March 24, 2016

Mr. Brent J. Fields, Secretary
U.S. Securities and Exchange Commission
100 F Street, NE Washington, DC 20549-1090

Re: Release No. IC-31933; File No. S7-24-15; Use of Derivatives by Registered Investment Companies and Business Development Companies

Dear Mr. Fields:

We work for Buckingham Asset Management, LLC ("Buckingham"), an SEC-registered investment advisory firm based in St. Louis, MO with offices in multiple other locations. Buckingham serves more than 4,400 individual investor clients with total investable assets of approximately $8.1 billion. We are writing in reference to the SEC's proposed new rule on "Use of Derivatives by Registered Investment Companies and Business Development Companies" (hereinafter "Proposed Rule").

We have long been advocates for individual investors — with numerous books dedicated to helping individual investors construct better investment plans — and completely support the need for regulation to ensure investors have access to high-quality investment strategies that have appropriate investor protections.

To implement our investment strategies for our clients, outside of individual high quality fixed income securities, we principally utilize funds registered under the Investment Company Act of 1940. Having availability to various investment strategies within the Investment Company Act of 1940 structure, including liquid alternatives, is important to the diversification of our client's portfolios. We believe this based upon our direct experience using a number of liquid alternative mutual fund strategies in client portfolios. The strategies we use have helped improve portfolio diversification and lessen risk during periods of volatility like the first quarter of this year.

We are very supportive of the Commission's action in the area of derivatives. Derivatives certainly were a contributing factor to the Global Financial Crisis of 2008, but the derivatives that contributed to the crisis are generally not the same types of derivatives used in liquid alternative mutual funds. In particular, the funds we use in client portfolios use simple index futures and currency forwards as opposed to credit default swaps. Further, these derivatives are typically utilized to reduce risk within the context of the fund's portfolio.

We are concerned that certain elements of the Proposed Rule as currently written are overly restrictive and has the potential to reduce the quality of various alternative investment strategies in the mutual fund and exchange traded fund (ETF) marketplace. We are also worried that the Proposed Rule as currently written will also reduce the effectiveness of many of the current strategies being prudently implemented, leaving investors less diversified. For example, the Proposed Rule seeks to limit risk exposure by placing a limit on the total gross notional amount of certain categories of derivative and financing positions, but does so in a manner that does not fully take into account the actual amount of market risk exposure in any individual positions or the amount of risk exposure of the portfolio. There are vast differences in the riskiness of different positions with the same notional value, and because derivatives and financial commitment transactions can be used in many different ways to either increase or decrease risk, gross notional exposure is a poor measure of market risk exposure. Gross notional value places an equal restriction on the use of derivatives whether they are used to take highly speculative positions or whether they are used as part of more conservative, lower-risk strategies. As a result, this restriction results in putting binding constraints on mutual funds that are following strategies that do not involve excessive speculation.

We encourage the Commission to re-examine the Proposed Rule and consider ways to get the desired result of improving the investor experience while not harming strategies within the Investment Company Act of 1940 structure that are already accomplishing that objective in a prudent manner.

Sincerely,

Jared Kizer, Chief Investment Officer
Larry Swedroe, Director of Research
Kevin Grogan, Director of Investment Strategy
Salvatore Papa, General Counsel & Chief Compliance Officer