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August 1, 2011

**By Electronic Submission**

Office of the Comptroller of the Currency  
250 E Street, S.W.  
Mail Stop 1-5  
Washington, D.C. 20219

Ms. Jennifer J. Johnson  
Secretary  
Board of Governors of the Federal Reserve  
System  
20th Street and Constitution Ave., N.W.  
Washington, D.C. 20551

Mr. Robert E. Feldman  
Executive Secretary  
Attention: Comments  
Federal Deposit Insurance Corporation  
550 17th Street, N.W.  
Washington, D.C. 20429

Alfred M. Pollard, Esq.  
General Counsel  
Federal Housing Finance Agency  
1700 G Street, N.W.  
Washington, D.C. 20552

Ms. Elizabeth M. Murphy  
Secretary  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549-1090

Regulations Division  
Office of General Counsel  
Department of Housing and Urban  
Development  
451 7th Street, S.W.  
Room 10276  
Washington, D.C. 20410-0500

**Re: Notice of Proposed Rulemaking, Credit Risk Retention**

SEC (Release No. 34-64148; File No. S7-14-11); FDIC (RIN 3064-AD74);  
OCC (Docket No. OCC-2011-0002); FRB (Docket No. 2011-1411); FHFA (RIN  
2590-AA43); HUD (RIN 2501-AD53)

Ladies and Gentlemen:

This letter is in response to the request for comment on the joint Notice of Proposed Rulemaking (the "NPRM") concerning the credit risk retention requirements authorized

by section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”).

Invesco Senior Secured Management, Inc. (“Invesco”)<sup>1</sup> is submitting this letter to support the comment letter of the Loan Syndications and Trading Association (“LSTA”) dated August 1, 2011 (the “LSTA Comment Letter”).<sup>2</sup> Invesco agrees with each of the points raised by the LSTA with respect to Open Market CLOs (as defined below). In particular, Invesco fully supports each of the following positions set forth in the LSTA Comment Letter:

- The risk retention requirements of the NPRM do not apply to the managers of Open Market CLOs because their activities do not meet the definition of “securitizer” under either section 941 of the Dodd-Frank Act or the NPRM.
- The flow of credit that is made available to U.S. businesses through the acquisition of syndicated loans by Open Market CLOs would be seriously diminished if the risk retention requirements were applied to the managers of Open Market CLOs.
- If the agencies nevertheless conclude the managers of Open Market CLOs are subject to the risk retention requirements, the agencies should exercise their discretionary authority to establish an exemption to the risk retention requirements for Open Market CLOs that meet the requirements specified in the LSTA Comment Letter.

Invesco is a registered investment adviser under the Investment Advisers Act of 1940, as amended, and is subject to regulation and supervision by the Securities and Exchange Commission thereunder. Invesco manages loans on behalf of mutual funds, separate accounts and collateralized loan obligation issuers (“CLOs”) that purchase syndicated commercial loans in the open market (“Open Market CLOs”).<sup>3</sup> Invesco acquires loans on behalf of its clients in secondary market transactions. It acquires loans in the same manner as other entities that purchase loans in the syndicated loan market (including mutual funds). Invesco does not originate or underwrite loans, and it does not engage in the negotiation or structuring of loans. Neither Invesco nor its clients receive any fees associated with a loan origination or underwriting business. For those reasons, Invesco’s activities do not meet the definition of “securitizer” under either section 941 of the Dodd-Frank Act or the NPRM.

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<sup>1</sup> Greg Stoeckle heads Invesco’s global senior loan business. He is Chairman of the Board of the LSTA.

<sup>2</sup> An affiliate of Invesco is submitting a separate comment letter dated as of August 1, 2011 expressing its view that the NPRM should not apply to municipal tender option bonds.

<sup>3</sup> As of March 31, 2011, Invesco managed a total of approximately US\$18 billion in senior loan portfolios. As of March 31, 2011, Invesco had approximately US\$9 billion of CLO assets under management across a variety of Open Market CLOs.

Invesco's decision to acquire a loan on behalf of a client is based on the investment merits of such loan as determined by independent research, credit review and due diligence of the related commercial borrower.<sup>4</sup> After a loan is acquired, Invesco monitors the loan portfolio of the client and actively manages the acquisition and disposition of loans on behalf of the client.

Invesco is engaged in a fee-for-service business, and the amount of fees it receives from an Open Market CLO is dependent on the performance of the Open Market CLO over time. Invesco's fee structure for Open Market CLOs typically involves three tiers of management fees. The first tier is a senior management fee (usually 15 to 20 basis points) that is generally paid near the top of the cashflow waterfall. The remaining fees are paid after debt holders of the Open Market CLO receive required payments. The most junior tier of fees (usually an incentive management fee) is generally paid after the equity holders of the Open Market CLO have achieved a specified rate of return. This tiered fee structure puts a strong emphasis on performance and creates an alignment of interest between Invesco and the debt and equity holders of the Open Market CLO. While this fee structure is sufficient for Invesco to operate its loan business, the fees earned by Invesco would not be adequate to cover the cost to purchase interests in Open Market CLOs if it were subject to the risk retention requirements.

For the reasons set forth above and in the LSTA Comment Letter, we urge the agencies to grant the relief requested by the LSTA in the LSTA Comment Letter.

If you would like to discuss this response in further detail or if you have any questions, please feel free to contact me at (212) 278-9208.

Sincerely,



Greg Stoeckle  
Managing Director  
Invesco Senior Secured Management, Inc.  
1166 Avenue of the Americas  
New York, NY 10036

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<sup>4</sup> Invesco has an experienced team of 39 professionals supporting its bank loan platform, including five senior portfolio managers and a total of 31 investment professionals.