TO: Barbara Z Sweeney
NASD
Office of Corporate Secretary
Washington, DC 20006

FROM: John Bock
Director of Compliance
Woodmen Financial Services
Omaha NE 68102

RE: Comments on NASD Notice to Members 04-45

Thank you for the opportunity to comment on the above Notice to Members. Our firm is registered with the NASD as an application way only firm, limiting our transactions to sales of mutual funds, variable annuities and 529 college savings plans. Our business is done exclusively through checks and applications sent within 24 hours via first class mail to the home office in Omaha for processing. The vast majority of our representatives are in small towns. These representatives go to clients' homes to complete sales applications and literally meet with them across the kitchen table usually in the evening.

There are three concerns our firm has with provisions of this proposal.

First: We are concerned with the definition of the one business day Principal approval provision in the proposed Rule 04-45. What is the definition of the "execution" of the application? Is it when the application is signed by a customer? Is it when the application is signed by a Principal? Is it one business day from when the contract is delivered and the free look period begins? We, and other small broker-dealers, would find one business day from when the application was signed to be very prohibitive to the way we currently conduct business.

Also, what would we do if we received an application a day late? Would we have to send it back?

More importantly, we feel that 04-45 does not address how the customer would benefit from Principal approval within a business day. The only deferred variable annuities we and many other firms have a 20 day free look period from the date the contract delivery receipt is signed. What value would 04-45 offer that is not addressed in the current process and the best practices identified in 99-35.

Second: The mini-document disclosure provision found within 04-45 puts an enormous burden on broker-dealers to ensure that what is presented in the disclosures is consistent with the prospectus and that we have

not omitted essential facts to ensure that the mini-document is not deemed fraudulent by omission or by making representations inconsistent with the prospectus. Other questions we have include:

1. What will be needed in the mini-disclosure document will not be as thorough as offering documents. Doesn't this run the risk of being deemed fraudulent?

2. What form would be used for it? What comparison is appropriate? What topics should be covered? What is the tax treatment??and how can our reps be tax experts?

3. Will the presence of the mini-disclosure document take away from the need to read the material in the prospectuses? That is where full disclosure takes place.

4. Because these mini-disclosure documents would be used in connection with the sales process, would each of them have to be filed with the NASD as advertising?

5. Would the use of these disclosures breech the contract we have with the insurance company regarding the filing of supplemental sales material with the company before use? Would this require insurance companies to file these materials in all the states?

All of the above judgmental factors come into play in preparing this document.

Third: In connection with the transfer of contract disclosure provisions, there is a burden to do the analysis, create the disclosure and a receive a pre-approval from the firm before the comparisons could take place. Allowing just one business day for a Principal to review the disclosure and then approve the application is too short and not practical. It may take several days for the representative and/or Principal to conduct adequate research into contract differences and create the contract comparison before a sale can occur. This delay may cause customers to lose the best price on their contract.

We feel that the existing NASD regulations requiring disclosure and offering suitable investments are adequate. The guidelines of 99-35 are in place. The existing regulations should continue to be enforced and those who

violate the provisions should receive appropriate sanctions. We have difficulty seeing how the new rule will create less confusion for the variable annuity customer and therefore be in the customer's best interest.

Sincerely,

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