

August 8, 2008

SEC/FINRA  
Washington, D.C.

Dear Sirs;

Regarding File No. S7-14-08, I disagree with FINRA's position concerning their proposal to regulate an insurance product, specifically Fixed Index Annuities.

The SEC's proposal illustrates that their command of even the basic elements of Fixed Index Annuities is not simply deficient, it is embarrassing. The authors of this proposal are inaccurate and deceptive as to their description and understanding of this insurance based product. Their lack of education and experience is quite apparent. How can this proposal be taken seriously when such ignorance prevails?

It should be noted that FINRA has performed miserably in their regulation of securities already under their auspices: Variable Annuities. Customer complaints attributed to Variable Annuities and corresponding concerns of suitability and broker abuse have long been among the top two or three noted nationwide; complaints specific to fixed index annuities have been far fewer by comparison.

According to recent data compiled by LIMRA International, FINRA currently regulates approximately 71% of all individual annuity considerations by way of sales of Variable Annuities. Traditional fixed rate annuities and immediate annuities make up 19% of total sales. Fixed Index Annuities make up only about 10% of the annuity "pie". The SEC has failed to show that it can effectively police its own variable annuities without taking on additional responsibilities in areas it does not belong.

It would not be prudent to capriciously dismiss the States' individual power to regulate this insurance product as inadequate; and then to cede that regulatory authority now held by the States over to a central bureaucratic power. FINRA should address existing priorities and responsibilities already in their control, rather than expand into product areas where they remain uneducated and unqualified to police.

Without a doubt, the SEC's underlying motive must be tied to greed and the almighty dollar. This sham is nothing but an attempt at another Big Money sponsored "land grab".

Sincerely,

William H. Dillingham III