

BARNEY FRANK, MA, CHAIRMAN

United States House of Representatives  
Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, DC 20515

SPENCER BACHUS, AL, RANKING MEMBER

November 19, 2008

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CHAIRMAN'S  
CORRESPONDENCE UNIT

VIA FACSIMILE 202-772-9200

The Honorable Christopher Cox  
Chairman  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

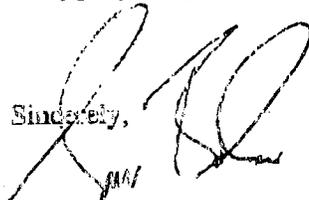
Dear Chairman Cox:

On June 25, 2008, the Securities and Exchange Commission (SEC) published for public comment two proposed new rules, 151A under the Securities Act of 1933 and 12h-7 under the Securities Exchange Act of 1934. These proposed rules would establish the standards for determining when equity indexed annuities may be considered securities subject to the investor protections afforded by the securities laws.

While well-intentioned, the two new rule proposals have been met with confusion, skepticism and opposition. During this period of market uncertainty and volatility, the Commission should use all of its tools to promote market stability, which would benefit all market participants including the least sophisticated investor. Even though I support the Commission's efforts to aggressively protect all investors from fraudulent and abusive securities sales practices, it appears that the SEC may not have clearly demonstrated the appropriateness of these proposals in relation to the protection of seniors and their equity indexed annuity investments.

I strongly supported the Commission's announcement on October 10, 2008 to extend the comment period for an additional thirty days. Before the adoption of final rules, the Commission, consistent with the Administrative Procedure Act, should convene a public roundtable with the North American Securities Administrators Association, the National Association of Insurance Commissioners, FINRA, annuity providers and other interested parties to ensure any equity indexed annuity rulemaking properly protects investors.

Thank you for considering my views.

Sincerely,  
  
Spencer Bachus  
Ranking Member