

At the request of the SEC, please accept these comments regarding proposed rule 151A on behalf of Phillip W. Statler and Statler Financial Services, Inc a Registered Investment Advisory Firm licensed in Florida.

First, I want to thank you for your willingness to put forth the effort to protect the consumers of the United States. I believe the main issue is the sales and marketing tactics, as well as lack of disclosure that some unscrupulous agents use when selling index annuities. I have seen it, just as I am sure you have heard testimony of the same. I do not believe instituting this rule, making index annuities a security is going to solve that issue. Over the past year the state Insurance Commissioners have increasingly required more disclosure and oversight by the insurance companies. If given a reasonable amount of time this will be the best course of action.

An index annuity is a fixed annuity in that there is a guarantee by the insurance company that if held to the end of the contract period they cannot lose any of their principal. The main difference between the fixed and index annuity is the manner in which the interest is calculated. The fixed annuity is a stated rate of interest known at the beginning of the year. The index annuity interest is based on an index, if there is a gain in the index the contract holder is awarded the interest based on the contract. I use and my clients like, index annuities because they cannot lose their principal and they have a chance at a better return than a regular fixed annuity.

Should this rule be enacted it will be a major hardship on me, my family, and my employees at a time when it is almost impossible to find employment. I would have to layoff all my employees should this rule be enacted.

I have been in the financial services industry for over 13 years, from a Registered Representative to an insurance agent to now having my own Registered Investment Advisory Firm. I do not only use index annuities, I also use securities and managed portfolios. In helping retirees safety is important and as I build portfolios, index annuities provide safety with a good potential for growth to keep up with inflation. 30 to 40 percent of my clients' portfolios are put into managed accounts, the balance into fixed and indexed annuities. Please don't take away something that is good for my clients.

I would leave you with these couple of last thoughts. Our industry has already taken steps to clean things up, let them finish the job. Suitability is the main priority of the insurance industry. I am seeing it happen.

Index Annuities are guaranteed products. Clients haven't lost a dime due to market losses. They are very viable products and this ruling could keep thousands of risk adverse, qualified individuals from hearing about this product.

The potential financial impact could be tremendous. Tens to hundreds of thousands of jobs, and multiple millions of spendable income could be stripped from the economy. With everything that is going on today, this is the last thing we need.

Thank you for taking the time to consider these comments.

Sincerely,

Phillip Statler