Ameriprise Financial

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Via Email: director@fasb.org

February 15, 2011

Susan M. Cosper Technical Director Financial Accounting Standards Board 401 Merritt 7 Post Office Box 5116 Norwalk, Connecticut 06856-5116

Re: File Reference Number 2011-220

Dear Ms. Cosper:

Ameriprise Financial, Inc. ("we" or "AMPF"), one of the nation's leading financial planning, asset management and life insurance and annuity companies, respectfully offer comments for your consideration with respect to the FASB's Proposed Accounting Standards Update, Consolidation (Topic 810): *Principal versus Agent Analysis* (the "Exposure Draft").

We generally support the Exposure Draft's proposed principles for determining whether a decision maker is acting in a principal or agency capacity and appreciate that the Board acknowledged the concerns of the asset managers by granting a deferral under ASU No. 2010-10 from the provisions of ASC 810 (codification of FAS 167) for reporting entities with interests in investment companies.

As discussed in our comment letter on the Proposed Accounting Standards Update Financial Services – Investment Companies (Topic 946): *Amendments to the Scope, Measurement, and Disclosure Requirements* we believe that the consolidation of investment companies by other investment companies will not provide meaningful financial statement reporting to the users of those financial statements. Instead we believe investment companies should recognize all investments at fair value in accordance with the accounting provisions of ASC 946 and eliminate the distortive results of including minority interests of consolidating non-wholly owned entities.

See our responses to selected of the questions within the Exposure Draft below.

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?

We support a qualitative assessment of the decision maker's overall relationship with the entity to allow for the inclusion of all applicable factors. We believe a qualitative analysis will lead to an appropriate consolidation conclusion across entities.

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?

We agree that all of the proposed factors should be considered in assessing whether a decision maker is a principal or an agent. However we are concerned that the examples within the Exposure Draft seems to over emphasize factor c, which may lead to inappropriate bright-lines being drawn. Further, we recommend "the purpose and design of the entity" be stated as another factor to consider in the analysis. Paragraph ASC 810-10-25-39C of the Exposure Draft states: "This assessment also shall consider the entity's purpose and design, including the risks that the entity was designed to create and pass through to its interest holders." Based on this, it appears that the Board's intent is for the purpose and design of the entity to be considered along with the other factors; However, we are concerned that by not explicitly stating that purpose and design is a specific factor to consider in the evaluation of a decision maker's capacity, this factor may not receive the appropriate consideration within the principal versus agent assessment.

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 do you recommend?

The Exposure Draft requires that the level of equity interest held by the decision maker be considered in the determination of principal versus agent, and suggests that the greater the equity interest, the more weight that factor should carry. We believe that the relative amount of equity interest is only one of four factors to consider in evaluating whether a decision maker is acting as an agent or a principal. The level of equity interest needs to be evaluated in the context of all of the factors taken together. For example the purpose and design of the entity may provide insight into why a decision maker is holding an equity interest (i.e., to align its interests with the entity's investors versus to give the decision maker significant exposure to the investment objectives of the entity for its own proprietary risk taking).

We also believe that the purpose and design criterion will allow for the consideration of legal and regulatory factors which may provide crucial insight into how to weight each of the four criteria. For example, asset managers are required to make decisions in the best interest of the investors of the fund. This fiduciary duty is not affected by the existence of an investment in the fund, regardless of the size of the investment, by the asset manager. Regulations under the 1940 Act and other applicable laws are devised to mitigate any apparent conflicts of interest including conflicts which may arise as a result of holding investments in the fund. Therefore, we do not support a model that suggests

that these decisions differ depending on the extent of our holdings in the fund in all circumstances.

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?

We agree that substantive kick-out and participating rights should be considered when evaluating whether a reporting entity should consolidate another entity. However, we believe that whether these rights are held by a single or multiple unrelated parties, they should be considered determinative in the principal versus agent analysis when they are deemed substantive. The number and/or dispersion of unrelated parties that need to collectively exercise these rights and the probability of these parties exercising those rights should be considered in the evaluation of whether the rights are substantive.

Further, we believe a 1940 Act Fund governed by an independent board should be a determinative indicator that the asset manager is acting as agent. As required by the 1940 Act, the board, acting as a single unit, has the full power and authority to carry out all actions necessary and appropriate in connection with the management of a registered investment fund, including decisions regarding all service providers. All boards of 1940 Act funds have the ability to terminate the asset management contract without cause.

Our proposed change above will likely change the consolidation assessment for limited partnership structures. For example, limited partners holding substantive kick-out rights could lead to a decision maker, generally the general partner, to be deemed to be an agent of the limited partners. We encourage the Board to provide guidance that clarifies whether or not a limited partner investor, who is unrelated to the decision maker acting in an agent capacity, could consolidate a limited partnership. Under current guidance, general partners are presumed to control limited partnerships. This presumption can be overcome if the limited partners hold substantive participation or removal rights. If the presumption of control by the general partner is overcome, a limited partner consolidates the limited partnership only if unilaterally controls the entity. It is unclear under the guidance within the Exposure Draft how limited partners determine if they should consolidate a limited partnership.

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?

We agree that 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.

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?

We believe that 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 are voting interest entities and therefore would not be subject to the amendments within the exposure draft. If the Board believes that these entities are variable interest entities we believe that the Board should add an example to the final standard which supports this conclusion.

Question 11: For purpose 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 purpose of applying the principal versus agent analysis? Why or why not?

We generally support the Exposure Draft's guidance related to capturing all of a decision maker's interests (both direct and indirect). However, we are concerned with the guidance for evaluating a decision maker's indirect interests held by employees and employee benefit plans for inclusion with the decision maker's direct interests. In paragraph ASC 810-10-25-42, the Effect of Related Parties, the Exposure Draft states, "Similarly, if an employee of the decision maker is a related party and owns an interest in the entity being evaluated and that employee's interest has been financed by the decision maker, the decision maker shall include its indirect interest in the evaluation." We believe that the term "financed" should be interpreted literally in that employee investments should only be included in the employer's assessment if those interests serve as collateral for a loan which was utilized to complete the purchase the interests. However, we are concerned that without additional guidance the definition of "financed" is not sufficiently clear.

The Exposure Draft proposes to eliminate language related to the treatment of interests held by employee benefit plans. When employees and employee benefit plans, such as participant-directed 401(k) plans, invest in investment fund entities we believe that these investments are outside of the control of the decision maker and therefore should not be included within the decision maker's interest. In order to clarify this, we recommend that the Board retains the proposed deleted exclusions from related parties in ASC 810-10-55-37A subparagraphs a and b, specifically excluding interests of employees and employee benefit plans of the decision maker except if they are used in an effort to circumvent the provisions of the proposed principal versus agent guidance.

Thank you for your consideration on this very important matter. If you have any questions, comments or would like further information, please contact me at (612) 678-4769.

Sincerely,

David K. Stewart

Senior Vice President and Controller