

Jennifer Piorko Mitchell
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506
E-mail: pubcom@finra.org

Re: FINRA Regulatory Notice 22-08 (the "Notice")

Dear Ms. Mitchell:

GraniteShares, Inc¹ ("GraniteShares") appreciates the opportunity to comment on the Notice. GraniteShares is deeply concerned that FINRA is considering a series of measures that could prevent or restrict self-directed investors from buying a broad range of public securities designated as "complex products."² These measures, if adopted, would undermine the core principle of U.S. securities laws – investor choice based on full and fair disclosures. We believe these measures have the potential to harm investors by restricting their access to dozens of popular ETFs, and other investments that provide important benefits, including market access and portfolio diversification. The vague and arbitrary standards in these measures have the potential to unfairly disadvantage certain investors, including those from underserved communities that have historically been denied access to the financial services sector.

For these and other reasons we object to the restrictions on investors that FINRA is considering.

FINRA's Measures Have the Potential to Harm Investors

FINRA's measures could apply to dozens of popular ETFs, and other investments that provide important benefits to investors, including portfolio diversification, access to asset classes previously not obtainable and protection from downside risk.

The Notice contemplates requiring individual investors to pass tests of investment knowledge, satisfy minimum net worth requirements or be pre-approved by their broker based on vague standards. We are concerned that measures which introduce subjectivity, testing bias, and net worth requirements have the potential to arbitrarily disadvantage certain investors, including those from underserved communities that have historically been denied access to the financial services sector.

FINRA's measures may lead brokerage firms to stop offering "complex" securities due to the vagueness, cost, and difficulty of implementation. Issuers may be less inclined to

¹ GraniteShares is a global issuer of Exchange Traded Products (ETPs). Headquartered in New York, GraniteShares offers ETPs on multiple asset classes including gold, commodities and equities.

² GraniteShares has concerns about other aspects of the Notice as well, but is choosing to focus on the measures described herein because of their significance.

develop new and innovative products – depriving U.S. investors of opportunities and harming investors and the U.S. securities markets.

FINRA's Measures are Unnecessary

The Notice provides no evidence that investors do not understand the instruments in which they invest. Instead, the Notice cites as evidence enforcement cases brought against brokers for inappropriate *recommendations*.³ FINRA's unsupported belief that investors do not understand their investments cannot form the basis for new regulation and certainly cannot form the basis for imposing sweeping changes to our disclosure-based regulatory system that would make FINRA a merit-regulator.

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Once again, we appreciate the opportunity to comment on the Notice. If you have any questions regarding our comment letter or would like additional information, please feel free to contact me directly:

Email: William.rhind@graniteshares.com

Telephone: 646 876 5049

Yours Sincerely,

William Rhind

William Rhind,
CEO, GraniteShares Inc

³ FINRA, Regulatory Notice 22-08, at 5.