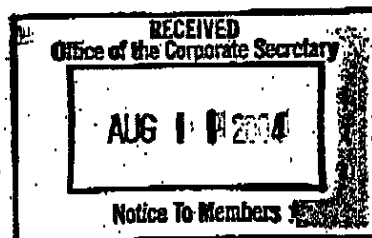


Metcalf and Associates
Financial Consultants

August 4, 2004



Ms. Barbara Z. Sweeney
NASD
Office of the Corporate Secretary
1735 K Street, NW
Washington, DC 20006-1500

Dear Ms. Sweeney:

I am a licensed insurance professional and variable product salesperson. I am writing to you because the redundant disclosure and suitability standards contained in NASD's proposal to impose specific suitability and disclosure requirements on the sale of variable annuities are unnecessary, will provide no meaningful protection to consumers, and will impact my business. I urge you to withdraw the proposal.

I firmly believe that people who engage in misleading sales practices should be aggressively prosecuted and subject to meaningful sanctions. However, your proposal would duplicate requirements that are already in place. NASD rules already contain a general suitability rule that applies to all sales of securities, including variable annuities. If regulators really want to protect consumers, appropriate enforcement of the existing suitability rule rather than adopting a new rule is the answer. Likewise, variable annuity prospectuses, which are already reviewed by the SEC, already discuss the fees, risks, and expenses associated with variable annuities. Requiring a separate "risk disclosure document" would duplicate information already found in the prospectus and reduce the likelihood that consumers will read the most important source of information on the product – the prospectus. Instead, NASD should focus its efforts on getting consumers to carefully read the prospectus they receive.

Finally, I believe that the proposal is a "solution in search of a problem" – I do not think the available data supports NASD's claims that the level of sales problems in the variable annuity marketplace calls for the adoption of the proposed rule. For these reasons, I urge NASD to withdraw the proposed rule. Thank you for your consideration of my views on this matter.

Very truly yours,

Paul E. Metcalfe, CLU, ChFC, AEP

PEM:umm

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