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I am a single investor, and I have been using leveraged funds for at least the last 5 years. Any reasonably informed investor can use them safely, provided stops are put in for huge swings. These are rare, but we seem to be going through one now. So I have done some small investing in inverse funds.

Leveraged funds are no riskier than a stock investment in a "high flyer" like Netflix. Everyone makes money when it goes up, and everyone (except those with stops) loses money when it crashes. Netflix is down about 75% from its $680 high. My son worked for Docusign and got stock that got up to 310 and now lingers at about $70 (a 76% loss). Fortunately he sold a lot of it last year to get a down payment on a house. Even the most highly leveraged Tech fund I could find, TQQQ, is down only 65% from its 88 high. Regulating investments in "hot" tech stocks makes more sense than regulating any leveraged index fund.

And using leveraged and INVERSE funds is safer than investing in stocks. If I held Netflix or Docusign, there was no way I could stop losing money as they crashed, other than sell a take a huge loss. If I am in a leveraged NASD fund like QLD, and it starts to crash, I can sell it and switch to the leveraged inverse fund QID and make up some money as the NASD continues to go down.

There is no need to prohibit investors from using inverse or leveraged funds. As with any stock, the advice against a large loss is to put in a reasonable stop-loss sales order.

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