regulations and strengthen protections for senior investors.

Edward Jones is one of the largest financial services firms in the United States, serving the needs of over seven million U.S. investors through personalized service provided by over 19,000 financial advisors. We focus on serving the needs of the long-term individual investor by establishing personal relationships, understanding their needs and implementing tailored solutions to help them achieve their financial goals.

We provide the following comments for your consideration.

Edward Jones strongly supports additional measures to protect senior and vulnerable investors

We applaud FINRA for proposing new measures to protect and serve senior investors and other vulnerable adults. With over 10,000 Americans turning 65 every day and an estimated 1 in 5 Americans aged 65 or older being victimized by financial fraud, we recognize this is a significant concern and a problem that is likely to continue to grow.

Edward Jones is strongly committed to protecting senior and vulnerable investors and believe the proposed measures meaningfully build upon the current investor

protections in Rule 2165. We have worked aggressively to build client awareness of the ability to add a trusted contact and currently over 7.9 million of Edward Jones' client accounts have taken this important step. In 2020, we have engaged trusted contacts more than 1,200 times in response to concerns ranging from inability to contact a client, to issues associated with diminished capacity or cognitive impairment and suspected financial exploitation. We have also found the ability to place a temporary hold on a client's disbursement of funds where there is a reasonable belief of financial exploitation has been a very effective investor protection measure. To date in 2020, we have utilized this provision 43 times, preventing more than \$3.3 million from leaving client accounts due to suspected financial exploitation. We believe the current proposal will help us further reduce financial losses resulting from senior and vulnerable adult exploitation.

Edward Jones supports extending the hold period for an additional 30 days when a matter has been reported to a state agency or a court of competent jurisdiction

Edward Jones recognizes that placing a temporary hold on client funds is a significant step, but strongly supports the ability to do so when faced with circumstances where we suspect financial exploitation of a senior or vulnerable investor. Senior and vulnerable investors who are victims of financial exploitation often face not only financial devastation, but too often it also has significant impacts on their overall health and wellbeing.

While we are often able to quickly resolve matters where we suspect financial exploitation of a senior or vulnerable investor by engaging the trusted contact or using other existing tools, we have experienced situations where the current 25-day period provided under Rule 2165 is insufficient. We have particularly experienced this situation when working with state agencies, such as Adult Protective Services, to investigate a case of suspected financial exploitation. Unfortunately, some Adult Protective Services agencies are not adequately resourced to quickly review these matters and yet are hesitant to request an extension of a hold until they determine whether exploitation exists.

Edward Jones supports FINRA's proposal to extend the hold period for an additional 30 days when a matter has been reported to a state agency or a court of competent jurisdiction. This would serve as a meaningful enhancement to the current investor protection measure and help ensure that member firms are not placed in a position where they may have to remove an existing hold, and risk funds leaving a client's account, while the firm continues to investigate a situation involving suspected financial exploitation of a senior or vulnerable investor.

We would also urge FINRA, the SEC and state securities regulators to continue providing training and support to Adult Protective Services and related agencies

on financial exploitation of senior and vulnerable investors so they have the expertise necessary to conduct timely reviews of matters involving suspected financial exploitation and to realize the full investor protection benefits of this rule proposal.

Edward Jones supports extending Rule 2165 to include transactions

As noted above, Edward Jones has actively utilized the current Rule 2165 to place a temporary hold on the disbursement of funds when financial exploitation of a senior or vulnerable investor is suspected and has seen the rule deliver meaningful investor protection benefits. We believe the rule can be further strengthened by expanding it to also include exploitative transactions, which can also lead to significant financial harm for vulnerable investors.

The financial harm resulting from exploitative transactions can take many forms, including selling long-held investments with low cost basis resulting in a significant tax liability; the sale of fixed income investments with yields more attractive than today's rates; and the sale of variable annuities, which could lead to surrender charges. The perpetrator of the exploitation could also utilize the proceeds of these sales to invest in high-risk securities further jeopardizing the financial security of the senior or vulnerable investor.

We are cognizant that holding a transaction for a temporary period of time is not a decision to be taken lightly and that there may be risks of market movement associated with this decision. Nonetheless, when balanced against the potential financial devastation to the senior or vulnerable investor we believe this proposal is a natural extension of the current rule that will further minimize the risk of financial harm and provide greater protection for senior and vulnerable investors.

Conclusion

Edward Jones appreciates the opportunity to provide comments on this rule proposal. We strongly support FINRA's efforts to promote additional measures to better protect and serve senior investors and other vulnerable adults. We also commend FINRA, the SEC, NASAA and other financial services regulators for their collaborative efforts in promoting a consistent regulatory framework to provide financial services professionals with the right tools and clear guidance to further enhance senior and vulnerable investor protections.

We look forward to continuing to engage with FINRA on finding new ways to better protect and serve senior and vulnerable investors. If you have any questions regarding the comments contained in this letter, please contact me at [Redacted].

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Edward Jones

Sincerely,



Jesse Hill
Principal – Government and Regulatory Relations