Comment on: **SEC Proposed Rule 151A.**

To whom it may concern:

While it is true that there are abuses in the sale of Index Annuities, it is preposterous to somehow make the leap that they need the regulatory oversight of the SEC.

First, the products do not expose the client to any market risk. They are always protected by the underlying guarantees of the issuing companies. The guarantees associated with these products can be compared to an investment in a Bank Certificate of Deposit (CD), where the bank assumes the investment risk and supports their product(the CD) - often times with U.S. Government Bonds, residential mortgages, commercial and personal loans or credit card operations. How is that any different? The bank assumes the investment risk and pays the client a contractually guaranteed rate of return.

In addition, many of the banks have escalation clauses in their CDs, so as to improve the return to the client if the underlying investments are generating higher rates of return, thus protecting the consumer.

The insurance Industry has created a product that is backed by different investments. They provide minimum guarantees and allow for higher crediting rates, based upon the performance of the underlying assets or indices, in which they buy options.

Both CDs and Index Annuities usually come with Early Withdrawal Charges. These are defined as surrender charges in the insurance products and as a "substantial penalty for early withdrawal" in the CDs.

In either case, if the promoter of the product does not do a good job of understanding their client, the product may be sold inappropriately. The big difference here is that an agent/broker who inappropriately sells an Annuity is subject to fines, fees and loss of License. The bank rep that inappropriately sells the CD has no personal responsibility. They can make the same mistakes and fail their clients over and over again, with no repercussions. As with any product (Certificates of Deposit, Savings Accounts, U.S. savings Bonds), Index Annuities – if used in the wrong situation – can harm the unsuspecting clients.

The second and larger problem that would be created by SEC oversight is the increased bureaucracy and complexity that would accompany their takeover, causing a further reduction in financial services for millions of Americans.

Over the last 10 years as regulation has increased, the National Association of Insurance and Financial Advisors reports that its membership has declined by more than 30%. In addition, the number of Registered Representatives under

FINRA oversight has also declined in a similar way. The net result is that fewer people are being served, and with the increased regulation, the cost of serving clients has increased dramatically. This causes practitioners to focus on clients in the upper end of the economic ladder - which means that those on the lower end of this ladder are not getting the help they need.

The state Insurance Departments have established laws, which have all but eradicated the need for SEC oversight. The number of complaints on Equity Indexed Annuities is minimal as a percentage of the number of products sold.

Consequently, we strongly recommend against the regulatory oversight of these products by the SEC.

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