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## STATEMENT OF POLICY THAT INVESTMENT ADVISORS, BROKER-DEALERS AND QUALIFIED INDIVIDUALS MAY PLACE HOLDS ON TRANSACTIONS RELATING TO SUSPECTED FINANCIAL EXPLOITATION OF A VULNERABLE ADULT.

The Protection of Vulnerable Adults from Financial Exploitation Act, (Act 2016-141) became effective July 1, 2016, and is codified at Code of Alabama 1975, Section 8-6-171.

The section defines a vulnerable adult as any person 65 years of age or older or any protected person under Chapter 9 of Title 38. The Act requires notification to the Alabama Securities Commission and the Department of Human Resources if a qualified individual reasonably believes that the financial exploitation of a vulnerable adult may have occurred, may have been attempted, or is being attempted. Additionally, the Act specifically provides that disbursement of funds may be delayed if a broker-dealer, investment adviser or qualified individual believes that such disbursement may result in financial exploitation of a vulnerable adult.

During the legislative process the transaction giving rise to the suspected disbursement was not included in the authorization to delay. At that time, SEC and FINRA rules relating to transactional best execution may have created conflicts of regulation and potentially created additional liability to investment professionals following the law as transactions holds had not been fully discussed.

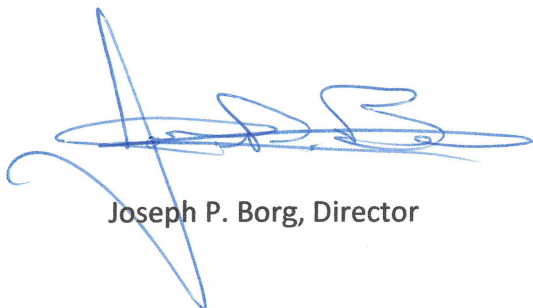
FINRA recognized that such transactions, when executed, can harm customers through various transactional expenses, adverse tax consequences, opportunity costs and more. With that recognition, on February 17, 2022, FINRA amended Rule 2165, titled Financial Exploitation of Specified Adults to allow firms to place holds on the actual securities transactions necessary to fund the questionable disbursements.

**With the amendment of FINRA Rule 2165, potential law and rule conflicts have been resolved, and recognizing the potential harm to vulnerable adult investors caused by the execution of questionable transactions, the Alabama Securities Commission hereby extends the authority**

**to delay transactions associated with the potential financial exploitation of a vulnerable adult.** Any transactional hold will be subject to the same procedural rules and regulations as holds on actual disbursements.

Finally, it is the Commission's intent that the liability protections afforded investment adviser and broker-dealer companies for the delay of disbursements be extended to delays of the transactions associated with such disbursements.

Issued March 7, 2022

A handwritten signature in blue ink, appearing to read 'JP Borg', with a large, sweeping flourish extending downwards and to the left.

Joseph P. Borg, Director