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Ms. Elizabeth Murphy, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File Number S7-27-08

Dear Ms. Murphy:

We are writing in response to your invitation to comment on the proposed rule entitled, "Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers."

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 proposed rule and support the SEC'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 agrees with the concept of using a single set of high-quality global accounting standards, there are certain aspects of the proposed roadmap that need to be addressed or reconsidered. Our comments below address the need for a comprehensive implementation plan and definitive timeline as well as requesting that the SEC consider the potential for natural convergence to IFRS.

Comprehensive Plan

The proposed roadmap is only focused on providing a single set of global accounting standards for public companies to enhance comparability with non U.S. companies. Although Key understands that the SEC's sole focus is on publicly-held companies, there is no consideration given in the roadmap for the other areas and constituencies that would be impacted by a conversion to another set of accounting principles. A comprehensive plan needs to be in place prior to the SEC deciding on the future of IFRS, and such a plan would need to be evaluated by the various stakeholders. For example, the differences between IFRS and US GAAP will impact the calculation of taxable income under the Internal Revenue Code. Financial institutions, including Key, must provide certain financial data to the Office of the Comptroller of the Currency ("OCC") on pre-defined reports. Loan documents, as they relate to customer loans as well as an entity's own debt, contain covenants based on certain financial ratios. Public accounting firms need to educate their staff on IFRS, colleges and universities need to update curriculum to offer courses in IFRS, and the CPA exam needs to be changed to incorporate IFRS. All of the above mentioned and many other aspects related to convergence to IFRS need to be discussed and resolved and then included in a comprehensive plan that would include the SEC's roadmap to implement IFRS in the US.

Another issue that needs to be addressed in this comprehensive plan is the impact of public companies following IFRS while private companies may continue to follow US GAAP. There are numerous issues that need to be resolved with this topic. Some of the questions to be discussed include how will public accounting firms assign employees to public and private company audits, how colleges and universities will instruct students in both IFRS and US GAAP, and will there be a separate CPA license for IFRS and US GAAP. For financial institutions, this division in accounting between public and private companies will cause entities such as Key to have different credit reviews and debt covenants for public and private entities. In addition, there will be no comparability between public and private companies in the same industry due to the use of two different accounting standards. Compounding this comparability issue will be different public company filers implementing IFRS over various three-year periods, thereby creating differences in financial statements of US public companies for a period of time during conversion.

The comprehensive plan discussed above should provide a timeline for transitioning private companies to IFRS, and the SEC should consider having all public companies converge to IFRS at the same time to allow for comparability of financial information.

<u>Definitive Timeline</u>

As set forth in the proposed roadmap, the SEC will make a decision in 2011 on whether reporting under IFRS will be mandated for public companies. This proposed timeline would lead to US public companies reporting under IFRS beginning in 2014. As stated in the roadmap, the SEC will continue to require public entities to provide three years of audited financial statements therefore entities will need to start accounting under IFRS beginning January 1, 2012. However, public entities will still issue financial statements under US GAAP through 2014, thereby requiring entities to maintain two sets of accounting records for multiple years. During this timeframe, FASB will continue to issue new guidance, which will only impact the accounting records under US GAAP. In addition, the IASB will also continue to issue new standards, which will impact only the accounting records under IFRS that will need to be applied at the time of adoption as well as retrospectively upon official conversion to IFRS in 2014 back to January 1, 2012. To accomplish this task, all parties involved in the accounting and reporting functions at public entities will need to be proficient in both US GAAP and IFRS for a number of years, and the underlying systems must also be able to manage accounting under both standards. This process could lead to significant operational risks, which may directly impact an entity's ability to accurately and timely issue its financial statements. As a partial solution, Key recommends that the SEC consider allowing public entities to reduce the comparative financial statements required in the year of adoption from three years to two years. This reduction in the comparative year requirement will lessen the burden somewhat for companies required to adopt IFRS.

If the comparative year requirement is not changed, then the SEC should consider either moving up the decision date or selecting an implementation date further in the future than 2014. Given the timeframe set forth in the proposed roadmap, Key has begun to assess the differences between US GAAP and IFRS. This process may take a year to complete, while at the same time, new US GAAP and IFRS accounting and disclosure standards continue to be issued. After the assessments for accounting, financial reporting and tax are completed, the process for determining the impact on internal operations will begin. In addition, Key's loan origination and risk review processes will need to be updated and respective employees trained for analyzing public company financial statements under IFRS. For example, we are aware that debt covenants within customer loan documents (public companies only) as well as Key's own debt will need to be renegotiated to account for any financial differences related to IFRS. However, in 2011, the SEC may decide to not move forward with IFRS. By this time, Key will have already expended significant time and effort in this process that could be useless if the SEC decides not to proceed with convergence in 2011. Therefore, this convergence process as envisioned by the proposed roadmap is fraught with peril particularly given the current economic environment. Some companies such as Key will plan for conversion at the risk of wasting significant amounts of time and money while other companies may choose to take a "wait and see" approach with no plans to begin preparation for the conversion to IFRS until the SEC makes a final decision. This latter approach could be perilous if the SEC decides in 2011 to move forward with the IFRS conversion, since sufficient implementation time would not be available in this scenario. Under each scenario, there are pros and cons. As stated previously, the SEC should consider making a final decision at an earlier date or postpone the implementation date to allow for sufficient time to implement IFRS while not forcing companies into such a dilemma as discussed above regarding their plans for convergence.

Natural Convergence

The FASB and the IASB have been committed to developing comparable and converged accounting standards since their first official acknowledgement issued in 2002 titled the Norwalk Agreement. Since that time, the FASB and IASB have been working together on various projects as well as working separately to eliminate differences between IFRS and US GAAP. As the FASB has issued new accounting and disclosure guidance, US entities have been implementing this guidance that in most, if not all, cases results in these entities getting one step closer to reporting in a manner that is compatible with IFRS. In September 2008, the FASB and the IASB updated the 2006 Memorandum of Understanding with the timetable on various convergence topics through 2011. The FASB and IASB remain committed to minimizing the differences between IFRS and US GAAP and have developed an approach that will ultimately lead to convergence of significantly all accounting standards.

By following this defined path, US entities, both public and private, will eventually follow accounting standards that are compatible with IFRS. This "natural convergence" approach will allow all US entities, not just public entities, to implement the new standards over the same period of time rather than the approach proposed in the SEC roadmap, which would require US public entities only to conduct a massive and costly undertaking to convert to IFRS beginning in 2012, with smaller public companies implementing during 2013 and 2014.

Natural convergence may take longer than the proposed 2012 date; however, this tactic has many benefits and will allow all US entities to work through the issues of implementing new accounting and disclosure guidance over multiple years in a measured fashion. This approach provides sufficient time for other parties, such as the Internal Revenue Service ("IRS") and OCC, to enhance their regulations accordingly and for entities to enhance internal processes and procedures to implement the converged guidance on an operational basis. Natural convergence will be less costly, since entities will not need to hire outside assistance to implement new accounting standards as well as internal procedures and policies all at one time. Since there will be no need to maintain dual records, financial statements for previous periods will not require a re-audit under a different set of standards, and training costs will be spread over several years. An additional point to consider is that natural convergence over a longer period of time will allow IFRS to mature and for other countries to converge their accounting practices to a single set of high-quality standards. Key recommends that the SEC consider letting the FASB and IASB continue to work together to develop compatible standards and for convergence by US companies to occur through natural convergence rather than having a one time implementation effort for only public companies as envisioned by the proposed roadmap.

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In conclusion, Key appreciates the opportunity to comment on the proposed rule, "Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers", and requests that the SEC seriously consider creating a comprehensive implementation plan and definitive timeline as well as considering natural convergence as an alternative for transitioning to IFRS as set forth in our above comments as this proposed rule 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

Robert L. Morris
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