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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

My investment advisor notified me about this NPRM. He stated that my selling of covered calls and purchasing/selling of puts in my IRA account (for income and capital gains) is at risk from this rule. I use these as tools to create portfolio protection.

If this rule passes, it could immediately end my ability to protect my account with these tools.

I know that some people use options to increase leverage and make big bets. But this rule is a paternalistic attempt to protect people from themselves. In doing so, the Department of Labor may take away my ability to actually decrease my portfolio risk by using options correctly. That's patently unfair. I should have every retirement savings tool at my disposal. It is not the government's job to protect me from myself. This is a overreach of the constitutional authority of the executive branch.

Suggestion: If the goal is to protect unknowledgeable people from harming themselves, then give them knowledge. Simply require brokerage firms to provide a course explaining the risks associated with using options improperly along with instruction on how options can be used correctly. (Even this would be an overreach, but at least it is a more palatable one.) Make completion of this course with a brokerage (or proof of completion at another brokerage) a requirement to trade options in retirement investment accounts. Since margin is not allowed in a retirement account, the risks are minimal is the

investor is
knowledgeable of what they are doing.