

# PUBLIC SUBMISSION

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Definition of the Term “Fiduciary”; Conflict of Interest Rule—Retirement Investment Advice; Notice of proposed rulemaking and withdrawal of previous proposed rule.

**Comment On:** EBSA-2010-0050-0204

Definition of the Term Fiduciary; Conflict of Interest Rule- Retirement Investment Advice

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Comment on FR Doc # 2015-08831

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## Submitter Information

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## General Comment

I wish to comment on your proposal to eliminate (or at least heavily restrict) the use of exchange traded options (puts and calls) in retirement accounts. This may be well meaning on your part, but will result in huge unintended consequences.

A large part of my retirement portfolio is in Individual Retirement Arrangements (IRA) and I use puts and calls extensively in these portfolios to generate income and provide protection against unexpected market moves. The inability to use options would severely reduce my income and portfolio stability. It would require me to remove these funds into a taxable account at a large cost in income taxes so that I can continue to use options.

Options traders like me are extensively screened by brokers and assigned to various levels of risk. Most brokerages allow up to level 4, but not level 5 (naked short calls). Options traders know what they are doing and do not need supervision or interference from any government agency. In fact, many options trades are less risky than the acquisition of equities or bonds and in any case are always "cash covered" in that margin may not be used in these accounts. An example of this is selling a naked put on a stock that one wants to acquire. If the stock is selling for \$10.00 today and the investor wants to own it, a better strategy is to sell a naked put for a price and date in the future in exchange for a premium. Thus, if one could sell a naked put on this stock three months hence for, say \$9.00 for a premium of \$.50 and the stock were put to the

investor, the effective price would be \$8.50 or \$1.50 less than the current price. The market risk for the equity in terms of price movement is exactly the same.

Please delete this harmful part of this rule. If I and my fellow investors find that come 2016 we can no longer trade options, it is likely to be a "storming the Bastille" moment for the Department of Labor.