



invesco
Two Peachtree Pointe
1555 Peachtree Street, NE
Atlanta, Georgia 30309

404 892 0896
www.invesco.com

March 31, 2009

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



LETTER OF COMMENT NO. 169

File Reference: Proposed FSP FAS 115-a, FAS 124-a, and EITF 99-20-b

Dear Mr. Golden:

This letter sets forth the comments of Invesco Ltd. ("Invesco," or the "Company") on the Proposed FASB Staff Position (FSP) FAS 115-a, FAS 124-a, and EITF 99-20-b (the "Proposed FSP").

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 20 countries, Invesco had \$357.2 billion in assets under management as of December 31, 2008.

We support the Board's proposal to modify the current indicator of other-than-temporary impairment that, to avoid considering an impairment to be other-than-temporary, management must assert that a) it does not have the intent to sell the security, and b) it is more likely than not that it will not have to sell the security before recovery of its cost basis. We also support the Board's proposal that the impairment would be separated into a) the amount of the total impairment related to credit losses, and b) the amount of the total impairment related to other factors. We do, however, have the following comments for the Board's consideration.

Separation of credit losses

Paragraph 5 of the Proposed FSP defines credit losses as "the amount of cash the entity expects to lose if it holds an investment to maturity." The Proposed FSP does not, however, clarify if credit losses should include actual credit events that have already occurred and the losses expected to be realized from those events at the reporting date or expected credit losses and events that could potentially be realized in the future. The "amount of cash that an entity expects to lose if it holds an investment to maturity" could be interpreted as losses related to actual securities which have defaulted, resulting in an expectation that if the entity holds the investment to maturity, there will be lost cash flows. However, it could also be interpreted as losses related to other securities which could potentially default, but have not yet defaulted at the reporting date, resulting in a larger amount of expected credit losses.

In the example of an investment in a collateralized debt obligation, actual credit losses could be significantly different from expected credit losses from reporting period to reporting period. We urge the Board to consider amending the definition of credit losses to “the amount of cash the entity is expected to lose for credit defaults that have already occurred at the reporting date if it holds an investment to maturity.” It is appropriate to record any change in value based on expected credit losses to other comprehensive income, as these reduced cash flows have not been realized at the reporting date. Should they become realized at a later reporting date, then pursuant to the guidance in the Proposed FSP, they will be recognized in earnings at that time.

Discount rate adjustment

The Proposed FSP does not include any guidance on the appropriate discount rate to be used in the other-than-temporary analysis of a collateralized debt obligation investment. However, the Proposed FSP FAS 157-e, in footnote 21b of the detailed example of the process of establishing a fair value of a collateralized debt obligation, states the following: “The discount rate adjustment technique described in paragraphs B7-B11 of Statement 157 would not be appropriate when determining whether there has been an other-than-temporary impairment and/or a change in yield under EITF Issue No. 99-20, “Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests That Continue to Be Held by a Transferor in Securitized Financial Assets,” when that technique uses contractual cash flows rather than most likely cash flows.”

It lacks conceptual merit that under the Proposed FSP FAS 157-e, the discount rate adjustment technique is allowable, yet under the Proposed FSP, the discount rate adjustment technique is not allowable. We urge the Board to consider allowing the use of the discount rate adjustment technique in the Proposed FSP for valuation of investments in inactive markets and for which any quoted prices obtained have been determined to result from distressed transactions. Such an allowance would better align the Proposed FSP with Proposed FSP FAS 157-e.

Subsequent amortization of discount or reduced premium

Paragraph 14 of the Proposed FSP indicates that in periods subsequent to the recognition of other-than-temporary impairment of debt securities, “unless a sale is imminent, the discount or reduced premium recorded for the debt security, based on the new costs basis, shall be amortized over the remaining life of the debt security in a prospective manner based on the amount and timing of future estimated cash flows.” It is unclear in the Proposed FSP how the amortization should be recorded.

Paragraph 15 of the Proposed FSP clearly indicates that in periods subsequent to the recognition of other-than-temporary impairment of held-to-maturity securities, the amount recorded to other comprehensive income should be amortized over the remaining life of the debt security in a prospective manner “by offsetting the recorded value of the asset unless there is a subsequent other-than-temporary impairment that is recognized in earnings.”

We urge the Board to clarify in paragraph 14 if the amortization of the amount recorded in other comprehensive income resulting from an other-than-temporary impairment of a debt security should also be amortized by offsetting the value of the asset.

Application of Proposed FSP to equity securities

Paragraph 11 of the Proposed FSP indicates that the Proposed FSP also applies to equity securities. We agree with this proposal. The proposed modification to the current other-than-temporary impairment indicator that, to avoid considering an impairment to be other than temporary, management must assert that it has both the intent and ability to hold an impaired security for a period of time sufficient to allow for any anticipated recovery in fair value with an indicator of management assertion that a) it does not have the intent and ability to sell the security and b) it is more likely than not that it will not have to sell the security before its recovery is appropriate to apply to other-than-temporary impairment evaluations of equity securities. This indicator change may not result in a significant change to the assessment of whether an equity security is other-than-temporarily impaired, because the other indicators of determining whether a security is other-than-temporarily impaired remain unchanged (such as consideration of the severity and duration of the impairment and the financial condition and near-term prospects of the issuer); however it does add weight to management's assessment that an other-than-temporary impairment of equity securities has not occurred if such assertions can be made. We encourage the Board to provide the same set of other-than-temporary impairment indicators for the evaluation of both equity and debt securities.

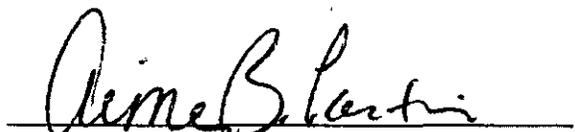
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We would be pleased to discuss our comments with the Board or its staff.

Very truly yours,



David A. Hartley
Chief Accounting Officer



Aimee B. Partin
Director, Accounting Policy and Disclosures