

January 24, 2008

To Whom It May Concern:

Chase Investment Services Corporation ("CISC," a wholly owned subsidiary of JPMorgan Chase & Company) is pleased to offer comments in response to the referenced proposed rule change to revisit the Principal Review provision of FINRA 2821; specifically, the requirement of Rule 2821(c) that does not permit the depositing of a customer's funds in an account at the insurance company prior to completion of principal review. CISC commends the FINRA staff for proposing to open up this portion of the Rule for comment, recognizing that many broker dealers have established controls in place to ensure that a variable annuity contract is not issued prior to principal review. We respectfully suggest that this requirement of FINRA 2821 is unnecessarily burdensome to the conduct of our business and warrants revision.

We feel that it is important to note that this requirement of FINRA 2821(c) was not found within the original rule proposal, nor was it found within the four (4) amendments to the initial proposal leading to the adopted Rule. In actuality, the first reference to this requirement of the Rule is found in footnote #21 of FINRA Regulatory Notice 07-53, which states, "The rule does not permit depositing the customer's funds in an account at the insurance company prior to completion of principal review." This single statement raises significant challenges to many firms that have traditionally utilized depository or suspense accounts at carriers to hold variable annuity purchase payments pending principal review. CISC believes that this requirement of the principal review provision of the rule imposes an unnecessary burden on broker dealers who have successfully utilized this methodology and who have built this approach into their sales and operational infrastructure. It is our opinion that efforts to change existing approaches will be costly, pose significant challenges to technology and operational resources and will take an extensive period of time to effect. Notwithstanding substantial reconfiguration of these processes, we cannot discern any incremental consumer protection or benefit.

We ask the Securities and Exchange Commission to allow FINRA the opportunity to revisit section (c) of Rule 2821 with specificity to the manner in which funds can be held at an insurance carrier. We advocate that if a broker dealer has successfully developed controls to ensure that a variable annuity is not issued until after the completion of principal review, that a broker dealer be allowed to forward variable annuity purchase payments to a depository or suspense account of an insurance carrier pending principal review. We further request that a decision on FINRA's rule proposal be expeditious to allow FINRA time for rulemaking and to provide broker dealers with adequate time to ensure compliance with any revisions to FINRA Rule 2821.

Sincerely,

MaryAnn Lamendola
Chief Compliance Officer

Chase Investment Services Corporation