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Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

March 28, 2016

RE: File Number S7-24-15 (Use of Derivatives in Mutual Funds)

To whom it may concern,

My name is Steve Curley and I am the Chief Investment Officer with WaterOak Advisors, an independent wealth management firm headquartered in Winter Park, FL. Our firm is a Fee-Only SEC Registered Investment Advisor that manages ~\$1.45 billion in assets, which includes over 500 individual investors/families, as well as different types of institutional clients. We are one of the largest firms in the country and we have been an early adopter when it comes to utilizing liquid alternatives for individual clients.

I am writing in reference to the SEC's proposed new rule on "Use of Derivatives by Registered Investment Companies and Business Development Companies." The current rule, as proposed, would drastically impact our investment process. As well, the proposed legislation would impact other like minded firms' nation wide. We are concerned that the proposed legislation goes too far and is applying traditional equity and debt models for leverage, volatility, etc. that do not apply to the liquid alternatives space. The fall out from the proposed legislation would be the very people you are trying to help, which is individual investors.

While this rule is aimed at both RIA's and BDC's, we mainly use liquid alternatives in the mutual fund format. We began using liquid alternatives in this structure almost 10 years ago. We currently use them extensively in our investment strategies. This structure has democratized liquid alternatives and made them accessible to a variety of individual investors.

As a trusted wealth management firm for many families throughout the state of Florida, our mission is to help them achieve their financial goals, such as saving for college and planning for retirement. To achieve their goals, we have been investing a portion of their portfolios in "alternative" mutual funds that make use of simple derivatives, such as futures and currency forwards, to mitigate risks and diversify portfolios. The riskiness of these types of funds is generally lower than regular stock funds. Most importantly, they have low correlation to the stock market, and thus help my clients better weather the market's volatility. In fact, almost all of our clients hold these kinds of alternative mutual funds.

The SEC's proposed rule places unreasonable limitations on mutual funds' use of derivatives that would make it impossible for many of these alternative funds to continue to operate as they do today. We firmly support investor-first regulation, but the SEC's proposed rule misses the mark. It is based on misconceptions about derivatives, and fails to distinguish between simple, liquid derivatives and complex, high-risk derivatives. Instead, the SEC's proposal treats all derivatives the same, without properly adjusting for the riskiness of each.

Implementing a rule based on these false assumptions would undermine many investors' goal of mitigating exposure to risk and volatility. Both during the Great Financial Crisis of 2008, and as recently as the market downturn in January of 2016, alternative mutual funds generally declined less than the

market, or even increased in value. This is why they are such a valuable financial tool for families planning for retirement.

While I believe some elements of the proposed rule are sound and just, others are off the mark. We are very concerned that, should the proposed rule be enacted without adjustments, our clients would potentially be forced out of the alternative mutual funds they own today. Investors preparing for retirement need choices that align with their financial goals and offer prudent diversification amidst volatile markets. At this time, more than ever, regulators should not make Americans' road to a secure financial future any rockier by implementing inefficient regulations.

In conclusion, we are simply asking that the SEC re-examine the proposed rule and modify it as necessary to preserve investor access to liquid alternative funds without sacrificing investor protection.

Thank you for your attention to this matter.

Sincerely,

Stephen A. Curley, CFA, CFP®  
Director / Chief Investment Officer

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