

I fully support the following...

That the SEC requires ALL SECURITIES that they regulate i.e. mutual funds, stocks, bonds, private placements etc... to offer the following GUARANTEES;

1. 100% protection against loss of principal
2. A 30 day 100% money back guarantee if the investor changes his or her mind. Not from the investment date, but from the date that the investor receives his/her confirmation of said investment, even if the markets go down.
3. Free withdrawals of 10% each year from the account value or market value whichever is greater and this withdrawal is not to have any adverse effects on the overall investment.
4. A guaranteed 100% return of principal within the time period selected by the investor i.e. 3 years, 5 years, 7 years or 10 years regardless of what happens to the stock markets.
5. All securities stocks, bonds, mutual funds etc... are to guarantee a MINIMUM return of at least 1.5 to 3% per year. The investment companies may pay a higher amount if they decide, based upon a formula disclosed to the client upfront. This formula may be adjusted based upon market costs and conditions, but in no event may the investment ever pay less than the guaranteed amount of 1.5 to 3% per year.
6. All securities shall now offer a 100% money back guarantee for the beneficiaries plus the minimum declared interest rate regardless of market performance. All securities must also allow the investor to withdraw, without cost or fees, the entire value of the account if they become hospitalized or confined to a nursing home longer than 90 days. They must also waive any fees if the investor is diagnosed with a terminal illness.
7. All securities shall no longer be allowed to charge an upfront sales load or commission. 100% of the Investor's money shall be invested and any fees paid to the brokers shall be paid by the issuing companies not the investors. If the investor decides to withdraw more than 10% per year there will be a surrender fee paid by the investor.
8. Securities shall now offer an income option that will guarantee income for the life of anyone that decides to elect such an option. This income must last a lifetime even if the Investor lives to age 100 or longer.

If the SEC is willing to regulate their current securities in the above manner then maybe just maybe I could endorse this proposal? So far the SEC does not have a great record of protecting, much less guaranteeing, investors against losses.

If Fixed Indexed Annuities are such a great product, and FINRA and the Broker Dealers think so, why doesn't the SEC just change its own regulations to allow mutual funds, stocks, bonds and Broker Dealers to offer the above guarantees, rather than try to reclassify an insurance product as a securities?

Can a SECURITIES even offer a no LOSS to PRINCIPAL GUARANTEE? It doesn't sound like it according to the SEC web site. The very first page says the following...

“The world of investing is fascinating and complex and it can be very fruitful. But unlike the banking world, where deposits are guaranteed by the federal government, **stocks, bonds and other securities can lose value. There are no guarantees.** That's why investing is not a spectator sport. By far the best way for investors to protect the money they put into the securities markets is to do research and ask questions.” (bold text added for emphasis)

I suspect if this rule passes that Fixed Indexed Annuities in their current form, with their guarantees, insurance company backing and the State Guarantee Association backing, will become a thing of the past. Fixed Indexed Annuities will become just like Variable Annuities. Remove the guaranteed principal and you will have a securities product.

Please reconsider this proposed rule. It will harm the insurance companies, insurance agents, Field Marketing Organizations and most of all it will harm the investors whom you are trying to protect; by increasing their costs, reducing or eliminating the guarantees, reducing real returns, and reducing competition. Only the Broker Dealers and FINRA would gain from this action. They would be enriching themselves at the expense of the Investors.

I think it is best for guaranteed insurance products to remain in the hands of those who are already providing those guarantees; after all no one has lost any money with a Fixed Indexed Annuity if held until maturity and leave the RISKY investments to be regulated by the SEC.

I have been in the financial business for over 27 years.

I have held the following licenses series 6, 63, 7, 24 and 65.

I have seen the good the bad and the ugly in this industry. I have worked for insurance companies, wire houses, banks, no load fund families, as an independent broker, and also as an RIA.

I am in one of the toughest regulated states in the nation when it comes to insurance products.

I applaud the move to NAIC rules and shortening surrender fees for all annuities. I also applaud efforts to make Fixed Indexed Annuities more consumer friendly, and for that matter all securities as well. Full and fair disclosure should be on all products.

Investors need to know that they can lose some or all of their money in securities. This is often where I see the most abuse in this industry. The over exaggerated return potential without fully disclosing the risks to principal in securities. Many of those investing today should not even be in securities, but brokers and large mutual funds have down played

the risks so much that people forget that they can lose money especially in today's volatile markets.

Fixed Annuities don't lose principal if held to maturity. While these accounts are not for everyone, it is for those that want safety.

I would encourage the insurance industry to do away with all Market Value Adjusted Annuities. People buying Fixed Annuities don't want market risks and MVA's pass along risks.

Shorter surrender periods are good for consumers. The NAIC rules should be adopted nationwide. Fixed Indexed Annuities should not be regulated as securities, why, because they are not securities. The principal is not at risk.