

REGIONS

January 30, 2007

Mr. Ivan L. Strasfeld
Director
Office of Exemption Determinations
U. S. Department of Labor
Employee Benefits Security Administration
Washington, D.C. 20210

Dear Mr. Strasfeld:

I am writing on behalf of Regions Financial Corporation (“Regions”) to respond to the Request for Information (hereinafter called “RFI”) addressed to C. Dowd Ritter dated December 12, 2006 seeking information regarding the experience of financial institutions that use a computer model to provide investment advice to participants and beneficiaries of IRAs. Before answering the questions posed in the RFI, let me provide some background on how our company interacts with persons who have IRA accounts.

Regions, like most large financial institutions, offers IRAs through several distribution channels, each focused on different segments of the market. Regions Bank, a commercial bank operating under a state charter, offers certificates of deposits or other types of interest bearing vehicles as the primary investment products to be used in IRA accounts opened with the Bank. Morgan Keegan & Company, a wholly owned subsidiary of Regions Financial Corporation, is a registered broker-dealer that offers a wide range of investment products for IRA accounts. Finally, Regions Morgan Keegan Trust, a state chartered subsidiary of Regions Bank, also offers a wide range of investment products for IRAs but targets persons with large IRA balances. Our point is that not all of our distribution channels have a need for or an interest in using a computer model to provide investment advice, due to the kinds of investments they make available for IRA accounts.

Request for Information

1. *Are there computer model investment advice programs for the current year and preceding year that are, or may be, utilized to provide investment advice to beneficiaries of plans described in section 4975(e)(1)(B)-(F) (and so much of subparagraph (G) as*

relates to such subparagraphs) (hereinafter "IRA") of the Code which:

(a) Apply generally accepted investment theories that take into account the historic returns of different asset classes over defined periods of time;

(b) Utilize relevant information about the beneficiary, which may include age, life expectancy, retirement age, risk tolerance, other assets or sources of income, and preferences as to certain types of investments;

(c) Operate in a manner that is not biased in favor of investments offered by the fiduciary adviser or a person with a material affiliation or contractual relationship with the fiduciary adviser;

(d) Take into account the full range of investments, including equities and bonds, in determining the options for the investment portfolios of the beneficiary; and

(e) Allow the beneficiary, in directing the investment, sufficient flexibility in obtaining advice to evaluate and select investment options.

We are not comfortable attempting to answer this question as to any computer investment advice program that might exist in the marketplace, but we can describe Regions' experience in this area.

Regions does not offer a computer model investment advice program specifically for IRAs. The closest program to the one described in Question 1 that is housed at Regions exists at Morgan Keegan. It is computer-based and utilizes most of the criteria listed in (a) thru (e). It does not meet (d) because it does not consider the full range of investments available in the financial markets. Instead, the program is limited to suggesting an asset allocation model made up of mutual funds that have been screened through an internal due diligence process that looks at such factors as past performance and ease of trading. In addition, the program does not cover all the factors listed in (b), but the decision about which model is chosen by the client is based on most of these factors. The program is not available for direct client use, but is instead used by Morgan Keegan financial advisors in discussing investment alternatives with clients.

2. If currently available computer models do not satisfy all of the criteria described above, which criteria are presently not considered by such computer models? Would it be possible to develop a model that satisfies all of the specified criteria? Which criteria would pose difficulties to developers and why?

As indicated, items (b) and (d) would not be satisfied. It would not be practical to develop a program that meets (d) because of the large number of variables that would need to be programmed and the constant updating that would be necessary to continuously track market changes and developments. It also would be difficult to satisfy (b) because of the number of variables involved. The Morgan Keegan financial advisors consider factors of the type listed in (b) outside the program itself.

3. If there are any currently available computer model investment advice programs meeting the criteria described in Question 1 that may be utilized for providing investment

advice to IRA beneficiaries, please provide a complete description of such programs and the extent to which they are available to IRA beneficiaries.

We do not know of any currently available computer model investment advice programs that meet all of the criteria in Question 1.

4. *With respect to any programs described in response to Question 3, do any of such programs permit the IRA beneficiary to invest IRA assets in virtually any investment? If not, what are the difficulties, if any, in creating such a model?*

Including “virtually any investment” as part of the criteria for a computer model investment advice program would infinitely increase the programming difficulties because of the large amount of data and large number of variables required. Maintaining such a program also would be a challenge, as new investment products are constantly being introduced into the marketplace.

5. *If computer model investment advice programs are not currently available to IRA beneficiaries that permit the investment of IRA assets in virtually any investment, are there computer model investment advice programs currently available to IRA beneficiaries that, by design or operation, limit the investments modeled by the computer program to a subset of the investment universe? If so, who is responsible for the development of such investment limitations and how are the limitations developed? Is there any flexibility on the part of an IRA beneficiary to modify the computer model to take into account his or her preferences? Are such computer model investment advice programs available to the beneficiaries of IRAs that are not maintained by the persons offering such programs?*

Most computer model investment advice programs with which we are familiar limit the choices to a list of approved mutual fund investments. The investments for this list are chosen through a due diligence process prescribed by the investment analysts working for the firm that has the model program. We are not aware of a program that allows an individual to input his or her own preferences as part of the program itself. There is no program that we have knowledge of that is maintained by someone other than the one offering the program.

6. *If you offer a computer model investment advice program based on nonproprietary investment products, do you make the program available to investment accounts maintained by you on behalf of IRA beneficiaries?*

The models that we maintain contain both proprietary and non-proprietary investment products.

7. *What are the investment options considered by computer investment advice programs? What information on such options is needed? How is the information obtained and made part of the programs? Is the information publicly available or available to IRA beneficiaries?*

Most models focus on mutual funds because they are easily traded, diversified and have (in most instances) long term performance records, and there is a great deal of public information available about them (such as past performance and investment style) that can be input as data into the program. Most of the information is available on the Internet so it is accessible by most IRA beneficiaries.

8. *How should the Department or a third party evaluate a computer model investment advice program to determine whether a program satisfies the criteria described in Question 1 or any other similar criteria established to evaluate such programs?*

We are not comfortable advising the Department on how to evaluate a computer model investment advice program under these criteria since we do not have a program designed to meet such criteria.

9. *How do computer model investment advice programs present advice to IRA beneficiaries? How do such programs allow beneficiaries to refine, amend or override provided advice?*

Most model programs present a portfolio of mutual funds allocated between equities and fixed income based on the individual's risk tolerance. The programs themselves do not allow changes, but the individual is always free to do something other than what is recommended by the program.

Sincerely yours,



Thomas R. Gamble
Corporate IRA Support

cc: David B. Edmonds
John D. Buchanan
Dale M. Hebert