

THE  
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GROUP

January 20, 2010

ANN B. ENNIS, CLU, ChFC  
*Vice President, Financial Institution Services*

Ms. Elizabeth M. Murphy  
Secretary  
Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549-1090

Re: Request for Comment to Inform Study Regarding Obligations of Brokers, Dealers, and Investment Advisers (Release No. 34-62577; IA-3058; File No. 4-606)

Dear Ms. Murphy:

I am writing in response to the Securities and Exchange Commission (“Commission’s”) request for public comment to inform its study of the obligations and standard of care of brokers, dealers, and investment advisers when providing personalized investment advice about securities to retail customers. I am a life insurance producer, and my principal source of business is the sale of life insurance products to institutional customers. Some of the products I offer subject me to regulation by the Commission and the Financial Industry Regulatory Authority (“FINRA”).

I have been in the non-qualified benefits sector of the life insurance business for over 20 years and am currently the Vice President of Financial Institution Services at The Newport Group, a premier provider of non-qualified benefit plan consulting and administration. The group I lead works specifically with the banking sector, both to help banks retain and reward their key employees through non-qualified plans, and to assist the banks in recovering costs through the purchase of Bank Owned Life Insurance. These products are regulated by the state insurance departments as well as FINRA when variable products are utilized. Banks themselves are highly regulated and their purchase of these products is specifically controlled by their regulators, most recently in the Interagency Statement (known as OCC 2004-56). At Newport we are meticulous in assisting our clients have all of the information they need to comply with the various regulations. We focus on following strict and detailed compliance with the noted OCC bulletin and the banks’ own risk department.

Therefore, I appreciate your efforts to obtain information from the public and conduct a

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comprehensive and objective study, before deciding whether to propose new regulations. I am hopeful that opportunities for input from financial professionals will continue as the process unfolds.

As a licensed life insurance producer who can sell variable insurance products, I am also subject to the Commission's and FINRA's broker-dealer regulations in all respects. These require, among other things, that we treat customers fairly and abide by just and equitable principles of trade, including suitability obligations. Our interaction with each client is extensively regulated and must be completely transparent; we are required to confirm all communications, provide account statements, and disclose conflicts of interest—which could include information about licensing, company affiliation, and receipt of commissions. Supervisory personnel must review all sales recommendations and review for compliance with a multitude of FINRA and Commission regulatory requirements. These requirements are extensive, well-known, often product-specific, and capable of being monitored and audited by supervisory personnel, as well as FINRA and the Commission.

If the issue of investor confusion over the legal obligations of the investor's particular financial service provider is a point of concern—as has previously been suggested in published research reports—there are remedies currently available to address the confusion. Existing FINRA and Commission rules are extensive, but those rules, if necessary, could be supplemented with additional disclosures of the role in which a financial services professional is operating, including additional disclosures of the existence of any conflicts. I believe investors, if presented with appropriate information, can make a choice that is right for them. Disclosure is a far better alternative than eliminating investor choices by attempting to make all financial professionals the same.

I have serious concerns about the possible adoption of a new 'best interest' standard for broker-dealers, and by extension, life insurance producers who sell variable insurance products. I believe such a general standard will create liability and uncertainty, but will provide no measurable benefit to investors. If the Commission finds in its study that there are gaps in investor protection in the current regulation of brokers and dealers, then I would encourage you to propose specific rules designed to address specific conduct. None of us likes new rules, but I believe a FINRA rules-based approach offers the best opportunities for compliance by brokers, and, therefore, the protection for investors.

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While it is difficult to ascertain the practical impact of a general 'best interest' standard, it most certainly will result in increased compliance costs -- again, with no measurable benefit to investors. Over time, I believe it will reduce product choice and access for investors.

It is my sincere hope that all financial professionals hold their clients in the highest regard and provide investors with the first-class service that enables them to accomplish their financial goals. However, writing rules that are difficult to define and perhaps more difficult to implement and enforce will not achieve this brand of conduct, nor will it create a better or safer financial landscape for investors.

I strongly encourage the Commission to consider the input of life insurance producers, as well as our unique role in the marketplace and the fundamental nature of the products we sell when moving forward with its study of the obligations and standards of care for broker-dealers and investment advisers. Again, I thank the Commission for the opportunity to comment and welcome future opportunities to provide input.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ann B. Ennis', with a long horizontal flourish extending to the right.

Ann B. Ennis  
Vice President, Financial Institution Services