

From: Gary A. Sanders
To: [Matthews, Jolie H.](#)
Cc: [Gary A. Sanders](#)
Subject: Comments in Response to Director Froment's Questions
Date: Friday, July 12, 2019 5:22:22 PM
Attachments: [NAIFA_logo_471ab8c4-6692-4a1c-ba25-156a65188696.png](#)
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Good afternoon Jolie--

Apologies for the informal nature of this e mail; I have been out of the office/out of town all week and do not have access to my usual resources.

While NAIFA is a signatory to and agrees with the comments made in the joint trades letter submitted earlier this afternoon, we have an additional comment that we wish to submit.

NAIFA believes strongly that cash compensation of the type typically received by a producer in connection with the recommendation/sale of an annuity should be excluded from the definition of "conflict of interest" or "material conflict of interest".

As with all others involved in the manufacture, marketing, sale and regulation of annuities, producers do not provide their time, expertise and services for free. No one--including their clients--expects them to. It would be unfair and unreasonable for the regular compensation they receive for doing their job to be considered a conflict. Yet the under the definition currently being considered this is exactly what could result. If this exclusion is not included in the definition, then the only logical conclusion would be that all compensation of any type received by any financial services firm or individual could be categorized as a conflict of interest. Beyond conforming to the care obligation and providing appropriate disclosure about their cash compensation (to the extent known), and short of scaling back the products offered which could be to the detriment of their clients, there really is no more producers could do to minimize the impact that variable cash compensation could have on their behavior.

Thank you and the Working Group for its consideration of this comment--Gary Sanders

Gary A. Sanders

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