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Technical Director
File Reference No. 2012-200
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Proposed Accounting Standards Update, "Financial Instruments (Topic 825): Disclosures about Liquidity Risk and Interest Rate Risk" (File Reference No. 2012-200)

Dear Technical Director:

This letter sets forth the comments of Invesco Ltd. ("Invesco," or the "Company") on the Proposed Accounting Standards Update, "Financial Instruments (Topic 825): Disclosures about Liquidity Risk and Interest Rate Risk," (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. At August 31, 2012, Invesco had $669.7 billion in assets under management. Operating in more than 20 countries, 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"), and other investment products sponsored by the Company, in addition to separate institutional accounts, for the investment of client assets in the normal course of business.

We appreciate the opportunity to comment on the Proposed ASU and have the following primary areas of concern to share with the Board:

- The cash flow obligations table lacks sufficient guidance regarding the types and scope of obligations to be included;

- The Proposed ASU would benefit from additional clarifying guidance and illustrations of consideration of the "expected maturities" versus "contractual maturities" of various obligations;

- The requirement to disclose the cash flow obligations table on a quarterly basis is burdensome, when the disclosure objectives could be met by annual disclosures with interim updates for significant new cash flow obligations; and

- The available funds disclosure lacks sufficient guidance regarding the definition of terms and the flexibility of providing relevant entity-specific disclosures.

Each of these points is further detailed below.

Question 2
For an entity that is not a financial institution, the proposed amendments would require a cash flow obligations table that includes the expected maturities of an entity's obligations. Do you foresee any significant operational concerns or constraints in complying with this requirement? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?

We believe that there are operational concerns stemming from a lack of specific guidance provided in the Proposed ASU. Our concerns include the basis for which the data should be gathered (i.e. going concern or liquidation), the lack of definition of terms in the illustrations provided in the Proposed ASU, the relevance of the "Adjustment to Carrying Amount" column, and the scope of the obligations to be included.

It is not clear if the table should be completed on a going concern or on a liquidation basis. Going concern implies that contract termination clauses and similar restrictions would be ignored and the Company's intent would be factored into the cash flow amounts disclosed. Alternatively, liquidation basis implies that only the Company's minimum commitments would be included in the table.

We note the illustrative cash flow obligations table on page 27 of the Proposed ASU and that paragraph 825-10-55-5D indicates that the types of obligations listed in the table are not meant to constitute all of the financial liabilities that might be included. We also note that the obligations illustrated in the table on page 27 are not defined in the Proposed ASU. We believe that, to avoid inconsistency in application, the Board should consider including definitions of the types of cash flows that may result from each of the examples in the cash flow obligations table. For example, it is unclear how purchase obligations are defined. It is also unclear how commitments are defined. Additionally, it is not clear if employment contracts and other shorter-term obligations, such as accounts payable and commitments for capital expenditures, would be included in the table.

The "Adjustment to Carrying Amount" column, while reconciling the total expected cash-flow to the amounts recorded on the balance sheet, does not provide meaningful disclosure. The adjustment amount appears to be a mathematical balancing figure. Many of the suggested cash flow obligations in the illustration on page 27 would not correspond to amounts accrued on the balance sheet at any given period end. For example, operating leases (under current U.S. GAAP) are not yet reflected in the balance sheet. The total carrying amount may therefore be representative of the current rent expense accrual at the period end, which may not be individually significant or relevant in the context of the liquidity disclosure.

Additionally, we consolidate certain investment products under ASC 810, "Consolidation." The majority of the company's consolidated investment product balances relate to CLO funds. Third-party investors in the CLOs have no recourse to the general credit of the Company for the notes issued by the CLOs; therefore, the Company does not consider this debt to be a liability of the Company and would deem it inappropriate to include the debt of these consolidated funds within the Company's cash flow obligations table. We suggest that the Board consider including guidance in the Proposed ASU to clarify that the cash flow obligations should represent contractual obligations of the reporting entity and not obligations for which the reporting entity must reflect due to consolidation accounting guidance.

We urge the Board to provide greater clarity of definition for certain terms and the scope of items to be included within the cash flow obligations table to ensure consistent reporting.

Question 3
The proposed amendments would require information about the expected maturities for financial assets and financial liabilities to highlight liquidity risk. "Expected maturity" is the expected settlement of the instrument resulting from contractual terms (for example, call dates, put dates, maturity dates and prepayment expectations) rather than the entity's expected timing of the sale or transfer of the instrument. Do you agree that the term "expected maturity" is more meaningful then the term "contractual maturity" in the context of the proposed liquidity risk disclosures? If not, please explain the reasons and suggest an alternative approach.

It is not clear how management's intent should be considered with respect to each item in the table. Paragraph 825-10-55-5A indicates that "expected maturity could be considered in different ways for different instruments but should not represent an entity's expectation of the sale or transfer of the financial instrument." However, paragraph 825-10-55-5A(f) indicates that for leases, a reporting entity should consider expectations of the exercise of termination rights when scheduling cash obligations. It is not clear what assumptions should be used for purchase obligation disclosures when contemplating different types of purchase obligation contracts. For example, if a service contract contains a break clause or a minimum notice period for cancellation, it is unclear if the contractual obligations table should include amounts payable up to the break clause date or the minimum notice period, or, based on the company's forecasts and expectations, if the contractual obligations table should include an expectation of service over the life of the contract. Another example includes contemplation of automatically renewable, or "evergreen," contracts. It is unclear if management should assume automatic renewal of these contracts for purposes of the contractual obligation disclosure. And finally, purchase obligation contracts may be variable and based upon business volume. It is unclear if estimates of future business volume should be made to determine expected cash flow obligations for disclosure.

As an additional illustration of our concern with expected maturity detail, in the investment management industry, capital commitments may be made to investment products structured as partnerships (i.e. private equity funds). These commitments are often made into unregistered, private funds for which the investment status is not public information. Due to the sensitive nature of the timing of investments made by these funds, we believe it is not appropriate to include any estimate or speculation as to the anticipated timing of the calling of a capital commitment.

We believe that the Proposed ASU would be more illustrative if additional comparisons of the term "expected maturity" were included to contrast with the term "contractual maturity." We believe that at the inception of a contract, the general principle is that both parties will seek to complete the terms under the contract. As such, the expected maturity of the contract is generally the contractual maturity. Clauses which are included in contracts, allowing a reduction in the contract length are not necessarily indicators that the contract length will not be honored; however, over the contract's duration, expectations may change. It is not clear how forward-looking estimates should be considered when evaluating information for disclosure. It would be helpful if the illustrative guidance in the Proposed ASU offered additional examples of the differences between expected and contractual maturity.

Examples of the differences between expected and contractual maturity may also serve to clarify the distinction between the cash flow obligation disclosures required on a quarterly basis in the Proposed ASU as compared to those required annually by the Securities and Exchange Commission in Regulation S-K 303(a)(5) in the Management's Discussion and Analysis section of company filings, as it is unclear how these separate disclosure requirements will relate. We note that it may present operational challenges to compile the data required for an expected maturity analysis on a quarterly basis and suggest that the Board consider establishing the disclosure requirements on an annual basis. Annual disclosures are sufficient to illustrate cash flow obligations for future years. Material new obligations that arise between annual periods can be disclosed separately in interim filings.

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We urge the board to provide additional clarifying examples illustrating the difference between "expected maturity" and "contractual maturity" and that the Board consider requiring these disclosures on an annual basis.

Question 4
The proposed amendments would require a quantitative disclosure of an entity's available liquid funds, as discussed in paragraphs 825-10-50-23S through 50-23V. Do you foresee any significant operational concerns or constraints in complying with this requirement? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?

While we do not foresee any significant concerns or constraints in disclosing this information, we do think that the terms contained within the Proposed ASU require expanded definition. It is not clear if "unencumbered cash," for example, should include excess cash held in subsidiary entities to satisfy local regulatory requirements. Additionally, it would be helpful if the terms "readily convertible to cash" and "high quality liquid assets" are defined or illustrated, as it is unclear if these terms imply that the assets should be convertible to cash within a set time period.

We note the three-column illustrative table in paragraph 825-10-55-5E. We suggest that the Board clarify in this paragraph that this table is not meant to require the columns illustrated (i.e., Parent Company, Subsidiaries, Broker/Dealers) for separate disclosure, but that reporting entities should present the most relevant company-specific entity detail to meet the disclosure objectives. Corporate structures may differ, and reporting entities should exercise judgment to illustrate the most relevant subdivision of available liquid funds data.

We urge the board to consider greater clarity of definition of the terms used in the available liquid funds table and provide greater flexibility for reporting entities to present the data as is deemed most relevant for those entities.

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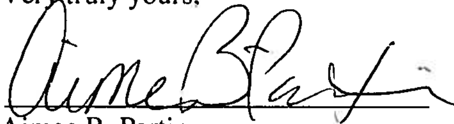
I would be pleased to discuss these comments with the Board or its staff.

Very truly yours,



Aimee B. Partin
Head of Accounting Policy and Disclosures