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November 1, 2012

VIA EMAIL

Ms. Sauntia S. Warfield
U.S. Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

Ms. Elizabeth M. Murphy
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

Re: Stable Value Contract Study (Release No. 34-67927) (File Number S7-32-11)

Dear Ms. Warfield and Ms. Murphy:

On behalf of **Invesco Advisers, Inc. and Invesco National Trust Company** and our clients who have who have entrusted us to manage some $48 billion in stable value assets, we are writing to express Invesco's support of the comments filed by the Stable Value Investment Association ("SVIA") in the "*Acceptance of Public Submissions Regarding the Study of Stable Value Contracts*" ("Notice of Reopening").[1]

Invesco does not believe that stable value contracts are swaps, or that regulation of these contracts as such would have any significant benefit to the stability or integrity of the financial system. We further believe that the logic used by the Commissions in the Final Rule to distinguish and define certain insurance products and commercial agreements as exempt from the swap definition and subsequent regulations, also informs and reinforces the conclusion that the stable value contract is not a swap.

The stable value contract is so fundamentally distinct and different from a swap, as discussed in the November 1st 2012 SVIA letter, that it cannot be regulated as a swap. Further, as stated in the SVIA's September 26, 2011 submission, there is and has always been strong and dynamic regulatory oversight of stable value contracts by State and Federal regulators such as state insurance departments, the Federal Reserve, the Office of the Comptroller of Currency, the Federal Department of Labor's Employee Benefits Security and Administration as well as equivalent state regulators who exercise oversight over state and local defined contribution plans. There is no regulatory deficiency with stable value

[1] *See* 77 Fed. Reg. 60113 (Oct. 2, 2012).

contracts and arguably no corresponding benefits to the financial system or individual plan participants to be gained by labeling or regulating stable value contracts as swaps.

The more than 38 years of regulatory oversight provided by the State and Federal regulators discussed above illustrates not only the strength and the success of the existing regulatory framework but also serves as a testament to the strength and history of stable value contracts as a financial product. Stable value contracts are time-tested and proven financial products, which further distinguishes them from the novel or emerging financial instruments that the Commissions have identified as concerning.

Stable value products are available only to defined contribution plans and some Section 529 college savings plans. Retirees use stable value to protect their principal and provide income, all while earning more return than money market funds or CDs. Active employees use stable value to protect principal and to provide good diversification while controlling overall portfolio risk. Families diligently saving for their children's or grandchildren's college education use stable value to eliminate volatility and risk gradually, and to protect principal, as the young students approach matriculation. Treating stable value contracts as swaps and/or regulating stable value as a swap could take away this popular conservative investment. And without stable value, retirees, participants and savers would have no alternative but to switch to lower yielding or higher risk investments. We don't believe Congress intended to cause such an outcome for the 25 million plan participants and retirees and savers who invest in stable value funds.

Invesco hopes this discussion provides the Commissions with a better understanding of stable value contracts and why the SVIA believes that the existing regulatory framework that governs the $645 billion in assets[2] invested by 25 million plan participants in stable value funds is sufficient and achieves the goals of the Dodd-Frank Act with respect to "swaps".

Thank you for your consideration of our views.

Sincerely,

Leslie A. Schmidt

Leslie A Schmidt
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[2] SVIA 16th Annual Stable Value Funds Investment and Policy Survey covering stable value assets as of December 31, 2011.