

SEC Again Delays Variable Annuity Summary Prospectus

September 16, 2014

Once again, the SEC has delayed action on the variable annuity summary prospectus—this time, until March 2015. The SEC revealed the news, rather surreptitiously, in a submission to the Office of Management and Budget regarding the SEC's regulatory agenda. In a speech last March, Norm Champ, director of the SEC's Division of Investment Management, cheered the industry when he announced that the variable annuity summary was number four of eight Division priorities. The SEC then reported to Congress that it expected the Division to recommend rules to the Commission by October 1, 2013. Thereafter, the SEC delayed action for a year, reporting to Congress that it expected the staff's recommendation by October 1 of this year. So, the new March 2015 date is the second delay by the SEC. Neither the SEC nor the staff has explained the delays. However, when Champ made his announcement last March, he said the priorities had been created "in close consultation with the Chairman and the Commissioners." One month later, Mary Jo White replaced Elisse B. Walter as SEC Chairman, and, five months later, Kara M. Stein and Michael S. Piwowar joined the Commission. So, **of the five Commissioners who could have blessed Champ's priorities last March, three have left the Commission.** In addition, the Commission is still struggling to meet mandates set by the Dodd-Frank and JOBS Acts. Congress has signaled the Commission that it should complete those mandates before addressing discretionary rules. Mutual funds have been able to use summary prospectuses since January 1, 2010. It took more than two years from the date of proposal to the date when funds could use them. At that rate, if the SEC proposes variable annuity summaries in March 2015, it would be April 2017 before insurers could use them.

Authored By



Gary O. Cohen

Related Practices

Securities Litigation and Enforcement

©2024 Carlton Fields, P.A. Carlton Fields practices law in California through Carlton Fields, LLP. Carlton Fields publications should not be construed as legal advice on any specific facts or circumstances. The contents are intended for general information and educational purposes only, and should not be relied on as if it were advice about a particular fact situation. The distribution of this publication is not intended to create, and receipt of it does not constitute, an attorney-client relationship with Carlton Fields. This publication may not be quoted or referred to in any other publication or proceeding without the prior written consent of the firm, to be given or withheld at our discretion. To request reprint permission for any of our publications, please use our Contact Us form via the link below. The views set forth herein are the personal views of the author and do not necessarily reflect those of the firm. This site may contain hypertext links to information created and maintained by other entities. Carlton Fields does not control or guarantee the accuracy or completeness of this outside information, nor is the inclusion of a link to be intended as an endorsement of those outside sites.