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Mr. Russell G. Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Proposed Accounting Standards Update, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities" (File Reference No. 1810-100)

Dear Mr. Golden:

This letter sets forth the comments of Invesco Ltd. ("Invesco," or the "Company") on the Proposed Accounting Standards Update, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities," (the "Proposed ASU").

Invesco is a global independent investment management company delivering investment management capabilities through a comprehensive array of investment products and solutions for retail, institutional and high-net-worth clients. Operating in 22 countries, Invesco had $573.5 billion in assets under management as of August 31, 2010. The Company provides investment management services to, and has transactions with, various mutual funds, private equity funds, real estate funds, fund-of-funds, collateralized loan obligations ("CLOs"), separate institutional accounts, and other investment products sponsored by the Company for the investment of client assets in the normal course of business.

We have several concerns or requests for clarification to identify for the Board related to the amortized cost election for financial liabilities.

Paragraph 28 of the Proposed ASU indicates that if a financial liability meets the paragraph 21 criteria to have the qualifying portion of the changes in its fair value recognized in other comprehensive income and measurement of the liability at fair value would create or exacerbate a measurement mismatch of recognized assets and liabilities, then an entity may elect to measure the financial liability at amortized cost. Paragraph 30 outlines the criteria for supporting that an accounting mismatch exists.

Invesco is evaluating its corporate debt, which is currently measured at amortized cost, for classification and measurement under the Proposed ASU. Our corporate debt was issued to fund prior business combinations and for general corporate purposes and is not linked *contractually* to any of our assets, and therefore the criterion in paragraph 30a does not appear to be met. Invesco has determined that it has one operating and reportable segment, asset management, and therefore the criterion is paragraph 30b is not applicable. We therefore must satisfy the criterion in paragraph 30c, that less than 50% of our consolidated assets are subsequently measured at fair value, in order to elect the amortized cost basis for classification and measurement of our debt under the

Proposed ASU. We believe that amortized cost most appropriately aligns with the Company's purpose for issuing the debt – the funding of business acquisitions and not the acquisition of assets that would subsequently be measured at fair value. Marking our debt to fair value each reporting period would introduce volatility into our statement of comprehensive income, as the valuation changes on the debt would not be offset by valuation changes in any related assets.

Certain aspects of the guidance in paragraph 30c relating to the accounting mismatch quantitative test are unclear, and we recommend that the Board expand the guidance to address the following issues:

1) Which assets can be excluded (and are required to be included) from the accounting mismatch quantitative test?

Invesco consolidates certain of its managed investment products under Accounting Standards Codification ("ASC") Topic 810, "Consolidation." A significant portion of consolidated investment products are CLOs, which have been determined to be variable interest entities. The notes issued by the CLOs are backed by diversified collateral asset portfolios consisting primarily of loans or structured debt, and are therefore contractually linked to those collateral assets. Paragraph 4a indicates that "an interest in a variable interest entity that the entity is required to consolidate in accordance with Subtopic 810-10" is excluded from the scope of the Proposed ASU. It is unclear if this exclusion would allow the Company to exclude the assets held by investments of consolidated investment products from the accounting mismatch quantitative test. **We urge the Board to clarify that the paragraph 4a exclusion would obviate the need to include related consolidated variable interest entity assets from the accounting mismatch quantitative test.**

Additionally, one of the Company's subsidiaries is an insurance entity, established to facilitate retirement savings plans. Investments and contractually linked policyholder payables held by this business meet the definition of financial instruments that are carried in the Company's consolidated balance sheet as separate account assets and liabilities at fair value in accordance with ASC Topic 944, "Financial Services – Insurance." The investments are legally segregated and are generally not subject to claims that arise from any of the Company's other operations. Paragraph 4d indicates that "an insurance contract within the scope of Topic 944 on financial services and insurance" is excluded from the scope of the Proposed ASU. It is unclear if this exclusion would allow the Company to exclude the policyholder investments from the accounting mismatch quantitative test. **We urge the Board to clarify that the paragraph 4d exclusion would obviate the need to include separate account assets from the accounting mismatch quantitative test.**

Paragraph 30 of the Proposed ASU indicates that for purposes of applying the quantitative tests, assets contractually linked to "a" financial liability can be excluded from the calculation. It is not clear, however, if assets unrelated to the financial liability in question (i.e. the Company's corporate debt) can be excluded from the quantitative test if those assets are contractually linked to a separate and distinct financial liability. **We urge the Board to clarify that fair valued financial assets, such as our investments of consolidated investment products and separate account investments, which are contractually linked to other fair valued financial liabilities, should be excluded from the accounting mismatch quantitative test.**

Paragraph 30 of the Proposed ASU indicates that any assets acquired by issuing a financial liability should be included in the accounting mismatch quantitative test. As indicated above, the Company's corporate debt was issued to fund prior business combinations and for general corporate purposes and is not linked *contractually* to any of our assets. It is most directly associated with, albeit not *contractually* linked, to the Company's assets acquired in prior business combinations, which largely consist of goodwill and intangible asset balances. These goodwill and intangible asset balances are not measured at fair value on a recurring basis. It is not clear if the Board intended for companies to include goodwill and intangible asset balances into the accounting mismatch quantitative test. **We urge the Board to clarify that all financial assets that are fair valued on a non-recurring basis, including goodwill and intangible assets, which may result indirectly from the issuance of a**

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financial liability in connection with a business combination, should be excluded from the accounting mismatch quantitative test.

2) How will subsequent issuances of corporate debt impact the accounting mismatch quantitative test?
Paragraph 29 of the Proposed ASU indicates that the decision to use amortized cost accounting for a financial liability should occur when an entity issues or otherwise incurs the liability, and that the decision shall not subsequently change. Assume that we conclude that an accounting mismatch exists at the adoption date of the Proposed ASU. We are therefore able to measure our existing corporate debt at amortized cost. Assume that we issue new corporate debt in a period subsequent to the adoption of the Proposed ASU, and that this debt is used to finance a new acquisition and/or for general corporate purposes. At the date of the issuance of the new debt, we must re-perform the accounting mismatch quantitative test for the newly issued debt. It is possible, therefore, due to future changes in the composition of the assets held at fair value on the Company's consolidated balance sheet, that an accounting mismatch would no longer exist. In this scenario, a portion of the Company's corporate debt would be measured at amortized cost, and a portion would be measured at fair value. This inconsistency in classification and measurement of corporate debt is a result that seems to lack conceptual merit, when the underlying purpose of the corporate debt has not changed, and the issuance of the debt is not linked to assets that are measured at fair value. **We urge the Board to clarify that the accounting mismatch quantitative test for subsequent issuances of debt only include assets acquired with the proceeds of that debt.**

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We would be pleased to discuss our comments with the Board or its staff.

Very truly yours,

David A. Hartley
Group Controller and Chief Accounting Officer

Aimee B. Partin
Head of Regulatory Reporting