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To:	Comments, Public
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FINRA Investor Education Foundation:

Thank you for soliciting comments on your new investor education initiative. Given the explosion in retail investment accounts, financial literacy is indeed a worthwhile subject to explore.

It's easier than ever for new investors to open an account with an online broker and begin trading securities and cryptocurrency. But lower barriers to entry also mean it's easier than ever for investors to get in over their heads.

At the heart of any decision to invest is risk tolerance. Does the investor understand the potential consequences of his/her investment choice and have the financial means to support it? Does the investment meet the investor's goals and objectives, including overall strategy? The answers to these questions and others determine an investment's suitability. However, FINRA data suggests that young investors don't possess the necessary skills to make such assessments. Equally important is the investor's emotional maturity, especially if the investor is young or loss averse.

Unfortunately, many young investors only get their investment advice through social media or other unreliable sources, ignoring FINRA's material and traditional media and educational outlets. But social media is full of misinformation and bad guidance. Reaching these investors will require FINRA to reimagine its communication methods and channels, including a larger and more interactive social media presence (Twitter, Snapchat, influencers, others), as well as sponsorship and participation in podcasts, business shows, etc., to drive traffic to content on its website and other trusted resources. In other words, FINRA needs to go where the investors are going.

It's not just young investors that need help, though. Financial literacy for parents is poor too. With respect to young investors, parent financial literacy might be more important, as they can reinforce learning at home, participate in school programs and supervise real-world custodial account trading with their kids during impressionable teen years.

As the GameStop frenzy demonstrated, a social media-fueled short squeeze can make a fortunate few like Roaring Kitty significant profit. But what about those investors who didn't sell soon enough and were forced to sell low when the GameStop trading bubble inevitably burst? They lost the bulk of their investment, of course. The shares couldn't remain at inflated levels indefinitely because GameStop's stock price was detached from reality and its business fundamentals. This outcome shouldn't be surprising, as study after study has shown that almost all day-traders lose money. The myth of *getting rich quick* needs to be dispelled.

So, did GameStop investors not know or not care? Helping those who didn't care can probably only be addressed through suitability rules enforcement. Hopefully, they don't hurt themselves too badly and learn from their mistakes. For those who didn't know and got swept up in the euphoria of it all, as a society, we failed them and owe them more.

The GameStop frenzy can't be representative of investing. It was momentum buying. It was day trading. It was gambling against hedge fund managers in the hope of beating them at their own game. FOMO (fear of missing out) isn't an investment strategy, nor is HODL (holding on for dear life).

Cautionary tales like GameStop and my son's, who committed suicide over his trading, must be told. But so must the successes. Celebrate value investor champions like Warren Buffet and others who are worthy of study and possibly emulation. Celebrate the young investors who use their investment knowledge as a vehicle to go to college or start a business. Celebrate the freedom that making money through investment affords us.

Gambling is pervasive in our society, and the popularization of options and crypto trading has left young investors vulnerable to gambling problems, especially young men. This doesn't mean that trading and gambling are inextricably connected, but we'd be foolish not to recognize the potential dangers posed by trading when it coincides with excessive risk taking, including depression and suicide. Consequently, the education solution must be multi-faceted and take mental health, investment psychology and impulse control into consideration, too.

Investors can't always count on brokers and regulators to save them from bad risk decisions, obviously. That's why education is key. Teaching fundamentals provides the foundation for success and lays the groundwork for more complex trading products later, as the investor's confidence and knowledge grow. When investing is done right, the investor gets rich slowly over time from compounding value. A well-diversified index fund won't provide the adrenaline high of trading GameStop, but that's the point. It's tried and true and less volatile, often outperforming fund managers historically. Winning the right way **and profiting** can be fun and exhilarating too.

All the best,

Dan Kearns