

Baker Hostetler

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**Office of the Commisisoner**

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December 1, 2008

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**BY HAND DELIVERY**

The Honorable Kathleen Casey  
Commissioner  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Re: *Congressional Opposition to SEC Proposed Rule 151A (File No: S7-14-08)*

Dear Commissioner Casey:

I recognize that the Securities and Exchange Commission has been closely following the comments on Proposed Rule 151A, which would reclassify fixed indexed annuities as federally regulated securities. Thousands of comments have been filed, overwhelmingly in opposition to the Rule. There has also been substantial Congressional opposition to Rule 151A, including opposition by a bipartisan group of 19 Members of the U.S. House of Representatives and independent opposition by the Ranking Member of the House Financial Services Committee, Rep. Bachus (R-AL) and the second highest ranking Democrat on the Committee, Rep. Kanjorski (D-PA). I am forwarding a copy of these opposition letters for your review in the hopes that the Commission will withdraw Proposed Rule 151A.


The overriding problem with Proposed Rule 151A, as described in the aforementioned letters, is that it seeks to regulate a product that cannot properly be defined as a security and which is properly and comprehensively regulated by the states. More importantly perhaps, these Members of Congress have noted that Rule 151A would have the effect of limiting consumer choice in regard to financial products and would adversely affect the livelihood of independent insurance agents. Additionally, Congress has expressed concern about the resources and expertise needed to oversee such a major new regulatory responsibility, particularly where the Commission is focused on dealing with the current mortgage-related crisis in the financial markets.

Kathleen Casey  
December 1, 2008  
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I hope that after reading the letters the Commission will realize that further action by the SEC with regard to Proposed Rule 151A is unwarranted.

Sincerely,

**BAKER & HOSTETLER LLP**

A handwritten signature in black ink, appearing to read "Tom McDonald", written over the printed name.

Amb. Tom McDonald  
Partner

cc: Chairman Christopher Cox  
Commissioner Elise B. Walter  
Commissioner Luis A. Aguilar  
Commissioner Troy A. Paredes