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October 14, 2014

Via E-MAIL rule-comments@sec.gov

Kevin M. O'Neill
Deputy Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File Number S7-07-11; Release No. IC-31184
Removal of Certain References to Credit Ratings and Amendment to the Issuer
Diversification Requirement in the Money Market Fund Rule

Dear Mr. O'Neill:

Invesco Ltd. appreciates the opportunity to comment on the Securities and Exchange Commission's ("Commission") above-referenced proposal. Invesco Ltd. is a leading independent global investment management firm, with approximately \$789 billion in assets under management as of September 30, 2014. Invesco Advisers, Inc. and its affiliates have managed and advised money market funds ("MMFs") and other cash investment vehicles for over 30 years. As of September 30, 2014, Invesco Advisers, Inc. had over \$60 billion in assets under management in 12 registered MMFs operating in compliance with Rule 2a-7 of the Investment Company Act of 1940, as amended ("Rule 2a-7").

As a leading MMF sponsor, Invesco is committed to working with the Commission to strengthen money market fund shareholder protections. Invesco values the Commission's efforts to implement the Section 939A of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd Frank Act") mandate to modify regulations that reference or require reliance on credit ratings and supplant the reference with a creditworthiness standard deemed appropriate by the Commission. We also appreciate the Commission's consideration of comments received on its March 2011 proposal on credit rating references and broader money market reform efforts. After a diligent analysis of the proposal, Invesco generally supports the Commission's July 2014 proposal and offers the following commentary regarding the proposed definition of "eligible security."

Definition of Eligible Securities

A. Background

Currently, a MMF may only hold assets in eligible securities, as defined by Rule 2a-7(a)(12). Eligible securities include securities rated by a designated Nationally Recognized Statistical Rating Organization (“NRSRO”) in one of the two highest short-term rating categories or comparable unrated securities. Eligible securities are further divided into first and second tier securities; only 3% of a MMF’s assets may be in second tier securities.

In a comment letter dated April 25, 2011, Invesco expressed its concerns about the March 2011 Commission proposal to change the definition of eligible securities. One of the concerns was that a highly subjective standard would create an environment of various interpretations in which some funds held riskier securities than other funds. Invesco urged the Commission to adopt a clearer standard and proposed that eligible securities be defined as those for which the issuer demonstrated a very strong or strong ability to meet its short-term obligations and had a very low or low expectation of default.

B. July 2014 Re-Proposal

Under the Commission’s July 2014 re-proposal, Invesco understands that an eligible security would be a security (1) with a remaining maturity of 397 calendar days or less; and (2) the fund’s board of directors (or designees) determines presents minimal credit risks, including a determination that the security’s issuer has an exceptionally strong capacity to meet its short-term obligations. The re-proposed definition also eliminates the distinction between first and second tier securities.

Upon analyzing the Commission’s re-proposal, Invesco supports the Commission’s proposed definition of an eligible security as it implements the Dodd Frank Act directive and creates a clear creditworthiness standard across the MMF industry. We believe the definition appropriately places the burden on the adviser to determine creditworthiness. In addition, the subjectivity of the standard allows for appropriate flexibility to act on a different creditworthiness analysis than other advisers while maintaining an exceptionally strong risk profile. Finally, we support using NRSRO ratings as a tool in determining creditworthiness.

We agree with the Commission regarding the revised definition of eligible security and the single standard, thereby combining the first-tier and second-tier categories and requiring minimal credit risk standards that are confirmed by a MMF’s board of directors. However, this analysis of whether a security has an exceptionally strong capacity to meet short-term obligations may result in different advisers assessing the same security differently since the standard has embedded ambiguity. Nonetheless a single, standard definition would serve to reduce ambiguity in the subjective determination of what constitutes an eligible security. A commonly understood definition of an eligible security should be based on the premise that such a security matures within 397 days or less, is determined by the MMF’s board of directors to present minimal credit risks and has an “exceptionally strong capacity” to meet its short-term obligations. The difference in assessments should not significantly affect MMFs’ risk profiles if an adviser’s due diligence and analysis meet the exceptional capacity standard.

We understand that these proposed parameters could lead to certain funds investing in the securities of riskier issuers and result in the emergence of ‘bad actors’ within the industry. Recent and proposed reporting requirements provide for robust transparency which will allow investors and industry participants to expose such ‘bad actors.’ Following the 2010 amendments to Rule 2a-7, increased surveillance and reporting on MMF holdings addressed previously unmet investor demand and MMFs are more accountable for their credit due diligence. The availability of fund holdings, including CUSIP-level detail including maturity, security type, issuer home region or country, together with equivalent detail for aggregated holdings across the MMF industry provides investors the ability to easily identify ‘bad actors.’

Third party trade associations and data providers have developed customized analytical solutions using month-end holdings data taken from Form N-MFP submissions. These capabilities highlight the key attributes of portfolio management and credit due diligence and allow investors and other market participants to compare a particular MMF’s portfolio management style and credit due diligence process with aggregated peers. In addition, rating agencies found a considerable audience for coverage of MMF holdings through recent periods of market stress, notably, for example, MMF holdings in French banks throughout the Eurozone sovereign debt crisis.

We expect investors and others to increase their use of third party data providers and NRSRO surveillance reporting in their prospecting and due diligence exercises. Instances where a MMF has deviated from peers would most likely result in increased scrutiny and questions regarding the MMF sponsor’s portfolio management style and credit analysis. The franchise value of a MMF sponsor could be materially and negatively impacted if one of its MMFs is found to have exposure to securities not meeting an industry-accepted minimum standard for an eligible security.

We believe that a more rigid definition would tie the hands of the adviser. Our well-resourced fundamental credit research group has held views on creditworthiness that were different from NRSROs on several occasions. Our MMFs have performed well compared to peers during difficult market periods, including the 2008 credit crisis, in large part because Invesco’s rigorous and independent credit analysis on thousands of issuers and securities was more conservative than that of the NRSROs. Therefore, we believe the exceptionally strong capacity standard provides the flexibility to invest according to the adviser’s internal research process while maintaining the same risk profile as the rest of the industry.

We agree with the Commission that reliance on NRSROs in lieu of proper, independent due diligence in evaluating eligible securities and issuers is not in keeping with the fiduciary duty and responsibilities of advisers and may increase risks in the MMF industry. The definition requires advisers to perform rigorous due diligence and analysis as well as take responsibility for creditworthiness decisions rather than rely on an NRSRO that does not have any responsibility towards shareholders. Thus, the definition appropriately places the onus of independent due diligence on a MMF’s board of directors (or its designees), which has a fiduciary duty to the fund’s shareholders. We believe an adviser has the fiduciary responsibility to conduct an assessment and formulate an opinion in regards to an issuer’s financial strength and its ability to repay its debt obligations, and to document this assessment on a yearly basis.

Reliance on NRSROs to perform these essential adviser fiduciary responsibilities diminishes the ability of a MMF to maintain and meet investors' demand for principal stability. This fiduciary duty provides comfort to an investor that an adviser's analysis is for the single-minded purpose of benefitting shareholders. Since 1980, when Invesco launched its first MMF, we have maintained a dedicated research team which performs independent research on issuers and securities purchased for the Invesco family of MMFs as part of our responsibility to fund shareholders.

We further agree with providing best practices standards for monitoring securities. The removal of references to rating agencies in the definition of eligible security will invite ambiguity. Industry-developed best practice standards for determining an eligible security would address this ambiguity and serve MMFs sponsors, investors and other market participants. A common framework for evaluating eligible securities would complement and enhance the increased level of surveillance and monitoring.

Finally, we believe that NRSROs provide a useful, universal barometer for the industry and investors. It is helpful to know how the industry views an issuer. Additionally, in the event that an NRSRO has access to information that an adviser may not, NRSRO ratings are a beneficial supplement. We support a MMF adviser's ability to use NRSRO ratings as one of many tools in determining creditworthiness.

We look forward to working with the Commission and thank you for considering our comments. If you have any questions, please contact me at (404) 439-4872 or John Zerr, General Counsel, at (713) 214-1191.

Sincerely,

A handwritten signature in black ink, appearing to read "LuAnn S. Katz". The signature is fluid and cursive, with the first name "LuAnn" and last name "Katz" clearly distinguishable.

LuAnn S. Katz
Head of Global Liquidity