



Matthew Esposito, Assistant Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT -6856-5116

Re: Proposed Accounting Standards Update, Derivative and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities (File reference Number 2016-310)

Dear Matt:

Regions Financial Corporation ("Regions") appreciates the FASB's efforts in the Accounting for Financial Instruments – Hedging Accounting simplification project and the decisions reached to date. We also appreciate ongoing discussions to further ease the operational burdens of hedge accounting allowing hedging to align more closely with how entities manage economic risks. To this effort, Regions supports the upcoming FASB discussionsⁱ surrounding fair value hedging of prepayable assets. We agree with Bank of America's comment letter in their description of the proposed application of prepayable hedging, and in practice this concept would be utilized in our institutional hedging strategies and asset-liability management.

The proposed treatment would apply to prepayable assets, such as mortgage-backed securities (MBS), or portfolios of prepayable financial assets, such as fixed rate mortgage loans. Consistent with the simplification for partial-term hedging, this proposed treatment would allow a specific portion of an asset or liability as the designated hedged item in a fair value hedge. An entity would be allowed to assume that if prepayments occur, the undesignated portion of an asset or liability is prepaid prior to the designated portion. Under current hedge accounting requirements, due to the prepayment features of these instruments, it has been operationally impractical for us to apply fair value hedge accounting. In our opinion, these instruments represent large blocks of operationally "unhedgeable" instruments for all entities other than those with the most sophisticated hedge accounting systems. If added to the proposed update, it is our intention to immediately include this as one of our active hedging strategies.

Regions, with approximately \$126 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, Midwest and Texas, and through our subsidiary, Regions Bank, operate approximately 1,600 banking outlets.

We thank you in advance for considering our views. If you have any questions about our comments or wish to discuss this matter further, please contact me at (205) 264-4640.

Sincerely,

A handwritten signature in blue ink, appearing to read "Chad K. Foshee".

Chad K. Foshee
Assistant Corporate Controller

ⁱ FASB Board Meeting, Wednesday March 8, 2017 *Accounting for Financial Instruments-Hedging*