



July 14, 2006

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

Re: Proposed Rule Changes #SR-NASD-2004-183, Amendment #2  
and general comments

Ladies and Gentlemen:

It is with growing concern that I comment on the proposed amendment to variable annuity sales. It appears quite evident to me that the NASD and SEC are currently promulgating rules and regulations specifically designed to push the smaller, independent registered representatives out of business.

Firstly, regarding the investment experience requirement for investors to purchase a variable annuity could quite possibly be a very serious case of discrimination. So we are to not let an individual investor whose risk tolerance and needs assessment determines that a variable annuity is appropriate simply because they have little investing experience? Will you next be requiring a certain level of education for a person to be allowed to invest in a particular product? If this rule passes, I would expect a flurry of legal action to ensue.

Why is this requirement being suggested? I would say because you, as the policing agency, see and hear the horror stories from the people who are bilked out of their hard-earned money by unscrupulous and unethical registered representatives. You don't hear about the hundreds of thousands of happy clients for whom their investment products and advisors work exactly as advertised. Making more stringent rules will not reduce the instance of unethical behavior, it will be yet another burden upon the good representatives who will make every effort to comply.

I would ask that you not pass the NASD proposed 2<sup>nd</sup> amendment to variable annuity sales and practice NASD Rule 2821. We have more than adequate regulation in place at the current time and this additional regulation is burdensome and ineffective in meeting your desired goal.

For my general comments, I would like to discuss the rules and regulations in general. It seems to me that every month some new requirement comes down which makes it more and more difficult for me to actually do any business.

I live in Pierre, South Dakota which has a population of about 13,000. To reach a city of equal or larger size you must drive 120 miles. Not only do we meet the "know your client" regulations, we typically know them very well as they are our friends and neighbors.

If you continue down the path of regulating us out of existence, ultimately the people served in rural areas will be forced to travel to the metro areas for investment advice. The people who you are trying to protect with these regulations will not educate themselves and do it online. They will either get substandard service due to distance, or they will go without.

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I would suggest to you that the independent representative serves a very important niche in our society. This niche is often forgotten by people who live in large metropolitan areas. You have access to anything you could possibly want on a 24-7 basis immediately at your fingertips. Out in the rural areas, it is a completely different story.

When considering new rules and regulations, please try to remember that the vast majority of clients are not unhappy with their representatives, nor are they being victimized. Also, please try to remember that the representatives by and large are ethical, decent people who are attempting to do the best they possibly can for their clients.

The current list of warnings, disclosures, checklists, worksheets and other paper are by their very volume, becoming meaningless. Have you looked at the warning labels or disclosures included with any new appliance lately? Do we as a society really need a label on the cup to inform us that our coffee is served hot, or that a toothpick could cause eye injury?

Please pull back from your current course of over-regulation in the security industry.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in cursive script that reads "Chris A. Hipple". The signature is written in dark ink and is positioned above the typed name.

Chris A. Hipple  
Registered Representative  
Transamerica Financial Advisors, Inc.  
A Registered Broker-Dealer