

PFS INVESTMENTS INC.

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A Citi Company

October 4, 2007

Via Electronic Mail to Rule-Comments@sec.gov

Nancy M. Morris, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington DC 20549-109009

Re: File Number SR-NASD-2004-183; Proposed Rule 2821, as amended

Dear Ms. Morris:

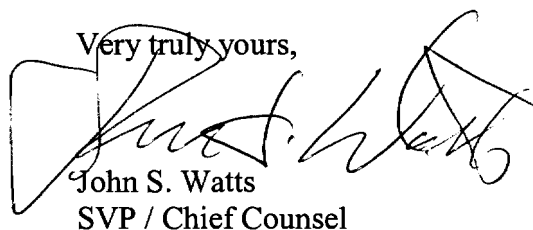
We appreciate the opportunity to comment on NASD's Proposed Rule 2821 (the "Proposed Rule"), as amended, regarding sales practice standards and supervisory requirements for transactions in deferred variable annuities. Though the Proposed Rule will undoubtedly improve the supervision of purchases and exchanges of deferred variable annuities, we believe that the time frame allowed for the principal review is unworkable and, in many cases, will lead to customer harm.

As approved, the Proposed Rule requires the completion of principal review "[n]o later than seven business days after the customer signs the application." This limited review period is problematic and seems to have been arbitrarily adopted. Requiring the principal review to occur within seven business days emphasizes the speed of the review and is contrary to the stated goal of fostering a thorough analytical review of every deferred variable annuity transaction. Moreover, in light of the comprehensive review the Commission is implementing, the seven business day limitation will undoubtedly cause the rejection of suitable transactions because the review could not be completed in the brief time allotted. This could occur for a number of reasons, but primarily because the representative and the customer have inadvertently omitted required information from the application. If the representative or the customer is unavailable for even a short period of time, the application will have to be returned. The representative will then have to obtain an updated customer signature and resubmit the application. If, by the time this is accomplished, the markets have moved in a positive direction, the customer will have incurred significant harm. Furthermore, most firms' systems track applications from time and date of receipt, not from the date the customer signs the application. Tying the principal review for variable annuities to the date the customer signs the application will cause a wholesale reworking of firms' existing systems and procedures, which is unnecessary.

For these reasons, we respectfully suggest starting the review period on the date the signed application is received in "good order" by the reviewing Office of Supervisory Jurisdiction. This will allow firms more time to obtain and review the information that is needed to accomplish the thorough analytical review that the Commission is seeking. In the alternative, the Commission could allow firms to extend the review period provided they have obtained customer consent to do so. Requiring customer consent to extend the review period will increase the likelihood that the customer understands the seriousness of the review.

For the reasons stated above, we respectfully request that the Commission reconsider the time period allowed for the principal review and at what point that period should begin.

Very truly yours,

A handwritten signature in black ink, appearing to read "John S. Watts", written over a faint rectangular stamp or box.

John S. Watts
SVP / Chief Counsel