

December 7, 2006

Mr. Michael Moriarty, Chair
NAIC Valuation of Securities Task Force
c/o New York State Department of Insurance
25 Beaver Street
New York, New York 10004-2319

Re: Transparency

Dear Mr. Moriarty:

The Securities Industry and Financial Markets Association¹ (the “Association”) is in receipt of a Memorandum (the “Memorandum”) dated November 30, 2006 addressed to Alfred W. Gross and Members of the Financial Condition (E) Committee of the National Association of Insurance Commissioners (“NAIC”). The Memorandum was circulated by the NAIC to certain interested parties on Tuesday, December 5, 2006, and discusses, among other things, the NAIC’s proposal regarding transparency (the “Proposal”).

While the Association appreciates receipt of the Memorandum and the attention to the important issue of dissemination of information into the marketplace, the Association is unable to support the Memorandum at this time or to offer significant commentary because of insufficient time for review, as well as the ambiguity surrounding key details of the Proposal.

The Proposal sets forth five general recommendations, but does not provide specifics that are integral in evaluating the efficacy of the Proposal. The Association believes that the Proposal fails to clarify precisely what information the NAIC is recommending for distribution, how such information will be distributed and how such information and method of distribution will adequately address questions raised by the market and by the House of Representatives Committee on Financial Services. As just one simple example, we note that the Proposal relating to the posting of SVO determinations appears to relate only to “publicly traded securities” without specifying what is meant by this term.

Notwithstanding the foregoing, the Association understands that the NAIC intends to adopt a proposal regarding transparency during its national meeting, which begins on Thursday, December 7. As a consequence, and without the benefit of an adequate explanation and

¹ The Securities Industry and Financial Markets Association brings together the shared interests of more than 650 securities firms, banks and asset managers. The Association’s mission is to promote policies and practices that work to expand and perfect markets, foster the development of new products and services and create efficiencies for member firms, while preserving and enhancing the public’s trust and confidence in the markets and the industry. The Association works to represent its members’ interests locally and globally. It has offices in New York, Washington D.C., and London and its associated firm, the Asia Securities Industry and Financial Markets Association, is based in Hong Kong.

necessary clarification, the Association is not able to comment or to support the Proposal at the present time. We request that the NAIC grant market participants additional time, and a real opportunity, to formulate a reasoned response and to have meaningful dialogue with the NAIC on this important issue.

In the absence of additional specificity regarding the Proposal and a meaningful opportunity to consider and comment on the Memorandum, the Association reiterates its comments raised in letters submitted to the NAIC on May 17, 2006, June 19, 2006, October 12, 2006 and November 3, 2006, during its presentation to the NAIC on July 13, 2006 and during the hearing with the House of Representatives Committee on Financial Services on September 20, 2006.

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The Association looks forward to sharing its views and working with the NAIC, the SVO and other market participants on determining a solution appropriate for the regulators and for the marketplace. If you have any questions concerning these comments, or would like to discuss these comments further, please feel free to contact me at 646.637.9220 or via email at mkuan@sifma.org.

Sincerely,



Mary C.M. Kuan
Vice President and
Assistant General Counsel

cc: The Honorable Richard H. Baker,
Chairman, House Subcommittee on Capital Markets, Insurance, and Government
Sponsored Enterprises
The Honorable Paul E. Kanjorski,
Ranking Member, House Subcommittee on Capital Markets, Insurance, and Government
Sponsored Enterprises