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New York, NY 10036

February 15, 2013

Tim Clark,
Senior Associate Director
Federal Reserve Board
20th Street and Constitution Avenue NW,
Washington, DC 20551

Dear Mr. Clark:

Ally Financial appreciates the opportunity to comment on the Policy Statement on the Scenario Design Framework for Stress Testing issued by the Board of Governors of the Federal Reserve System on November 23, 2012.

The Board has solicited comments in response to four specific questions listed below.

1. In what ways could the Board improve its approach to scenario design? What additional economic or financial variables should the Board consider in developing scenarios?
2. In addition to the trading shock, what additional components should the Board include in its stress testing framework? What additional scenarios should the Board consider using in connection with the stress testing framework?
3. The policy statement proposes a number of different methods for developing the adverse scenarios. What additional ways might the Board consider specifying the adverse scenario?
4. Does the approach for specifying the severely adverse scenarios—specifically, that of featuring a severe recession along with any salient risks to the economic and financial outlook—capture the relevant macroeconomic risks that firms face? Should there be additional features added to the scenario, either in specific circumstances or more generally?

While Ally acknowledges many improvements in the Board's scenario development and distribution process, we have some concerns regarding the scope of assumptions released by the Board as well as the timing of the release. Please see our comments below.

The Board should consider including an expanded set of variables in its distribution. For example, financial market variables should be provided to all CCAR participants at the same time as the economic variable release.

Bank holding companies (BHC) have unique portfolio compositions which respond to various macroeconomic variables. Due to the limited scope of the Board-released suite of economic and financial variables, Ally must produce a significant set of additional variables required by the models and methodologies employed in the CCAR process. In CCAR 2013 the Board

produced forecasts for 26 economic variables while Ally utilized more than 80 economic variables and 175 interest rate variables. It would be helpful if the Board were able to provide a broader suite of macroeconomic variables to aid BHCs in the interpretation and execution of the scenarios. This could also serve to reduce the need for additional scenario components for any particular subset of companies while improving the ability to draw meaningful comparison across all BHCs.

Additionally, although Ally is not required to run the "market shock" component of CCAR, it would be helpful if the Board were to release relevant financial market variables more broadly as part of the scenario distribution and at the same time as the macroeconomic assumption distribution. Currently, the full suite of market shock variables is distributed to a limited subset of CCAR participants at a later date than the initial scenario assumption distribution. Releasing these variables broadly alongside the macroeconomic assumptions would greatly help Ally assess the impact to certain capital markets positions without ambiguity or delay within the CCAR process.

The Board should consider releasing scenario instructions and assumptions earlier than it has historically.

We are of the view that supervisory scenarios and instructions should be released earlier to BHCs in order to provide adequate time to evaluate the scenarios, develop additional required variables, and initiate the CCAR process. The current timetable is extremely aggressive and precludes BHCs from performing more comprehensive due diligence.

We believe it would be beneficial for the Board to release the financial market variable assumptions concurrently with the macroeconomic assumptions. Currently, there is a delay between the two releases. Due to interdependencies within BHC portfolios, delays in processing impacts to capital markets positions affect all other processes downstream including calculation of the BHC's capital position. These issues could be alleviated if economic and financial markets assumptions are distributed concurrently.

The use of judgment in developing scenarios is necessary and beneficial.

We recognize the use of judgment outlined in the Board Policy Statement and agree that this approach is the best method of producing severe yet plausible scenarios given the differing behavior of key macroeconomic data through various business cycles. There are limitations in modeling of certain macroeconomic and financial market variables. It is Ally's opinion that, in many cases, the use of prudent judgment is a beneficial tool which can be used to produce the most appropriate scenario assumptions.

Thank you for considering the comments outlined in this letter. We appreciate the opportunity to participate in improving the CCAR process and would be happy to discuss our comments further at your request.

Sincerely,



Brian Eller
Risk Officer
Enterprise Stress Testing
Ally Financial