Regions

Mr. Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

August 17, 2017

Re: Public Company Accounting Oversight Board: Notice of Filing of Proposed Rules on the Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion, and Departures from Unqualified Opinions and Other Reporting Circumstances, and Related Amendments to Auditing Standards (Release No. 34-81187; File Number PCAOB-2017-01)

Dear Mr. Fields:

Regions Financial Corporation ('Regions', or the 'Company') appreciates the opportunity to comment on *The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion, and Departures from Unqualified Opinions and Other Reporting Circumstances, and Related Amendments to Auditing Standards* ("the Proposal"), filed with the Securities and Exchange Commission ('SEC or 'Commission') on July 19th, 2017.

Regions, with approximately $125 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 firmly support the PCAOB's efforts to provide investors and other stakeholders with more informative and relevant information. However, we are concerned that certain changes required by the Proposal will inhibit clear and transparent communication among senior management, the audit committee and the auditor. We agree in context and substance with the issues identified in the Center for Capital Markets Competitiveness comment letter related to this same topic and have highlighted below certain of our more specific concerns.

We believe the requirement to include a Critical Audit Matter ('CAM') disclosure implies the transfer of responsibility for determining what matters are deemed critical for public consumption from management of the business to the auditor, potentially impacting judgment in investor decision making. Further, we believe this requirement undermines management's role as the source of material information, heightens confusion of the auditor's responsibilities and potential independence to the audit committee, and would substantially increase audit and compliance costs for public businesses.

Responsibility of Auditor

The SEC, since inception, relies on its public companies to disclose relevant and reliable information that protects investors, maintains fair, orderly, and efficient markets, and facilitates capital formation. To accomplish this objective, the SEC requires public companies to disclose meaningful material financial and other information to the public. Regions perpetually makes substantial investments in the improvement of its robust corporate governance infrastructure, which includes risk management processes, clear and transparent communication with its board of directors and effective challenge by internal audits of internal control over financial reporting. At Regions, this corporate governance and risk infrastructure includes the identification and evaluation of critical accounting policies and estimates, material business processes and significant, unusual, or highly complex transactions. The proposed CAM disclosure requirements are supported by functions and processes that should be determined by management and required to be disclosed by management if deemed material. Consequently, this auditor disclosure requirement could result in the auditor disclosing non-material information that is not required by existing SEC requirements and may not have been fully subjected to the Company's established corporate governance and internal controls.

Source of Public Information

We are concerned the CAM disclosure requirements may create confusion among investors regarding the roles and responsibilities of the auditor and management. Consequently, the Proposal may inadvertently neutralize existing required auditor reports which support the auditor's independent opinions on the reliability of the Internal Control-Integrated Framework and the Consolidated Financial Statements. Further, the CAM requirements undermine management's role as the source of industry and business-specific expertise about the Company's business and its ability to use this specific expertise to supplement its judgment for the purpose of making proper disclosure of material, useful and reliable information. The Proposal appears to effectively transfer this judgment to the auditor, providing the ability, through CAM disclosure, to determine when and what information is deemed critical. This shift is a fundamental re-ordering of the responsibilities of financial reporting. At a minimum, the Proposal should require an auditor not to disclose original information if not required otherwise by law, regulation, or generally accepted accounting standards.

Audit Committee Communication

We value robust, clear and transparent communication with our auditor and strongly support the ability of our auditor to independently communicate with the Company's board of directors. However, we believe the broad definition of a CAM and its application in practice will shift the focus from matters deemed critical by management for board-level discussions to discussions evaluating auditor-determined CAM topics. There is significant risk to the timing of effective communication because auditors will be challenged to identify, measure, evaluate and conclude on what is deemed material for CAM disclosure purposes, when initiating CAM related dialogue after the completion of the audit but prior to the release of the auditors' report. Further, we believe any differences in the wording of auditor-required CAM disclosures compared to management-required SEC disclosures will lead to confusion, misdirection and second-guessing for decision-making by the board of directors, potentially constricting more robust communications based on the inability to accomplish our shared objective of disclosing meaningful financial and other information to the investing public.

Adding additional layers of complexity to judgment across audits presents significant confusion to readers of management's financial statements and stakeholder ability to interpret what is a Critical Audit Matter versus a Critical Accounting Estimate and whether these disclosures effectively qualify Management's Assessment of its Effectiveness on Internal Controls. This Proposal seems to support that a CAM could result in a financial accounting and reporting concern that may not be required to be evaluated and disclosed in accordance with existing reporting standards.

Additional Cost Burden and Auditor Tenure

For many years, the SEC has supported the steady flow of timely, comprehensive, and accurate information to help investors make sound investment decisions based on a bedrock materiality principle. The Proposal conflicts with this materiality principle and supports the disclosure of issues irrelevant to investment or voting decisions. Based on historical precedents when implementing new standards, the CAM disclosure requirements will undeniably require more time and effort on the part of auditors, the board of directors and management - slowing the audit process, and driving up costs for public companies. As previously noted, we believe the material financial information consistent with the general principal of the CAM disclosure requirements are currently disclosed by management, opined on by the auditor and regulated by the SEC. Any additional procedures to comply with the Proposal are redundant to processes, risk strategies and other corporate governance required to support existing standards and inconsistent with the stated purpose of the SEC.

The Proposal also implies a correlation between auditor tenure and audit quality. While we agree disclosing auditor tenure may provide relevant and useful information along with other factors in determining the quality of the audit, this information is more useful and relevant when included in the annual proxy statements made by Companies, or perhaps more appropriately disclosed in reports on the PCAOB's inspection of registered public accounting firms.

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 [redacted].

Sincerely,

Chad K. Fooshee
Assistant Corporate Controller