April 28, 2011

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

Re: File Reference No. 2011-100

Dear Director:

We are writing in response to your invitation to comment on the FASB’s Proposed Accounting Standards Update entitled Balance Sheet - Offsetting (“Exposure Draft”).

KeyCorp (Key), headquartered in Cleveland, Ohio, is a bank-based financial services company that, at March 31, 2011, had assets of approximately $90 billion. We appreciate the opportunity to comment on this Exposure Draft and support the efforts of each Board to develop a common approach for determining the right of offset.

For Key, on a gross basis, derivative assets and derivative liabilities represented approximately 2.5% and 2.6%, respectively, of total assets and liabilities at December 31, 2010. On a net basis, both derivative assets and liabilities represented approximately 1% of total assets and total liabilities, respectively at that date. 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.

In general, Key supports the convergence of U.S. GAAP and IFRS to a single set of high-quality accounting standards. Key does not believe this proposed accounting guidance regarding offsetting will provide any additional insight to the users of financial statements. Key strongly supports the current guidance in this area and asserts that it provides more useful information to analysts, shareholders and other financial statement users.

Our general comments regarding this Exposure Draft are provided below.

General Comments

- Key presents derivatives on a net basis on the face of the balance sheet and then gross derivative amounts and other related elements such as cash and collateral
are disclosed in the footnotes. The proposal set forth in this Exposure Draft that generally requires gross presentation on the face of the balance sheet and net presentation in the footnotes does not provide financial statement users with any additional or more useful information. It simply grosses up the balance sheet which has real economic consequences to Key and other financial services institutions. As such, this guidance as proposed is unnecessary.

- Given that this guidance as proposed provides no additional useful information to analysts, shareholders and other financial statement users, requiring gross presentation will result in significant operational burdens. Implementation of this proposed guidance will require a comprehensive review of various derivative and other contracts across Key to determine whether gross or net presentation is required. Not only will significant costs be incurred to develop new systems and processes but also valuable resources will be diverted from other priorities such as anticipated new accounting standards on credit impairment, financial instruments and leasing as well as significant regulatory changes related to the Dodd-Frank Act and Basel III.

- High-quality accounting standards provide analysts, shareholders and other financial statement users with information that lends insight as to how an entity is managed. Gross presentation of derivatives is contrary to how Key manages its business from a risk management perspective. The fair value of a derivative instrument reflects the net cash inflows and outflows of a contract; therefore, presenting a derivative on a gross basis does not provide investors with useful information to evaluate a financial services institution’s various risks (credit, liquidity, etc.) related to its involvement with derivatives and other applicable instruments. Regarding counterparty credit risk, all derivatives are executed under ISDA agreements which allow for bilateral netting with that specific counterparty. This results in Key either being in a net asset position or net liability position with each counterparty. Key believes net presentation is more useful when assessing counterparty credit risk.

- Lastly, as noted previously, gross presentation has significant real economic costs to financial services institutions as this could potentially impact FDIC assessments, SIPC fees, state and local taxes and have other significant financial consequences. This is particularly concerning as these are real economic costs that Key would incur simply because of a change in accounting guidance. The costs of this proposed guidance are many while the benefits are few, if any.

Conclusion

As noted above, Key generally supports convergence to a single set of high-quality accounting standards. However, this proposed guidance does not provide any additional insightful or valuable information to analysts, shareholders and other financial statement users and will result in a significant operational burden to the financial services institutions that will have to comply with its requirements as well as other real economic costs in terms of systems development, fees and other potential ramifications. As such,
Key does not support this proposed guidance and would encourage the Boards to converge accounting guidance based on the current U.S. GAAP "netting" model.

We appreciate the opportunity to comment on this Exposure Draft and hope that our comments are helpful in developing any final accounting guidance that may result from this proposal.

********

We welcome the opportunity to discuss this issue in more detail. Please feel free to contact Chuck Maimbourg, Director of SEC Reporting & Accounting Policy, at 216-689-4082 or me at 216-689-7841.

Sincerely,

Robert L. Morris
Executive Vice President & Chief Accounting Officer