



November 13, 2007

Communications Division  
Office of the Comptroller of the Currency  
Public Information Room  
Mailstop 1-5  
250 E Street, SW  
Washington, DC 20219  
Attention: 1557-0081  
[regs.comments@occ.treas.gov](mailto:regs.comments@occ.treas.gov)

Steven F. Hanft, Clearance Officer  
Room MB-2088  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, NW  
Washington, DC 20429  
Attention: Comments – Consolidated  
Reports of Condition and Income, 3064-  
0052  
[comments@FDIC.gov](mailto:comments@FDIC.gov)

Jennifer J. Johnson, Secretary  
Board of Governors of the  
Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, DC 20551  
Attention: Consolidated Reports of  
Condition and Income, 7100-0036, March  
2008  
[regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov)

Information Collection Comments  
Chief Counsel's Office  
Office of Thrift Supervision  
1700 G Street, NW  
Washington, DC 20552  
Attention: 1550-0023 (TFR: March 2008  
Revisions)  
[infocollection.comments@ots.treas.gov](mailto:infocollection.comments@ots.treas.gov)

**Re: Proposed Revisions to Consolidated Reports of Condition and Income for  
March 2008**

JPMorgan Chase & Co. (“JPMorgan Chase”) is pleased to provide comments on the revisions to the Consolidated Reports of Condition and Income (“Call Report”) proposed for March 2008 by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision (together, the “Agencies”) as published in the Federal Register on September 11, 2007. We have specific comments related to the reporting of trading assets and liabilities and other assets and liabilities accounted for under a fair value option as set forth below.

JPMorgan Chase applauds the Agencies in their efforts to more closely align regulatory reporting with US GAAP reporting. In particular, JPMorgan Chase fully supports the proposed definition of “Trading Account.” The definition provides the clarity necessary to distinguish between trading and nontrading assets and liabilities. We believe that this clarification will allow banks to report certain loans designated as trading to be reported as Trading Assets in the Call Report provided they are managed as trading positions,

thereby eliminating the current inconsistency between regulatory reporting and US GAAP. Further, we believe that those loans reported as Trading Assets should automatically qualify for market risk treatment for risk-based capital. If loans are included in a bank's trading portfolio and are managed as trading positions, we believe they should be reported as Trading Assets in the Call Report and subject to the market risk rules for purposes of computing risk-based capital.

We fully support the proposed changes to Schedule RC-Q allowing banks to report any netting adjustments and Level 1 fair value measurements separately to more closely align regulatory reporting and US GAAP. However, we believe that a disconnect remains. Currently, there are inconsistencies in the reporting of assets and liabilities in Schedule RC-Q. Trading assets and liabilities are reported based on FASB Statement No. 157, *Fair Value Measurements* ("SFAS 157") while the remaining assets (e.g., Loans, Other Assets) and liabilities (e.g., Deposits, Other Liabilities) are based on FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* ("SFAS 159"). For US GAAP reporting, information disclosed in the fair value table is based on fair value measurement including instruments that were historically measured at fair value as well as those instruments for which a fair value option was elected under SFAS 159. This complicates the process of reconciling Schedule RC-Q to the US GAAP disclosures. JPMorgan Chase requests clarification of requiring disclosures related to fair value option only and strongly recommends that the requirements for Schedule RC-Q be based on fair value measurement consistent with US GAAP.

JPMorgan Chase considers the proposed revisions to Schedule RC-D relating to loans measured at fair value under a fair value option that are designated as held for trading to be excessive. It will be burdensome for us to provide the additional disclosures as proposed. Only data related to loans for which a fair value option was elected is readily available from our loan systems. Information for those loans that have historically been designated as held for trading is not available as it is not inherent in our trading systems and will be difficult to obtain and track on an ongoing basis. It will require a significant manual effort to compile this information. Therefore, we strongly recommend that the proposed revisions do not require the detailed loans by type breakout for the historical loans classified as trading or those loans for which a fair value option was elected.

JPMorgan Chase requests clarification of the Agencies' proposal to collect information on Schedule RI related to estimated net gains (losses) on loans and liabilities attributable to changes in instrument-specific credit risk. It is unclear as to what changes other than credit risk would be reported in net gains (losses) on assets and liabilities reported at fair value under a fair value option that would warrant separate reporting. We recommend that the Agencies clarify their intent for the proposed disclosure and indicate those changes other than instrument-specific credit risk expected to be reported in net gains (losses) on assets and liabilities reported at fair value under a fair value option.

Additionally, JPMorgan Chase as a member bank participated in the efforts of The Clearing House in responding to this proposal and supports the comments presented in The Clearing House letter dated November 13, 2007.

JPMorgan Chase appreciates the opportunity to comment on the proposed revisions to the Call Report. If you have any questions, please contact me or Stacey Barsa at (201) 595-5582.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam M. Gilbert". The signature is fluid and cursive, with a long horizontal stroke at the end.

Adam M. Gilbert  
Managing Director  
(212) 270-8928

cc: Stacey Barsa, Vice President  
Sharon Fiolek, Vice President  
Lou Rauchenberger, Managing Director  
Ned Pollock, OCC  
Barbara Yelcich, FRBNY