Comments regarding Proposed Rulemaking Release Number 34-54023

Dear Sirs:

Although the concept of this Proposed Rulemaking is admirable, it's implementation is difficult.

If automakers were subject to the same form of rulemaking we would all understand HYBRID vehicles sufficiently to repair them ourselves. But that is simply not the way the world works.

My concern is the disclosure requirement. Prospectus have been the means of disclosure for a very long time, They are written and reviewed by experts and provided to investors regularly. They simply don't work because clients can't understand them, don't care to understand them and find it a burden to even open them. The sooner we understand the underlying truth of the investors problem the sooner we will be in a position to truly help the investor make appropriate decisions.

We have rules that require is "not to mark up" the prospectus. Yet your current rulemaking now **"authorizes"** separate, **not** approved, **not** written by an expert, **not** tested for accuracy and current information, **not** specific to the investment being purchased "disclosures"!

What are you thinking?

Possibly the better approach is to require a Summary Prospectus which **IS** approved, **IS** written by an expert, **IS** tested for accuracy and current and **IS** product specific.

Add a signature requirement for the registered rep and while we are at it, why not ask the investor to sign as well.

The issue of concern here is "Will the members and the registered reps end up having to litigate to determine the true standard under this rulemaking"? If so, this rulemaking is ineffective. Why not eliminate that prospect and make a definitive rule?

Those of us who practice respectably have no concern for increased knowledge and suitability of annuities. We object to vague standards applied to broad groups of people that allow for those who want to misrepresent the products to make a bad name for the product.

Make it tough, clear and unequivocal to misrepresent the product and the industry, the investor and the members win.

Second Issue:

In 1998 Income benefits were designed by the industry. They have become a significant reason for the growth in variable annuity sales.

The suitability of deferred variable annuities has changed dramatically since the introduction of these additional benefits. However, the need for disclosure and education has increased as well.

Applying brightline suitability tests have also changed. Clients now consider these benefits as "very significant" decisions when choosing a variable annuity. What was a brightline suitability test before 1998 has dramatically changed. However, not all deferred annuities have these riders.

In making suitability determinations the clients expression of risk protection is very significant, yet your discussion on principal review criteria fails to recognize the reason for the significant growth in the industry. Maybe a little more effort should be put into the criteria investors use to make the decision rather than traditional views of the suitability of variable deferred annuities.

Along these same lines, exchanges of variable annuities can frequently be precipitated by the failure of an existing annuity to have all the guarantees of living and death benefits that today's current products have. Whenever an industry makes a significant improvement in their product offerings significant volume of change can be expected. Any decision to place a bightline test on exchanges appears to create a situation whereby the investor is being "precluded" from obtaining a product that improves his financial situation.

If the point of rulemaking is to "protect" then let's protect rather than "control".

Thank you.

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