

June 30, 2008  
Number: 0090

## **SEC open meeting on proposed rule 151A** *Establishing certain equity indexed annuities as securities*

At an open meeting on June 25, led by Chairman Cox, the Securities and Exchange Commission (SEC) indicated it would consider a proposed new rule that would have the effect of classifying equity indexed annuities as securities.

### **The meeting and the basis for the proposed rule**

- On June 25, the SEC held an open meeting led by Chairman Cox to consider a proposed rule (Rule 151A) that would classify certain equity indexed annuities as securities under the Securities Act of 1933.
- Chairman Cox and his committee voted unanimously in favor of considering the proposed rule, which must now go through the standard rule-making process.
  1. The first step in this process is for the SEC to publish the proposed rule for public comment, which occurred on June 26, 2008.
  2. Interested parties now have until September 10, 2008, to review the proposed rule and submit comments, suggestions or proposals to change the rule.
  3. Following the comment period, the SEC may revise the rule or adopt the proposed rule in its original form or choose to not adopt the proposed rule.

If adopted, the company would be required to comply with the registration requirements 12 months following adoption.

While Aviva USA fully supports efforts that will ensure sales agents are marketing and selling annuities products ethically and meeting suitability requirements, we do not believe the products are securities or should be regulated by the SEC. We fully support the current regulation of these products by the state insurance departments.

We are now reviewing the proposed rule to understand the guidelines that would determine when an equity indexed annuity would be classified as a security.

### **Next steps**

- Once we complete our review and analysis of the proposed rule, we will provide our comments to the SEC's Division of Investment Management.
- We believe that indexed annuities are valuable products that meet the risk profile of consumers who are seeking products that offer guaranteed minimum interest rates with upside potential. As more people move into the retirement phase of their lives, we expect consumer demand for fixed indexed annuities will continue to grow and we will be there with the products and service to meet their needs. We will also participate in appropriate challenges to the proposed rule that are supportive of our producers.
- We value our agents and distribution network and will update you as more information becomes available.