REGIONS

November 10, 2016

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

File Reference: No. 2016-340: Premium Amortization on Purchased Callable Debt Securities

We appreciate the opportunity to comment on the FASB's exposure draft "Receivables-Nonrefundable Fees and Other Costs (Subtopic 310-20), *Premium Amortization on Purchased Callable Debt Securities*" ("the ASU" or "the proposal"). Regions Financial Corporation ("Regions"), with approximately $125 billion in assets, provides traditional commercial, retail and mortgage banking services, as well as other financial services in the fields of asset management, wealth management, securities brokerage, insurance, trust services, merger and acquisition advisory services and other specialty financing. We serve customers across the South, Mid-west and Texas, and through our subsidiary, Regions Bank, operate approximately 1,600 banking outlets.

In order to fully consider the exposure draft and assess how the proposed changes would impact our company, we discussed the exposure draft with business leadership responsible for the accounting for investments, including callable debt securities, as well as potentially impacted areas. We also participated in conference calls discussing the proposal with the American Bankers Association ("ABA") as well as with our external auditor.

While we are not opposed to a consistent and an operationally simplified methodology of amortization, the proposal accelerates expense, and defers revenue depending on market factors at the time of purchase. Locking in market economics at the time of purchase are disadvantageous to investors, and adjustments in the market post purchase date are not fully contemplated. We understand there is diversity of practice in the income statement classification of un-accreted discounts on debt security calls, and we suggest the Board considers clarifying the appropriate classification.

Complications may arise with various types of callable debt securities such as make-whole provisions, continuously callable securities, and 'Bermuda' callable securities, and should be considered as part of this proposal or a divergence in practice may exist. We believe such call features should be excluded from the scope of this guidance. Furthermore, the proposal does not address applicability to existing and related guidance such as derivative and hedging activity. Applying the proposed methodology to basis adjustments from terminated fair value hedges may create additional operational complexity and economics currently not considered. We suggest the Board considers such issues impacting existing guidance.

Please refer to Appendix A for answers to specific questions put forth by the Board in the exposure draft.

We appreciate the opportunity to comment on this exposure draft, and we thank you for considering our views. If you have any questions about our comments or wish to discuss this matter further, please contact me at (205) 326-4972.

Sincerely,

Brad Kimbrough
Executive Vice President, Controller and
Chief Accounting Officer

Appendix A
Questions for Respondents

Question 1: Do you agree that premiums on purchased callable debt securities should be amortized to the earliest call date? Please explain why or why not.

We are not in disagreement of premium amortization to the earliest call date for callable debt securities. As noted above, we believe the proposal should clarify variations in callable option types existing in the marketplace and provide scope exceptions for the noted callable securities with unique features. We also support symmetry in the recognition of revenues and expenses and urge the Board to allow purchased discounts similar recognition treatment.

Question 2: How much time would be needed to implement the proposed amendments? Should entities other than public business entities be provided more time? Should early adoption be permitted?

While the proposal creates operational complexity as currently written, customary effective date and transitioning should allow adequate time to implement the proposed changes. We are also in favor of early adoption.

Question 3: Do you agree with the proposed transition method and disclosures in paragraph 310-20-65-1 (c)? Please explain why or why not.

We agree with the cumulative-effect adjustment approach proposed, and based on materiality support this transition method.