

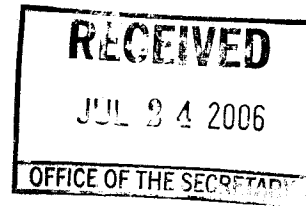
# R.E. BAXTER & ASSOCIATES, INC.

Visit our website at [www.baxterandassociates.com](http://www.baxterandassociates.com)

Robert E. Baxter III, CLU, ChFC  
Jeffrey O. Anderson, CLU, RHU, REBC

925-A Wappoo Road  
P.O. Box 31402  
Charleston, SC 29417  
(843) 571-4301  
(843) 571-3195 Fax

318



July 18, 2006

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

Re: File #SR-NASD-2004-183, Amendment #2

Ms. Morris:

I feel that the current supervisory and variable annuity sales practice rules are quite adequate to make sure that clients are given the proper tools to make informed investment decisions.

Specifically, variable annuities offer a very unique and important function with today's aging population. Not only do they guarantee a minimum death benefit, which is very important to many families, they also offer living benefit income guarantees which serve to assure our clients of lifetime income regardless of poor market performance.

While there are abuses in our industry with regard to variable annuities, there will always be unprofessional and unethical representatives in our business and I believe the NASD and SEC already have the proper rules and regulations in place to regulate this.

There are standards of conduct and instability guidelines not only provided through the NASD and SEC, but NAIIFA, FPA, MDRT and the Society of Financial Business Professionals, of which I have long been a member of. Additional disclosures would, in my opinion, be onerous and ineffective.

Our firm employs a checklist of important points relating to variable annuity sales practices, which are reviewed with the potential client. These points clearly point out any of the negatives of variable annuities and in my opinion, are more than adequate in properly informing clients of both the advantages and disadvantages of variable annuities.

In regard to your requiring a certain amount of investment experience for an investor to invest in a variable annuity, I see this as a huge injustice to clients who need the possible growth of principal and who are currently invested in non-equity products. Part of the educational process in working with our clients is to inform them of how inflation will increase the amount of income they will need at retirement. Prohibiting an investor from investing in a variable annuity

#### *Providing*

ANALYSIS DESIGN AND MANAGEMENT OF EMPLOYEE COMPENSATION AND BENEFIT PLANS • FINANCIAL CONSULTING FOR BUSINESS AND INDIVIDUALS • INVESTMENTS • ANNUITIES • SECURITIES TRANSACTIONS OFFERED THROUGH TRANSAMERICA FINANCIAL ADVISORS, INC.  
A REGISTERED BROKER/DEALER, MEMBER NASD & SIPC, 1150 SO. OLIVE, LOS ANGELES, CA 90015, PHONE (213) 741-7702

Ms. Nancy M. Morris, Secretary  
Securities & Exchange Commission

July 18, 2006  
Page 2

because they do not have the proper "length of investment experience" unfairly penalizes that investor.

The fees in a variable annuity contract are higher because of the death benefit and options for income and other guarantees.

I trust you will find my address on this matter acceptable.

Most Sincerely,

A handwritten signature in cursive script, appearing to read "Robert E. Baxter III".

Robert E. Baxter III, CLU, ChFC