

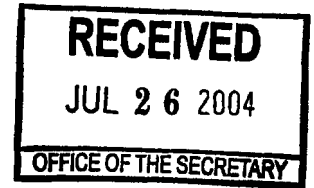


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NATIONAL ASSOCIATION FOR VARIABLE ANNUITIES

July 20, 2004

Jonathan G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549-0609



RE: File No. S7-27-03

Dear Mr. Katz:

These additional comments on the Commission's proposed amendments to Rule 22c-1 are respectfully submitted by the National Association for Variable Annuities ("NAVA").¹

On December 11, 2003, the Securities and Exchange Commission (the "Commission") proposed amendments to Rule 22c-1 under the Investment Company Act of 1940 (the "1940 Act") regarding the pricing of redeemable securities issued by registered investment companies ("funds").² The amendments would impose what has been referred to as a "hard 4:00 p.m. close" by requiring that orders to purchase or redeem fund shares must be received by the fund, its designated transfer agent, or a registered securities clearing agency by the market close in order to obtain the current day's price.

The proposing release sought comment on an alternative approach that would permit fund intermediaries to submit orders to funds (or designated fund transfer agents or Fund/SERV) after the market close if they have adopted certain protections designed to prevent late trading.

NAVA is aware that a group of companies has submitted to the Commission an alternative approach known as "Smart 4" that would permit intermediaries to receive mutual fund orders up to 4:00 p.m., process and transmit them to the funds after 4:00 p.m. if they implement several specified technological and procedural processes. NAVA's Regulatory Affairs Committee has reviewed the Smart 4 proposal and its enumerated safeguards. NAVA endorses the SMART 4 proposal as a feasible alternative

¹ NAVA is a not-for-profit organization dedicated to the growth and understanding of annuity and variable life insurance products. NAVA represents all segments of the annuity and variable life industry with over 350 member organizations, including insurance companies, banks, investment management firms, distribution firms, and industry service providers.

² Release No. IC-26288 (December 11, 2003) (the "proposing release"). Throughout this comment letter, proposing release page number references are to the proposing release as issued by the Commission and as posted to its website.

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approach for unregistered intermediaries. The Smart 4 safeguards should be effective in preventing late trading while permitting such intermediaries to obtain same-day pricing for their customers for orders they receive by 4:00 p.m.

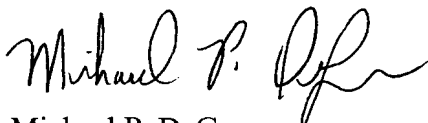
The proposed amendments also include an exception for "conduit funds" which are defined as registered investment companies that invest all their assets in another registered investment company in reliance on Section 12(d)(1)(E) of the 1940 Act, and include registered insurance company separate accounts funding variable annuity and variable life insurance contracts.

NAVA filed a letter of comment on February 3, 2004 in regard to the Commission's proposed amendments to Rule 22c-1 in which we supported the conduit fund exception. We continue to strongly believe that this exception for registered separate accounts is essential given their two-tier structure and contractual limitations. Moreover, as we explained in our letter, insurance companies currently maintain strict 4:00 p.m. trade cut-off policies and procedures and are subject to regulation and examination by the Commission.

We also continue to support the extension of the conduit fund exception to unregistered separate accounts that are frequently used for private placement variable insurance contracts and for pension or profit sharing plans. Insurance companies generally follow the same administrative policies and procedures regarding fund transactions for both their registered and unregistered variable insurance contracts, which, as noted above, strictly enforce a 4:00 p.m. trade cut-off.

We appreciate the opportunity to provide further comments. If we can answer any questions or be of further assistance, please contact me at (703) 707-8830, extension 20, or Judith Hasenauer at (954) 545-9633. Ms. Hasenauer chairs NAVA's Regulatory Affairs Committee.

Sincerely,



Michael P. DeGeorge
General Counsel

cc: Paul Roye