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Ephrata, PA 17522

August 9, 2015

Office of Exemption Determinations
Employee Benefits Security Administration
Attn: D-11712
U.S. Department of Labor
200 Constitution Avenue N.W.
Suite 400
Washington, D.C. 20210

RE: Proposed Best Interest Contract Exemption, ZRIN 1210-ZA25

Ladies and Gentlemen:

MicroCapClub appreciates the opportunity to comment on the above named proposed legislation. MicroCapClub.com is a website devoted to educating investors in microcap investing with tens of thousands of readers. As such, we are uniquely qualified to talk about the impact of the proposed regulations on the microcap community. We support the concept of increased fiduciary responsibility but are concerned that the implementation may detrimentally impact a large swath of investors including our readers.

Many of our readers invest in a variety of investment vehicles including microcap securities through retirement accounts such as IRAs. These microcap securities are often OTC securities. We are concerned that the proposed Best Interest Contract Exemption (ZRIN 1210-ZA25) does not include OTC securities in the list of assets.

Microcap securities are an attractive asset class to individual investors because they are one of the few places where individual investors have an advantage over major wall street firms which ignore these investments due to the size of the companies. As such, individual investors can have an edge and outperform the broader markets.

In our experience, microcaps, including OTC securities, are selected by the individual investor and not their brokerage. Thus selection is not generally subject to a conflict of interest. Furthermore, the commission structure is generally the same as that of listed securities which are currently included in the list of assets.

Individual investors currently can invest in these OTC securities through their IRAs and would be done a disservice if they lost that ability. Furthermore, our readers may invest in other instruments such as exchange traded options and futures. We submit that the Best Interest Contract Exemption should be open ended to allow all assets. At a minimum, we would like to see OTC securities added to the list of

included assets.

Our understanding is that if OTC securities are not added to the list of assets in BICE, there are a number of detrimental outcomes that may happen to microcap investors if they wish to continue investing in OTC securities in retirement accounts. First, microcap investors may end up having accounts that have lower access to support and tools because the provision of the support or tools might classify their broker as a fiduciary. So, in order to avoid being a fiduciary while allowing OTC securities, the brokerage may reduce the level of service. Another possible outcome is that the brokerage may move the microcap investor to a fee-based investment advisory account. That likely will result in higher fees which is exactly the opposite of the purpose of the new fiduciary rules. Finally, we think that some brokerages may just stop allowing OTC securities in retirement accounts such as IRAs especially in the case of smaller brokerages that may not have the resources to handle many different account types. In that case, the microcap investor may be forced to move their account to continue trading in OTC securities.

In the end analysis, omitting OTC securities from the approved list of assets is detrimental to microcap investors. The same can be said for other products such as exchange traded options. Again, we urge you to consider changing the Best Interest Contract Exemption to allow all assets or at least to add OTC securities.

If you need to contact us further, please send an e-mail to mike@microcapclub.com.

We thank you for your consideration of this matter.

Sincerely,

A handwritten signature in cursive script that reads "Michael Schellinger".

Michael Schellinger
Partner, MicroCapClub LLC