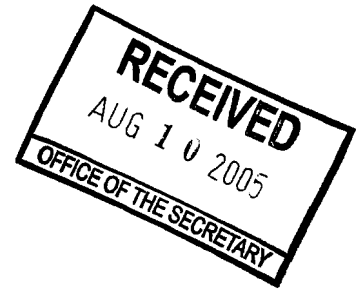


WALL STREET FINANCIAL GROUP

Member NASD, SIPC



August 9, 2005

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

Re: SR-NASD-2004-183

Dear Mr. Katz:

We first would like to thank you for the opportunity to comment on the NASD's proposed rule for Sales Practice Standards and Supervisory Requirements for Transactions in Deferred Variable Annuities.

Variable annuity products offer numerous features and limitations that vary depending upon the company offering the product. Currently our firm distributes to every customer that purchases a variable annuity a Disclosure Form, which outlines for the customer general information important to investing in any type of variable annuity product. We also offer training to our Representatives in variable annuity products so that they may learn the specific features and benefits of the various products that are offered. We also provide information regarding variable annuity sales in our Representative and OSJ Branch Manuals.

We would like to express some of our concerns with the proposed regulation.

Time Horizon

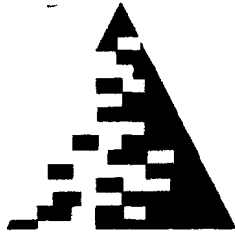
According to the NASD release, the NASD feels that variable annuity products are only for long-term investors. However, that should not be the only factor considered in determining suitability. Suitability should be determined on a case-by-case basis depending on the client's needs and investment objectives, as well as any features and benefits of the annuity product, which can help the client, obtain their investment objectives.

Product Specific Suitability Criteria

The NASD lists suitability requirements for supporting the recommendation for purchasing variable annuities. These requirements are unclear and open to diverse interpretation across the industry. An example of the ambiguity is the basic question of what would constitute an acceptable intended use for a variable annuity. Would a purchase for estate planning purposes be acceptable? Or would a purchase for an individual who cannot qualify for traditional insurance due to a past or current illness? If this requirement is going to be accepted, then specific acceptable reasons need to be put in place.

Also, the NASD is proposing that we receive all existing investment and insurance holdings for each variable annuity client. How much of a factor should that play in determining the suitability of the recommendation? Does this not encroach on a client's right to privacy?

There are instances when clients have more than one Investment Professional and do not wish to disclose all of their



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information to one or the other. If this section of the proposal were accepted, it would conclude that Investment Professionals would not be able to recommend a variable annuity product, regardless if it would be the best investment for the client.

This requirement would go beyond the boundaries of the general suitability rule (Rule 2310) in comparison to any other investment product offered.

Principal Review

Paragraphs (c) and (d) of the proposed rule would require broker-dealers to establish certain specific suitability standards to be utilized in the suitability review. The proposed rule states that broker-dealers must establish "certain age," "stated percentage" and the "stated dollar amount" in order to prove suitability. If we create a certain percentage or dollar amount that could adversely affect a wealthy client or a client with a small net worth.

In reading the proposal, it is obvious that the NASD has a standard it deems acceptable for each criterion. The NASD should clearly articulate their position so that all member firms and District Offices are working with the same understanding and therefore not call to question every variable annuity transaction during a routine review.

While we applaud the NASD in their concern over the sale of variable annuity products and their attempt to tighten regulation in the sale of these products, we feel the final outcome of this proposed regulation could harm investors. The regulation would make a normally suitable variable annuity sale too difficult to transact.

We strongly support the increased training in these very complex products so that both Investment Professionals and investors are more educated in the proper use, benefits and limitations to the many products offered. We also support increased disclosure by the annuity company to explain in simple terms the benefits and limitations of their products.

We thank you again for the opportunity to comment on this extremely important proposal.

Sincerely,

Victoria Bach-Fink
CCO, CFO
Wall Street Financial Group, Inc.