

November 24, 2003

Letter of Comment No: 56
File Reference: 1082-300
Date Received: 11/24/03

Director, TA&I
File Reference No. 1082-300
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

**Exposure Draft – Consolidation of Variable Interest Entities –
a modification of FASB Interpretation No. 46**

AMVESCAP PLC is a leading independent investment manager with approximately \$345 billion in assets under management. We operate under the AIM, INVESCO and Atlantic Trust brands. We are listed on the London and New York stock exchanges and qualify as a foreign private issuer under the SEC regulations.

We appreciate the opportunity to comment on the Exposure Draft Consolidation of Variable Interest Entities - a modification of FASB Interpretation No. 46 ("FIN 46").

We urge the FASB to expand paragraphs 4(h) and A13 to include exemptions from the application of FIN 46 to arrangements that are similar in nature to U.S. Registered Investment Companies or mutual funds that are organized as trusts. Examples of these other arrangements include pooled funds, hedge funds, investment companies, or mutual fund corporations.

FIN 46 suggests that these other types of mutual fund products could be considered variable interest entities due to the fact that the manager has the decision-making ability, even with zero ownership equity. In certain cases, the equity owners of these entities do not make decisions about the daily operational activities of the trusts, yet they have equity ownership rights such as the right to consent to fundamental changes to the entity (fee increases, changes in investment objectives, changes in fund manager, changes in auditors, and fund mergers). Despite these actual legal rights of the equity owners, they may be deemed to lack decision-making ability under FIN 46 because they do not hold rights similar to common shareholders of corporations, such as the right to elect the trustee.

The form that the variable interest entity takes may differ depending on the legislative environment in which they operate. The corporate law and tax rules in each jurisdiction may differ and may cause the Manager or Trustee to develop an applicable variable interest entity to suit the advantages or disadvantages that may exist. In the case of pooled funds, these products were formed to attract investors to a product where their assets would be co-mingled with other investors to obtain professional money management at reasonable cost. In practice, there are no substantial differences in control structures between these other types of mutual fund products and US Registered Investment Companies. For example, investors may already have watchdog mechanisms in place that provide elements of indirect control, such as trustees governing unit trusts. Also, the level of regulation that exists in jurisdictions in which these products are offered is an element of control in itself by providing investors with a front-line of defense against conflicts of interest and other potential abuses. Investment companies with variable capital, for example, are offered by our UK business. The UK Financial Services Authority heavily regulates these entities. Therefore, even though there is not a separate board of directors for these entities, the single director (the manager) must abide by strict FSA rules, which in many cases require the underlying investors to approve governance issues. Finally, investors can exercise their vote by choosing to redeem their investments in unit trust products.

The consolidation of these other types of products, which were designed to function in their local jurisdictions like mutual funds or mutual funds organized as trusts, would add voluminous figures to our balance sheet, materially misstating the underlying statement of position and results of operations of AMVESCAP. An unintended consequence of consolidating these products would be that the management fee earned from these products would have to be eliminated in the consolidation and replaced by the income and expenses of the fund. Therefore, the fund manager's financial statements would not even reflect the management fee earned from these unit trusts.

We urge the FASB to expand on its exemption in paragraphs 4(h) and A13 of FIN 46 to take into consideration these types of contractual arrangements specific to the investment management industry.

Please contact us if you require additional information regarding our comments.

Sincerely,

Robert F. McCullough
Chief Financial Officer