

July 5, 2006



Nancy Morris, Secretary  
Securities & Exchange Commission  
100 F St NE  
Washington, DC 20549-1090

Dear Ms Morris,

I am writing a letter to your office to let you know how the new changes to the NASD's Variable Annuity Sales Practice & Supervisory Standards Rule #2821 will affect my office.

It does not seem fair to me that it is necessary to go beyond the suitability rule 2310 that already establishes what our suitability requirements are. Why should it be necessary to go further? Rules 2860 & 2865 impose restrictions that apply to options, currency warrants, index warrants and securities futures. All of these products are far more risky than Variable Annuities. The establishment of a suitability rule for VA's is unwarranted. If rule 2310 provides satisfactory suitability standards for all other products except the variable, high risk products mentioned above, it should be appropriate for determining the suitability of VAs.

Another provision in the proposal changes that go along with suitability requirements is the rule that we must make reasonable efforts to obtain certain product specific suitability information about a customer prior to recommending a VA purchase or exchange. I already do that before I make a recommendation. It comes under what I call "know your customer". There are certain requirements that are unclear or irrelevant to a suitability determination.

Some of these are:

1. Investment experience – NASD includes "investment experience" as a criterion for determining suitability should be clarified. Is it the NASD's intention that it apply to the VA itself, the sub-accounts or both? Without some guidance, the industry is exposed to future interpretation without precedent or notice.
2. Intended use of the Variable Annuity. How is this different from the customer's investment objective? Is either estate planning or tax deferral a legitimate intended use, or would the NASD require a more detailed analysis? I

would recommend the NASD elaborate on this term or remove it entirely from the rule.

3. {Existing investment and Life Insurance holdings. I have a real problem with the obligation to inform customers of the material features of the VA.} I represent three companies on the sale of Variable Annuities and all of them already explain in detail the features of the products. It states the fees, the sub-accounts and all the costs involved. The customer receives a prospectus which further explains that VA's are not guaranteed, FDIC insured, etc.

There is another provision on the proposed rule that requires a registered principal to review each VA purchase or exchange within two business days. This is not possible and should be extended. In the state of Montana, all consumers have 30 days after delivery of the variable annuity contract to change their mind. I fail to understand how investors would be harmed if another appropriate time frame were adopted.

4. Undue Concentration- The inclusion of undue concentration as a requirement for supervisory review is also in need of clarification. The very nature of this product- the variety features, sub-accounts, the combination of insurance and investment features can easily apply to significant diversification of an investor's assets. Once again due to the absence of regulatory direction, case law, and industry forum discussion there is far too much risk being placed upon the industry and far too much discretion in the hands of the regulators.

It is interesting to see what you folks want to do about Deferred Variable Annuity exchanges.

Deferred Variable Annuity Exchange- The proposed rule requires a registered principal to consider the extent to which "the customer's account has had another deferred variable annuity exchange within the preceding 36 months". I object to this requirement because the information may be unavailable to me due to a client's reluctance to share such information or privacy policy concerns of the prior broker-dealer or insurance company. As a result, the NASD should clarify this point by stating that it is the registered principal's obligation to consider prior VA exchange information if it is available to him at the time of his review.

I have to comment on training. I continue to take Firm Element courses several times a year. ING is very careful that we make sure the VA is the right product for our customer. I just finished a Firm Element course on Fixed & Variable annuities. This course detailed how they were different and what their features were and suitability requirements. There was a 50 questions test after the information was presented. I had to score at least 70%. I am sure all firms have some type of training for their representatives.

Finally, I don't need more contract language that only a Philadelphia lawyer can understand. Adding complexity and uncertainty to any product is bad for the consumer.

Thank you for taking my comments.

Cordially yours,

A handwritten signature in black ink, appearing to read "Peter W. Sullivan". The signature is fluid and cursive, with a large initial "P" and "S".

Peter W. Sullivan  
ING Financial Partners  
Sullivan Financial Group

Cc: Dale Brown