

Statement for the Joint CFTC-SEC Advisory Committee on Emerging Regulatory Issues
By Charles Rotblut, CFA
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The American Association of Individual Investors (AAII) is a nonprofit organization that provides investment education, information and resources. AAIL is comprised of approximately 150,000 individuals. The typical member has an intermediate knowledge of investing and holds an undergraduate or graduate degree. The majority of AAIL members trade online through a discount broker.

Many individual investors continue to have questions concerning the May 6 "flash crash." They are unsure about the procedures that caused stock prices to become so volatile. They are worried that solutions have not been established to prevent similar events from occurring in the future. They wonder about how much control over the movement of stock prices has been ceded to complex software programs that trade within milliseconds. They don't understand how market makers could have allowed some highly liquid stocks to fall to a penny per share. Most importantly, they are asking where the protections are for the individual investor.

The biggest impact of the flash crash, from the standpoint of the individual investor, was not the effect it had on their brokerage account balances, but rather the effect it had on their confidence. They are concerned that unusual volatility, such as the large price swings that transpired on May 6, could occur again. They are also worried about the possibility of a buy or sell order, especially a stop order, not being executed in an orderly fashion.

Biography for Charles Rotblut:

Charles Rotblut is a vice president of the American Association of Individual Investors. He is the editor of the *AAII Journal*. He authors the weekly AAIL Investor Update e-newsletter and his commentary is published on both Seeking Alpha and Forbes.com. Charles' first book, "Better Good Than Lucky," is expected to be published later this year.

He has analyzed both publicly traded and privately held companies. Charles' experience includes working for Zacks Investment Research, an investment research firm; INVESTools, an investment education company; Curian Capital, a money management firm; and McClure, Schumacher & Associates, a business valuation firm.

Charles is a graduate of the University of Kansas, where he earned a bachelor's degree in Journalism. He is a holder of the right to use the Chartered Financial Analyst (CFA) designation.