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November 5, 2010

VIA E-MAIL

Ms. Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: File No. S7-15-10; Comments on the Proposed Changes to Mutual Fund Distribution Fees; Confirmations

Dear Ms. Murphy:

We are submitting this letter on behalf of our client, the Committee of Annuity Insurers (the "Committee").[1] The Committee appreciates the opportunity to offer its comments in response to the request for comments by the U.S. Securities and Exchange Commission (the "Commission") in *Mutual Fund Distribution Fees; Confirmations* (the "Proposing Release").[2] The Commission is proposing to rescind rule 12b-1 under the Investment Company Act of 1940 (the "1940 Act") and to adopt, in its place, new rules and revisions to existing rules, including adopting new rule 12b-2 under the 1940 Act to permit a "marketing and service fee," at a maximum annual rate of 0.25% of average daily net assets[3] and amending rule 6c-10 under the 1940 Act to permit "ongoing sales charges." The proposals, taken together (the "Proposal"), would dramatically alter the way in which the distribution of shares of open-end management investment companies ("mutual funds") are financed and also would require that new information be included in confirmation statements pursuant to changes to rule 10b-10 under the Securities Exchange Act of 1934 (the "Exchange Act").

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[1] The Committee of Annuity Insurers is a coalition of 31 life insurance companies that issue fixed and variable annuities. The Committee was formed in 1981 to participate in the development of federal securities law regulation and federal tax policy affecting annuities. The member companies of the Committee represent over 80 % of the annuity business in the United States. A list of the Committee's member companies is attached as Appendix A.

[2] Commission Release Nos. 33-9128; 34-62544; IC-29367 (July 21, 2010).

[3] Proposed new rule 12b-2 would not directly limit the amount of the marketing and service fee, but, instead, would limit the fee to the maximum service fee allowed under NASD Conduct Rule 2830, which is currently 25 basis points. (In this letter, we refer to fees using the industry convention of "basis points." A single basis point represents an annual rate of 1/100th of 1% of a mutual fund's average daily net assets.)

In this letter, the Committee comments on the impact of the Proposal on the offer and sale of variable annuity contracts and the offer and sale of shares of mutual funds offered as investment options in such contracts (hereinafter, "underlying funds").[4]

Background: The Structure of Variable Annuities

A variable annuity is a contract between the insurance company issuing the contract and the investor purchasing the contract.[5] Today most variable annuities are issued through a two-tiered investment structure. The top tier consists of a separate account of the issuing insurance company, which is a segregated investment account established under state insurance law that holds variable annuity contract assets and liabilities separate and apart from the assets and liabilities of the insurance company's general account. Absent an exemption from the 1940 Act, a separate account is required to register as an investment company under the 1940 Act. Separate accounts registered under the 1940 Act are typically registered as unit investment trusts and are divided into subaccounts.[6]

Each subaccount invests in a single underlying fund and the bottom tier of the two-tier variable annuity investment structure consists of these funds. Underlying funds may include "proprietary" underlying funds (ones offered only to a particular insurance company or group of affiliated insurance companies) or non-proprietary funds, or both. Variable annuity contracts typically offer a wide variety of subaccounts and corresponding underlying funds, including the funds of many different fund complexes.

Owners of variable annuity contracts do not invest directly in shares of underlying funds. Rather, they invest in the subaccounts offered by their contract by allocating purchase payments and accumulated contract values among the subaccounts. Subject to certain restrictions, variable

[4] In order to be treated as insurance policies for federal income tax purposes, variable annuity contracts may only offer as investment options mutual funds that are available through variable annuity contracts, variable life insurance contracts and various types of retirement plans and retirement accounts. Variable annuity contracts offered to retirement plans or retirement accounts generally do not need insurance policy taxation and therefore may offer as investment options mutual funds that are also available to the general public (hereinafter, "retail funds").

Although this letter does not expressly address the impact of the Proposal on variable life insurance policies, the Proposal generally would have the same impact on variable life insurance policies as it would have on variable annuity contracts.

[5] For ease of reference, this comment letter sometimes refers to insurance companies as issuers of variable annuity contracts although, under the federal securities laws, insurance company separate accounts are the primary issuers of variable annuity contracts, with the insurer as a separate entity co-issuing the contract. *See* Stephen E. Roth, Susan S. Krawczyk, and David S. Goldstein, *Reorganizing Insurance Company Separate Accounts Under Federal Securities Laws*, 46 Business Lawyer 546 (Feb. 1991).

[6] Many separate accounts through which variable annuities are issued are not registered under the 1940 Act in reliance upon one or more exclusions from the 1940 Act definition of an investment company. The exclusion most widely relied upon is that found in section 3(c)(11) of the 1940 Act, although many separate accounts rely on the exclusion found in sections 3(c)(1) or 3(c)(7). Separate accounts relying on the section 3(c)(11) exclusion often issue group variable annuity contracts. Unless otherwise indicated, this letter addresses the Proposal as it relates to both registered and unregistered separate accounts and both individual and group variable annuity contracts.

annuity contracts generally permit owners to transfer contract value between subaccounts. To account for contract values allocated or transferred to, or withdrawn from or transferred out of, a subaccount, values in each subaccount are measured in "accumulation units." Each subaccount has its own accumulation unit value that is distinct from, but derivative of, the net asset value of the underlying fund shares it invests in.[7] On a daily basis, the insurance company aggregates all orders received from contract owners for the purchase or redemption of accumulation units for a subaccount and transmits either a net purchase or net redemption order (a so-called "omnibus order") to the subaccount's corresponding underlying fund for the fund's shares.[8] The insurance company also calculates the value of each subaccount's accumulation units on a daily basis to reflect changes in the net asset value of the underlying fund's shares, dividends paid on such shares since the prior day, and separate account expenses accrued for the day.

The Committee's Comments

I. The Committee Strongly Urges Delaying Any Changes to Rule 12b-1

Although the Committee generally supports the Commission's efforts to reform rule 12b-1, given that the Commission is currently considering changes to rules regarding standards of care for broker-dealers and investment advisers,[9] and changes to point-of-sale disclosure,[10] the Committee urges the Commission to delay its rule 12b-1 reform efforts until such time as any changes to the rules regarding such standards and point-of-sale disclosure are in place.

It is possible that, after conducting the study regarding standards of care for broker-dealers and investment advisers, the Commission will substantially modify such standards. It is also possible that such modification may change the manner and purposes for which compensation is paid.[11] If such changes are to take place, the Committee believes that it would be more logical to allow the standard of care changes to occur first and then, at that time, to allow the public the opportunity to comment on any proposal, such as the current Proposal, that would overhaul rules governing the finance of mutual fund share distribution and disclosure provided to investors about such arrangements.

Likewise, as is discussed in more detail in Section V.A. of this comment letter, given that any changes to point-of-sale disclosure would likely include a change to the information about

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[7] Where a subaccount invests in more than one class of shares of its corresponding underlying fund, the insurance company typically maintains a separate class of accumulation units for each class of such shares.

[8] Where a subaccount issues more than one class of accumulation units, the insurance company aggregates contract owner orders separately for each class and transmits a net purchase or net redemption order to the corresponding underlying fund for the appropriate class of the fund's shares.

[9] The Commission has published a release requesting public comment for a study to evaluate standards of care for broker-dealers and investment advisers. Commission Release Nos. 34-62577; IA-3058 (July 27, 2010).

[10] The Proposing Release, at n. 222, notes that "the staff is considering recommendations for our future consideration to enhance the information provided at the point of sale."

[11] If, for example, a new standard of care is attributed to broker-dealers, this could result in an evolution of compensation structures as they stand today.

compensation provided to an investor before a purchase is made, the Committee believes that it would be more logical to establish such point-of-sale disclosure rules before establishing rules regarding what information will then be provided to investors after a sale is made in a confirmation statement.

Although the Committee does offer specific comments below regarding aspects of the Proposal, it is difficult to know if or how those comments, or the Proposal itself, will be relevant or applicable if standard of care and point-of-sale disclosure rules are significantly revised from what they are today.

II. Proposed Marketing and Service Fee

Proposed new rule 12b-2 under the 1940 Act would permit a mutual fund to charge a "marketing and service fee" to finance any distribution activity, provided that the amount charged is not greater than the maximum service fee allowed under NASD Conduct Rule 2830 (currently 25 basis points). A marketing and service fee could be charged for the life of the fund.

A. The Committee Strongly Supports the Ability of Underlying Funds to Charge Marketing and Service Fees

The Committee strongly supports the Commission's proposal that underlying funds be treated like other mutual funds.[12] Underlying funds should have the same ability to charge marketing and service fees as would other mutual funds because underlying funds have similar marketing needs as other mutual funds and investors in underlying funds need the same types of services as investors in other mutual funds. In particular, although underlying funds are distributed as part of the distribution of variable annuity contracts, promotion of underlying funds entails significant costs that generally are not covered by contract fees and charges. In today's environment, underlying funds must largely "pay their own way" with regard to distribution expenses. Additionally, underlying funds are often also expected to provide compensation for shareholder services and administration. As a result, marketing and service fees are a necessary and legitimate expense for underlying funds.

Today, rule 12b-1 fees charged by underlying funds are used to pay for the three types of services – sales services, shareholder services, and administrative services – mentioned above. It is anticipated that marketing and service fees would also be used to pay for these same types of services.

Marketing and service fees would be used to support important services related to distribution of underlying fund shares. Marketing and service fees for underlying funds would provide an important source of revenue to support activities such as promoting the funds to prospective investors, printing fund prospectuses and sales literature for use with prospective investors, and agent, and service center training and education related to the underlying funds,

[12] Proposing Release at III.H. ("Under our proposed rule changes, underlying funds would be treated like other mutual funds.").

including hosting training seminars. Compensating wholesalers to provide education to sales representatives (sales representatives includes both selling agents and service center agents) about the underlying funds is necessary so that the sales representatives can, in turn, provide education to contract owners and prospective contract owners about the funds.[13] The revenue from marketing and service fees would also be used to compensate the sales representatives for providing this education to contract owners and prospective contract owners. Specifically, sales representatives assist contract owners and prospective contract owners in understanding the investment objectives, policies, risks, and other features of the underlying funds. In this regard, given the number and variety of underlying funds available as investment options under most variable annuity contracts, contract owner education is essential.

Marketing and service fees would also be used to finance the activities of selling broker-dealers and variable annuity underwriters and their affiliated insurance companies in providing on-going shareholder services to owners of variable annuity contracts (and the related administrative services). Specifically, variable annuity contract underwriters and their affiliated insurance companies provide important services on an on-going basis that relate to the funds underlying variable annuity contracts, including maintaining branch offices and call centers that provide information about the underlying funds to contract owners and maintaining websites that contain information about the underlying funds and links to websites maintained by the funds. Insurance companies also provide a number of administrative services on an on-going basis including purchasing and redeeming underlying fund shares to effectuate transactions made by contract owners, redeeming underlying fund shares to pay benefits under contracts, maintaining records of how many underlying fund shares are supporting the contract value in each subaccount, soliciting contract owner voting instructions, and answering contract owner questions, in connection with underlying fund shareholder meetings. Similarly, insurance companies, directly or through third parties, often provide the foregoing services to retirement plans and plan participants in connection with variable annuities sold to such plans.

B. The Committee Supports the Ability to Use the Marketing and Service Fee for a Variety of Services

The Proposal does not limit the types of services for which marketing and service fees may be used. The Committee supports this aspect of the Proposal. The Committee does not see any reason to limit the use of this fee and believes that doing so would upset existing service arrangements. Given the relatively small size of the fee, and the relatively large number of services that must be provided for distribution of underlying funds and for ongoing services to contract owners with respect to the allocation of their contract value to the underlying funds, the Committee believes that it is appropriate to have a fee that can be used to finance a wide variety of services.

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[13] Underlying fund education is particularly important (and time consuming) with respect to underlying funds that are newly being offered as investment options for a particular product and for funds that have complicated or unique investment strategies.

The Committee supports the Commission's goal of greater fee transparency for mutual funds. However, the Committee also believes that underlying funds need the flexibility to use marketing and service fees to pay for a variety of services. Because shares of many underlying funds are offered through a number of different variable annuities that are issued by different insurance companies and through different distribution channels, even within a particular class of shares of the same underlying fund, the underlying fund or its distributor may enter into agreements that require different service providers to perform different services. For example, one insurance company may have an arrangement with the principal underwriter of its variable annuities to provide certain services to contract owners, whereas another insurance company might rely on the selling dealers to provide the same service. Likewise, if the services are administrative in nature, some insurance companies may provide the services themselves.

The Committee believes that it is particularly important for an underlying fund to have the ability to use its discretion to pay for administrative services through a marketing and service fee. Currently, many variable annuity contracts offer classes of underlying fund shares with a rule 12-1 plan fee where the fee, in part, pays for administrative services. Not being able to pay for these same expenses with a marketing and service fee would be extremely disruptive for insurance companies. This would be particularly true for variable annuities sold as funding vehicles for retirement plans and accounts where rule 12b-1 plan fees currently are used to finance administrative services in the form of a variety of retirement plan services.

C. The Committee Requests Clarification that Marketing and Service Fees May Be Paid to Entities Other Than Broker-Dealers

The Proposing Release does not contain any explicit restrictions concerning to whom marketing and service fees may be paid. However, the Proposing Release gives a number of examples of the services for which marketing and service fees may be used, and most of these examples are distribution related.[14] Given this fact, the Committee requests confirmation from the Commission that, to the extent that such fee is used to pay for administrative expenses, it may be paid to entities that are not broker-dealers. Although an underlying fund marketing and service fee would be used to pay for distribution related expenses, as discussed above, it is anticipated that the fee would also be used to pay for certain ongoing contract owner services and administrative expenses (related to the underlying fund) that are typically provided by parties other than a broker-dealer (*e.g.* insurance companies or third-party administrators, including retirement plan recordkeepers).

D. The Committee Requests Clarification that Expenses for Administrative Services May be Paid Outside a Marketing and Service Fee Even if the Marketing and Service Fee Permits Payment for Administrative Services

Although the Committee strongly believes that the Commission should permit mutual funds to use the marketing and service fee for a variety of services (including administrative

[14] *See, e.g.*, Proposing Release, text accompanying n. 159.

services), it also agrees with and supports the statement that the Commission made in the Proposing Release that "to the extent that funds . . . charge expenses that can clearly be identified as not distribution related (*e.g.* sub-transfer agency fees), funds could instead characterize those expenses as administrative expenses and thus keep total asset-based distribution fees within the 25 basis point limit of the marketing and service fee."[15] To that extent, the Committee would welcome specific guidance from the Commission regarding what types of services may be characterized as not related to distribution so that underlying funds can more easily identify those services that need not be paid for with a marketing and service fee.

The Committee supports the ability of a fund to use its discretion to include administrative services in the marketing and service fee, but also believes that underlying funds should be able to charge a separate administrative service fee, or otherwise bear an expense for administrative services. In particular, the Committee believes that it is important to permit underlying funds to have the option to have a marketing and service fee that can be used to pay for administrative services or a separate administrative service fee or expense.[16]

In order to compete as investment options in the variable annuity marketplace, underlying funds must have the flexibility to finance administrative services for shareholders both within and outside of marketing and service fees. Given the variety of different types of administrative services that owners of (or participants under) various types of variable annuity contracts may require, the small size of the marketing and service fee under the Proposal, and the fact that many variable annuities offer a number of different underlying funds from a number of different fund families, both underlying funds and insurance companies need the flexibility to negotiate finance arrangements for a variety of scenarios.[17] As an alternative, the Committee also would support a greater maximum marketing and service fee.[18]

III. Proposed Ongoing Sales Charge

The proposed revisions to rule 6c-10 under the 1940 Act would permit a mutual fund to charge an "ongoing sales charge" that would be limited to cumulative percentages by a "reference load." The reference load would be equal to either the highest front-end sales charge for a class of the same fund's shares that has no ongoing sales charges or, for a fund that does not have a share class with a front-end sales charge, the rate set under NASD Conduct Rules

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[15] Proposing Release at n. 153.

[16] The Proposal appears to permit such an arrangement, but the Committee requests that the Commission confirm this in any adopting release for the Proposal.

[17] For example, many group variable annuity contracts offered in the retirement plan market have relatively low contract fees and charges for plan services and rely on underlying funds to finance retirement plan services that directly benefit plan participants.

[18] The Committee asks that the Commission consider whether or not a 25 basis point marketing and service fee is sufficient for all types of mutual funds in all situations. For example, specialty funds (such as target date funds) require additional investor education and thus additional marketing effort and expense. New funds may also require additional marketing effort and expense and, given that they are likely to have low asset levels, distribution will necessarily be a larger percentage of those assets.

applicable to asset-based sales charges (currently 6.25%).[19] A fund imposing an ongoing sales charge would be required to automatically convert fund shares to a class of shares without an ongoing sales charge no later than the end of the month during which the investor paid cumulative charges that approximate the amount the investor otherwise would have paid through the reference load.[20] Any asset-based amount charged for distribution in excess of 25 basis points allowed for the marketing and service fee would be deemed an ongoing sales charge.

A. The Committee Strongly Supports the Ability of Underlying Funds to Charge Ongoing Sales Charges

As discussed above, the Committee strongly supports the Commission's position that underlying funds should be treated like other mutual funds under the Proposal.[21] Ongoing sales charges as contemplated by the Proposal would be a necessary and legitimate expense for any underlying fund that issues a class of shares with such a charge. As explained above in connection with the marketing and service fee, promoting underlying funds entails considerable expenses that are distinct from the expenses incurred in distributing variable annuity contracts for which they serve as investment options. While not currently in widespread use, there are a number of underlying funds that offer classes of shares with rule 12b-1 fees in excess of 25 basis points. There is no reason to believe that the factors that led the boards of directors of these funds to adopt rule 12b-1 plans with fees in excess of 25 basis points would lead them to a different conclusion just because a certain portion of such legitimate distribution expenses would be treated in the same manner as a front-end sales charge for purposes of limitations of such fees. Indeed, because of this treatment (*i.e.*, duration limitations), some such boards may find a combined marketing and service fee and ongoing sales charges to be as favorable a way for an underlying fund to pay for distribution expenses as was a rule 12b-1 fee of the same level.

In addition to the foregoing, the way in which variable annuities and shares of underlying funds are distributed could change significantly in the future and underlying funds should have the same flexibility to respond to such changes as other mutual funds. As a result, underlying funds should be able to issue classes of shares with ongoing sales charges to the same extent as other mutual funds.

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[19] *See* NASD Conduct Rule 2830(d)(2).

[20] A mutual fund would not be required to calculate the actual dollar amount of sales charges paid by an investor. Instead, the fund could approximate the amount that would have been paid under the reference load by adding the percentage amounts of the ongoing sales charge that was deducted. For example, a mutual fund that has a share class with a 500 basis point front-end sales load could have another class of shares that has no front-end load, but that has a 100 basis point ongoing sales charge. The class of shares with the 100 basis point ongoing sales charge would then have to convert to a share class with no ongoing sales charge after 60 months.

[21] Proposing Release at III.H. ("Under our proposed rule changes, underlying funds would be treated like other mutual funds.").

B. Neither Underlying Funds nor Insurance Companies Are Able to Age and Track Ongoing Sales Charges on a Contract-By-Contract Basis; the Committee Urges Flexibility in the Ways that Ongoing Sales Charges Could Be Limited

The Committee disagrees with the Commission's position that in order to impose an ongoing sales charge under proposed rule 6c-10(b), an underlying fund (or the insurance company issuing a variable annuity) would have to keep track of share lots attributable to contract owner purchase payments and provide for the automatic conversion of shares by the end of the conversion period.[22] The Committee believes that (1) currently and in the foreseeable future, such tracking is not feasible, and (2) there are workable alternatives to attributing underlying fund share lots to daily transactions in separate account units (*i.e.*, daily purchases or redemptions of such shares necessary to effect the transactions in separate account units) on a contract-by-contract basis that would achieve the same public policy goals as the proposed attribution.

The Proposing Release correctly indicates that, at the present time, life insurance companies issuing variable annuities do not track and age underlying fund shares held by their variable annuity separate accounts.[23] The Release also states that the reason for this is that such shares generally do not have contingent deferred sales loads. While it is true that underlying fund shares generally do not have contingent deferred sales charges, this is not the only reason, or even the principal reason, that insurance companies do not track and age these shares. The principal reason that underlying fund shares are not tracked and aged is that it has not been necessary or feasible to do so.[24] More importantly, given the very large projected costs of doing so, Committee members do not believe that it will be feasible in the foreseeable future to develop systems to track and age underlying fund shares offered as investment options for variable annuity contracts.[25] Consequently, the Committee urges the Commission to revise its position under the Proposal that insurance companies would either have to develop the capability to track

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[22] Proposing Release at III.H.

[23] *Id.* By "tracking and aging" underlying fund shares the Proposing Release means attributing underlying fund share lots to daily transactions in separate account units on a contract-by-contract basis.

[24] Indeed, it is fair to say that the primary reason that underlying fund shares with contingent deferred sales charges have not been used as investment options for variable annuity contracts is that it has not been feasible for insurance companies to track and age the shares. The costs of tracking and aging shares would likely be even greater for certain types of variable annuity contracts, such as those sold in the retirement plan market, where investors typically make numerous purchase payments at frequent intervals for extended periods of time. The burdens of tracking and aging shares generally would increase as the number of purchase payments made by each investor increases.

[25] The Committee notes that, in the cost-benefit analysis section of the Proposing Release, the Commission did not directly address the costs of developing a system to track and age underlying fund shares. However, the Commission did address such costs in the context of retirement plan record keepers. In the text accompanying n. 515 of the Proposing Release, the Commission estimated that it would cost a retirement plan record-keeper $1,000,000 in initial costs in order to develop a system to track and age shares and manage conversions. Several Committee members believe that the initial cost for them to develop such a system to track, age, and convert underlying fund shares would likely exceed $10,000,000.

and age shares of underlying funds, or not offer classes of such shares with ongoing sales charges as investment options for variable annuity contracts.[26]

As a result of the two-tier structure of variable annuities, the shareholder records that are maintained by underlying funds (or their transfer agents) contain the purchases and redemptions made by each subaccount. Neither underlying funds, nor the transfer agents for the underlying funds, keep records of any purchases or redemptions made by contract owners at the subaccount level. It is insurance companies (or their transfer agents) that maintain the records of contract owner transactions in the subaccount. Although, on a daily basis, the subaccount's purchase or redemption order made to the underlying fund is determined by the aggregate of all contract owner purchases and redemptions on that day, there is no direct connection between a contract owner's purchase of interests in the subaccount and a purchase of shares in the underlying fund made by the subaccount. Thus, there is currently no system in place to directly connect contract owner purchases in the subaccount with the subaccount's purchases in the underlying fund. Creating such a system would be incredibly difficult. This difficulty would be compounded by the fact that many variable annuity issuers use several different data processing systems to administer their contracts. It is not unusual for even small- or medium-sized companies to have five or more systems, and large companies use, in some cases, up to 25 different systems. Upgrading these systems in order to track and age shares would be an expensive and difficult task that would generally have to be done separately for each system that a company uses.

In addition to the practical obstacles to tracking and aging underlying fund shares, insurance companies have not done so for another reason. As a legal matter, such shares are not, strictly speaking, held by separate accounts for or on behalf of contract owners. Rather, a variable annuity contract owner's interest in the shares is indirect.[27] Under a variable annuity contract, the owner has a contract value that is a function of purchase payments and withdrawals made under the contract, as well as the performance of subaccounts (and indirectly, the underlying funds) to which the contract value is allocated. Although an owner of a variable annuity contract may have an economic interest in the subaccount, and, indirectly, in the underlying fund, he or she does not have an ownership interest in the assets of the subaccount (*i.e.*, the underlying fund shares). Therefore, although contract owners are treated for many purposes under the federal securities laws as if they are the owners of the underlying fund shares in which they are indirectly invested, they do not own the shares. For this reason, insurance companies have generally preferred to account for holdings of underlying fund shares by their separate accounts on an "omnibus" basis.

Given the extreme difficulty and expense of developing a system that would be capable of tracking and aging shares, Committee members request that the Commission allow variable annuity issuers flexibility in how they track underlying fund ongoing sales charges. Although significant costs may be involved, some Committee members believe that they may be able to

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[26] Proposing Release at III.H.

[27] This situation can be contrasted with that of a broker-dealer holding mutual fund shares in an omnibus account on behalf of its customers. Where broker-dealers hold mutual fund shares on behalf of their customers, the customers remain the legal and beneficial owners of the shares.

offer underlying fund shares with ongoing sales charges as investment options for variable annuity contracts and comply with the same duration limits as those proposed in the amendments to rule 6c-10(b) without either the fund or the insurance company actually tracking and aging the shares, or having the shares automatically convert to a class that does not have an ongoing sales charge. In particular, there are some Committee members that believe that they could, on a contract-by-contract basis and pursuant to a written agreement with an underlying fund, redeem classes of shares with ongoing sales charges and apply the redemption proceeds to the purchase of classes of shares of the same fund that do not have an ongoing sales charge according to a time-table that would result in contract owners paying no more in ongoing sales charges than each would pay if the ongoing sales charge classes of shares were tracked, aged and converted as contemplated by the Proposal. For example, an insurance company could "age" all underlying fund shares with an ongoing sales charge ("load shares") attributable to a particular variable annuity contract as if they are purchased as of the date the contract is issued (*i.e.*, shares acquired subsequent to the contract issue date would have the same age as shares acquired as of the contract issue date) and replace load shares of an underlying fund with non-load shares at a point in time before the sales charges on the load shares reached the reference load.[28] A mechanism such as this would achieve all of the public policy goals of the Proposal without precluding underlying funds from offering shares with ongoing sales charges or placing insurmountable obstacles in the way of insurance companies using such shares with variable annuity contracts.

In order to utilize the foregoing mechanism, and to allow for any other alternative that would permit insurers to limit ongoing sales charges without directly tracking and aging shares, the Committee believes that it would be necessary for the Commission to revise proposed rule 6c-10(b)(1) to permit an underlying fund to deduct an ongoing sales charge without the share conversion required by proposed rule 6c-10(b)(1)(i), provided that the fund enters into a written agreement with an insurance company to replace shares bearing an ongoing sales charge with shares that do not have an ongoing sales charge within the time period for which share conversion would be required under rule 6c-10(b)(1)(i) with respect to each contract.[29]

C. The Committee Requests Clarification about the Applicability of the Proposed Rules to Rule 11a-2

The Proposal would amend rule 11a-3 to treat ongoing sales charges in the same manner as front-end loads for purposes of tacking in connection with exchange offer programs that almost all mutual fund groups have for their retail mutual funds. To the extent that underlying

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[28] The Committee does not believe that replacing shares in this manner would be a substitution requiring prior Commission approval pursuant to section 26(c) of the 1940 Act. This is because the insurance company, as depositor of a registered unit investment trust, would not be replacing shares of one underlying fund with shares of a different underlying fund.

[29] Other alternatives to tracking and aging mutual fund shares could also achieve the public policy goals of the Proposal. For example, the Committee supports the idea that the Commission could establish an ongoing sales charge safe harbor that would permit ongoing sales charges for certain classes of shares (for example, "R" class shares) up to a specific rate for indefinite periods based on evidence that the vast majority of holders of such classes do not hold their shares long enough for charges paid at that rate to aggregate to more than an applicable reference load.

funds offer classes of share with ongoing sales charges, amended rule 11a-3 would apply to any exchange offer programs for such underlying fund shares. However, the Committee would not anticipate that underlying funds would extend exchange offer programs to variable annuity separate accounts even if they offer classes of shares with ongoing sales charges as investment options for variable annuity contracts issued through such accounts. This is because such shares are not exchanged (by either the separate accounts or contract owners) for shares of other underlying funds. Instead, transfers of contract value by owners of variable annuity contracts between underlying funds occur by transferring the contract value between the funds' corresponding subaccounts (*i.e.*, exchanging accumulation units of one subaccount for an equivalent dollar amount of units of the other subaccount), followed by each subaccount purchasing or redeeming shares of its corresponding underlying fund.[30] As a result, the Committee would not anticipate that underlying funds would rely on amended rule 11a-3.[31]

Notwithstanding that underlying funds would very likely not rely on amended rule 11a-3 in connection with shares having ongoing sales charges, the Committee is concerned that the amended rule, or the principles that underlie it, could be indirectly applied to the exchange of accumulation units under a variable annuity contract where both subaccounts participating in the exchange invest in underlying fund shares having an ongoing sales charge. The ability of owners of variable annuity contracts to transfer contract value between subaccounts is considered an exchange offer by a registered separate account through which the contract is issued (and certain of its affiliates). Such exchange offers are made in reliance upon rule 11a-2(b)(1)(i), which requires that the units be exchanged on the basis of relative net asset value. The Committee requests confirmation from the Commission that the tacking requirements of rule 11a-3, as it is proposed to be amended, would not be applied to accumulation unit exchanges where the subaccounts participating in the exchange both invest in underlying fund shares having an ongoing sales charge. Rather, such exchanges would continue to be treated as occurring at relative net asset value and thereby come within rule 11a-2(b)(1)(i).

In the alternative, if the Commission believes that the tacking concepts applicable to ongoing sales charges under amended rule 11a-3 should be applied to accumulation unit exchanges involving ongoing sales charge classes of underlying fund shares, the Committee requests that rules attendant to such tacking be applied via an appropriately conditioned amendment to rule 11a-2 rather than by an indirect application of rule 11a-3.

IV. Proposed Share Class Conversion Provisions

As of the compliance date of the Proposal (18 months after the effective date of the adopting release), mutual funds would no longer be permitted to sell shares of classes that have a rule 12b-1 fee. However, the Commission has proposed a five-year period to allow mutual funds to convert investors who are in an existing rule 12b-1 class of shares to another class of shares of

[30] Even if underlying funds were to exchange shares in connection with such transfers, an exchange offer program governed by rule 11a-3 would only come into play where the two funds are part of the same fund complex.

[31] Historically, underlying funds that are not retail funds generally have not participated in exchange offer programs sponsored by their mutual fund complexes.

the fund that does not have a rule 12b-1 plan or deduct an ongoing sales charge.[32] The Commission refers to the five-year period as the "grandfather" period, during which funds can still charge rule 12b-1 fees, even though rule 12b-1 would have been rescinded.

A. The Committee Suggests the Use of a "Sunset" Transition or Other Alternative Instead of the Proposed "Grandfathering" Period

In the Proposing Release, the Commission mentions a "sunset" transition alternative to the grandfathering approach. Pursuant to the sunset approach, for example, "shares in an existing class that are currently charged a rule 12b-1 fee of 100 basis points would have to be converted or exchanged into a class that charges a marketing and service fee of no more than 25 basis points, and an ongoing sales charge of no more than 75 basis points for a limited time period."[33]

Instead of the grandfathering approach, the Committee believes that the Commission should consider a transition pursuant to which mutual funds that currently have a share class with a rule 12b-1 fee in excess of 25 basis points would be able to convert that share class to one that charges both a marketing and service fee and an ongoing sales charge, as long as the tracking of the ongoing sales charge dates back to no later than the original purchase date of the shares.[34] In the context of underlying funds, any tracking and aging would need to be accomplished by an alternative tracking method, such as the one described in Section III.B. of this comment letter. This type of transition method would ensure that shares issued pursuant to the current rule 12b-1 regime are not treated differently under the new rules than those shares that actually will be issued under the new rules. With respect to determining an appropriate transition regime, as long as rule 12b-1 fees are no longer being charged and mutual funds are following the new rules, the Committee does not see any public policy reason for the Commission to require that mutual funds convert existing shares pursuant to the five-year grandfathering transition rather than pursuant to a sunset transition.

Alternatively, or in addition to a sunset transition, the Commission might also consider a revised grandfathering transition, pursuant to which the length of the grandfathering period would be inversely related to the size of the rule 12b-1 fee. For example, if "C" class shares, which have a 100 basis point rule 12b-1 fee (which could be viewed as the equivalent of a 25 basis point marketing and service fee and a 75 basis point ongoing sales charge), are given a five-year grandfathering period plus the eighteen-month compliance period, which would total a six and one-half year period during which a rule 12b-1 fee could be charged after the effective date of the new rules, then a class of shares that has a 50 basis point rule 12b-1 fee (which could be viewed as the equivalent of a 25 basis point marketing and service fee and a 25 basis point

[32] Proposing Release, text accompanying n. 398.

[33] Proposing Release at III.N.3.a.

[34] The Committee assumes and requests confirmation that, if the Commission were to adopt such a transition approach, a fund would not need shareholder approval to convert to an existing rule 12b-1 share class to a new share class with both a marketing and service fee and an ongoing sales charge, as long as the total of the marketing and service fee and ongoing sales charge was not greater than the current rule 12b-1 fee.

ongoing sales charge) should be given a 19.5 year period (three times the length of the period for the "C" class shares) during which a rule 12b-1 fee could be charged after the effective date of the new rules, which would result in an 18-year grandfathering period plus the eighteen-month compliance period. This type of a grandfathering transition would help to eliminate some of inequalities in the grandfathering transition as proposed.

To illustrate how the grandfathering approach as set forth in the Proposal could lead to odd and unfair situations, assume that the effective date for the Proposal is January 1, 2012, the compliance date for the Proposal is July 1, 2013, and the end of the proposed grandfathering period is July 1, 2018. Also assume that a mutual fund that currently has a 35 basis point rule 12b-1 fee determines to offer a share class with a 25 basis point marketing and service fee and a 10 basis point ongoing sales charge pursuant to the new rules. Thus, shares sold by this fund beginning on January 1, 2012 could collect the 10 basis point ongoing sales charge for 62.5 years, assuming the fund was using the rate set under NASD Conduct Rules applicable to asset-based sales charges as its reference load. However, shares sold by the fund the day before, on December 31, 2011, could only charge the 35 basis point rule 12b-1 fee for a total of 6.5 years and one day, before being required to convert to a class of shares with a maximum 25 basis point marketing and service fee no later than July 1, 2018. In effect, this would result in a 56 year difference in the ability of the fund to collect the additional 10 basis points of revenue for distribution related expenses. The Committee does not see any public policy reason for treating these two situations differently just because certain shares were sold the day before the new rules were adopted.

Furthermore, the Proposal would dramatically alter the way in which the distribution of mutual fund shares is financed; it will be extremely difficult for Committee members to restructure their business models to comply with the new rules. This is especially true with respect to outstanding shares sold under the current regulatory regime based on the assumption that rule 12b-1 fees would continue to be paid as long as the related plan benefited shareholders. Allowing a "sunset" transition, pursuant to which outstanding shares with rule 12b-1 fees in excess of 25 basis points could convert to shares with a marketing and service fee and an ongoing sales charge that could only be charged for a limited time period, or allowing a grandfathering period that would allow mutual funds with lower rule 12b-1 fees additional time to convert to share classes that comply with the new rules, would ease some of the burden placed upon mutual funds of making the necessary transition to operating under the new rules with respect to outstanding shares.

B. The Committee Requests Confirmation that Funds Do Not Necessarily Need to Create New Share Classes in Order to Convert Shares

The Proposing Release states that, after the grandfather period, "shares would be required to be converted or exchanged into a class that does not deduct an ongoing sales charge."[35] The Committee requests that the Commission confirm that, rather than creating a new share class and

[35] Proposing Release, text accompanying n. 398.

exchanging the new shares for the shares that have a rule 12b-1 plan, in order to convert to shares that comply with the new rules, a mutual fund may terminate its rule 12b-1 plan with respect to a share class and adopt a fee structure for that class that complies with the new rules. The Committee does not believe that the Commission intended to require mutual funds to create new share classes in all circumstances in order to comply with the Proposal,[36] but is requesting the Commission's confirmation that this interpretation is correct.

C. The Committee Requests Confirmation that an Insurance Company Would Not Need A Substitution Order in Order to Substitute Shares Pursuant to a Fund's Share Class Conversion

To the extent that underlying funds "convert" share classes by exchanging shares with rule 12b-1 plans for shares of classes that comply with the new rules, the Committee requests that the Commission confirm in the adopting release that an insurance company, as the depositor of a unit investment trust, would not be substituting one class of shares for another and, therefore, would not need Commission approval pursuant to section 26(c) of the 1940 Act.

V. Proposed Changes to Confirmation Statements

The Proposing Release proposes to amend rule 10b-10 under the Exchange Act to add two new paragraphs, to be codified as paragraphs (a)(10) and (a)(11), as well as a definition of the term "mutual fund security" (together, the "10b-10 Amendment"), that would require a confirmation for a transaction in a mutual fund security to set forth certain information regarding sales charges and fees. More particularly, paragraph (a)(10) would require a confirmation for a purchase of mutual fund shares to set forth specified information regarding front-end and deferred sales charges, as well as ongoing sales charges and marketing and service fees, and paragraph (a)(11) would require a confirmation for a redemption of mutual fund shares to set forth specified information regarding any deferred sales charges applicable to the transaction.

A. The Committee Recommends Deferral of Consideration of the 10b-10 Amendment

In proposing the 10b-10 Amendment, the Commission acknowledged that, while the proposal could make a confirmation "a more complete record" of a mutual fund transaction, a customer still would not receive the confirmation until after completing a transaction. The Commission further observed that "disclosure of cost information prior to the sale may be an additional step" to consider, and noted that its staff is considering recommendations for future Commission consideration of information to enhance point-of-sale. The Proposing Release also

[36] In the text accompanying n. 460, the Proposing Release notes that the Commission expects "that funds that currently charge 12b-1 fees of 25 basis points or less would incur on the costs of updating their disclosure documents as a result of our proposed rulemaking." Since creating a new share class would entail significantly more costs than merely updating disclosure documents (for example, the cost of establishing an 18f-3 multi-class plan for funds that currently only have one class of shares), and since such additional costs are not addressed in the cost-benefit analysis of the Proposing Release, the Committee assumes that the Commission did not intend to require mutual funds to create new share classes in all cases.

acknowledged that the Dodd-Frank Act authorizes the Commission to develop disclosure rules to address this very issue.[37]

The Committee strongly recommends that the Commission defer consideration of any amendments to rule 10b-10's confirmation disclosure requirements for mutual fund transactions until it has first considered point-of-sale disclosure proposals. On a conceptual basis, the Committee believes that a disclosure document designed for point-of-sale may be the more appropriate vehicle for addressing the disclosure objectives sought to be achieved by the 10b-10 Amendment. Moreover, the Committee is concerned about the potential for investor confusion if the same or similar information is required to be disclosed in materials provided at or before sale (pursuant to an eventual point-of-sale rulemaking initiative) as well as after sale (pursuant to the 10b-10 Amendment). The Committee believes that all of these considerations weigh decisively in favor of deferring consideration of the 10b-10 Amendment for the time being. The Committee would welcome the opportunity to collaborate with the Commission and its staff in an undertaking to develop a proposal for point-of-sale disclosure practices.

The following paragraphs elaborate on the Committee's concerns with regard to the 10b-10 Amendment, should the Commission determine to proceed further with it, or consider adapting its disclosure elements to a point-of-sale disclosure rule.

B. The Committee Strongly Opposes Changes to Variable Annuity Confirmation Statements on the Basis of the Proposal

The Proposing Release requests comment on whether the proposed disclosures should be applicable to transactions in other securities that may carry sales charges, such as interests in unit investment trusts, and if so, whether special provisions are needed to address transactions involving variable insurance products.[38]

The Committee observes that variable annuity contracts present unique securities transaction considerations.[39] Any changes in disclosure practices for variable annuities should be considered only in the context of a concrete proposal specifically tailored to such contracts and first presented for comment by the public. Furthermore, for the reasons discussed above, the Committee continues to believe that consideration of any changes to confirmation statements for variable annuity transactions should be deferred until the Commission has first addressed point-

[37] Proposing Release, text accompanying n. 222.

[38] Proposing Release at 75.

[39] As evidence of the unique securities transaction considerations presented by variable annuity contracts, the Committee notes that the Commission staff has issued a number of no-action letters to insurance companies providing relief from the rule 10b-10 requirements for variable annuity transactions. See, e.g., Variable Annuity Life Insurance Company, Variable Annuity Marketing Company, (pub. avail. Oct. 25, 2001), Metropolitan Life Ins. Co. (pub. avail. April 3, 1995), The Variable Annuity Life Insurance Co. (pub. avail. Aug. 23, 1991), College Retirement Equities Fund (pub. avail. May 1, 1988), Integrated Capital Services, Inc. (pub. avail. March 2, 1987), The Variable Annuity Life Ins. Co. (pub. avail. Dec. 20, 1985), The Mutual Life Insurance Company of New York (pub. avail. June 23, 1985), The Variable Annuity Life Insurance Co. (pub. avail. Jan. 28, 1982), and Transamerica Fund Sales, Inc. (pub. avail. Nov. 28, 1980).

of-sale disclosure and fiduciary duty responsibilities for broker-dealers. Accordingly, the Committee strongly opposes any changes to variable annuity confirmation statements on the basis of the Proposal.

C. The Committee Recommends Maintaining the ICI No-Action Letter

The Proposing Release explains that, if the 10b-10 Amendment is adopted, the Commission intends to withdraw a no-action position taken by its staff in a letter issued to the Investment Company Institute in 1979 (the "ICI No-Action Letter"),[40] that currently permits a confirmation for a mutual fund share transaction to omit information relating to compensation received by the broker-dealer otherwise required to be disclosed by rule 10b-10 without regard to whether the broker-dealer effected the transaction on an agency or principal basis.[41]

The Committee urges the Commission to reconsider the proposal to withdraw the ICI No-Action Letter. The Committee would like to point out that withdrawal of the ICI No-Action Letter would call into question whether compensation information required by other paragraphs of rule 10b-10 must be provided in addition to the disclosure that would be required by proposed paragraph (a)(10) (or (a)(11) in the case of a redemption) for a mutual fund share transaction. The Committee acknowledges that the Proposing Release suggests that a confirmation would not need to include "revenue sharing" related disclosure.[42] However, the Committee notes that the compensation disclosure requirements currently embedded in rule 10b-10 encompass more than revenue sharing payments and differentiate between agency and principal transactions. In short, the Committee is deeply concerned that the Proposing Release does not sufficiently detail the information that would be required to be disclosed on a confirmation for a mutual fund share transaction under rule 10b-10, as revised by the 10b-10 Amendment, in its totality.

More importantly, the Committee notes that the ICI No-Action Letter is widely recognized in the securities industry as standing for the more general proposition that, in the case of a confirmation for a transaction in *any* kind of security offered and sold pursuant to a prospectus, a broker-dealer can rely on the prospectus for the disclosure of information relating to compensation received by the broker-dealer in connection with the transaction (assuming, of course, that the broker-dealer has determined that the disclosure satisfies rule 10b-10). Given the role that the ICI No-Action Letter has played in informing and shaping confirmation disclosure practices – and prospectus disclosure practices – for the securities industry at large, the Committee urges the Commission to maintain the letter, or otherwise confirm the continued applicability of its principles to other types of securities offerings. In particular, the Committee requests that the Commission confirm that broker-dealers can continue to rely on prospectus disclosure to satisfy rule 10b-10 disclosure requirements in the case of variable annuity transactions.

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[40] See Investment Company Institute, Commission Staff No-action Letter (pub. avail. April 18, 1979).

[41] Proposing Release, text accompanying n. 235.

[42] See Proposing Release, n. 229.

D. The Committee Requests Clarification that the 10b-10 Amendment Would Not Require a "Look-Through" to Variable Annuity Contract Owners

The sections of the Proposing Release discussing the 10b-10 Amendment do not appear to indicate that transactions in underlying fund shares would need to be reported on confirmations to owners of variable annuity contracts. As discussed above, however, certain statements in other sections of the Proposing Release, particularly its discussion of ongoing sales charges, suggest that the Commission might expect insurance companies to attribute purchases and redemptions of underlying fund shares for their separate accounts to accumulation unit transactions by variable annuity contract owners.

The Committee is concerned that the Commission could apply the same analysis to confirmations for transactions in underlying fund shares, thereby requiring that broker-dealers selling variable annuity contracts provide confirmations that include information for underlying fund share transactions including the information specified in the 10b-10 Amendment. The Committee acknowledges that there is no indication that the Commission or its staff has interpreted rule 10b-10 as requiring a transaction in an underlying fund share to be confirmed to the owner of variable annuity contract. However, given the potential ambiguity created by discussions in other sections of the Proposing Release, the Committee requests that the Commission explicitly clarify that it does not intend for the 10b-10 Amendment to require that confirmations for transactions in underlying fund shares be provided to owners of variable annuity contracts.

E. The Committee Requests Clarifying Change to the Definition of "Mutual Fund Security"

The 10b-10 Amendment would add a definition of the term "mutual fund security," for purposes of the proposed new disclosure requirements. More particularly, the proposed definition would apply to any security "issued by an open-end company, as defined by section 5(a)(1)" of the 1940 Act, that is registered or required to register under section 8 of the 1940 Act.

At the outset of this letter, we explained the typical investment company structure utilized for variable annuity separate accounts and noted that these separate accounts are usually registered as unit investment trusts under the 1940 Act. However, the Committee notes that certain variable annuity separate accounts invest directly in a portfolio of securities managed by an investment adviser. These separate accounts are registered on Form N-3 as open-end management investment companies under the 1940 Act. The Committee requests that the Commission revise the definition of the term "mutual fund security" to exclude, or otherwise clarify that it does not include, interests in a separate account registered as an open-end management investment company.

F. The Committee Recommends No Confirmation Disclosure of Marketing and Service Fees

The Committee wishes to respond to a question in the Proposing Release asking whether the Commission should amend rule 10b-10 to require disclosure of quantified information about marketing and service fees.[43]

Having considered the likely use and purposes of marketing and service fees, particularly in the underlying fund context, the Committee recommends that any amendments to rule 10b-10 not require confirmation disclosure of marketing and service fees, at least in the case of underlying funds. The Committee anticipates that underlying funds will use fees that may be characterized as marketing and service fees under proposed rule 12b-2 to cover a variety of expenses and that these fees may not necessarily be received by the broker-dealer sending the confirmation (or any broker-dealer for that matter). In such circumstances, reporting marketing and service fees on broker-dealer confirmations may actually be misleading in that the information may suggest that the broker-dealer receives the compensation when in fact it does not.

G. The Committee Urges the Commission to Avoid Multiple, Different Disclosure Documents for Information Regarding Fees and Charges

As a final note, as the Commission considers comments on the Proposing Release and other rulemaking initiatives, the Committee urges the Commission to avoid implementing rules that result in the delivery to investors of multiple disclosure documents, at different points in time, each presenting essentially the same information regarding fees and charges, but utilizing a different format, approach and methodology. The Committee is deeply concerned that such a result would serve only to confuse, rather than inform, investors. For example, the Committee notes that the 10b-10 Amendment would require a different presentation of fees and charges than would appear in a mutual fund prospectus fee table.[44] An investor seeking to compare the information could mistakenly conclude that the information appearing on the confirmation pertains to fees and charges that are in addition to those disclosed in the fee table, and vice versa.

VI. The Committee Urges the Commission to Give Additional Consideration to the Proposed Account Level Sales Charge

Proposed rule 6c-10(c) would provide an exemption from section 22(d) of the 1940 Act, which prohibits mutual fund shares from being sold at a price other than that described in the prospectus, to permit funds to offer a class of shares with no sales charges (although the class could have a marketing and servicing fee) and then allow broker-dealers to offer this share class

[43] Proposing Release at 73-74.

[44] Additionally, in the context of qualified retirement plans, the Department of Labor has recently issued new regulations that set forth the fee disclosure that will be required in a point-of-sale document given to retirement plan participants. As a result, retirement plan investors may receive a presentation in yet another format of the same fees that the Proposal would require to be placed in a confirmation statement.

to the public with a sales load selected by the broker-dealer as long as certain conditions were met.[45] The Committee notes that proposed rule 6c-10(c) represents a fundamental change in the long-standing regulation and structure of sales compensation for public offerings of securities in the U.S. securities markets. While the proposal is limited to mutual funds, the Committee is concerned about the implications of the proposal for public offerings of other kinds of securities, such as variable annuities, and the impact on compliance with various rules governing selling arrangements and requirements for public offerings, including rule 15c2-8 under the Exchange Act. Section 22(d) of the 1940 Act is part of a larger framework of federal and state laws and rules, including rules of self-regulatory organizations, intended to ensure compliance with fundamental principles for the operation of our securities markets, such as the delivery of prospectuses and non-discriminatory treatment of investors. Accordingly, the Committee urges the Commission to consider this issue in the broader context before proceeding with any rulemaking.

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[45] Proposing Release, text accompanying n. 261-291.

The Committee appreciates the opportunity to comment on the Proposal. If you have any questions about the Committee's comments, please do not hesitate to contact Steve Roth (202-383-0158), Susan Krawczyk (202-383-0197), or David Goldstein (202-383-0606).

Respectfully submitted,

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The Honorable Luis A. Aguilar, Commissioner
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The Honorable Troy A. Paredes, Commissioner
The Honorable Elisse B. Walter, Commissioner
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Appendix A

THE COMMITTEE OF ANNUITY INSURERS

AEGON Group of Companies
Allstate Financial
AVIVA USA Corporation
AXA Equitable Life Insurance Company
Commonwealth Annuity and Life Insurance Company
CNO Financial Group, Inc.
Fidelity Investments Life Insurance Company
Genworth Financial
Great American Life Insurance Co.
Guardian Insurance & Annuity Co., Inc.
Hartford Life Insurance Company
ING North America Insurance Corporation
Jackson National Life Insurance Company
John Hancock Life Insurance Company (USA)
Life Insurance Company of the Southwest
Lincoln Financial Group
Massachusetts Mutual Life Insurance Company
Metropolitan Life Insurance Company
Nationwide Life Insurance Companies
New York Life Insurance Company
Northwestern Mutual Life Insurance Company
Ohio National Financial Services
Pacific Life Insurance Company
Protective Life Insurance Company
Prudential Insurance Company of America
RiverSource Life Insurance Company
(an Ameriprise Financial company)
SunAmerica Financial Group
Sun Life Financial
Symetra Financial
TIAA-CREF
USAA Life Insurance Company