

Ms. Suzanne Bielstein
Director of Major Projects and Technical Activities
Financial Accounting Standards Board
401 Merritt 7f
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Letter of Comment No: 47
File Reference: 1082-200
Date Received: 08/29/02

Re: File Reference No. 1082-200
Exposure Draft on Consolidation of Certain Special Purpose Entities, a
Proposed Interpretation of ARB No. 51

Dear Ms. Bielstein,

AIM Advisors, Inc. (AIM) manages and advises mutual funds. Total assets under management totaled \$135 Billion as of June 30, 2002. Currently, AIM manages money market funds totaling \$52 Billion, which specialize in investments in "prime" money market investments. These funds operate under Rule 2a-7, which charges the advisor to review its investments and determine that they meet minimal credit risk as defined by the Rule. Approximately, 45% of the eligible investments in the prime money market investment universe are Asset Backed Commercial Paper (ABCP) (approximately \$700 Billion). AIM has reviewed, monitored and invested in the majority of the best programs beginning in 1990. As Chief Credit Officer for AIM, I have presented recommendations for approval by the Fund's Board of Directors of all of the ABCP that the prime funds' own. The performance and safety of ABCP SPE's particularly in the receivable pool programs has been exemplary. The segregation of these near cash assets with high obligor diversity and asset performance history information provides the credit analyst with pertinent timely data on repayment probabilities and appropriate reserve cushions. ABCP is the only collateralized, self-liquidating commercial paper available in this market.

While it is not clear whether this proposed rule will cause the sponsoring banks to consolidate the receivable pools' SPE's on the balance sheet, the potential loss of roughly 40% of eligible investments in the prime money market is a serious business issue for prime money market fund managers.

The purpose of this comment letter is to outline the ramifications of consolidation under the proposed rule to a prime money market investor (AIM) in receivable pool SPE's (the largest category of ABCP.) If consolidation were to take place, the prime money market investor replaces the ABCP with unsecured bank commercial paper. The subsequent revolver loans are aggregated and all of the asset performance information is unavailable for review or collateral. Furthermore, the risk is much higher given a concentration in a smaller number of unsecured bank commercial paper investments versus a highly diverse set of obligors. The prime money market investor will require higher returns to compensate for the lack of information, the unavailability of collateral security and secondary cash flow protection, and the much smaller diversity of obligors.

The practical result is less transparency and safety for the investor and higher funding costs for the bank and the corporation. The ability of banks and companies to securitize assets in these conduits (SPE's) that are rated and eligible for money market funds has been an important liquidity resource for these entities. The potential results of this rule change are contrary to the spirit of the rule as a practical matter. Please consider exempting these entities. The bank can report its true exposure to these receivable pool SPE's by referencing the total outstandings, fee income, and liquidity support agreements. These entities have demonstrated remarkable resiliency and safety for the last 14 years of AIM's participation in these structures. They are examples of SPE's that actually create superior investment securities from the perspective of a large institutional investor. Just because Enron used SPE's to obscure reality and deceive investors is not an indictment of all SPE structures, but a reflection of Enron senior management.

The proposed solution (conversion of ABCP to bank loan) is akin to requiring a mortgage-backed security issuer to sell its mortgages to its administrator, an S&L, for appropriate funding (mortgage asset, unsecured commercial paper borrowing). The analogy is exactly similar on all the major points.

Sincerely,

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