Office of Regulations and Interpretations
Employee Benefits Security Administration
Attn: Conflict of Interest Rule, Room N-5655
U.S. Department of Labor
200 Constitution Avenue N.W.
Washington, D.C. 20210

Office of Exemption Determinations
Employee Benefits Security Administration
Attn: D11712 and D-11713
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, D.C. 20210

September 11, 2015

Ladies and Gentlemen:
RE: Proposed Conflict of Interest Rule and Related Proposals, RIN 1210-AB32 and ZRIN: 1210-ZA25

Very recently, I become aware of a proposal that INCREASES MY RISK in my IRA account by eliminating my participation in options. I have two accounts: a regular joint account with my wife and an IRA account; I am retired and making withdrawals from my IRA account.

The INCREASED RISK by the proposal is demonstrated with following examples:
1. Assume an IRA account has $100,000. Assume further that a good investor spreads his risk among 10 stocks, i.e. avoids putting all of one's eggs in one basket. This would be an investment of $10,000 per stock ($100,000 divided by 10 stocks). A small 100 shares investment results in purchasing stocks under $10.00 per share ($10,000 divided by 100 shares). Although this is not 100% true, it is generally true that stocks under $10.00 have a higher risk than the higher priced "blue chip" stocks. Accordingly, my investments become more limited. For your further information, it is consider best to invest a maximum of 4-5% of the total investment into one security; this example used 10% for easy computations.

2. The INCREASED RISK also occurs by elimination of my "covered" call options. My strategy is to sell higher out-of-the-money call options (generally two or three price points above my stock purchase price). If the stock value increases, great: I receive both the stock price increase and the call option premium. If the stock remains the same, great: I receive the call option premium and can sell a new call option. If the stock value decreases, it's ok: as a long-term investor, I receive the call option premium and can sell a new call option, which offsets the decreased stock value and REDUCES THE RISK.

3. Options provide opportunities to invest in the higher priced "blue chip" stocks, which cannot be done in the first example above. For many stocks, a deep in-the-money option (roughly 60-75% of the stock price, i.e. 25-40% strike price) can be purchased without a significant premium. A deep in-the-money call option with a long future date (say 1 year) allows an investor to affectively own the stock. If desired and using the covered call approach, the investor can also sell near-term, out-of-the-money, option calls. This approach REDUCES RISK since less is invested in the stock.

Other examples exist regarding the using options to one's advantage (including using options as insurance), but these three examples illustrated the importance of options for an IRA account. I support options training and option paper trading before actual option trading.

Thank you for your time and consideration of this important subject to my investments.

Sincerely yours,
Harold Duane Williams
Harold Duane Williams

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