REGIONS

Ms. Susan M. Cosper
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

January 25, 2018

Re: ***Proposed Accounting Standards Update – Income Statement – Reporting Comprehensive Income (Topic 220) Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*** **(File Reference No. 2018-210)**

Dear Ms. Cosper,

Regions Financial Corporation (Regions) appreciates the opportunity to comment on the *Proposed Accounting Standards Update – Income Statement – Reporting Comprehensive Income (Topic 220) Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income (ASU 2018-210)* issued January 18, 2018. We firmly support the FASB's efforts to address stakeholders' concerns about the guidance in Topic 740, *Income Taxes*, that arose as a consequence of the Tax Cuts and Jobs Act of 2017 and also urge the FASB to continue its efforts to prioritize this proposal and issue a final standard prior to public company filing deadlines.

Regions, with approximately $122.5 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 1,500 banking outlets.

We view the proposed ASU 2018-210 as a necessary and timely update by the FASB to avoid stranded amounts that will result in misleading and overly complex tax effected items presented in Accumulated Other Comprehensive Income. These amounts are mismatched within equity and regulatory capital, which we believe would create confusion to stakeholders and users of financial information under existing reporting requirements. While we also support a broader project to research the merits of backward tracing as a long term solution, we believe the application of this concept on a more limited basis is warranted in this circumstance.

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 or at chad.fooshee@regions.com.

Sincerely,

Chad K. Fooshee
Assistant Corporate Controller

Appendix - Responses to Selected Questions for Respondents

Question 1: Do you agree with the amendments in the proposed Update that would require a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the newly enacted federal corporate income tax rate? If not, why?

Yes. We firmly support the FASB's targeted improvement to reclassify the stranded tax effects resulting from the newly enacted federal corporate income tax rate reform.

Question 2: Are the transition requirements appropriate? If not, what transition approach is more appropriate and why?

Yes. We support the transition requirements proposed, and specifically encourage allowing earlier application for public business entities in reporting periods for which financial statements have not yet been issued.

In the event the issuance of this standard does not allow sufficient timing to reflect in the same period in which the Tax Cuts and Jobs Act of 2017 is recognized, the standard should allow for prospective adoption as an alternative to mitigate restatement burdens.

Question 3: Do you agree that early adoption should be permitted.

Yes. Early adoption should be permitted to the extent there is sufficient time to apply the impact of adoption to the periods impacted.

Question 4: Do you agree with the proposed effective date? If not, what effective date is more appropriate and why?

Yes.

Question 5: GAAP generally prohibits *backwards tracing,* which is the process of recognizing the effects of changes in deferred tax amounts in the current year in the same line item in which the deferred tax amounts were originally recognized (for example, other comprehensive income) in prior years. The Board did not allow backwards tracing as part of this project and is currently researching the merits of a broader project on backwards tracing. Should the Board add a broader project on backwards tracing to its active agenda? If so, why? Additionally, should the following alternatives to backwards tracing be considered in that broader project? If so, why?

> **a. Accounting for the release of the stranded tax effects from accumulated other comprehensive income**
> **b. Reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects associated with *prior changes* in other tax rates (for example, state and local taxes)**
> **c. Reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects associated with all *future changes* in tax rates.**

Yes, we support a broader project to be added to the active agenda to explore the appropriate recognition of deferred tax amounts on items reported in other comprehensive income but not yet realized for tax purposes. We believe backwards tracing would eliminate the unintended consequences of stranded balances and more appropriately reflect the intent of tax amounts presented in accumulated other comprehensive income. Reclassification of prior changes resulting from state and local tax rates should be included in the scope of the project, subject to the benefits and costs to the Board and its stakeholders.