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(Delivered Electronically to pubcom@finra.org)

Ms. Jennifer Piorko Mitchell
Office of the Corporate Secretary
FINRA
1700 K Street NW
Washington, DC 20006

Subject: FINRA Regulatory Notice [25-04](#)

Dear Ms. Mitchell,

The American Council of Life Insurers appreciates the opportunity to offer comments and feedback on FINRA's efforts to launch a broad review to modernize rules regarding member firms and associated persons. We have responses to the following questions raised in the request.

Request for Comment

1. *What specific FINRA rules should be a focus for modernization based on their economic costs and benefits; changes in markets, products, services, or technology; or otherwise? What groups of FINRA requirements should be a focus? Please include FINRA rules that may be mandated or derived from a statutory or other non-FINRA regulatory requirement applicable to FINRA or its members.*

ACLI broadly supports FINRA's efforts to modernize and streamline rules. We ask that FINRA consider a tiered regulatory framework for advertising rules that account for business model differences among insurers. This framework could include providing more deference to state

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The American Council of Life Insurers is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 275 member companies represent 93 percent of industry assets in the United States.

insurance regulatory oversight for insurers that offer primarily insurance-only products with limited investment product offerings while maintaining more FINRA oversight of insurers that offer more retirement solution-based products. In addition, FINRA should consider applying different standards for retail-facing v. institutional-only insurers. Applying the same standards for retail-facing and institutional-only firms creates inefficiencies without clear investor benefits.

A tiered regulatory framework could streamline FINRA's review process. This efficiency is necessary for consumers as they will receive their disclosures and products without any delay.

Right now, the insurance regulatory framework provides supervision over advertising for annuities and insurance products.¹ ACLI is committed to providing more specific information on this framework and welcomes opportunities to further engage with FINRA.

Additionally, ACLI notes that the industry is seeing inconsistencies in the marketing rule guidance and audits applicable to Registered Index-Linked Annuities (RILAs). For example, the advertising rules applicable to RILAs are borrowed from Variable Universal Life Products (VULs). At the same time, FINRA audits have applied the Variable Annuity rules rather than the VUL rules to RILAs.

Beyond marketing rules, ACLI would like to encourage the incorporation of deference to state insurance regulators when appropriate given the latest developments pertaining to NAIC's Best Interest Model which is similar to Regulation Best Interest². At a minimum, FINRA should review developments in the life insurance industry and evaluate if changes could be made to provide appropriate deference and reduce duplicity for insurance producers working under a registered firm. ACLI member companies are willing to share and discuss with FINRA additional information on areas of compliance that overlap with the regulatory regimes.

- 4. Are there gaps, risks or other challenges created by changes in markets, products, services or technology where additional guidance or standards would better enable member firms to serve investors, consistent with investor protection and market integrity?*

ACLI suggests that FINRA expand the CAB rules (*discussed in FINRA Regulatory Notice 25-06*) to apply to wholesale broker-dealers. Expanding these rules would reduce regulatory burdens along the distribution chain for life insurers.

- 5. Where does FINRA's oversight of its member firms interact with other non-FINRA regulatory requirements in a manner that should be a focus for modernization, based on unnecessary or duplicative burdens, insufficiently tailored requirements, member firm or investor confusion, or otherwise? For example, what differences between FINRA's requirements for broker-dealers and the requirements that apply for investment advisers engaging in similar activities should be a focus for modernization?*

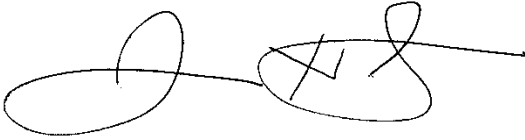
As we indicated in our response to question 1, we encourage FINRA's assessment of how the insurance industry's requirements on insurance producers cover FINRA rules. We point out that the NAIC Best Interest Model provides deference to "comparable standards" which are defined to include the SEC's Reg BI Rule.

¹ See NAIC Life Insurance and Annuities Model Regulation #570; See also, [NAFA Advertising Principles Paper 102423.pdf](#)

² 49 states have adopted the 2020 NAIC's Suitability in Annuity Transactions Model Regulation #275 while New York adopted Suitability and Best Interest in Life Insurance and Annuity Transactions (Regulation 187).

We appreciate the opportunity to provide feedback to the request for comments. Please let us know if you have any questions.

Regards,

A handwritten signature in black ink, appearing to read 'James Szostek'. The signature is fluid and cursive, with a large loop at the beginning and a long, sweeping tail that ends in a small hook.

James Szostek

A handwritten signature in black ink, appearing to read 'Madison Ward'. The signature is written in a cursive style, with the first name 'Madison' being more prominent and the last name 'Ward' following in a similar script.

Madison Ward