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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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General Comment

Current rules, enforced by brokerage houses, are quite sufficient for allowing trading in IRAs and 401(k) accounts. These rules prevent the sale of naked calls which have, theoretically, unlimited risk.

On the other hand the selling of covered calls and the selling of credit vertical spreads with puts and calls are conservative strategies that can provide risk reduction and supplemental income. Even the selling of puts against cash in an account is a conservative strategy that can allow investors to buy stock at below current market prices or provide current income, if the stock does not decline to the strike price. Promulgation of rules that restrict these conservative strategies are unnecessary and unwarranted.

Brokerage houses are required to provide appropriate educational documentation to traders that seek option trading approval. Some brokers that I have used even require traders to pass a test demonstrating their knowledge of options and options trading.

It is absolutely inappropriate for the government to put restrictions on the entire populace with the attempt to protect the ignorant from themselves.