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**Invesco Ltd.**  
Two Peachtree Pointe  
1555 Peachtree Street, N.E.  
Atlanta, GA 30309

Telephone: +1 404 479 1095

August 26, 2011

Associate Director  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

**Proposed Amendments to Exchange Act Rule 17a-5 and proposed Form Custody  
(File Reference No. S7-23-11)**

Dear Associate Director:

This letter sets forth the comments of Invesco Ltd. ("Invesco,") on the Proposed Amendment to Exchange Act Rule 17a-5 and proposed Form Custody, (the "Proposed Rule").

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. Operating in more than 20 countries, Invesco had \$652.8 billion in assets under management (AUM) as of July 31, 2011. Invesco provides investment management services to, and has transactions with, various mutual funds, private equity funds, real estate funds, fund-of-funds, collateralized loan obligations, separate institutional accounts, unit investment trusts ("UITs") and other investment products sponsored by the Company for the investment of client assets in the normal course of business. Included within the Invesco organization are certain broker-dealer entities which will be impacted by the Proposed Rule.

Van Kampen Funds Inc. ("VKFI") is an indirect subsidiary of Invesco and a registered broker-dealer under the Securities Exchange Act of 1934. VKFI is a sponsor of UITs. A UIT is a registered investment company that employs a "buy and hold" strategy in which a fixed portfolio of income producing securities are purchased and held to maturity of the trust. UITs include both fixed income and equity securities. Each trust contains a portfolio comprised of securities to accomplish a specific objective and is not expected to change over the trust's life. The firm is a carrying Broker-Dealer subject to Rule 15c3-3.

Invesco Distributors, Inc. ("IDI" and collectively with VKFI the "Companies") is also an indirect subsidiary of Invesco and a registered broker-dealer under the Securities Exchange Act of 1934. IDI acts as the principal underwriter and distributor for certain affiliated registered investment companies and for certain affiliated unregistered money market funds. IDI is exempt from the reserve requirements and related computations for the determination thereof under paragraphs (k)(2)(i) and (k)(2)(ii) of Rule 15c3-3.

We have the following concerns or requests for clarification with the amendments included in the Proposed Rule:

- The proposed effective date (annual reports for fiscal years ending on or after December 15, 2011) would not provide sufficient time to implement the procedures necessary to validate the assertions set forward by the Financial Responsibility Rules.

- The proposed amendments would require that the independent public accountant notify the Securities and Exchange Commission (“Commission”) within one business day if the accountant determines that an instance of “material non-compliance” exists with respect to any of the Financial Responsibility Rules during the course of the examination. We believe dual notification (simultaneous to the Commission and company management) would be more appropriate.
- Further clarification to the proposed definition of the term “material non-compliance” is necessary.
- The proposed amendments include the Commission’s preliminary estimate of 60 hours to validate, gather, and review records to make the assertions in the proposed Compliance Report. We believe this is not an accurate estimate of the time burden to complete the Compliance Report.

Please find below our detailed comments to the questions raised in the Proposed Rule draft that are most applicable to the Companies.

**Point 1**

*Will the proposed compliance date and transition period for the Annual Reporting Amendments provide sufficient time for broker-dealers to prepare the additional reports and for independent public accountants to comply with PCAOB standards? Will it provide sufficient time to plan and perform Compliance Examination procedures? If not, what are the impediments and what would be a more appropriate time frame for implementation?*

The Proposed Rule states that the Compliance Report will include a statement that the broker-dealer has established and maintained a system of internal control to provide the broker-dealer with reasonable assurance that any instances of material non-compliance with Rule 15c3-1, Rule 15c3-3, Rule 17a-13, or the Account Statement Rule (collectively, the “Financial Responsibility Rules”) will be prevented or detected on a timely basis. However, the Proposed Rule states that the Commission is not proposing that effectiveness of internal control over financial reporting (“financial reporting control”) be included as one of the assertions made by the broker-dealer in the Compliance Report. Additionally, the Commission preliminarily believes that the compliance effective date will provide adequate time for broker-dealers to prepare the additional required reports and for independent public accountants to plan and perform the Compliance Examination procedures.

Although the Commission is not proposing to include the effectiveness of financial reporting control within the Proposed Rule, the Companies utilize the underlying data within the firm’s financial books and records to calculate the Companies’ net capital pursuant to Rule 15c3-1. Due to the reliance placed on the financial books and records, the Companies believe it will not be feasible to attest to the effectiveness of internal control over the Financial Responsibility Rules without also attesting to financial reporting control. As a result, the Companies believe it is necessary to include financial reporting control within the scope of the Proposed Rule. It is our understanding that the independent public accountants are also expecting to include financial reporting controls in their attestation scope over the Financial Responsibility Rules. This process will include documenting all existing processes and engaging internal audit to validate the effectiveness of the procedures implemented through procedural walkthroughs and control testing to validate management’s assertions. It will also require independent public accountants to include an attestation of the additional in scope processes within the scope of their audit work in order to comply with PCAOB requirements. The Companies appreciate that the first year of compliance is considered at a point-in-time assessment; however, we do not believe that there is adequate time to perform the validation and evidence-gathering necessary to make the assertions in the proposed Compliance Report as of December 31, 2011 (the Companies fiscal year end).

**Due to the significant time it will take to complete the implementation of internal controls over the existing processes covered by the Compliance Report, we urge the Commission to change the effective date to annual reports for fiscal years ending on or after December 15, 2012 to allow sufficient time to complete**

**robust documentation and testing of the processes related to the Financial Responsibility Rules and the Financial Statements.**

**Point 2**

*The Proposed Rule states that the independent public accountant must notify the Commission within one business day of the determination that an instance of “material non-compliance” exists with respect to any of the Financial Responsibility Rules during the course of the examination by means of a facsimile transmission or electronic mail, followed by first class mail, and must provide a copy of the notification in the same manner to the principal office of the DEA for the broker-dealer. The Commission preliminarily believes that this change would provide more effective and timely notice of broker-dealer compliance deficiencies, and, as noted above, enable the Commission to react more quickly to protect customers and others adversely affected by those deficiencies. It also would be consistent with current notification requirements applicable to independent public accountants examining investment advisers pursuant to the IA Custody Rule.*

The current rule states that the chief financial officer of the broker or dealer shall have a responsibility to inform the Commission and the designated examining authority by telegraphic or facsimile notice within 24 hours as set forth in Rule 17a-11(e) and (g). The broker or dealer shall also furnish the independent public accountant with a copy of said notice to the Commission by telegram or facsimile within said 24 hour period. With the adoption of the Proposed Rule, management will no longer have the opportunity to inform the Commission of any instances of material non-compliance.

The Companies understand the proposal for notification within one business day to the Commission is expected to provide for more effective and timely notice of broker-dealer compliance deficiencies; however, the Companies believe that the current rule which includes management as a part of the process is more efficient and in the best interest of all involved parties.

**We urge the Commission to require dual notification by the independent public accountant (simultaneous to the Commission and company management) in all correspondence, as we believe including company management in the communication process is in the best interest of the Companies and their customers.**

**Point 3**

*The Commission is proposing to define an instance of material non-compliance, in new paragraph (d)(3)(ii) of Rule 17a-5, as a failure by the broker-dealer to comply with any of the requirements of the Financial Responsibility Rules in all material respects. When determining whether an instance of non-compliance is material, the Commission preliminarily believes that the broker-dealer should consider all relevant factors including but not limited to: (1) the nature of the compliance requirements, which may or may not be quantifiable in monetary terms; (2) the nature and frequency of non-compliance identified; and (3) qualitative considerations.*

*The Commission preliminarily believes that, for purposes of the proposed definition of the term “material weakness,” there is a reasonable possibility of an event occurring if it is “probable” or “reasonably possible.” An event is “probable” if the future event or events are likely to occur. An event is “reasonably possible” if the chance of the future event or events occurring is more than remote, but less than likely.*

*Would an alternative means to notify the Commission of an instance of material non-compliance be appropriate? If so, what alternative and why?*

We appreciate the Commission’s efforts to define material non-compliance and material weakness; however, we do not believe there is sufficient information provided to determine standard measurement of these terms. In the absence of additional guidance there could be discrepancies in determining material non-compliance and material weakness resulting in different treatment amongst independent public accountants and varying enforcement of the Proposed Rule among companies. The inclusion of clear examples or metrics specifically related to the Financial

Responsibility Rules should be included. While qualitative analysis is pertinent and must be encompassed we believe at a minimum the Commission should provide guidance concerning what percentage of net capital would be considered material.

**We urge the Commission to consider including additional guidance to define “material non-compliance” and “material weakness” in order to avoid varying interpretations of the Proposed Rule.**

**Point 4**

*The Commission estimates, on average, that carrying broker-dealers would spend an additional 60 hours to perform the validation and evidence gathering to enable them to make the assertions in the proposed Compliance Report.*

*For a non-carrying broker-dealer claiming an exemption from Rule 15c3-3, the proposed Exemption Report required in place of the Compliance Report would require the broker-dealer to assert that it is exempt from Rule 15c3-3 and identify the provision of the rule that it is relying on to qualify for the exemption. The non-carrying broker-dealer would be required to include this assertion in its Exemption Report to be filed with the Commission. The Commission estimates it should take a non-carrying broker-dealer five hours to prepare the Exemption Report and file the Exemption Report and copy of the associated independent public accountant’s report with the Commission and applicable securities regulators.*

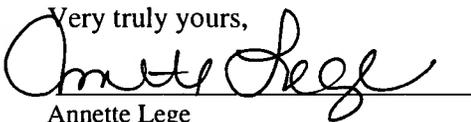
*The Commission preliminarily believes that the costs associated with the Compliance Examination would be incremental to the current annual audit costs, because the proposed amendments are based on existing requirements. The Commission preliminarily estimates that the additional costs incurred by carrying broker-dealers associated with paying their independent public accountants would average \$150,000 per firm, per year.*

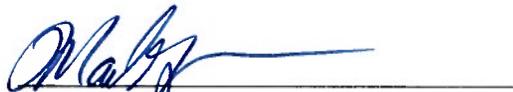
As outlined in Point 1 above, we believe the requirements necessary to attest to the effectiveness of internal control over the Financial Responsibility Rules and make the assertions in the proposed Compliance Report and claim exemption from Rule 15c3-3 to complete the proposed Exemption Report are materially understated. Completing both reports will require extensive collaboration between management, internal audit and the independent public accountants resulting in added hours to perform the validation and evidence gathering of the existing processes necessary to make the assertions in the proposed Compliance Report and Exemption Report.

Additionally, due to significant increase in hours the estimated increase in audit fees has the potential to double the total current audit fees and have a material impact on the Companies.

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We would be pleased to discuss our comments with the boards or their staff.

Very truly yours,  
  
Annette Lege  
Chief Financial Officer  
Van Kampen Funds Inc.  
Invesco Distributors, Inc.

  
Mark Gregson  
Financial and Operations Principal  
Van Kampen Funds Inc.  
Invesco Distributors, Inc.