

# Rule 2165 Received, Will Comply.

Turning Compliance into a Competitive Advantage

By [JJ Lim](#)

# #1 Priority

Protecting the Vulnerable

***We cannot launch mutual funds without Rule 2165 compliance.***

***This is the main project, not a side project.***

## **Regulatory Gate**

No 2165 compliance  
→ no US mutual fund launch  
→ \$0 revenue.

## **Customer Safety**

1 in 10 seniors exploited  
annually; ~\$36B lost;  
major moral and liability risk.

## **Competitive Edge**

Proactive protection and  
trust advantage over  
reactive competitors.

# The Aim

To operationalize regulatory procedures

Current State	Required State
✗ No Trusted Contact collection	✓ Automated Trusted Contact onboarding
✗ No Specified Adult flagging (65+/impaired)	✓ Real-time Specified Adult ID (age + impairment flags)
✗ No exploitation monitoring	✓ Transaction monitoring with red flag detection
✗ No hold placement capability	✓ Back-office "Place Hold" tool with 2-business-day automation
✗ No investigation playbook	✓ Investigation templates + escalation workflow
✗ No documented training	✓ Documented, role-specific training
✗ No WSPs (Written Supervisory Procedures)	✓ WSPs with authorized approvers

*7 critical gaps require concurrent delivery of  
4 product features, 3 operational processes, and 1 governance framework*

# Core Elements

Interpreting the rule

## Identification & Flagging

Identify specified adults (65+) and impairment indicators; flag suspicious activity manually and/or automatically

## Hold & Investigation

Place holds on accounts pending investigation within 2 business days

## Trusted Contact Notification

Notify trusted parties or entities of exploitation concerns and potential loss

## Doc. + Gov.

Maintain audit trail; comply with investigation playbook and WSPs



# RACI Matrix

Clear ownership prevents the "bystander effect"

Activity	Product (Me)	Engineering	Compliance	Legal	CS	Ops
Trusted Contact UI	A	R	C	C	I	I
Age Gating Logic	A	R	C	-	I	-
Impairment Flagging	A	R	A	C	R	I
Hold Placement Tool	A	R	A	I	-	C
WSPs & Investigation	C	-	A	A	I	I
Training Program	A	-	A	C	R	R
Launch Decision	A	C	A	A	I	I

**Key:** A=Accountable (owns), R=Responsible (does), C=Consulted, I=Informed

# Option A: Waterfall Approach

Sequential phases, highest compliance rigor, 13 weeks

	W1	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11	W12	W13
1. Discovery	Discovery + Requirements + Legal												
2. Product Build			UI, APIs, Logic										
3. Operations							WSPs, Playbook, Training						
4. Cert & UAT									Certification + UAT				
5. Launch											Launch + Monitoring		

## ✓ Pros

- Highest compliance rigor—legal reviews each phase
- Product fully tested before ops involvement
- Lower coordination overhead early (serial)
- Clear phase gates, easy to measure progress
- Ops gets clean, stable product

## ✗ Cons

- Slow: 13 weeks = 4-week delay vs. concurrent
- Late compliance discovery → expensive rework
- Ops surprises in Week 7 (e.g., "API doesn't support hold")
- Team context loss between handoffs
- Risk: Product not operationalizable by Week 8

# Option B: Concurrent Model

Parallel execution, balanced speed/rigor, 9 weeks

	W1	W2	W3	W4	W5	W6	W7	W8	W9
Discovery	Discovery + joint requirements workshop								
Product track			Product (W3–W7)						
Ops track			Ops (W3–W7)						
Legal track			Legal (W3–W7)						
Training track			Training (W3–W7)						
Integration & gates								Integration + Validation gates (W8)	
Launch									Launch (W9)

## ✓ Pros

- Fast: 9 weeks = 4-week acceleration
- Early compliance input → fewer surprises
- Weekly cross-team demos expose misalignment
- Risk gates at Week 6 and Week 8
- Team stays aligned; high morale
- Operations ready on Day 1 of launch

## ✗ Cons

- Higher coordination overhead (4 weekly meetings)
- Requires disciplined RACI (ambiguity = chaos)
- Product may not be "fully finished" by Week 8 (acceptable for compliance)
- Team bandwidth must be dedicated (can't context-switch)



# Option C: Phased MVP Approach

Launch narrow, expand post-launch, 11 weeks

	W1	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11+
Discovery (Phase 1)	Discovery – mandatory Phase 1 only										
Build Phase 1			Build Phase 1 (Age Gating + Basic Hold)								
Ops + Training (P1)							Operations + Training for Phase 1				
Beta launch									Beta launch (100 accounts)		
Phase 2											Phase 2: Impairment Flagging, Trusted Contact Notification

## ✓ Pros

- Fastest to first launch (Week 9)
- Lower initial complexity = fewer bugs
- Phase 1 learnings inform Phase 2
- Ops team learns on 100 accounts, scales to 10K
- Compliance gathers real data

## ✗ Cons

- Phase 1 MVP doesn't cover impairment
- Requires Phase 2 commitment in writing
- Ops must handle manual holds
- Legal exposure if Phase 1 deemed non-compliant
- Phase 2 delay = stalled on core capability



# Option D: Hybrid Model

Concurrent product + sequential ops, 10 weeks

	W1	W2	W3	W4	W5	W6	W7	W8	W9	W10
Discovery	Discovery + joint product/ops planning									
Product build			Product build (W3–W7)							
Ops (early)			Early Ops: playbook drafting (W3–W7)							
Ops full-speed							Training, certification (W7–W8)			
Integration									Integration + final validation	
Launch										Launch

## ✓ Pros

- Faster than Option A (10 vs. 13 weeks)
- Product stabilizes before Ops commits (lower Ops risk)
- Ops gets dedicated focus window (Weeks 7-8)
- Less coordination overhead than full concurrent
- Clear phase transitions (Week 7 handoff)

## ✗ Cons

- Slower than Option B (10 vs. 9 weeks)
- Early Ops work may be wasted if product changes direction
- Compliance input delayed (product-focused weeks)
- Week 7-8 Ops bottleneck if product instability persists

# Strategic Comparison

Which option to choose

If Your Priority Is...	Choose
Speed to market (must launch in 9 weeks)	Option B (Concurrent) or Option C (Phased)
Lowest compliance risk (GC requirement)	Option A (Waterfall) or Option B (Concurrent)
Balanced speed/safety (most teams)	Option B (Concurrent) or Option D (Hybrid)
Proof-of-concept before full rollout	Option C (Phased MVP) + Phase 2 commitment
Limited ops bandwidth in Weeks 3-7	Option D (Hybrid) or Option A (Waterfall)



# Strategic Comparison

Which option to choose

	Option A Waterfall	Option B Concurrent	Option C Phased MVP	Option D Hybrid
Timeline to Launch	13 weeks	9 weeks (FASTEST)	9 weeks	10 weeks
Compliance Rigor	Highest (legal reviews each phase)	High (compliance in parallel)	Medium (Phase 1 only)	High (phased approach)
Product Completeness	100% (all 4 capabilities)	100% (all 4 capabilities)	50% (Phase 1 only)	100% (all 4 capabilities)
Coordination Overhead	Low (serial phases)	Medium (4 weekly meetings)	Low (focused tracks)	Low–Medium (2 phase transitions)
Team Bandwidth Required	2–3 FTEs (can rotate)	3.5 FTEs (dedicated)	2 FTEs Phase 1 → 3 FTEs Phase 2	3 FTEs (phased dedication)
Risk of Late Surprises	High (ops discovery in Week 7)	Low (early visibility)	Medium (compliance scope creep)	Low–Medium (handoff risk)
Legal Risk	Low	Low	Medium–High (MVP may not cover impairment)	Low
My Recommendation	Only if timeline flexible	YES (if feasible)	Only with GC approval	Good backup option

**Primary choice – Option B (Concurrent)**

Fastest (9 weeks), launches all 4 capabilities, and includes compliance and ops from Day 1, with weekly demos to catch integration issues early.  
Requires clear RACI and ~3.5 dedicated FTEs.

**Fallback – Option D (Hybrid)**

Use if full concurrency is not realistic; slightly slower but offers a good balance of speed, safety, and team capacity.

# Request

To push; to pull

## Human Resources

- 2 dedicated engineers, 1 Compliance analyst, 0.5 Legal counsel (for 9 weeks)
- Concurrent product build, WSP creation, and legal review requires dedicated focus.

## Decision Rights

- Launch go/no-go owned by me based on compliance readiness.
- Non-negotiable. I will delay if readiness gates are missed.

## Escalation Path

- Direct access to CCO & GC for same-day decisions.
- Unblock regulatory and legal questions to maintain velocity.

## Commitment

- Leadership commits: "Compliance-First."
- If launch must delay for compliance, that is our shared, pre-aligned decision.



# Success Metrics (Option B)

To track operational well-being

Milestone	Metric	Target	Owner
Launch (Week 9)	Trusted Contact Collection Rate	100%	CS + Ops
	FINRA Violations	0	Compliance
	2-Business-Day SLA Compliance	100%	Ops
30-Day Post-Launch	False Positive Rate	<5%	Engineering
	Genuine Exploitation Cases Detected	≥1	Compliance
	Specified Adults Flagged (No Headcount ↑)	500+	Product
Governance (Ongoing)	Weekly Metrics Review	100% attendance	Product (Me)

# End\_of\_Line

Thank you  
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