

Dear Sir or Madam:

I am a 16 year veteran financial services producer with both insurance and securities licences to include series 7 and 66. As such, I occasionally provide variable annuity contract recommendations to my clients in appropriate situations. I am writing to you concerning the suitability standard and principal review requirements pertaining to the sale of variable annuities contained in NASD proposed Rule 2821. I believe that the proposed regulations duplicate rules already in place governing VA sales and that they will add an additional layer of bureaucratic process that will do little to protect the consumer. I urge the SEC to disapprove the proposal.

People who place inappropriate products should be identified and punished. In my 16 years, I have seen suitability requirements grow dramatically, providing ample opportunity for supervisory and regulatory personnel to spot inappropriate sales. From my seat, the NASD has not justified the need for the proposed rule. According to data provided me by NAIFA, the NASD's claims that the level of sales problems in the variable annuity marketplace calls for the adoption of the proposed rule are unfounded. Unsuitable variable annuity sales made up less than .50 percent of the NASD's disciplinary actions over the last five years, and complaints about mutual funds and individual securities far outnumber those concerning variable annuities. Furthermore, the vast majority of the comments received by the NASD and SEC regarding the proposal opposed the new rule, and the NASD has not adequately responded to the concerns raised by the vast majority of commentators.

As mentioned earlier, I submit that proposed Rule 2821 duplicates current supervision and suitability requirements that are already in place. NASD rules (including Rule 2310) already contain suitability requirements that apply to all sales of securities, including variable annuities. Vigorous enforcement of existing regulations is a much better solution to the perceived problem than creating additional regulation.

In addition, the requirement for review by a principal found in the proposed rule deviates in several significant ways from the general supervision requirements found in Rule 3010. This requirement appears to present a bias against these products, and will lead to constant second guessing of my advice and recommendations (based upon less first hand information than was available to me).

Variable annuities are not always the best investment solution available to consumers, but frequently, they meet the customers goals and objectives better than other types of investments. More regulation is not the answer to what is arguably a small part of the suitability problem my industry faces. I believe that an unintended consequence of the NASD is that consumers could be harmed by making these products less available to people who could benefit from them. For these reasons, I urge the SEC to disapprove NASD proposed Rule 2821. Thank you for your consideration of my views on this matter.

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