FINANCIAL SERVICES ROUNDTABLE

August 8, 2017

Ann E. Misback
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20051

Re: FR Y-14A/Q/M

Dear Ms. Misback:

The Financial Services Roundtable (the "FSR")[1] appreciates the opportunity to submit these comments on the changes to the FR Y-14A/Q/M reporting schedules proposed by the Board of Governors of the Federal Reserve System (the "Board") in the notice published in the Federal Register on June 9, 2017 (the "Notice").[2] The FSR's members include 25 of the 34 bank holding companies that file FR Y-14 reports, and, as such, FSR members are intimately involved in this information collection process.

For the past five years, FSR members have engaged in a productive dialogue with Board and Reserve Bank staff regarding the FR Y-14 reports. This past July, our FSR Working Group on FR Y-14 Reporting met again with Federal Reserve staff and other reporting banks to continue these discussions, which we believe are mutually beneficial. This ongoing dialogue is an outgrowth of a 2012 meeting between FSR members and former Federal Reserve Board Governor Elizabeth Duke. Governor Duke encouraged greater industry engagement and continuing dialogue on what was then a new set of reporting requirements. FSR members were receptive to such a dialogue because they understand that accurate, high integrity data is central to the Board's Comprehensive Capital Analysis and Review (CCAR) and the Dodd-Frank stress testing (DFAST) cycles.[3]

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[1] As advocates for a strong financial future™, FSR represents 100 integrated financial services companies providing banking, insurance, and investment products and services to the American consumer. Member companies participate through the Chief Executive Officer and other senior executives nominated by the CEO. FSR member companies provide fuel for America's economic engine, accounting directly for $98.4 trillion in managed assets, $1.1 trillion in revenue, and 2.4 million jobs.

[2] 82 Fed. Reg. 26,793 (June 9, 2017).

[3] FSR staff met with Board staff on November 1, 2012 to establish a framework for this dialogue. A summary of that meeting may be found at: http://www.federalreserve.gov/newsevents/rr-commpublic/Cat_1b_-_FSR_data_meeting_(110112).pdf.

Since our initial meeting with Governor Duke, FSR members have held semi-annual meetings with Board and Reserve Bank staff to discuss the data collection and submission process. We also have held several conference calls on issues raised by the Board staff. From the beginning of this dialogue, the members of the FSR's working group have had a single, continuing goal: "to enhance the quality and integrity of risk reporting data submitted to the Federal Reserve and meet the evolving data needs in a responsive, efficient, and risk-sensitive *way.*" [4] These sessions have enabled industry representatives and both Board and Reserve Bank staff to discuss the mechanics of the FR Y-14 data collection, and to collectively pursue actions designed to improve the process and the quality of the data submitted to the Board. We greatly appreciate the Board's attention to this initiative and look forward to continuing to engage on ways to improve the data collection process.

The balance of this letter is divided into four sections. Section I highlights our prior recommendations to the Board regarding the timing of changes and compliance with those changes to improve the reporting process from both an industry and supervisory perspective. Section II outlines our comments and several questions we have on the proposed changes. Section III outlines several additional concerns we want to bring to the attention of the Board. Section IV sets out a series of clarifying questions from our members that should be addressed before any changes are final.

I. TIMING, FREQUENCY, AND CONTROLLED IMPLEMENTATION OF CHANGES

The Notice invites comment on a number of issues, including "ways to enhance the quality, utility, and clarity of the information to be collected." While our continuing dialogue with Board and Reserve Bank staff has been constructive and resulted in improvements in the FR Y-14 data collection, more fundamental changes to this process are required. Specifically, there is an urgent need to establish an agreed upon timeline for change requests to allow reporting banks adequate time to adhere to standard software development life cycles (SDLC).

We have repeatedly requested that reporting companies be given a minimum of six months or longer from publication of a final rule, especially if changes affect multiple or complex fields, similar to instruction changes for the FR Y-9C submission. Furthermore, if major structural changes are requested, then a significantly longer lead time, such as one year, could be necessary to accommodate these changes, as many areas of the bank would need to be involved to implement changes and test new processes and procedures to ensure data quality and integrity.

The current Notice is illustrative of this problem. The comment deadline for the proposed changes is August 8th, and the effective date for several of the proposed changes is September 30th. By the time final instructions are published, companies will have only a matter of weeks to implement the changes, and even then may not have received technical instructions. A six-month period following the finalization of the reporting and technical requirements is critical for good data governance, ensuring data integrity, and implementing the necessary internal controls and checks before filing. For example, the proposed change to FR Y-14Q Schedule H that requires

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[4] Financial Services Roundtable, Continuing the FR Y-14 Data Dialogue, Discussion Draft, Washington, DC, October 23, 2015.

filers to report loans net of FASB 91 fees and costs will be a significant challenge. While that data exists, it will take significant time to get reporting processes established so firms can accurately report net amounts. Similarly, the proposed change to the FR Y-14Q Schedule L is significant. The implementation of this change will require extensive technical updates to accurately capture the data.

A minimum six-month transition period on all reporting changes would allow respondents to adhere to standard SDLC. This includes writing requirements, establishing project timelines, updating coding, mapping processes, setting validation procedures, scheduling releases to production, testing, and implementing changes to affected reporting structures.[5]

Additionally, it is necessary to tie the effective date to the finalization of both technical requirements and clarifications. Technical requirements dictate the manner in which data is captured, transported, validated, and assessed.[6] Respondents cannot make the systems and process changes needed to comply with a change in a schedule until after the technical requirements are finalized, and often these requirements are not available until six weeks or less before the submission deadline.

Publishing the technical requirements at the same time as the reporting instructions would also give both respondents and Board and Reserve Bank staff time to reconcile discrepancies between the reporting and technical instructions. Questions related to the technical requirements must be resolved before respondents fully understand the requirements. In setting the effective dates for changes, the Board needs to factor in the time required for implementing clarifications into the reporting cycle along with related internal controls and testing. The failure to resolve questions on a timely basis compounds the reporting challenges for respondents and increases the risk of counter-productive data for the Board.

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[5] We note that in 2016 the Board acknowledged the need to give firms sufficient time to implement changes and did delay the effective date for several proposed changes by approximately six months. 81 Fed. Reg. 3413 (January 21, 2016).

[6] The technical instructions typically consist of four key documents: (1) a Data Dictionary (DD), which dictates the manner in which data is captured. For every data element, the DD also specifies critical information such as technical field name, field format and data type, whether or not an element is a primary key or if it is a derived item and the applicable collection period (effective start and end dates) which is critical to know should data need to be resubmitted; (2) the XML Schema (for schedules managed through the FRB statistics function). The XML Schema Definition is a file (.XSD) which defines how data elements are stored, transported and validated. An XSD describes a set of rules to which an XML document must conform in order to be considered valid according to that schema. XSD describes the structure of an XML document. The Board requires XML data files to be validated against a prescribed schema. This impacts whether the XML data can be loaded successfully to the Board's system; (3) Edit Checks (ECs). These are Board prescribed rules (one inventory per FR Y-14 schedule) that are run against FR Y-14 schedules (submission files). Using rules-based testing, ECs assess a respondent's data on several fronts – syntax (tests for proper data type and format), validity (tests for data accuracy, i.e. "the condition must be true"), quality (tests for data accuracy and reasonableness, i.e., "the condition should be true."). ECs also monitor for unusual period over period changes in data (Intraseries edits) and for discrepancies against another report series, e.g. FR Y-9C (Interseries edits). Like the DD, an applicable edit period (effective start and end dates) is specified to advise when a rule is active. This is critical to know should data need to be resubmitted; and (4) FR Y-14 Q/A Technical Submission Instructions. This document is published by the Board to explain the submission process and subtleties of XML files – creation and validation procedure, submission / resubmission (e.g., Transtype details), file naming conventions; version conventions, primary key rules, and provides technical guidance on ("Respondent Edit Reports" files).

In sum, we respectfully urge the Board to:

- Establish a minimum of six months between the finalization of all reporting and all technical requirements and the effective date of the schedules impacted by the requirements;
- Reduce the frequency of changes to the schedules;
- Publish technical instructions simultaneously with proposed and final reporting instructions;
- Address clarifying questions before the effective date of a change; and
- Prioritize future data requests.

We also note that there are substantial differences in the time needed to integrate the requirements associated with different aspects of the technical instructions. For schedules submitted at the loan level (or at the segmented loan level), considerably more lead time is needed to implement new or revised technical updates (i.e., revised XML schemas, revised data types and/or new or revised edit checks). This is especially true for firms utilizing an Enterprise Data Warehouse approach to support data collection and schedule production. Firms that utilize such an approach are further constrained by structured system design, development, and testing protocols and by planned, periodic deployment schedules. This software development life cycle involves time consuming processes for which the current time periods used by the Board are almost completely inadequate since final technical instructions typically are published after the close of the calendar quarter. If necessary, we recommend that the Board prioritize the final release of certain technical instructions in the case that the Board does not meet the timing parameters outlined in FSR's proposal. Specifically, we propose that the technical instructions for schedules submitted at the loan level (or segmented loan level) be published six weeks prior to the reporting as of date, and that the technical instructions for schedules not submitted at the loan level (or segmented loan level), be published no later than at the reporting as of date, as is customary.

II. FSR COMMENTS AND QUESTIONS ON PROPOSED CHANGES IN THE NOTICE

A. Proposed Changes to FR Y-14A Schedules

1. Schedule A.3 (AFS/HTM Securities)

The Board is proposing to modify the instructions for sub-schedules A.3.a and A.3.c to clarify the reporting of ''Credit Loss portion'' and ''Non-Credit Loss Portion'' information. In addition, the text describing the reporting of positions on the FR Y–14A, Schedule A.3.c., would be removed from the report form and incorporated into the instructions for this sub-schedule. We support these proposed changes.

2. Schedule A.5 (Counterparty)

The Board is proposing to add an item to capture the FVA for an exposure to a counterparty separately from credit valuation adjustment (CVA). We have no comment on this proposed change, though our members do pose some clarifying questions in Section IV of this letter.

3. Schedule D (Regulatory Capital Transition)

The Board is proposing to eliminate FR Y–14A, Schedule D (Regulatory Capital Transitions) from the information collection. We recommend that the Board simultaneously eliminate the corresponding schedule in the FR Y-14Q reports for the same reason that the Board is proposing to eliminate this schedule. As the Board states in the Notice "With the CCAR 2018 collection (FR Y–14 reports as-of December 31, 2017), the majority of the five-year forecast projects data beyond the first quarter of 2019, the date as of which transition provisions will be fully phased-in, diminishing the value-added by collecting these projections."[7] Furthermore, while we favor a minimum six-month phase-in period for the introduction of new reporting items, we have no objection to the immediate elimination of reporting items. The elimination of reporting items does not present the same data collection, systems coding, and audit requirements associated with the addition of new schedules.

4. Schedule F (Business Plan Changes)

The Board is proposing the addition of a new BPC (FR Y–14A, Schedule F) sub-schedule, ''Pro Forma Balance Sheet M&A,'' to be submitted annually, beginning with the reports as of December 31, 2017, by any firm reporting a business plan change as defined on the existing Schedule F. In the support of this change, the Board states that the "incremental burden of this new sub-schedule should be minimal, given that the pro forma information that would be required is related to what a firm must subject in its application for regulatory approval and that the data items would be similar to those collected on the existing Balance Sheet sub-schedule."[8] The proposal does not state whether this new "Pro Forma Balance Sheet M&A" will require projections nor whether it will be required for one or more scenarios. We respectfully request clarification on these points and a minimum of six months to implement necessary changes to accommodate this new reporting schedule; thus, delaying the first reporting of this schedule by any firm reporting a business plan change to reports as of December 31, 2018.

5. Schedule G (Retail Repurchase Exposures)

The Board is proposing to eliminate FR Y–14A, Schedule G (Retail Repurchase Exposures) from the information collection. We support this change. We also recommend that for the reasons cited in the Notice for the elimination of this schedule that the Board simultaneously eliminate the corresponding subschedule within the 14A summary schedule (Retail Repurchase Projections).

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[7] 82 Fed. Reg. 26,797 (June 9, 2017).
[8] Id.

6. Proposed Elimination of Extraordinary Items

The Board is proposing to eliminate the term ‘‘extraordinary items’’ from the FR Y–14A, Schedule A.1.a (Income Statement) and the FR Y–14Q, Schedule H (Wholesale) forms and instructions, and where appropriate, replace the term with ‘‘discontinued operations.’’ We have no comment on this proposed change, but do pose one clarification questions in the table attached below.

B. <u>Proposed Changes to FR Y–14Q Schedules</u>

1. FR Y-14Q Schedule A (Retail)

The Board is proposing to modify the instructions for the FR Y–14Q, Schedule A.3 (Retail— International Credit Card) to include consumer credit and charge cards reported in FR Y–9C, Schedule HC–C, line item 6.d in addition to those included in Schedule HC–C, line item 6.a. We support this clarifying change.

2. FR Y-14Q Schedule C (Regulatory Capital Instruments)

The Board is proposing two changes to the FR Y–14Q, Schedule C (RCI). First, the Board is proposing to enhance the instructions for the ‘‘Comments’’ field in all three sub-schedules. Second, the Board is proposing to add three additional types of instruments to be reported in Column C (Instrument Type) on Schedules C.1, C.2, and C.3 to capture issuances of capital instruments related to employee stock compensation (e.g., de novo common stock or treasury stock), changes in a firm’s additional paid-in-capital (APIC) related to unvested employee stock compensation, and changes in an IHC’s APIC through the remission of capital to a foreign parent. We have no comment on these proposed changes, but do pose several clarification questions in the table attached below.

3. FR Y-14Q Schedule F (Trading)

The Board is proposing to modify the breakouts of vintage years on Schedule F.14 (Securitized Products) to be relative to the reporting date rather than in specified years. We have no comment on this proposed change, but do pose two clarification questions in the table attached below.

4. FR Y-14Q Schedule H (Wholesale)

The Board is proposing several changes to the FR Y–14Q, Schedule H (Wholesale). First, the Board is proposing to expand the Disposition Flag (Schedule H.1, Corporate, item 98, and Schedule H.2, CRE, item 61) and Credit Facility Type (Schedule H.1, Corporate, item 20) to include an option for commitment to commit. Second, the Board is proposing to modify the Utilized Exposure/Outstanding Balance (Schedule H.1, Corporate, item 25 and Schedule H.2, CRE, item 3) and Committed Exposure (Schedule H.1, Corporate, item 24 and Schedule H.2, CRE, item 5) items to explicitly state these items are net of deferred fees and costs. The Board also is proposing to: (1) update the instructions for the ASC 310–30 item (Schedule H.1, Corporate, item 31 and Schedule H.2, CRE, item 47) to be consistent with purchase credit impaired (PCI) accounting standards and terminology; and (2) modify the Participation Flag field (Item 7) on Schedule H.2 (CRE) to be mandatory rather than optional.

We have two major concerns with respect to these proposed changes. First, we do not view a "commitment to commit" as a legitimate facility type. Second, while we support the goal of aligning FR Y-14 reporting with the FR Y-9C report, and appreciate the alignment that currently exists, the concept of netting the total amount of the commitment by deferred fees and costs is not a GAAP or FR Y9-C concept. In our view, this new requirement is a material change, and firms would need time to properly implement the reporting process to accurately capture the net amount of deferred fees and cost on a facility level. Furthermore, it is not clear how reporting companies should distinguish between deferred fees and costs on the drawn portion of a commitment and the total amount of the commitment. Given these concerns, we respectfully request that the Board withdraw or defer these proposed changes and use a separate notice to define more clearly the Board's goal in requesting this data and defining what constitutes a commitment to commit for reporting purposes.

Additionally, with respect to the update in the instructions for the ASC 310-30 item, we request additional clarification on how this would differ from current requirements.

5. FR Y-14Q Schedule L (Counterparty)

The Board is proposing several changes to the FR Y–14Q, Schedule L (Counterparty). First, the ranking methodologies for Schedules L.5 (Counterparty—Securities Transactions Profile, Top 25 Counterparties) and L.6 (Counterparty—Derivatives Profile, Top 25 Counterparties) would be modified to require the top 25 counterparties to be reported as ranked by gross current exposure and net current exposure (CE) for securities financing transactions (SFTs) and the top 25 derivatives counterparties ranked by derivative notional and derivative net CE for the four quarterly unstressed submissions to simplify the ranking required. Second, the currently separate collections of counterparties as ranked by derivatives and SFTs, respectively, would be combined to be one collection of counterparties that would be reported according to all ranking methodologies to simplify the reporting structure. Third, consistent with the change proposed to the FR Y–14A, Schedule A.5 (Counterparty), additional or offline CVA reserves would be required to be reported according to five reserve type categories, notably FVA, on the FR Y– 14Q, Schedule L.1.e (Counterparty— Aggregate Derivative Data by Ratings and Collateral), similar to information previously collected on an ad hoc basis. Finally, the proposal would require the reporting of notional amounts and weighted-average time to maturity for positions included on Schedules L.1 (Counterparty—Derivatives Profile, by Counterparty & Aggregated Across Counterparties) and L.6 (Counterparty—Derivatives Profile, Top 25 Counterparties).

In our view, these are material changes, and it is unrealistic to require reporting companies to implement them by the end of September. Moreover, we have identified certain inconsistencies in the instructions. For instance, as stated in the central counterparty reporting section "CCP derivatives exposures in sub-schedules 1–4 should include both cleared OTC derivatives and exchange traded derivatives, but only house exposures;" however, "CCP data reported on sub-schedule 5 can include house and client data, as well derivatives and SFT data, per specific table instructions for that sub-schedule." With the different population, CE metrics will no longer tie between the sub-schedules. We recommend that these inconsistencies be resolved, and the effective date for these changes be extended by six months.

6. FR Y-14Q Schedule M (Balances)

The Board is proposing to modify the instructions and the form for the FR Y–14Q, Schedule M (Balances) to align with changes to the FR Y-14Q, Schedule A.3 (Retail—International Credit Cards). We support this change.

C. Proposed Changes to FR Y–14M Schedules

1. Schedules A, B, and D (First Lien, Home Equity and Credit Card)

The Board is proposing to add an item to collect the RSSD ID (the unique identifier assigned to institutions by the Board) of any chartered national bank that is a subsidiary of the BHC and that is associated with a loan or portfolio reported on the FR Y–14M schedules. We interpret this proposed change to mean that a reporting company must provide the RSSD ID for any chartered national banking subsidiary associated with a loan or portfolio. Adding the RSSD ID number to each record in the submission would require data sourcing and coding changes that, in our view, could not be realistically implemented by the end of September. Thus, additional time is needed to implement this proposed change.

Additionally, we ask the Board to please clarify, in Schedules A, B, and D, the difference between identifying loans with the proposed field versus use of the existing Entity Type field (fields 129, 107, and 115, respectively). Would it be better suited to enhance the options of the existing field, if needed, as the RSSD ID is provided in each of the BHC's file naming conventions?

2. Schedule D (Credit Card)

The Board is proposing to break out the total outstanding balance reported on Schedule D (Credit Card) into two items: Cycle-Ending Balance (existing item 15) and Month-Ending Balance. It is unclear from the proposal how collection of both cycle-ending balance and month-ending balance would provide a means to distinguish between types of borrowers with varying risk characteristics as provided as the rationale for requesting this change. Further, availability of both of these items in a Credit Card servicing system does not mean both of these items are readily available in the firms' data warehouses or reporting systems. We do not support this change and would request that it be withdrawn.

III. ADDITIONAL COMMENTS ON FR Y-14 REPORTING

A. Historical Resubmission (1Q 2007 to 2Q 2014) for Charge-off Related Fields for the US Auto Schedule (Schedule A.2)

Several FSR members are required to resubmit schedule A.2 (US Auto) for quarters prior to a narrative instruction change in 2014. However, FSR members have received conflicting verbal guidance regarding resubmissions of historical data. FSR members also have questions about the appropriate data retention period needed to support any FR Y-14 resubmissions.

In our most recent in-person meeting with Federal Reserve Staff, representatives of the Board confirmed that resubmissions should apply historical narrative instructions while applying the current technical instructions, a policy on which FSR members had received conflicting guidance in the past. To ensure clarity on this point, we ask that the Board publish formal guidance on this topic to ensure that any technology infrastructure or other processes that banks build in reliance on this standard can be maintained.

The Federal Reserve should take two other steps to better set expectations in relation to resubmission requests. Specifically, the Board should formally publish a maximum look back period for FR Y-14 data resubmissions, similar to other regulatory reports that require data retention for five years after the report date. Adopting such a standard will help banks to build data systems that can be better adapted to respond to regulatory requests and reduce the need for manual data collections that are prone to error and laborious to create. Second, when resubmissions involve multiple BHC's, such as the recent auto schedule resubmission, we recommend the formation of a public-private "task-force" to resolve questions in advance of formal guidance from the Board. This will help ensure consistent communication between all parties and reduce the level of potential operational concerns in the future.

B. <u>New Edit Checks Run on Prior Quarter Data</u>

FSR reporting companies have been asked to respond to edit check exceptions related to newly published edit checks, which have been run against historical periods. Edits created in 1Q 2017 for the FR Y-14Q PPNR schedule (Schedule G) were run on historical submission periods and required explanations or resubmissions where necessary. Our primary concern is that previous verbal guidance received by the reporting banks suggested that newly created edit checks would <u>not</u> be run on historical FR Y-14 submissions. We are concerned about the additional burden to financial institutions involved with these types of requests, which we believe outweigh any benefits to the Board. Accordingly, we have two recommendations for the Board's consideration:

- Reporting banks should not be required to respond to edit exceptions on historical periods; specifically, periods that are prior to an edit's Quarter Modified Date (the quarter the edit was last modified); and

- The Board should formally publish expectations related to this policy within the Technical Submission Instructions document.

C. <u>Additional Changes to FR Y-14 Reports</u>

In addition to the changes proposed in the Notice, we recommend that the Board make the following additional changes with respect to the FR Y-14 reports for all filers:

1. Remove A.7c PPNR Metrics Worksheet and A.2.a. Retail Balance & Loss Projections from the FR Y-14 A Summary.

The PPNR Metrics Worksheet covers data, such as staffing levels, that is not material to the balance sheet. The Retail Balance & Loss Projections provide little incremental information beyond what is currently provided in the balance sheets. We recommend that these schedules be eliminated.

2. Move the FR Y-14M schedules (First Lien, Home Equity, Address Matching and Retail *Credit Card) to a quarterly basis, with an "as of quarter end" reporting period, and* align the Retail Quart*erly schedules (US Auto, US Other, USSB, etc.) to an "as of quarter end" reporting period.*

The Board should reduce the frequency of FR Y-14M submissions from monthly to quarterly. The FR Y-14M includes seven total schedules, three detailed loan-level, three portfolio-level and one detailed address matching collection. Each of the loan-level collections includes well over 100 fields for each loan, with submissions and attestations currently required to be provided on a monthly basis. The time and resources needed to support monthly loan-level FR Y-14M data submissions, including activities requiring engagement of large teams of BHC staff, reviews and attestations required by management to support these filings, impose a significant burden on BHC's. We acknowledge the importance of these detailed data collections in providing valuable information to support the CCAR process and the Federal Reserve's supervisory objectives. However, we believe changing the frequency of filings from monthly to quarterly would not adversely impact the ability of the Federal Reserve to meet its objectives while significantly reducing the regulatory reporting burden on BHC's.

We urge the Board to engage FSR members and other stakeholders in a dialogue on this topic, and to consider incremental steps to reduce the amount of monthly reporting requirements that are currently imposed on covered institutions. For example, the Board could: (1) move some of the monthly schedules to a quarterly reporting cycle (and we would be pleased to provide input on specific reports), or (2) move the filing of the monthly data to a quarterly schedule.

3. Increase or create edit check thresholds for FR Y-14 reports and expand the issue closure functionality across reports.

Currently, the edit check thresholds for the FR Y-14M reports are very minimal, and there are no thresholds for the FR Y-14Q reports. For the FR Y-14M First Lien and Home Equity schedules there are 318 edit checks, which are data quality related and have a failure acceptance threshold of 0%, 0.01%, or 0.10%. These edits account for approximately 40% of the total edit checks for these portfolios—requiring a great deal of ongoing research and explanation—but, provide a company with little operational benefit due to their immateriality. Setting a minimum failure acceptance threshold at the greater of 1% or 25 records for these edit checks would substantially reduce reporting burdens, while still ensuring the submission of high data quality. For the FR Y-14Q reports submitted at the loan level, we propose adding in thresholds for edits similar to what is now in place for the FR Y-14M reports. This would reduce the amount of time companies spend researching inconsequential edit check exceptions while allowing more time to provide substantive responses to more persistent exceptions. Our members believe that there are still a number of edits that are portfolio specific and explainable or that represent minor issues with how the edit checks are comparing the data. By only slightly raising failure acceptance thresholds the research burden would be reduced. In addition to raising minimum thresholds, we fully support the expansion of the "permanent closure" option across all FR Y-14 reports, which the Board only utilizes within the First Lien, Home Equity, and Address Matching (Black Knight Financial Services) reports today.

4. Undertake a periodic, full-scale review of the data required in the FR Y-14 submissions.

We recommend that the Board periodically conduct a full assessment of the FR Y-14 data requirements and eliminate schedules or data elements that are no longer needed. Given that the schedules evolve and some components may become obsolete, we suspect that under such a review the Board might identify other schedules and data elements that could be eliminated because they have become of little, if any, value to the capital planning and stress testing requirements. Today, the FR Y-14M and Q data reports capture over 700 variables, but most of these variables cannot be built into stress testing models. Eliminating fields that are not being utilized by the Board for stress testing purposes will remove an undue burden on companies and allow them to better prioritize their data governance.

5. Permit reporting of limited data on disposed loans or prior quarter end data.

For FR Y-14Q Schedule H reporting, recent FAQ responses related to reporting disposed facilities require firms to provide all data points on a daily basis and not just as of quarter-end. For example, the response to FAQ Y140000581 requires the reporting of EAD, PD, and LGD "immediately prior to the disposition." In addition, FAQ Y140000573 states that the Committed Exposure Global data item should be reported with the balance immediately prior to the disposition date. We are concerned about the additional burden being placed on firms to meet these FAQ response requirements and we do not believe the benefits to the Board outweigh the added burden to reporting firms. Technical changes required to accurately capture data for reporting on a daily basis are significant and in some cases require a complete redesign of data sourcing and reporting functionality. We respectfully suggest that firms should be allowed to report limited data on disposed loans (i.e. Internal Credit Facility ID, Disposition Flag, Disposition Schedule Shift, and Original Internal Credit Facility ID) or prior quarter end data to reduce the reporting burden. This would still provide a means by which to report disposed loans, but on a more reasonable basis. This approach would be consistent with the reporting of cross-collateralized loans with a Committed Balance less than $1MM on the FR Y-14Q, Schedule H.2. We urge the Board to recognize that changes such as those necessitated by these recent FAQ responses go beyond providing clarification and should instead be implemented through the formal proposal and comment period.

D. CFO Attestation Requirement

The Board currently requires that the CFO (or an equivalent senior officer) of a Large Institution Senior Coordinating Committee (LISCC) respondent attest that the FR Y-14 reports are prepared in conformance with instructions. We would support a slight modification to this requirement to permit the monthly attestation to be consolidated and made on a quarterly basis. This modification would retain the requirement but appropriately reduce the reporting burden associated with it.

E. FAQ Process

In our recent meeting with Board and Reserve Bank staff, we had an opportunity to discuss potential revisions to the FAQ process related to FR Y-14 reporting. We welcome and support improvements to this process, since it can facilitate compliance and reduce potential reporting errors. We also understand that, based upon feedback, the Board has recently communicated several policy clarifications with respect to the new "Q&A" procedures that were set to begin as of August 2017. These policies include the decision to not include the name of the submitter when an answer to a question is published. FSR strongly supports this determination. FSR also supports allowing institutions the opportunity to withdraw questions in cases where confidential treatment is requested but not granted.

IV. CLARIFICATION QUESTIONS

The following table includes additional questions which were submitted to us by various FSR members. As you will see, a large number of these questions relate to the proposed amendments to Y-14Q, Schedule L, where a wide variety of definitional issues and data requirements must be clarified to ensure accurate reporting. We would request that changes to reporting schedules not be effective until staff can address each of the questions posed below.

Index	Proposal	Preliminary Feedback
Y-14 A	Income Statement Schedule A.1.a	Does FRB intend for BHCs to aggregate all categories of Discontinued Operations revenue / expenses / provisions into the newly proposed Discontinued Operations single line item in Y-14A Summary Income Statement for CCAR 2018, and consequently exclude that segment from all individual line items from Summary subschedules contributing to Income Statement Net Income?
	Schedule F (Business Plan Changes Pro Forma Balance Sheet M&A)	Do these requirements pertain to divestitures? The Federal Register language only mentions M&A transaction. Also, all the language on pre-acquisition book (etc.) refer to M&A only. Please clarify how a firm would report pre-acquisition book value, fair value adjustments, etc. in the current B/S schedule, which are organized by B/S lines by

		type of asset, liability, equity. There are no separate lines for pre-acquisition, adjustments etc.
	Schedule G (Retail Repurchase Exposures)	Is the FRB eliminating the Schedule G reporting altogether or moving back that reporting into Schedule A as it used to be before? This impacts CCAR 2018 preparations.
Y-14Q	Schedule A	The change is to align with the updated guidance regarding the reporting of charge cards on the FR Y-9C. However, we are not aware of any guidance changes in the FR Y-9C. We request updated guidance on the FR Y-9C so we can better assess the impact on CCAR.
	Schedule C	1. Please specify the level of detail expected in comment. As the capital plan submission does not reflect CUSIP level detail for direct comparison, should comments reflect summary balance variances to the firm's capital plan by Instrument Type? 2. As the additional instruments are a subset of Common Stock amount, these instruments have the same CUSIP ID. Should a firm report the same CUSIP in multiple rows or add a character at the end of CUSIP for each row to make them all unique? 3. As a subset of Common Stock (line 1), should the remaining amount of Common Stock be reported after deducting the amount reported in the 3 new instruments, or should the total Common Stock amount be reported in line 1? 4. How should a decrease in APIC be treated if resulting from issuance of common stock from Treasury stock? The proposed 9/30 instructions denote a decrease in APIC to be reported on schedule C.2 as a redemption but this decrease is a result of common stock issuances from Treasury given stock price differences. Please advise where you would prefer to have Common Stock and APIC balances reported given the following situation: **Example:** Employee exercises 100 stock options with a grant price of $100.00. Treasury price is $140.00 and par price is $0.50: <table><tr><td>**Journal Entry Issuing out of par (Results in an increase in APIC)**</td><td></td><td></td></tr></table>

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<tr><td>Cash (100 options exercised*$100 grant price</td><td>10,000</td><td></td></tr>
<tr><td>APIC (100 options exercised*$99.50(grant price less par price))</td><td></td><td>9,950</td></tr>
<tr><td>Par (100 options exercised*$.50 par price)</td><td></td><td>50</td></tr>
<tr><td>Journal Entry Issuing out of Treasury (Results in a decrease in APIC)</td><td></td><td></td></tr>
<tr><td>Cash (100 options exercised*$100 grant price</td><td>10,000</td><td></td></tr>
<tr><td>APIC (100 options exercised*$40(grant price less treasury price))</td><td>4,000</td><td></td></tr>
<tr><td>Treasury (100 options exercised*$140 treasury price)</td><td></td><td>14,000</td></tr>
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<td>Schedule F</td>
<td>
1. Please confirm the updated schedule will look like the template received last year from FRB when initially proposed. It will require additional technology enhancements to implement new vintage buckets.
2. Please confirm the new schedule will look like the first snip below, with Year abbreviated as Y and the buckets being = 9Y (and not <=9 yrs). There is very little time to implement this proposed change for Q3 and it’s critical we’re sure about the naming conventions.

<u>i.e., THIS</u>
</td>
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</table>

		MV* ($MM) AAA Total > 9Y > 6Y and = 9Y > 3Y and = 6Y = 3Y Unspec f ed V ntage **<u>NOT THIS</u>** MV* ($MM) AAA Total > 9 yrs > 6 yrs and <= 9 yrs > 3 yrs and <= 6 yrs <= 3 yrs Unspecified Vintage
	Schedule L	1. Should the notional amount reported be Net notional or Gross notional? 2. In the Schedule L general instructions, "Consolidation of Counterparties" states: "Report the consolidated group/parent level name in the Counterparty Name field, the consolidated counterparty ID in Counterparty ID field, the counterparty entity ID in the Legal Entity ID field, and the counterparty entity name in the Legal Entity Name field." Can you please provide further clarification on this? What should be filled in the Netting Set ID field? Also, a Legal Entity Name field is not present in subschedule L.1.a form. 3. In Schedule L general instructions, "Consolidation of Counterparties" states: "If positions are held only with legal entity subsidiaries and not the consolidated counterparty itself, report the identifying information of the consolidated counterparty first as its own record and leave associated numeric fields blank." Please provide further clarification. 4. In Schedule L general instructions, Consolidation of Counterparties states: "Rank is based on the consolidated counterparty and that rank must be reported for each entity." Is it referring to

		sovereign/CCP or regular counterparty? Please provide further clarification. 5. In schedule L.5 instructions it is stated that "All sovereign counterparties and CCPS must be reported." However, in the subschedule L.5.1 only G-7 sovereign entities are mentioned. Please confirm if we need to report all sovereigns or only G7 sovereigns. 6. The new instruction asks firms to report Notional related information in Schedule L. Can you provide more clarification on how Notional of a derivative contract would be defined? For example, for derivative contract that has multiple legs, each with potentially different currencies and different notional amounts, or for derivative contract with variable notional schedule, how should we report their notional amounts? Also, should we report Gross Notional or Net Notional? 7. The new instruction asks firm to report Weighted Average Maturity. For trades with OETs or METs, should the Maturity reporting take such early termination features into account? Also, should we use effective average maturity (e.g. to reflect amortizations or prepayments) or only legal maturity? 8. Some institutions do not collect initial margin and default fund as part of SFT CCP reporting. The new instructions do not specify if we need to exclude initial margin and default fund contributions from SFT CCP population. Can you please confirm this requirement?
	Schedule L Subschedule L.5.1	1. Will there be four subschedules for L.5.1, i.e.: L.5.1.a ranked by methodology #1, L.5.1.b ranked by methodology #2, L.5.1.c ranked by methodology #3, L.5.1.d ranked by methodology #4? If not how will the top 25 be determined? 2. In the draft instruction, ranking methodology #3 states Top 25 non-sovereign counterparties by derivative notional, whereas proposed changes state Gross CE. Should this ranking methodology be Gross CE? 3. Do we need to report all 4 ranks in the same table or create a separate table for each rank? If we need to report all 4 ranks in the same table, can you please provide additional details, instructions, and examples on how these will be reported and

		update the template to be consistent with the instructions? 4. Regarding L.5.1, are the following fields applicable to both derivatives and SFTs: Agreement Type (CACNR529), Agreement Role (CACNR530), Netting Level (CACNR532), Legal Enforceability (CACNR534), Independent Amount (non CCP) or Initial Margin (CCP) (CACSR551), Excess Variation Margin (for CCPs) (CACSR553),Default Fund (for CCPs) (CACSR554)? If so, when will instructions be provided for the asset class that this was not reported previously? (Ex. Default Fund (for CCPs) (CACSR554) is not reported for SFTs.) 5. What is the difference between Netting Agreement ID (CACNM902) and Netting Set ID (CACSM902)? 6. In subschedule L.5.1 instructions it is stated that we have to report Netting Agreement ID and Netting Set ID. However, in the subschedule L5.1 form we can see only Netting Set ID column. Please confirm if we need to report both columns (Netting Agreement ID and Netting Set ID) or just Netting Set ID for both SFT and Derivatives. 7. In subschedule L.5.1 instructions it is stated that we have to report "Internal rating (CACNM906)" and "External Rating (CACNM907)". However, in the subschedule L5.1 form there is only one column "Rating". Can you please clarify and update the template to be consistent with the instructions? 8. In schedule L.5 instructions for Unstressed MtM Cash Collateral (Derivatives) (CACSR569) it says, "the mark-to-market value of net cash collateral posted by the legal entity under the netting agreement, including netting where legally binding. This could be a positive or negative value. All collateral reported should be eligible financial collateral. This amount is sub-divided by currency in the subsequent columns." Amount sub-divided by currency is missing from

		the template. Please confirm if we need to report it by currency.
	Schedule L Subschedule L.5.4	1. In subschedule L.5.4 there are 3 new columns: Notional, New Notional During Quarter and Weighted Average Maturity. Please provide further details on these new columns. Can you please update the template to add these new columns to be consistent with the instructions? 2. Will these fields (total notional, new notional during quarter, weighted average maturity, position MtM, and total net collateral) applicable to CCPs?
	Schedule M	The change is to align with the updated guidance regarding the reporting of charge cards on the FR Y-9C. However, we are not aware of any guidance changes in FR Y-9C. We would request updated guidance in FR Y-9C so we can better assess any possible impact on the CCAR process.
Y-14M	Schedule A, B, and D	The FRB has proposed adding an item in the FR Y-14M schedules to collect the RSSD ID of any chartered national bank that is a subsidiary of the BHC. 1. For loans which are held in a chartered national bank that is an indirect subsidiary of the BHC should the RSSD ID be reported based on the direct subsidiary or indirect subsidiary? For example, National Bank B is an indirect subsidiary of the BHC and a direct subsidiary of National Bank A (which is a direct subsidiary of the BHC). Should loans held in National Bank B report the RSSD ID of National Bank A or B? 2. Would this proposal only impact Loan Level files (Schedules A.1, B.1, and D.1) or would an additional field also be added to Portfolio Level files (A.2, B.2 and D.2)? 3. Under the proposal would the BHC ever be required to provide a RSSD ID of a chartered national bank which is not a subsidiary of the reporting BHC? For example, would loans serviced by a subsidiary of the BHC but owned by another bank or loans owned by the BHC but serviced by a third party report the RSSD ID of the subsidiary national bank or that of the third-party bank?

		4. For SFO loans, should BHC RSSD ID be used since they are not on the call report? 5. Please clarify if the subsidiary of the BHC is a state chartered bank, and not a national bank, if the submission should include an RSSD ID, and if so, should it include the RSSD of the BHC or the state bank?

Thank you again for the opportunity to present our views. Should you have any questions, please feel free to contact me or my colleague Robert Hatch at Robert.Hatch@FSRoundtable.org.

Sincerely,

Rich Foster

Richard Foster

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