

Subject; Proposed Rule 151A

To whom it may concern,

I am writing to request an extension of time for comments and to give my opinion of the proposed rule.

I hold series 7, 24, 63, and 65 licenses and have been in the industry for 22 years. I also am licensed with the states of Alabama and Florida for life, health, and annuities and received my Certified Financial Planner certificate in 1994.

I have worked for regional, national, independent and investment advisory firms so feel well qualified to give an opinion.

Fixed Annuities are not securities. The moving parts of an indexed annuity are not subject to trading rules, mark-ups or commissions, 12b1 fees, inside spreads, front running, or any other feature that falls into realm of a securities transaction and therefore have nothing that needs to be regulated. If there is downside risk to these investments they should be regulated but I am not aware of the downside risk. If there is downside risk, please tell me where it is so I am better informed.

In my opinion this is an attempt to boost the fees of the SEC and FINRA Members without much work involved. Those firms will determine which carriers are suitable for their customers based on the marketing and due diligence fees received from the insurance company sponsor not on what is best for the customer. They will also take a percentage of production which is common practice. Broker Dealers have no expertise in insurance or annuities and to give them oversight of these products will only hurt the consumer.

As an example, I was associated with A.G. Edwards & Son's for two years in 1992 and 1993. A client asked me if Janus funds could be purchased in a Variable Annuity. After some research I found that the fund was offered with Western Reserve Life Ins. Co. and one of their sub-account advisors was Janus Funds. I was also told that the VA was not offered by AG Edwards and the reason was because Western Reserve only paid .50% marketing fee and AG Edwards wanted 1.0%. It is common for a Broker Dealer to approve only the products that the company sponsor pays an additional soft dollar.

As an independent I have the ability to use whatever product is best for the customer not what is best for the Member Firm. If the SEC is truly interested in doing what is best for the customer they will not classify annuities as securities. Doing so will add another layer of expense for the customer, it will reduce the availability of the products to the customer, and it will reduce the amount of participation available to the customer.

It appears with this ruling that the large member firms and lobbyist are looking out for each other and the regulators are deep into those pockets.

Frustratingly yours,

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Paul G. Little, CFP