

Stanley Perlo
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February 20, 2020



Vanessa Countryman, Secretary
Securities and Exchange Commission
100 F Street
Washington, DC 20549
File # S7-24-15

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Dear Ms. Countryman and Commissioners:

I am a small investor who has invested many years in funds offered by Pro Shares, including inverse funds and leveraged funds. That investment I regard as somewhat experimental and constitutes a very minor part of my portfolio. I studied mathematics and recognize the arithmetic liability incurred in an inverse fund, likewise in a leveraged fund. I also recognize that the strategy employed by Pro Shares substantially eliminates that disadvantage: namely, they invest in the underlying assets one day at a time, and renew their positions afresh each day. I am undertaking a hedge strategy of maintaining a direct ETF and its inverse, selling each as it rises and buying as it declines. If the mechanical advantage of buying low and selling high fails to overcome the small arithmetic leakage over a fairly long period, I will abandon or modify the strategy; meanwhile, the risk is low.

Pro Shares have informed me that your commission are entertaining a proposal to bar unqualified investors from participating in inverse and leveraged instruments. I expect the principle requirement will be great lots of capital and large investments. The SEC is famous for vigilance protecting small investors, as when the great financial institutions bundled mortgage derivatives and pressed them upon the public. The billionaires have already lots of special instruments in and out of investment which are unavailable to common people. Whatever your intention, I will protest vigorously if you enact a measure that deprives small investors of a common instrument that all may use alike, and which is not withheld from major capital.

Investing is an enterprise innately risky. One can lose money with the soundest actions. I have lost money in a number of devices while learning how they work. The process of trial and error occurs *all over the field*, and is not particular to inverse and leveraged funds. A free market is a sword with two sides. I exhort you not to visit the hazards and liabilities upon the poor and reserve the rewards for the rich.

I am not close-minded, and recognize that I am not well informed. If you have intelligence that addresses the concerns and arguments written above and tends to refute them, you may send it to me by post; I have not an account on the internet. I will consider your reply, and may change my position as indicated. Absent such a response, I will assume that the motive behind the proposed measure is discriminatory and oppressive, as conjectured above.

Yours truly, Stanley Perlo

A handwritten signature in cursive script that reads "Stanley Perlo".