

ZIONS BANCORPORATION

December 14, 2011

Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street, NW
Washington, DC 20006-2803

Via website submission: comments@pcaobus.org

Re: PCAOB Rulemaking Docket Matter No. 37 – *Concept Release on Auditor Independence and Audit Firm Rotation*

To Whom It May Concern:

I appreciate the opportunity to provide comments and observations on the Public Accounting Oversight Board's ("PCAOB") Concept Release on Auditor Independence and Audit Firm Rotation ("CR"). My input is based on my role as the Chair of the Audit Committee of Zions Bancorporation ("Zions") and my role to engage Zions external auditor Ernst & Young.

Zions is one of the largest regional bank holding companies in the Western United States, consisting of eight banks and about \$52 billion in assets. Zions operates its banking businesses under local management teams and community identities through approximately 500 offices in ten Western and Southwestern states: Arizona, California, Colorado, Idaho, Nevada, New Mexico, Oregon, Texas, Utah and Washington. The vast majority of our earning assets are loans, and 80% of those loans are to small businesses, other commercial and corporate businesses, real estate developers and commercial real estate investors in communities within those states.

Although I support the PCAOB's desire to improve the auditor independence, I do not believe that the CR as currently drafted meets that objective. Rather, I am concerned that the CR as it relates to auditor rotation if enacted into regulation will reduce the quality of audits, further limit Audit committee's of public companies the ability to choose the best auditor to protect the investor's interest, and increase the cost of the external audit function for public companies.

Audit Committee's role with external auditor with the Sarbanes Oxley Act

The Sarbanes-Oxley Act of 2002 changed the role of the Audit Committee with the external Auditor to include the responsibilities of overseeing of the engagement, independence and performance of the external auditors. The Audit Committee owns the relationship with the

external auditors, as Chairman of the audit committee I have direct communications with the external auditor without management on a regular basis. In these communications, I find that the external auditor has appropriate professional skepticism and objectivity as the auditor performs its duties for the investors of the company.

During my service on the Audit Committee, I have not encountered issues with the external auditor that would question who is the client. The external auditor is fully aware of its duties to the audit committee and the investors of the company.

I noted that the CR did not discuss or highlight any evidence of audit failures since the passage of the Sarbanes Oxley Act due to the failures of the audit committee in the selection and management of the external auditors. Before further consideration of external auditor rotation concept is made, an understanding of Audit Committee performance should be fully evaluated.

Limit Audit Committee's choice and statutory responsibilities

Each year the Audit Committee makes a choice to recommend to keep the existing external auditor or to select another external auditor to the company's shareholders. This responsibility of the Audit Committee is executed with the committee's historical knowledge of the company and the statutory responsibility in overseeing the auditor. The Audit Committee is the best group to recommend if an external auditor should remain or leave due to the following factors:

1. Knowledge of the external auditor objective performance and level of professional skepticism.
2. Knowledge of shareholders.
3. Knowledge of management, business performance and strategic plans.
4. Knowledge of viable other external auditor replacements.

A mandatory firm rotation would override these aforementioned aspects of the audit committee's knowledge and statutory responsibility in overseeing the auditor.

Additionally, if I and the Audit Committee felt that our current external auditor firm was lacking in any capacity so as to disadvantage the investors of the Company from a professional performance or independence perspective, we would demand action in one of the following three ways:

1. Improved service from the existing audit professionals,
2. Demand that the current team be replaced with better auditors, or
3. Initiate a change to another firm.

Limit on viable independent external auditor replacements

A mandatory firm rotation fails to recognize the realities of the external auditor market place. Zions size, complexity and need to access the financial markets requires that its external auditor be a Big 4 firm – Ernst Young, PricewaterhouseCoopers, KMPG, and Deloitte. Zions external auditor is Ernst Young; however Zions has existing consulting engagements with each of the remaining Big 4 firms. Like many large public companies, Zions would have difficulties indentifying an independent and qualified firm to perform its external audit function if a

mandatory firm rotation were required. The current external auditor market place cannot provide sufficient number of viable candidates for Audit Committee's to choose an external auditor.

Reduced Quality of Audits

A mandatory firm rotation would reduce the quality of audits. In the first year of audit with a new external auditor, the auditor does not have the benefit of historical knowledge of prior transactions, knowledge of the individuals within the Company, and only has limited knowledge of all the policies of the Company. Although, the new external auditor can read the prior auditor's work papers and conduct the audit procedures for the current year audit, this lack of knowledge limits the auditor's effectiveness.

An external auditor with the benefit of company historical knowledge more effectively audits the Company with a keen awareness of the key business and operating risks of the Company. Currently, Zions and all public companies benefit from required partner rotation and natural turnover of Company and external audit firm personnel keep relationships between audit personnel and the company being audited fresh without losing the historical knowledge.

Finally, as an audit committee member at other publicly-reporting companies, I have gone through process of both evaluating and experiencing a change of external auditors. As one would expect, all the firms were terrific in the "pitch process". However, the actual transition of auditors was "rocky" and revealed the weaknesses described above until the new audit firm had worked on the Company for several years.

Based on my personal experience, a mandatory firm rotation requirement concept reduces audit quality, particularly in the years immediately following the rotation.

Increased Cost of External Audits for Public Companies

As noted above, as an Audit Committee member I went through an audit firm change over and it is expensive, disruptive, and probably took two years for the new firm to come up to speed on the Company due to the learning curve that external audit firm faces with any new audit. Additionally the audits can be less efficient at the beginning of an engagement and present a higher level of audit risk.

The external auditor's learning curve at the new Company is at an enormous management time cost and education expense to the Company, with no evidence of improved service, independence or productivity.

These factors that I have experienced would increase the cost of the audit process as a whole if the external audit firms were regularly being rotated. Zions and all public companies would consistently face repeated distraction and disruption due to the need to educate the new external audit firm about their business and operations.

External audit firms' costs would increase with mandatory firm rotation as the external auditor would spend additional resources competing for new work for each rotation cycle and learning about their new clients, thus resulting in higher audit fees.

These increased costs to Zions and all public companies would adversely impact shareholders and customers as these costs would ultimately increase the price of goods and services for a benefit that is not fully described in the CR.

I thank the Board for its consideration of our recommendations and would be pleased to discuss these issues in more detail with the Board or staff at your convenience.

Sincerely,

By: /s/ Stephen D. Quinn

Stephen D. Quinn

Audit Committee Chairman and Director

Zions Bancorporation