Robert L. Morris **Executive Vice President** and Chief Accounting Office



LETTER OF COMMENT NO. 22 4

March 31, 2009

Director of Technical Application and Implementation Activities Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, Connecticut 06856-5116

Re: Proposed FSP FAS 157-e



KeyCorp OH-01-27-0801 127 Public Square Cleveland, Ohio 44114-1306

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Dear Director:

We are writing in response to your invitation to comment on the Exposure Draft entitled, "Determining Whether a Market Is Not Active and a Transaction Is Not Distressed."

KeyCorp (Key), headquartered in Cleveland, Ohio, is a bank-based financial services company that, at December 31, 2008, had assets of approximately \$105 billion. We appreciate the opportunity to comment on this Exposure Draft and support the Board's commitment to developing high-quality financial accounting standards and improving comparability of financial information while promoting international convergence of accounting standards. Key takes pride in providing detailed, timely and comprehensive financial information to the investment community, and supports standards and interpretations that clearly result in reliable and relevant information that can improve investor understanding and allow for more informed decisions. Therefore, this proposed guidance is of great interest to Key.

Although Key is in favor of this proposed guidance, the timing of this proposed guidance and its final issuance after the end of the quarter makes adoption for periods ending after March 15, 2009 extremely difficult and poses significant risk.

The timing of this guidance does not allow sufficient time to develop and support the various changes in policy and procedures that would be required to implement the guidance for the quarter ended March 31, 2009. The guidance, if issued as proposed, would require management to analyze each portfolio impacted by fair value accounting and perform a substantial amount of documentation around its assertions related to any changes in fair value methodology, especially as it relates to evaluating the inactivity of markets and whether transactions are distressed. All these steps would occur subsequent to the close of the 1st quarter, therefore making adoption very difficult. Any new or revised policies or methodologies that arise as the result of the final guidance would also have to be reviewed by our external auditors. The final guidance may include provisions that would require Key to re-open its general ledger to make any necessary adjustments. This occurrence poses significant process and control risks. In addition, the guidance will have a direct impact on the information included in Key's FAS 157 footnote

disclosure. The implementation of the proposed guidance on a constrained and unrealistic timeline creates significant risk, including the adherence to filing deadlines.

Key recommends, at a minimum, that in the best interest of investors and Key's commitment to high quality financial reporting, that the effective date of any final guidance be delayed until periods ending after June 15, 2009 with early adoption permitted. This will allow adequate time for review and implementation of this new accounting guidance.

In conclusion, Key appreciates the opportunity to comment on the Exposure Draft entitled, "Determining Whether a Market Is Not Active and a Transaction Is Not Distressed" and requests that the FASB seriously consider the implementation issue set forth in our above comments as this proposed guidance is re-deliberated.

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

Sincerely,

Robert L. Morris

Executive Vice President and

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Chief Accounting Officer