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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

As I read the proposed regulation if passed, this rule will restrict the trading of options in IRA accounts.

I am retired and selling call and put options is a means of decreasing portfolio risk and generating income.

If I sell a put option, I am agreeing to purchase a certain stock at a an agreed upon price at or prior to an agreed upon time. In exchange for providing the buyer this option I receive an agreed upon premium.

For example I could agree to purchase 100 shares of Apple at \$105 per share, with Apple currently trading at \$115. In exchange for assuming this obligation the Buyer agrees to pay me \$1.75 per share, i.e., \$175. If prior to the options expiration Apple is trading for less than \$105 I will be put the shares. My basis in the shares would be \$105 - \$1.75. If Apple continues to trade for more than \$105 then the option expire without value and I keep the \$175.

Similarly if I own shares of a particular stock at \$132 per share and I sell a call option at \$140 per share requiring that I sell my shares to the Buyer of the call for \$140 per share. If the stock is trading for more than \$140 it will be called away. My profit from this transaction is the premium obtained from the sale of the option plus the difference between \$140 and my basis in the stock, i.e., \$132. If the stock is selling for less than \$140 when the option expires my stock will not be called away; I get to keep my stock and the premium paid for the option.

I use options to generate income in an account funded by a lump sum retirement distribution and opened as a rollover IRA. If options were not allowed I would be forced to speculate on riskier stocks, settle for the puny income from a money market or similar account or chase yield by buying risky stocks, bonds or exchange traded

funds.

As I understand it, under the new rule, a typical brokerage wouldn't be allowed to let me trade options or even provide options education on its website.

I know some people use options to increase leverage and make big bets. But a paternalistic attempt to protect people from themselves, the Department of Labor may be taking away my ability to use options correctly to actually decrease my portfolio risk.

That's patently unfair. I deserve every retirement savings tool at my disposal.

At a time when it is rumored that there will be cuts in Social Security, taking away the trading of options will result in my having to sell off assets to survive which would almost certainly result in my outliving my retirement proceeds.

Please allow the selling and buying of options to continue as viable retirement tools.