

1750-100 Comment Letter No. 32

800 Nicollet Mall Minneapolis, MN 55402

January 6, 2010

Via email: director@fasb.org

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

Re: File Reference No. 1750-100 – Consolidation (Topic 810), Amendments to Statement 167 for Certain Investment Funds

Dear Mr. Golden:

U.S. Bancorp, the parent company of the sixth largest commercial bank in the United States, with over \$265 billion in assets and over \$148 billion in assets under management, appreciates the opportunity to comment on the Exposure Draft of the proposed Consolidation (Topic 810), *Amendments to Statement 167 for Certain Investment Funds*.

We are very supportive of the clarification to the scope of FASB Statement of Financial Accounting Standards No. 167, Amendments to FASB Interpretation No. 46(R) (FAS 167) as it relates to the business of asset management. We commend the Board for the issuance of the amendment to FAS 167. We believe deferral of the date for application of FAS 167 to "Certain Investment Funds" is necessary while the FASB and the IASB work towards convergence in this area. Without this discussion, Asset Managers would be forced to consolidate assets, liabilities and non-controlling interests the performance of which have little bearing on the institution's investors.

While we are encouraged by the proposed deferral, we believe a better solution would be to make the deferral permanent. Investor concerns could better be addressed by requiring increased disclosure of assets under management and related fee information by the Asset Managers instead of creating confusing information by requiring consolidation.

Specifically, we believe Asset Managers act as agents for their investor clients. Generally, investors are brought together by the Asset Manager to invest in a vehicle which offers them a lower cost of delivery and a greater diversification of investment risk. The Asset Manager receives a fee for its part in this agency relationship. The proposed deferral will result in financial statements more representative of the actual business of the Asset Manager as opposed to the confusion to investors if consolidation under FAS 167 is applied to these pooled assets.

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We also ask that the Board consider adding to the list of examples of funds that are eligible for the proposed deferral. Bank-managed common trust funds (CTFs) and collective investment funds (CIFs) are investment funds that possess all the attributes specified in Codification paragraph 946-10-15-2. CTFs and CIFs are listed as examples of kinds of investment companies in the AICPA "Investment Companies Audit Guide" AAG-INV 1.03, but are not listed as examples in the proposal. We fear that the list of examples may be used to the exclusion of all other possible investment companies. Therefore, we ask that the list either be broadened to include CTFs and CIFs, or be removed from the final draft of this update.

We also agree with and support the Board's decision to defer the application of FAS 167 to "reporting entities with interests in entities that are required to comply with or operate in accordance with requirements that are similar to those in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds" for the same reasons as stated for "Certain Investment Funds".

We believe the proposed changes to include language to clarify that related-party arrangements should be considered for all of the conditions in paragraph B22 of Statement 167 is operational and achieves the Board's objective.

We agree that the proposed change to condition (c) of paragraph B22 of Statement 167 is operational and achieves the Board's original objective that a quantitative test should not be the sole determinant of whether a fee arrangement is a variable interest.

We appreciate the opportunity to submit our views and would be pleased to discuss our comments with you at your convenience. Please contact me at (612) 303-4352 with questions or if you need additional information.

Sincerely,

Chief Accounting Officer