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February 14, 2012

Ms. Susan M. Cospers
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P. O. Box 5116
Norwalk, CT 06856-5116

Re: Proposed Accounting Standards Update – *Consolidation (Topic 810): Principal versus Agent Analysis*

Dear Ms. Cospers:

Eaton Vance Corp. (“Eaton Vance,” “We” or “the Company”) appreciates the opportunity to comment on the above-captioned exposure draft (the “Update”). Eaton Vance is an investment advisory firm based in Boston, Massachusetts and is a market leader in a number of investment areas, including tax-managed equity, value equity, equity income, emerging market equity, floating-rate bank loan, municipal bond, investment grade, global and high yield bond investing. The Company’s principal retail marketing strategy is to distribute funds and separately managed accounts through financial intermediaries in the advice channel. The Company also serves institutional and high-net-worth clients who access investment management services on a direct basis. Eaton Vance is a public company whose stock is listed on the New York Stock Exchange (EV).

Question 1: When determining whether a decision maker is a principal or an agent, the proposed amendments require the analysis to consider the decision maker’s overall relationship with the entity and the other parties involved with the entity. This analysis would be based on a qualitative assessment. Do you agree with this approach? If not, why?

Response: We are very supportive of a move to a more factors-based, qualitative approach that allows for judgment based on individual facts and circumstances. That said, the absence of “bright lines” and the subjective nature of the weighting required in the analysis may provide for inconsistent conclusions regarding the nature of a decision maker’s relationship with an entity. We continue to believe, for example, that additional guidance regarding the treatment of incentive fees in the analysis of whether a decision maker’s fee represents a variable interest (an analysis that necessarily precedes the principal versus agent analysis) is warranted. Under previous guidance, our understanding of general interpretation was that because such fees may not be capped, the presence of such a fee was automatically indicative that a reasonably possible

scenario existed where the incentive management fee could be deemed to be significant under 810-10-55-37(e). This presumption appears to have been made in Case B (810-10-55-3L-3T) given that the decision maker had no other variable interest in the entity that would have warranted applying the variable interest model. We believe that providing additional guidance regarding the treatment of incentive fees would provide for greater consistency in the application of the proposed Update.

Question 2: The evaluation of a decision maker's capacity would consider the following factors:

- a) The rights held by other parties
- b) The compensation to which the decision maker is entitled in accordance with its compensation agreement(s)
- c) The decision maker's exposure to variability of returns from other interests that it holds in the entity.

Are the proposed factors for assessing whether a decision maker is a principal or an agent appropriate and operational? If not, why? Are there any other factors that the Board should consider including in this analysis?

Response: Again, we are supportive of the overall qualitative approach proposed in the Update relating to the assessment of whether the decision maker is a principal or an agent. In terms of the proposed factors, we would offer the following comments:

a) *Rights held by other parties*

We strongly support the inclusion of the requirement that substantive liquidation rights and substantive removal rights held by more than one party should be considered in this analysis. This represents a significant improvement over prior guidance where only removal rights exercisable by a single party were considered. We do, however, feel that the exclusion of substantive redemption rights as a factor in this analysis fails to acknowledge a significant right held by third party investors in the asset management industry. The ability of third-party investors to "vote with their feet" compels investment managers to act in the best interests of those investors in order to retain the assets subject to fees, a fact that is both strongly indicative of an agency relationship and largely ignored under the proposed guidance. As a result, we would strongly recommend the Board reconsider the inclusion of substantive redemption rights as a factor in this analysis.

b) *Decision maker's compensation*

We believe that the criteria used in the analysis of a decision maker's compensation appear to be appropriate and operational.

c) *Decision maker's exposure due to other interests*

We strongly believe that investments made by investment managers in sponsored products appropriately align the interests of managers with third party investors and, in many instances, are required by investors for that reason. As a result, placing greater emphasis on these interests as being determinative of a principal relationship appears to be counterintuitive and disregards the nature of the overriding fiduciary relationship. We also

believe that the limited guidance provided on how subordinated interests in entities such as consolidated loan obligation entities should be treated may not be adequate to address the unique structure of those entities. As drafted, the Update appears to suggest that a manager's investment in a subordinated tranche that is significant in relation to the tranche would be determinative of a principal relationship, even if the subordinated tranche itself represents only a small portion of the overall capitalization of the entity. We believe that this is also counterintuitive.

We continue to believe that the Board should reconsider including the decision maker's right to use the underlying assets of the entity for its own purposes and whether it is obligated to fund the entity's liabilities as a factor in the analysis. Under existing guidance, many investment managers are deemed to have "financial control" over assets that do not represent probable future economic benefits to the managers and liabilities that do not represent probable future sacrifices of the managers. "Financial control," however, has led to a consolidation conclusion that puts these assets and liabilities on the books of these managers. We believe that this has created a great deal of financial statement confusion at no small cost to the investment management industry.

Question 3: The proposed Update would require judgment in determining how to weigh each factor in the overall principal versus agent analysis. Do you agree that the proposed amendments, including the related implementation guidance and illustrative examples, will result in consistent conclusions? If not, what changes to you recommend?

Response: Although the illustrative examples are an improvement over prior guidance, we do believe that additional guidance is warranted as described further in our response to Questions 1 and 2.

Question 4: Should substantive kick-out and participating rights held by multiple unrelated parties be considered when evaluating whether a reporting entity should consolidate another entity? If so, do you agree that when those rights are held by multiple unrelated parties, they should not in and of themselves be determinative? If not, why? Are the guidance and implementation examples illustrating how a reporting entity should consider rights held by multiple unrelated parties in its analysis sufficiently clear and operational?

Response: We do believe that substantive kick-out and participating rights held by multiple unrelated parties should be considered when evaluating whether a reporting entity should consolidate another entity. We are comfortable with the guidance and implementation examples provided, but are concerned that in the absence of "bright lines" there will be significant questions raised as to how many parties can hold such rights before those rights are no longer considered relevant to the analysis.

Question 5: The proposed Update would not include a criterion focusing on the level of seniority of a decision maker's fees when evaluating the decision maker's capacity. Do you agree that the seniority of the fee relative to the entity's other operating liabilities that arise in the normal course of the entity's activities should not be solely determinative of a decision maker's capacity? If not, why?

Response: We strongly agree that the seniority of the fee relative to the entity's other operating liabilities that arise in the normal course of the entity's activities should not be solely determinative of a decision maker's capacity. We believe that both fixed and incentive fees that are commensurate with services provided should be evaluated in terms of both the variability the fee was designed to absorb and the significance of the fee relative to the total amount of the entity's anticipated economic performance.

Question 6: The evaluation of a decision maker's capacity places more emphasis on the decision maker's exposure to negative returns (for example, an equity interest or a guarantee) than interests that only expose the decision maker to positive returns. When performing the principal versus agent analysis, should the assessment differentiate between interests that expose a decision maker to negative returns (or both negative and positive returns) from interests that expose the decision maker only to positive returns? If not, why?

Response: We believe that the assessment required in performing the principal versus agent analysis *should* 1) differentiate between interests that expose a decision maker to negative returns (or both negative and positive returns) from interests that expose the decision maker to only positive returns and, 2) weight those interests appropriately in the analysis. We continue to believe that in the absence of liquidity facilities or implicit guarantees, an investment manager's principal risk is limited to a potential reduction in investment advisory or management fees (fixed and/or incentive) that it may receive in future periods. This potential loss of future fees does not represent either an expenditure of financial resources intended to provide liquidity or the absorption of downside risk that traditionally characterizes a debt or equity investment in a variable interest entity. As a result, we agree with the Board's conclusion that a decision maker's economic interest that exposes the decision maker to only positive returns would be less indicative of a principal relationship than a decision maker's economic interest that exposes it to negative returns (or both positive and negative returns).

Question 7: A reporting entity would be required to evaluate whether there has been a change in the decision maker's capacity by considering whether there has been a change in the purpose and design of the entity. For example, the purpose and design of the entity may change if the entity issues additional equity investment that is at risk to the decision maker. Do you agree with this proposed requirement? If not, please specify when this relationship should be reassessed and why.

Response: We believe that a reassessment process when there has been a change in the purpose and design of the relationship between the decision maker and the entity is appropriate.

Question 8: The Board decided to include the principal versus agent assessment as a separate analysis within the overall consolidation assessment, rather than replacing the current guidance for evaluating whether a decision-making arrangement is a variable interest (and accordingly, a principal) with the revised principal versus agent analysis. The Board believes that if an entity's fee arrangement does not meet the definition of a variable interest (for example, a nominal performance-based fee), the decision maker should not be required to continue the consolidation assessment. Do you agree? If not, why?

Response: While we are comfortable with the concept that a decision maker that does not hold a variable interest should not be required to continue the consolidation assessment, we continue to question the treatment of incentive fees in the initial analysis of the decision maker's fees. We are concerned that there is an automatic presumption that, in the absence of a contractual cap, incentive fees are significant to the total amount of the variable interest entity's economic performance. We do not believe that the lack of a contractual cap should be automatically determinative; rather, we believe incentive fees should be evaluated for significance based on reasonably possible scenarios of the entity's anticipated economic performance, taking into consideration in some fashion what level of variability the fee was designed to absorb.

Question 9: The Board expects the proposed principal versus agent guidance may affect the consolidation conclusions for entities that are consolidated as a result of the decision maker having a subordinated fee arrangement (for example, collateralized debt obligations). However, the Board does not otherwise expect the proposed amendments to significantly affect the consolidation conclusions for securitization entities, asset-backed financing entities, and entities formerly classified as qualifying special-purpose entities. Do you agree? If not, why?

Response: We believe that the proposed amendments may significantly affect the consolidation conclusions for securitization entities, asset-backed financing entities or entities formerly classified as qualifying special purpose entities.

Question 10: Update 2010-10 was issued to address concerns that some believe that the consolidation requirements resulting from Statement 167 would have required certain funds (for example, money market funds that are required to comply with or operate in accordance with requirements that are similar to those included in Rule 2a-7 of the Investment Company Act of 1940) to be consolidated by their investment managers. The amendments in this proposed Update would rescind the indefinite deferral in Update 2010-10 and would require money market funds to be evaluated for consolidation under the revised guidance. The Board does not intend the application of the proposed Update to result in money market funds being consolidated. Do you agree that the application of the proposed Update will meet this objective? If not, why and what amendments would you recommend to address this issue?

Response: We offer no response on Question 10.

Question 11: For purposes of applying the proposed principal versus agent guidance, the proposed amendments would require a reporting entity to include the decision maker's direct and indirect interests held in an entity through its related parties. Do you agree with the requirement that a decision maker should include its proportionate indirect interest held through its related parties for purposes of applying the principal versus agent analysis? Why or why not?

Response: We believe that the proposed requirement that a decision maker should include only its proportionate indirect interest held through a related party for purposes of applying the principal versus agent analysis represents a significant improvement over the previously issued guidance, which required that the decision maker take into consideration the entire interest held by the related party.

Question 12: The amendments in this proposed Update would require a general partner to evaluate its relationship with a limited partnership (or similar entity) by applying the same principal versus agent analysis required for evaluating variable interest entities to determine whether it controls the limited partnership. Do you agree that the evaluation of whether a general partner should consolidate a partnership should be based on whether the general partner is using its decision-making authority as a principal or an agent?

Response: The Company agrees that the evaluation of whether a general partner should consolidate a partnership should be based on whether the general partner is using its decision-making authority as a principal or as an agent. The Company believes that there is great value in terms of comparability in applying a consistent consolidation model to variable interest entities, voting interest entities and partnerships and feels that the amendments in the proposed Update provide an improvement in terms of comparability.

Question 13: Do you agree with the proposed transition requirements in paragraph 810-10-65-4? If not, how would you propose to amend those requirements, and why? Please provide an estimate of how long it would reasonably take to implement the proposed requirements.

Response: We believe that adoption of the pending content should be as of the beginning of a fiscal year (not interim period) and that a minimum of one year from the date of issuance of the final Update is necessary for implementation. We also believe that optional transition (cumulative effect or retrospective application) should be permitted. This will be of particular importance to companies that consolidated entities upon adoption of ASU No. 2009-17 that will subsequently deconsolidate those entities upon adoption of the Update if issued in its current form. Optional retrospective application would allow companies to provide investors with historically comparable financial statements, eliminating the significant financial statement disruption associated with the consolidation of certain variable interest entities upon adoption of ASU No. 2009-17 in one period and subsequent deconsolidation of those same entities upon adoption of the Update in another.

Question 14: Should early adoption be permitted? If not, why?

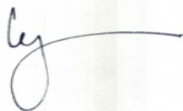
Response: Although we are sensitive to the fact that many companies will need the implementation period suggested in Question 13, we also believe that early adoption should be permitted.

Question 15: Should the amendments in this proposed Update be different for nonpublic entities (private companies or not-for-profit organizations)? If the amendments in this proposed Update should be applied differently to nonpublic entities, please provide a rationale for why.

Response: We believe that all accounting standards regarding recognition and measurement should be applied consistently to public and nonpublic entities.

We appreciate the FASB's consideration of these recommendations and comments. If you have any questions regarding our comments, please do not hesitate to contact the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read "LHylton", is written over a light-colored rectangular background.

Laurie G. Hylton
Vice President and Chief Accounting Officer