From: Barry Twycross
To: Comments, Public
Subject: Comment on: Regulatory Notice 22-08
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I tried submitting this from your web page, https://www.finra.org/rules-guidance/requests-for-comments/submission?notice_ref=215666 but nothing happened when I clicked on the submit button. So I'm sending these by email, and you should fix your web site.

As your web page asks, I'll note I'm from Mountain View, CA, USA.

—— Comment below ——

You seem to be defining leveraged and inverse ETPs as "complex". However, you define complex to mean:

"a product with features that may make it difficult for a retail investor to understand the essential characteristics of the product and its risks"

While the internal working of such funds may be complex, the external product you buy is not. It moves at -1x, 2x, or 3x the underlying investment. 2x and 3x are familiar to third graders when they learn the multiplication tables. While -1 maybe a more challenging concept, those third graders would have a concrete example once they're out in the playground on a teeter-totter (aka see-saw).

There are a lot of things in the modern world which are complex to set up but simple to use, a familiar example would be a cell phone. There may be no one in the world who understands the technology end to end, but everyone has made a phone call, or used their broker's app on a smart phone. "Any sufficiently advanced technology is indistinguishable from magic." These products are such magic.

The only slight complication to leveraged and inverse products is the time value. They tend to do slightly less well in the long term. So if held for the long term (for which you are specifically advised not to), you make slightly less than -1, 2x, or 3x. This is no more complicated than a simple option, in fact it's considerably simpler, and less risky.

A simple long call or put gives you much more risk. You are quite likely to end up with zero if you hold a long option, you are unlikely to suffer a similar fate with a leveraged or inverse product.

I am already required to click through a disclaimer that these products pose extra risks when I buy them. I am already reminded that they are different by the different margin requirements on these products.

So if these products do require any extra rule making, which I think they do not. The rule should be less stringent than even being qualified for level zero option trading (buying long options).

That is for a self directed trader (such as me), I would note that these products are not ones that an advisor should casually advise investing in. Regulating advise to invest in such products might be a more profitable use of FINRA's resources. As I said I am already bombarded by advice not invest in these products when I do buy them.