

Thank you for the opportunity to comment on the proposals outlined in the above-referenced NTM. I offer my comments in a couple of areas.

Disclosure document

Since the federal securities laws currently contemplate the use of a prospectus as the primary disclosure document, containing all relevant information about the variable annuity, it seems unnecessarily redundant to have risks and other characteristics repeated in a second disclosure document. The SEC has encouraged issuers to use plain English, and to clearly disclose the risks, benefits and other relevant features so that a typical investor can make an informed decision about investing. In addition, to ask BD's to create a second disclosure document may be somewhat dangerous, as each BD might create a document that varies from BD to BD, yet purports to describe the exact same variable annuity. I would guess that many BD's will rely on second disclosure documents created by the issuer, which then leads one right back to the prospectus as the best-phrased, best-explained language available. If a BD were to create a second disclosure document that differed too much from the prospectus, such action might lead to legal liability and a possible violation of the selling agreement between the issuer and the BD.

In addition, the second disclosure document might lead an investor to either over-emphasize or under-emphasize certain features and factors which should be considered in the decision to purchase the variable annuity.

Principal review

The proposal would require a complete review and approval by a principal within one business day of the original transaction. This is overly burdensome. The NASD should instead allow for a "reasonable" time period for such review, which can be determined by each BD according to its own business judgment. Currently BD's are allowed to use their business judgment to determine what is an appropriate time frame in to which to review and approve transactions for many different kinds of securities and investments. Variable annuities should not be singled out for special, overly burdensome treatment.

The review and approval process itself should be allowed to be evidenced by using any reasonable means available to the BD.

Specific age restrictions

The NASD should not artificially disallow the purchase of variable annuities by any particular age group. There appears to be a movement to discriminate against older investors. Studies show that we are living longer, and the need for retirement income is greater than ever before. Variable annuities may be a very useful tool for certain investors, regardless of age. Again, the NASD should allow BD's to exercise well-reasoned business judgment to determine the overall suitability of any variable annuity transaction. To say that clients over a certain age should not be allowed to purchase a variable annuity smacks of unfair age discrimination.

Exchange document

The use of a separate exchange document would be the fourth or fifth document that would be required to be used any exchange transaction. There are very good reasons to trade in "old model" annuities for "new model" annuities. I know the regulators are suspicious of every exchange as being motivated by the sole desire to generate commissions, but many of the professional men and women in our business strongly believe that certain exchanges will result in a net beneficial position to the client.

Where a particular state has a state-required form for exchanges, the NASD should allow that form to be an acceptable and complete alternative to yet another NASD-mandated form, under the applicable state law, rule or regulation. The NASD should not require another, second form for those exchanges.

Sincerely,

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