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Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Re: File Reference No. 1890-100

Dear Director:

We are writing in response to your invitation to comment on the Discussion Paper entitled, "Effective Dates and Transition Methods."

KeyCorp (Key), headquartered in Cleveland, Ohio, is a bank-based financial services company that, at December 31, 2010, had assets of approximately $92 billion. We appreciate the opportunity to comment on this Discussion Paper and support the Board's commitment to developing high-quality financial accounting guidance and improving comparability of financial information while promoting international convergence of accounting guidance. Key takes pride in providing detailed, timely and comprehensive financial information to the investment community, and supports accounting guidance and interpretations that clearly result in reliable and relevant information that can improve investor understanding and allow for more informed decisions. Therefore, this discussion is of great interest to Key.

Most of the projects that are the subject of this Discussion Paper will have significant impacts on entities in the financial services industry both in terms of operations (IT systems, accounting, etc.) and business focus. Although the operations impacts on systems, people and processes will be extensive, our bigger concern with many of these accounting guidance proposals is that accounting will potentially drive business focus (leasing, loans, etc.) going forward instead of the accounting simply reporting the results of business activities. We are deeply concerned about this latter point.

It is difficult to provide many specifics regarding the numerous issues that Key will face as it works to adopt this extensive array of potential future accounting guidance. Most if not all of the specifics related to these various projects are still unknown since the FASB is currently re-deliberating some of this accounting guidance and some of the other projects have been postponed and no exposure document has been issued. These factors make providing specific comments on the implementation difficulties that will be encountered in adopting these various pieces of accounting guidance extremely challenging. Therefore, in this letter Key has attempted to highlight some of our major concerns relating to the potential adoption of some or all of this proposed accounting guidance.

Key believes the Board must seriously consider all of the many consequences adopting each piece of proposed accounting guidance will have on investors, preparers, and auditors. Key agrees with the Board that it is important to solicit information from stakeholders about issues they may face when implementing new accounting guidance and that much care will be needed when creating a work plan for implementing this significant volume of new proposed guidance. Key specifically has the following suggestions regarding this Discussion Paper:

- Staggered adoption preferred
- Prospective adoption
- Delay adoption of new guidance until possible IFRS convergence determined

Staggered adoption preferred

The adoption of each of these pieces of accounting guidance would be a substantial undertaking when considering the many components that must be considered and addressed. Most of these projects will require:

- accounting and other IT systems to be extensively modified or totally replaced,
- training and educating employees on not only the new accounting guidance but also the new or modified systems,
- developing and implementing new internal controls and the related control testing under Sarbanes-Oxley,
- educating financial statement users on this new accounting guidance and its impacts, and
- the coordination of all of these activities with the involved parties who will include senior management, Board of Directors, outside regulators and our external auditors among others.

When considering the amount of work that will be necessary to implement the seven projects that are the subject of this Discussion Paper, the required implementation efforts in terms of time and cost are staggering. It is difficult for Key to envision a scenario where entities could adopt all of this proposed accounting guidance on a single date. The resource constraints in terms of time and available talent as well as the magnitude of the necessary changes would seem to make such an adoption implausible.

In some preliminary discussions that Key has had with its IT professionals, it would be our preference to adopt this proposed accounting guidance over a number of years. Key would propose that a new piece of accounting guidance be adopted each year so that entities can adopt the new accounting guidance at the beginning of their new fiscal or calendar year. Although the implementation timeframe for this annual adoption schedule would be lengthy, it would allow entities to properly plan, implement and coordinate the adoption of these various pieces of accounting guidance. This proposal allows more time for the training and education of our employees and financial statement users, the development of new systems or revision of existing systems, the development of the necessary internal controls and the related testing procedures.

This staggered method of adoption would also allow companies to spread the tremendous cost of implementing this new accounting guidance over a number of years and to better manage the significant amount of labor hours that will be required. The users of the financial statements would also benefit from this approach since they would have ample opportunity to understand and comprehend the accounting guidance an entity adopted in a particular year. The impact of the adoption of each piece of new accounting guidance would be clearer since multiple pieces of new accounting guidance would not be adopted at one time.

Prospective adoption

Consistent with the method the FASB has been requiring in most accounting guidance that has been recently issued, the Board should require that these various pieces of proposed accounting guidance be adopted prospectively with comparative disclosures provided going forward as information becomes available. Attempting to adopt this accounting guidance on a retrospective basis will be extremely time intensive and prohibitively expensive. This adoption method would provide the current financial information which is the most critical for the users of financial statements and then add comparative disclosures in future periods.

In Key's opinion, any benefits of adopting this accounting guidance on a retrospective basis are far outweighed by the costs that would be incurred by preparers to develop this information. A great example of this situation will be the retrospective application of the proposed lease accounting guidance. Many of the larger and typically more complicated leases have a significant number of lease agreements associated with them. It will be a very cumbersome and time consuming process to go back and recast these leases for retrospective presentation in a preparer's financial statements. Any comparability benefit that a financial statement user may gain from this information will be greatly overshadowed by the tremendous cost and time that will be required to prepare this information.

A prospective application of these various accounting proposals with comparable disclosures going forward would be much more cost effective and less time consuming from a preparer's perspective and would provide financial statement users with the new accounting information on a current basis and comparable information going forward.

Delay adoption of new guidance until possible IFRS convergence determined

Although the Discussion Paper instructed those commenting to disregard the possible adoption of IFRS, it is very difficult to not consider this critical variable. The intersection of adopting this myriad of proposed accounting guidance combined with the possible convergence with IFRS is monumental from a resource, time and cost perspective. The timing of these various activities if they proceed will be critical to the success of adopting all of these proposed pieces of accounting guidance. As we noted earlier in this letter, these factors would also lead Key to conclude that these various accounting proposals and IFRS, if that in fact occurs, will need to be staggered to not only provide the necessary time to adopt but to ensure that adequate resources are available.

It will also be important for the FASB and IASB to coordinate any proposed accounting guidance that is issued to ensure that the accounting requirements are not contradictory. For example, if a financial institution had to adopt fair value for certain financial instruments while the similar IFRS accounting guidance stipulates that amortized cost could be used and this guidance became effective with convergence after the FASB version, it could result in significant work and re-work and a great deal of unnecessary time and effort. These factors have to be considered by both Boards as they re-deliberate the various accounting guidance proposals. Aside from the issues of cost and time associated with implementing the new guidance within a company, there will significant lead-time required by investors to properly analyze and understand how each of these pieces of proposed accounting guidance will affect the way they look at and invest in companies in the marketplace.

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In conclusion, Key appreciates the opportunity to comment on the Discussion Paper entitled, "Effective Dates and Transition Methods" and hopes that the FASB seriously considers the recommendations set forth in our above comments as the issues outlined in the Discussion Paper are deliberated. It is important to reiterate that most if not all of the specifics related to these various projects are still unknown since the FASB is currently re-deliberating some of this accounting guidance and some of the other projects have been postponed and no exposure draft has been issued. These factors made providing specific comments on the implementation difficulties that Key will face in adopting these various pieces of accounting guidance extremely challenging.

We hope these comments are useful and positively influence any final decision. We welcome the opportunity to discuss these issues in more detail. Please feel free to contact Chuck Maimbourg, Director of SEC Reporting & Accounting Policy, at 216-689-4082 or me at 216-689-7841.

Sincerely,

Robert L. Morris

Robert L. Morris
Executive Vice President &
Chief Accounting Officer