

Investor Bulletin: FINRA's New Account Protection Rule - Trusted Contacts

May 8, 2018

The SEC's Office of Investor Education and Advocacy is issuing this Investor Bulletin to provide investors with information about a new rule from the Financial Industry Regulatory Authority (FINRA) to help protect investors from financial exploitation and fraud.

On February 5, 2018, FINRA enacted a new rule to help protect investors from financial exploitation and fraud. This rule requires all brokerage firms to ask their retail customers to provide the name and contact information for a "trusted contact person" the firm may contact in the event of possible financial exploitation or fraud. Brokerage firms must request trusted contact person information from customers when (i) opening any new retail account, or (2) updating account information to an existing retail account opened prior to February 5, 2018.

A BROKERAGE FIRM ONLY HAS TO **ASK** RETAIL CUSTOMERS FOR A TRUSTED PERSON'S CONTACT INFORMATION. IF YOU DO NOT PROVIDE THIS INFORMATION, A BROKERAGE FIRM MAY STILL OPEN A NEW ACCOUNT FOR YOU OR KEEP YOUR EXISTING ACCOUNT OPEN.

What is a "trusted contact person?"

A "trusted contact person" is a person that you authorize your brokerage firm to contact if your broker has a reasonable belief that your account may be exposed to possible financial exploitation or fraud. A trusted contact person must be age 18 or older.

Why would you add a "trusted contact person" to your brokerage account?

Adding a trusted contact person to your brokerage account may help your brokerage firm respond to possible financial exploitation and fraud in your account and protect your account's assets.

Why would your brokerage firm contact a "trusted contact person?"

Your brokerage firm must notify you in writing that it may contact your trusted contact person and disclose certain information about your account. Some reasons your brokerage firm might contact a trusted contact person include:

- Addressing possible financial exploitation or fraud in your account.
- Confirming your current contact information, if your brokerage firm cannot reach you.
- Confirming your current health status, if your brokerage firm suspects you are sick or suffering from [diminished capacity \(/additional-resources/specialized-resources/caring-loved-ones/diminished-capacity\)](#) .
- Confirming the identity of any legal guardian, executor, trustee or holder of a power of attorney on your account.

How can you add a “trusted contact person” to your brokerage account?

Many brokerage firms will be sending notices (via e-mail or regular mail) to their retail account customers that include instructions for adding a trusted contact person to an account. [Before clicking on any link in an e-mail notice about a “trusted contact person,” make sure you verify that your brokerage firm sent the e-mail \(/additional-resources/news-alerts/alerts-bulletins/updated-investor-bulletin-protecting-your-online\)](#) . If you do not receive a notice, and would like to add a trusted contact person to your brokerage account, contact your brokerage firm and ask them how to add a trusted contact person to your account.

Additional Resources

FINRA: Establishing a Trusted Contact (<https://www.finra.org/investors/learn-to-invest/brokerage-accounts/establish-trusted-contact>)

FINRA Investor Alert: "Protecting Seniors From Financial Exploitation" (<http://www.finra.org/investors/highlights/protecting-seniors-financial-exploitation>)

FINRA Rule 4512 (http://finra.complinet.com/en/display/display_main.html?rbid=2403&record_id=17537)

FINRA Regulatory Notice 17-11: Financial Exploitation of Seniors (<https://www.finra.org/sites/investorgov/files/Regulatory-Notice-17-11.pdf>)

FINRA Frequently Asked Questions Relating to Financial Exploitation of Seniors (<https://www.finra.org/industry/frequently-asked-questions-regarding-finra-rules-relating-financial-exploitation-seniors>)

Call OIEA at 1-800-732-0330, ask a question using this online form (<https://www.sec.gov/oiea/QuestionsAndComments.html>) , or email us at Help@SEC.gov (<mailto:Help@SEC.gov>) .

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