



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

August 24, 2016

R. Daniel O'Connor, Esq.
Ropes & Gray LLP
Prudential Tower
800 Boylston Street
Boston, MA 02199

Re: In the Matter of WL Ross & Co. LLC
Invesco Ltd. – Waiver Request of Ineligible Issuer Status under Rule 405 of the Securities Act

Dear Mr. O'Connor:

This is in response to your letter dated August 9, 2016, written on behalf of Invesco Ltd. (“Company”) and constituting an application for relief from the Company being considered an “ineligible issuer” under clause (1)(vi) of the definition of ineligible issuer in Rule 405 of the Securities Act of 1933 (“Securities Act”). The Company requests relief from being considered an “ineligible issuer” under Rule 405, due to the entry on August 24, 2016, of a Commission Order (“Order”) pursuant to Section 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”) against WL Ross & Co. LLC (“WLR”). The Order requires that, among other things, WLR cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder.

Based on the facts and representations in your letter, and assuming WLR complies with the Order, the Commission, pursuant to delegated authority, has determined that the Company has made a showing of good cause under clause (2) of the definition of ineligible issuer in Rule 405 and that the Company will not be considered an ineligible issuer by reason of the entry of the Order. Accordingly, the relief described above from the Company being an ineligible issuer under Rule 405 of the Securities Act is hereby granted. Any different facts from those represented or failure to comply with the terms of the Order would require us to revisit our determination that good cause has been shown and could constitute grounds to revoke or further condition the waiver. The Commission reserves the right, in its sole discretion, to revoke or further condition the waiver under those circumstances.

Sincerely,

/s/

Tim Henseler
Chief, Office of Enforcement Liaison
Division of Corporation Finance



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August 9, 2016

VIA FEDEX AND EMAIL

Timothy Henseler, Esq.
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: *In the Matter of WL Ross & Co. LLC* – Waiver Request Under Rule 405

Dear Mr. Henseler:

We submit this letter on behalf of our client, Invesco Ltd. (“Invesco”), a reporting company registered under Section 12 of the Securities Exchange Act of 1934 (the “Exchange Act”), in connection with the settlement of an administrative proceeding brought against WL Ross & Co. LLC (“WL Ross”), an Invesco subsidiary and investment adviser registered under the Investment Advisers Act of 1940 (the “Advisers Act”), by the Securities and Exchange Commission (the “Commission”). WL Ross is the respondent in the above-captioned administrative proceeding.

Invesco requests a determination by the Commission that Invesco and Invesco’s subsidiaries¹ should not be deemed “ineligible issuers” as defined in Rule 405 of the Securities Act of 1933 (the “Securities Act”) as a result of the settlement reached between WL Ross and the Commission. Relief from the ineligible issuer provisions is appropriate in this case for the reasons set forth below. Invesco respectfully requests that this determination be made effective upon the resolution of the aforementioned administrative proceeding.

BACKGROUND

The Commission has proposed to initiate a settled administrative proceeding under Section 203(k) of the Advisers Act by filing an order instituting cease-and-desist proceedings

¹ Invesco requests this determination on behalf of itself and the following Invesco subsidiaries: Invesco Holding Company Limited (United Kingdom); IVZ, Inc. (Delaware); Invesco Group Services, Inc. (Delaware); IVZ UK Limited (United Kingdom); Invesco Management Group, Inc. (Delaware); Invesco North America Holdings, Inc. (Delaware); Invesco Advisers, Inc. (Delaware); and Invesco Private Capital, Inc. (Delaware) (*see* attached Exhibit A, excluding WL Ross).

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(the “Order”) against WL Ross that will state that the private equity firm did not disclose its methodology for calculating management fee offsets for certain of its private equity funds (the “WLR Funds”). In addition to providing investment advisory services to its private equity funds, WL Ross also provides advisory and other services to certain portfolio companies in which its clients invest. The limited partnership agreements (the “LPAs”) governing the WLR Funds contemplate that WL Ross may receive fees from the portfolio companies for certain services that WL Ross provides from time to time. These fees, as defined in the relevant LPAs for the WLR Funds, include break-up, origination, commitment, broken deal, topped bid, cancellation, monitoring, closing, financial advisory, investment banking, director or other transaction fees (collectively, “Transaction Fees”). The governing documents of the WLR Funds provide that quarterly management fees payable by the WLR Funds to WL Ross “shall be reduced” by an amount equal to 50% (or 80%, depending on the particular fund) of “any” Transaction Fees received by WL Ross during the prior quarter from portfolio investments of the WLR Funds. Accordingly, WL Ross allocates a percentage of the Transaction Fees it receives from the portfolio companies to the WLR Funds in order to offset the quarterly management fees payable by the WLR Funds. The WLR Funds’ governing documents, however, do not disclose how Transaction Fees shall be allocated when multiple WLR Funds and other co-investors are invested in the same portfolio company.

The Order states that between 2001 and 2011, WL Ross adopted a Transaction Fee allocation methodology when multiple WLR Funds and other co-investors were invested in a portfolio company whereby WL Ross allocated Transaction Fees that it earned from portfolio investments to the WLR Funds based upon their relative ownership percentages of the portfolio company. As a result, WL Ross retained that portion of the Transaction Fees that was based upon co-investors’ relative ownership of the portfolio company, without subjecting such fees to any management fee offsets. The Order also states that WLR did not disclose to the WLR Funds, their Advisory Boards, or to the Funds’ limited partners that it would allocate Transaction Fees according to the above allocation methodology rather than allocating all Transaction Fees pro rata among the investing WLR Funds (and other WLR funds that also had offset provisions). According to the Order, WL Ross received approximately \$10.4 million more in management fees using its selected methodology than if it had allocated Transaction Fees pro rata among the WLR Funds for management fee offset purposes during the relevant time period.

Without admitting or denying the statements that will be set forth in the Order, WL Ross has agreed to consent to entry of the Order finding that it negligently violated Sections 206(2) and 206(4) of the Advisers Act. As part of the settlement, WL Ross will agree to cease and desist from committing or causing any future violations of Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder, will receive credit for having voluntarily reimbursed \$10,468,721 and \$1,404,850 in prejudgment interest prior to the issuance of the Order, and will agree to pay a civil monetary penalty of \$2.3 million.

As will be recognized in the Order, WL Ross brought its transaction fee offset allocation methodology to the attention of the Commission’s Office of Compliance Inspections and Examinations (“OCIE”) during an examination. Following an internal review, WL Ross voluntarily adopted a new management fee offset allocation methodology, submitted its

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calculations of historical management fee offsets to an independent accounting firm for review, and voluntarily reimbursed the funds for management fee offsets calculated using the revised methodology (with interest).

DISCUSSION

Under Rule 405 under the Securities Act, an issuer and its subsidiaries can be categorized as well-known seasoned issuers (“WKSI”) if they meet certain requirements.² Benefits of WKSI status include the ability to register securities for offer and sale under an “automatic shelf registration statement” and a simpler, efficient registration process. Rule 405 provides, however, that these benefits are unavailable to any issuer deemed to be an “ineligible issuer,” as defined therein.³ Pursuant to Rule 405(1)(vi), an issuer becomes an ineligible issuer if “[w]ithin the past three years ... the issuer or any entity that at the time was a subsidiary of the issuer was made the subject of any judicial or administrative decree or order arising out of a governmental action that: (A) Prohibits certain conduct or activities regarding, including future violations of, the anti-fraud provisions of the federal securities laws; (B) Requires that the person cease and desist from violating the anti-fraud provisions of the federal securities laws; or (C) Determines that the person violated the anti-fraud provisions of the federal securities laws[.]”

Notwithstanding the foregoing, Rule 405(2) offers an exemption from ineligible issuer status if the Commission finds, “upon a showing of good cause, that it is not necessary under the circumstances that the issuer be considered an ineligible issuer.”

The Order will render Invesco an ineligible issuer for a three-year period following entry of the Order. As a result, Invesco will be unable to qualify for the benefits of WKSI status.

REASONS FOR GRANTING A WAIVER

Under the facts and circumstances of the conduct as will be described in the Order and in consideration of the Division of Corporation Finance (“CorpFin”) Revised Statement on Well-Known Seasoned Issuer Waivers (the “Division Statement”),⁴ we believe that the information set forth herein provides a showing of good cause that ineligible issuer designation is not necessary for the public interest or the protection of investors.

Persons Responsible for and Duration of the Violations Stated in the Order

The conduct at issue in the Order relates to activities undertaken from 2001 through 2011 by WL Ross in the course of advising private equity funds. These activities are distinct from

² 17 CFR § 230.405.

³ This request for relief is not intended to be limited solely for the purpose of continuing to qualify as a WKSI, but for all purposes of the definition of “ineligible issuer” under Rule 405.

⁴ Division of Corporation Finance, Revised Statement on Well-Known Seasoned Issuer Waivers (April 24, 2014), available at <http://www.sec.gov/divisions/corpfin/guidance/wksi-waivers-interp-031214.htm> (the “Division Statement”).

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Invesco's role as an issuer of securities and have no impact on the reliability of current or future disclosures in its filings with the Commission. Indeed, Invesco is separated from WL Ross by eight layers of corporate subsidiaries.⁵ None of the conduct underlying the Order pertains to activities undertaken by Invesco, its executives, or other affiliates or subsidiaries in connection with Invesco's role as an issuer of securities (or any disclosure related thereto) or any of its filings with the Commission. Rather, the conduct stated in the Order involved the allocation by WL Ross of certain management fee offsets in connection with the calculation of management fees charged to its private equity funds.

Invesco did not acquire WL Ross until 2006, long after the processes governing the original methodology for the calculation of management fee offsets had been established by WL Ross in 2001. After the acquisition, WL Ross maintained its own executive leadership and fund accounting teams, the latter of which continued to calculate management fee offsets. Importantly, WL Ross's calculation of management fee offsets did not result in material misstatements or omissions in Invesco's public disclosures, nor did the revision of the management fee offset methodology and reimbursements to the funds at issue here materially impact Invesco's financial statements or its financial condition. Specifically, no WL Ross employees involved with calculating management fee offsets had any responsibility for, or influence over, the drafting or preparation of Invesco's public filings with the Commission.

No employees of WL Ross, much less employees of Invesco or any of its other subsidiaries, were named as respondents or charged with any violations of securities laws in connection with the conduct described in the Order, and the investigation has shown that no officer or employee other than those affiliated with WL Ross was involved with the underlying decisions at WL Ross that led to the offset methodology at issue or its execution. The Order will not state that any employees of Invesco or any of its other subsidiaries were alerted to or otherwise aware of the conduct described in the Order. Indeed, nothing in the record developed during the course of the Enforcement Staff's investigation suggested that any executives or employees of Invesco or any of its other subsidiaries had any actual involvement in the calculation of management fee offsets.

The violations set forth in the Order are limited to non-scienter based violations of the Advisers Act. The Order does not state that WL Ross engaged in any intentional or reckless violations of the Advisers Act or other securities laws, such as the Exchange Act, that govern Invesco. Per the Division Statement, therefore, the greater burden required for demonstrating that "good cause" exists for granting a waiver where there is a criminal conviction or a scienter-based violation involving disclosure is not applicable here.

Finally, it should be noted that Invesco has not previously been found to be an ineligible issuer, and this is its first request for a waiver. The stated violations represent an isolated issue of a subsidiary with its own finance and accounting team that have not, and will not, impact the reliability of Invesco's disclosures on a going-forward basis.

⁵ An organizational chart that demonstrates the corporate separateness between the issuer and its private equity fund management subsidiary is attached hereto as Exhibit A.

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Remedial Steps Taken

As reflected in the proposed Order, WL Ross voluntarily undertook a number of remedial measures upon identifying an issue with its offset methodology. In addition to self-reporting the issue to the OCIE staff, WL Ross promptly conducted an internal review, and voluntarily adopted a new methodology with respect to allocation of Transaction Fees. WL Ross then voluntarily and retroactively applied the new methodology to recalculate all historical management fees and offsets dating back to the inception of the funds, and voluntarily reimbursed the revised amount of management fee offsets to the funds. WL Ross submitted its reimbursement calculations for review and verification to the WLR Funds' independent auditor, as well as to Invesco's Internal Audit Group and an independent accounting firm. WL Ross also disclosed the new methodology and reimbursement to the WLR Funds' clients in a series of written communications and meetings.

Since the OCIE exam, WL Ross has voluntarily taken a number of actions to strengthen its controls and compliance systems. WL Ross hired a new Chief Compliance Officer ("CCO") and the CCO now participates in all of WL Ross's key committees, including the Investment Committee, Valuation Committee, Operation Management Committee, and Compliance Committee. WL Ross also engaged an independent accounting firm to perform an internal controls review of its back-office functions, and implemented the firm's recommendations for enhancements to its processes and internal controls, including to the expense review and approval process as well as the tracking and monitoring of Transaction Fees.

WL Ross also implemented new controls concerning the review and approval of expense reimbursements and fee offsets. In December 2014, WL Ross revised the Expense Processing and Allocation Policy it had adopted in 2011. Under the revised policy, management fee calculations as well as Transaction Fees from portfolio company investments and related fee offset calculations must be reviewed and approved by WL Ross's Chief Financial Officer and the Expense Review Group, a new group comprised of senior management, WL Ross's Chief Financial Officer, and legal and compliance representatives, to ensure appropriate allocations.

Impact on Invesco if the Waiver Request is Denied

Invesco's WKSI status is important to its ability to execute timely and efficiently on its capital management priorities in a manner consistent with its desire to maintain a strong investment-grade credit rating for its benefit and for the benefit of its public shareholders. Those priorities include reinvestment in the business, moderate annual growth of dividends, share repurchase, and establishment of a cash buffer that exceeds regulatory requirements. To allow it to execute on these priorities, Invesco and its subsidiaries repeatedly have availed themselves of WKSI status to raise capital through equity and debt issuances and expect to continue to do so. Further, Invesco has utilized three non-term sheet free writing prospectuses in connection with equity offerings in May 2009 and November 2010.

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For example, in the last five years, Invesco and its subsidiaries have utilized shelf registrations made possible by WKSI status in connection with the following transactions:

- Secondary offerings of common shares and convertible participating preference shares in connection with the acquisition of the retail investment management business of Morgan Stanley in 2010;
- Issuance of \$600,000,000 of senior notes in 2012;
- Issuance of \$1,000,000,000 of senior notes in 2013; and
- Issuance of \$500,000,000 of senior notes in 2015.

In some of these senior note offerings, five of the eight Invesco subsidiaries identified in Exhibit A (Invesco Holding Company Limited, IVZ, Inc., Invesco Management Group, Inc., Invesco North American Holdings, Inc., and Invesco Advisers, Inc.) have utilized their WKSI status as majority-owned subsidiaries of Invesco because of their roles as guarantors in such offerings. Should Invesco have a need for one or more of those subsidiaries to act in that capacity in future offerings, their inability to avail themselves of WKSI status would effectively result in Invesco not being able to utilize its WKSI status in such offerings and materially diminish the utility of the waiver Invesco seeks.

Should Invesco and its subsidiaries become ineligible issuers they would lose the flexibility to (i) offer additional securities of the classes covered by a registration statement without filing a new registration statement, (ii) register additional classes of securities not covered by the registration statement by filing an immediately effective post-effective amendment, (iii) omit certain information from the prospectus, (iv) take advantage of pay-as-you go fees, (v) qualify a new indenture under the Trust Indenture Act of 1939, as amended, in certain circumstances without filing or having the Commission declare a new registration statement effective, or (vi) use a free writing prospectus other than one that contains only a description of the terms of the securities in the offering or the offering itself. Accordingly, loss of WKSI status will substantially prejudice Invesco's continued ability to efficiently raise capital, which will be detrimental to Invesco and its shareholders.

CONCLUSION

In light of the foregoing, Invesco respectfully submits that under the circumstances good cause exists, either in the public interest or for the protection of investors, for not subjecting Invesco and its subsidiaries to ineligible issuer status. The conduct at issue in the Order in no way relates to Invesco's ability to produce reliable disclosures. We respectfully request that the Commission, or CorpFin, acting pursuant to authority delegated by the Commission under Rule 405, determine that Invesco and the Invesco subsidiaries will not be considered "ineligible issuers" within the meaning of Rule 405 as a result of the Order. We further request that this determination be made effective upon entry of the Order.

August 9, 2016

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If you have any questions regarding this request, please contact me at (617) 951-7260.

Sincerely,



R. Daniel O'Connor

Enclosure

cc: Erin R. Wilson, Esq. (Division of Corporation Finance)

Exhibit A

WL Ross & Co. LLC
Up the Chain Ownership

CONFIDENTIAL

