

From: [Tara](#)
To: [Comments, Public](#)
Subject: Request for comments on Regulatory Notice 22-08 "Sales Practice Obligations for Complex Products and Options and Solicits Comment on Effective Practices and Rule Enhancements"
Date: Friday, April 29, 2022 11:09:22 AM

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Hi,

First, I think it's admirable that you are trying to protect retail investors from harm. I am a retail investor, with some experience and want to share my thoughts with you.

You asked for comments on a few different points, and I'll address them as I am able.

The first point doesn't really apply to me, as a retail investor. Your question is about how "complex" products are defined by brokerages and professionals. I think your definition is fine, nothing really to add here.

Around the 2nd point on what brokerages are doing, I'll share my experience with 2 different brokerages. The first just flat out refuses one to buy many "complex" products and even, many non complex products. It's annoying as a retail investor to find out what I'm allowed to purchase on that platform. If one restricts funds with either a whitelist approach or a blacklist approach, it would be very helpful if they published their list. Bonus if they include why they feel it should be restricted, but really just a publicly accessible list would be a fabulous first step.

The 2nd brokerage does allow me to trade in what are clearly complex products by your definition, but requires me to sign a waiver that can very crudely be boiled down to: Yes I know these are complex, the risks are sometimes unknown and you are probably making bad choices if you do this. (The actual waiver is quite long and written in legal language, which arguably raises the question, if a normal human would actually understand it).

As a retail investor, I think both options are rife with complications, I think a brokerage should be able to have control over what can and can't be bought on their platform, and I think the idea behind the waiver is fine, but the practice is complicated. I'll bring up a few examples. When buying software(or signing up for a new online service), there is lots of legal language the defines the various roles and responsibilities, but most(all?) people do not read them and just click accept. Same goes for privacy policies, contracts for house and car purchases, etc. This also applies to waivers, if people get in their mind that they want to buy the latest whiz-bang complex product, they are not likely to think much of the risks and will happily sign away whatever rights to do it. This applies across all parts of life. Adding these hurdles probably won't stop them. I haven't done any formal research , but I believe if you do the research you will likely find this true, and I'd encourage you to at least do a cursory research into how often these waivers and stuff are actually read. If nobody is going to read or even pause through the waivers, what is the point in having them?

On item 3, I think plain clear easy to understand language is the only thing that will have much affect. Also including the known worst-case outcome would probably be wise.

On Item 4, this question is not directed at retail either.

On Item 5, this question is not directed at retail either.

Item 6, I personally thing disclosure is key, but I feel that's mostly already done.

Item 7: As I mentioned previously, if an human wants risk, they will find ways to take that risk, regardless of what you do. I think as long as FINRA/brokerages/etc try to warn the investor of the risk(s), you've done enough, and should not limit the risk(s). I'd much rather a young teenager looking for risk does it on a public platform and in public markets than in some fight ring gambling den or worse.

* 7a: No

* 7b: No, but at most, they should do their best to ensure the customer is aware of the known risks, and that there are potentially lots of unknown risks, and perhaps show the current known worst case scenario(s) (i.e. account goes to zero).

* 7c: i. yes, I completely support this: provide the retail customer with general, plain language, educational materials about the common characteristics and risks of complex products.

ii. No, if people want risk, they will find ways to take that risk regardless of your actions, I'd rather the risks be taken in public markets.

iii. No, see ii.

* 7d: i. I'm mostly ambivalent, it seems fine if it's along the lines of annual reports, etc. If it's more complicated than that, no.

ii. No.

* 7E, undue.

* 7F Actually I think this is where the restrictions should really take place. Ideally all advisors, agents, sales people etc should be required to fulfill fiduciary practices, with penalties if they don't. Like you mentioned in your examples many of them were around examples where fiduciary practices would have prevented virtually all of these from happening.

8: I think not advertising complex products to people that have not expressed some interest in complex products is fine, but generally no special regulation needs to be done here I don't think.

9: I'm unfamiliar with the Advertising Regulation Department, so I won't comment.

10: I think just requiring fiduciary practices would basically eliminate all of this from even being a thing to worry much about, but since that's unlikely to happen, sure, fine, whatever.

11: No.

12: Not any more than I've already mentioned: Show known risks, show worst case scenarios and sales/agents/advisors act in a fiduciary capacity always.

Options: I don't trade in options, and have no desire to, so I'll refrain from commenting specifically. Overall I think my perspective would be the same as above, Fiduciary rules and show the risk. More than that will just encourage risk seeking people to find their risk elsewhere, where protections will be even more lax and potentially life threatening in certain situations.

In conclusion, my main perspective is, if it's in a public market and you allow professional investors to trade it, then you should also allow retail investors to trade it, otherwise it's not a public market, by definition.

Thanks for taking the time to read this far and thanks for trying to protect investors.

-Tara