



September 21, 2007

Russell G. Golden
Director of Technical Application & Implementation Activities
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

RE: Proposed Issue E23 - Issues Involving the Application of the Shortcut Method under Paragraph 68

Mr. Golden:

We appreciate the opportunity to comment on this issue. Regions Financial Corporation, with nearly \$140 billion in assets, is one of the nation's largest full-service providers of consumer and commercial banking, trust, securities brokerage, mortgage and insurance product services. Regions serves customers in 16 states across the South, Midwest and Texas, and through its subsidiary, Regions Bank, operates 1,900 banking offices and a 2,400-ATM network. Our investment and securities brokerage, trust and assets management division, Morgan Keegan & Company, Inc., provides services from over 450 offices.

We support the Board in its efforts to address issues that have caused implementation difficulties in the application of paragraph 68 of Statement 133 (the shortcut method). However, it is our belief that some of the proposed clarifications will counter the Board's goal of clarifying this Statement and add additional complexity to companies and their effectiveness assessments of interest rate swaps.

Regions disagrees with Amendment 5, which only allows a difference between par value of a hedged item and its fair value that is solely attributable to the market convention of rounding the coupon rate only at the inception of the hedging relationship. Regions' view is that changes in the fair value of a debt instrument from inception to the date of acquisition by an acquiring entity would not distort the effectiveness of the hedging relationship going forward, provided that the swap meets the remaining unamended criteria in Paragraph 68. Changes in the fair value of a debt instrument from the date of issuance to the date of acquisition could be related to changes in the original issuer's credit from the date of issuance, differences in issuer credit vis a vis the acquirer's credit, and credit spread differences, all of which would not necessarily result in ineffectiveness. This view is based on the application of the shortcut method to "vanilla" interest rate swaps. However, we believe that application to other hedged items would result in the same conclusion. The acquisition premium/discount on the hedged item, which can include changes in market factors other than changes in the benchmark interest rate, would be amortized/accreted, thereby adjusting the reported effective rate to the market rate on the date of acquisition. While the fair value of the hedge instrument adjusts with future changes in interest rates, any changes in the fair value of the hedged item would move in tandem with the hedge, considering that the amortization/accretion of the premium/discount would adjust the stated rate to the market rate at the time of acquisition. If the Board decides to finalize the proposed Issue as drafted, we recommend that this provision be excluded from the guidance or narrowed to exclude, at a minimum, interest rate swaps with no embedded options.

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Regions also disagrees with the methodology described in Amendment 6, which would restrict late hedges from meeting the requirements of paragraph 68. Our view on this proposed amendment is consistent with certain members of the Board as discussed in the Alternative Views section of the Issue. We uphold that the guidance of Statement 133 permits the hedged item to have a purchase premium and still qualify for the shortcut method.

As stated above, Regions believes that the requirements of Amendment 5 and Amendment 6 would result in additional complexity which counters the Board's overall objectives of simplifying current accounting. We encourage the Board to consider the views/conclusions reached herein.

Again, we appreciate the opportunity to comment on this proposal. 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