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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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Submitter Information

Name: Anonymous Anonymous

General Comment

Greetings,

I am a moderately active individual investor with investments brokered (held) for both my personal and retirement assets. I use some derivative assets currently permitted under the current law (such as call and put options). I use these securities in a number of ways that I find beneficial to my personal and retirement accounts - for example, I sell call options against my current equity positions as a way of generating excess income on securities I have high confidence of valuation growth. In addition, I believe that a prudent investor should allocate a percentage of their assets for speculation, and I use put and call options to take advantage of what I consider inefficiencies in the market pricing - but I never put my portfolio at risk and I personally understand the risk (and reward) of the particular investments.

It is my understanding that the proposed rules will put limitations on my ability to invest in options (covered and un-covered) in my IRA portfolio. Although I would hope that no one would invest in such securities without full knowledge of the risk and reward of such transactions, I do not believe it is the responsibility of the government to protect me against my own bad judgement. Neither should the government prevent me from being able to be educated about such investment transactions (which this rule will do). I am unsure how the governing body proposing these regulations can separate the prudent action of purchasing penny stocks and/or high yielding corporate bonds - both of which are far riskier than my covered call option strategy. Also, I can think of no better place to learn about the risk/reward of such risky investments than through my investment advisor and/or the investment broker of MY CHOOSING.

It is my understanding that there are currently sufficient protections (and barriers) against uneducated investment transactions within the current rules. If someone should be imprudent in their investment decisions, I am unclear why that should have any bearing on my ability to make similar transactions that are actually prudent investment decisions.

Please reconsider your rules regarding the ability of an individual to personally manage their own IRA portfolio.

It is not the purpose of government to outlaw stupidity nor prevent individuals from making imprudent investment decisions - especially if they are well conceived, evaluated and executed.

Thank your for your time and consideration.