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Via Electronic Mail

September 19, 2005

Jonathan G. Katz
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-9303

RE: File No. SR-NASD-2004-183

Dear Mr. Katz:

This letter is submitted in response to a notice published by the Securities and Exchange Commission (the "Commission") on July 15, 2005, regarding proposed NASD Rule 2821, *Members' Responsibilities Regarding Deferred Variable Annuities*, filed with the Commission on December 14, 2004, as amended by Amendment No. 1 filed on July 8, 2005. The proposed rule would govern the purchase or exchange of deferred variable annuities (the "Proposal"). The Proposal would establish new requirements for additional suitability determinations, principal reviews, and supervisory and training procedures.

This letter is respectfully submitted by Massachusetts Mutual Life Insurance Company ("MassMutual") and MML Investors Services, Inc., ("MMLISI"), a wholly-owned broker-dealer subsidiary of MassMutual. MassMutual and MMLISI are members of the MassMutual Financial Group, a global diversified financial services organization. MassMutual is an issuer of deferred variable annuity contracts, and distributes those products though a nationwide network of affiliated and non-affiliated broker-dealers and insurance agencies. Since our businesses involve the manufacture and distribution of deferred variable annuities, MassMutual and MMLISI have significant interests in ensuring that purchasers of deferred variable annuities receive meaningful and informative disclosures about their investment decisions and purchase products that are appropriate for their specific needs.

We strongly support the need for thorough training of registered representatives involved in the sale of deferred annuities, and for appropriate supervision of representatives' sales activities involving these products. In addition, we support the NASD's and the Commission's efforts to improve the level of suitability review for, and the approval processes associated with, the purchase or exchange of deferred variable annuities. We do believe, however, that these regulatory concerns are adequately addressed in existing rules, and that the Proposal is thus unnecessary. In its attempt to buttress the current, well-established requirements with respect to these matters, the Proposal would inject uncertainty and confusion into the existing sales and supervisory process for these products.

One example of this confusion arises in section (b)(1)(C) of the Proposal. That section specifies that in recommending the purchase or exchange of a deferred variable annuity, the Member must have a reasonable basis to believe that the customer has a need for the features of a deferred variable annuity as compared with other investment vehicles. Although both MassMutual and MMLISI are strong and avid proponents of "needs-based" selling, the establishment of this "need" requirement is troubling.

Our primary concern is determining how this need vis-a-vis "other investment vehicles" is to be established. It is not clear from the Proposal what information must be included in this comparison to other investment vehicles or how the comparison will be documented. It is also not evident what specific investment vehicles must be included in the comparison. Requiring a comparison to other investment vehicles also ignores the fact that annuities have an insurance component. As the Release discusses, annuities have death benefit features and as such, it seems logical that, if a comparison is required, it should contemplate insurance products as well as investment products. There are numerous investment and insurance vehicles in the marketplace and to require a Member to compare a deferred variable annuity to each one would result in a potentially overwhelming (and in many cases, inappropriate) undertaking.

Moreover, since deferred variable annuities have many unique features as compared with other investment vehicles, it will be difficult, if not impossible, for the Member to conduct a useful comparison of the different vehicles. By establishing this requirement, the Proposal not only fails to properly recognize the insurance characteristics of these products, it establishes a litmus test that, on its face, is almost impossible for firms to satisfy.

Another ambiguity inherent in the Proposal is the scope of its application. The Proposal applies to the purchase or exchange of a deferred variable annuity and the subaccount allocations. The Proposal does not apply to reallocations of subaccounts made after the initial purchase or exchange of a deferred variable annuity. We are pleased that the Proposal no longer applies to the sale of a deferred variable annuity because as stated in footnote 6 of the Release, the NASD believes that such transactions are fully and adequately covered by Rule 2310's general suitability rule.

The Proposal, however, is not clear as to whether it would apply to subsequent purchase payments. We believe that the requirements in the Proposal should not apply to such transactions. Suitability determinations are proper when the deferred variable annuity contract is initially purchased in order to ascertain whether the annuity is an appropriate investment for the proposed purchaser. However, after that initial determination has been made, we do not believe that a new suitability review must be conducted each time a purchase payment is applied to the contract. Such a requirement would prove extremely burdensome from an administrative perspective. Further, in the majority of circumstances, the Member or associated person of the Member is not even aware that a subsequent purchase payment has been made. Based on the rules outlined in the Proposal, the Member or associated person of the Member would be required to ascertain and document such items as the customer's understanding of the material features of a deferred variable annuity that he or she has already purchased as well as the need for a deferred variable annuity that he or she has already purchased. This determination would

also need to be reviewed and approved by a principal. It is unclear whether this would need to occur prior to the customer submitting the subsequent purchase payment or whether it would be conducted following the submission of the payment. If a post-review were completed, it is unclear how to refund the amount of the purchase payment were the subsequent purchase somehow determined to be unsuitable.

We also agree with and incorporate by reference into this letter the substantive concerns regarding this Proposal by the National Association for Variable Annuities (NAVA) in its comment letter dated September 19, 2005.

SUMMARY

While we support the overall intent underlying the Proposal, we believe that the customer protection objectives of the Proposal are already adequately addressed by existing NASD and Commission rules. The requirements in the Proposal will burden firms without achieving a meaningful improvement in protections afforded to purchasers of deferred variable annuities. Accordingly, we do not believe that the Proposal should be adopted. We would be pleased to discuss our views with representatives from the NASD and the Commission at its convenience.

Sincerely,

/s/ Jennifer B. Sheehan

Jennifer B. Sheehan
Assistant Vice President & Counsel
Massachusetts Mutual Life Insurance Company