

Sales Practices Rules for Transacting in Shares of Leveraged/Inverse Investment Vehicles

Appendix B

We are proposing two new sales practices rules—rule 15l-2 under the Securities Exchange Act of 1934, and Rule 211(h)-1 under the Investment Advisers Act of 1940—that would require a broker, dealer, or registered investment adviser to exercise due diligence in approving a retail customer’s or client’s account to buy or sell shares of certain “leveraged/inverse investment vehicles.” More information about our proposal is available at www.sec.gov/rules/proposed/2019/34-87607.pdf.

We are particularly interested in learning what small broker-dealers and investment advisers think about the proposed new sales practices rules’ requirements. Hearing from these smaller firms could help us learn how our proposed rules would affect them, and evaluate how we could address any unintended consequences resulting from the cost and effort of regulatory compliance while still promoting investor protection. We would appreciate your feedback on any or all of the following questions.

All of the following questions are optional, including any questions that ask about identifying information. *Please note that responses to these questions—including any other general identifying information you provide—will be made public.*

SALES PRACTICES RULES FOR TRANSACTING IN SHARES OF
LEVERAGED/INVERSE INVESTMENT VEHICLES

Item 1: General Identifying Information

Instructions: At your option, you may include general identifying information that would help us contextualize your other feedback on the proposal. This information could include responses to the following questions, as well as any other general identifying information you would like to provide. Responses to these items—like responses to the other items on this Feedback Flier—will be made public.

- a. Is the firm a Commission-registered investment adviser or a broker-dealer?

- b. What is the size of the firm in terms of:

1. The number of retail investors (as defined in the release)? _____

2. For Investment Advisers, regulatory assets under management? _____

3. For broker-dealers, regulatory net capital? _____

4. Other (please specify)? _____

- c. Please include any additional general identifying information that you wish to provide, that could add context to your other feedback on the proposal.

- d. Does the firm accept orders from or place orders for the accounts of retail investors to buy or sell shares of leveraged/inverse investment vehicles (as defined in the proposed sales practices rules)?
