



THE FINANCIAL
SERVICES
ROUNDTABLE

September 4, 2012

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue N.W.
Washington, DC 20551

Re: Capital Assessments and Stress Testing information collection (OMB control number 7100 0341)

Dear Ms. Johnson:

The Clearing House Association L.L.C. (“**The Clearing House**”)¹ the American Bankers Association² and The Financial Services Roundtable³ (together, the “**Associations**”) appreciate the opportunity to comment on the proposed revision to the Board of Governors of the Federal

¹ Established in 1853, The Clearing House is the oldest banking association and payments company in the U.S. It is owned by the world’s largest commercial banks, which collectively employ over 2 million people and hold more than half of all U.S. deposits. The Clearing House Association L.L.C. is a nonpartisan advocacy organization representing—through regulatory comment letters, amicus briefs and white papers—the interests of its owner banks on a variety of systemically important banking issues. Its affiliate, The Clearing House Payments Company L.L.C., provides payment, clearing, and settlement services to its member banks and other financial institutions, clearing almost \$2 trillion daily and representing nearly half of the automated-clearing-house, funds-transfer, and check-image payments made in the U.S. See The Clearing House’s web page at www.theclearinghouse.org.

² The American Bankers Association represents banks of all sizes and charters and is the voice of the nation’s \$14 trillion banking industry and its two million employees. Learn more at www.aba.com.

³ The Roundtable represents 100 of the largest integrated financial services companies providing banking, insurance, and investment products to the American consumer. Member companies participate through the Chief Executive Officer and other senior executives nominated by the CEO. Roundtable member companies provide fuel for America’s economic engine and account directly for \$92.7 trillion in managed assets, \$1.1 trillion in revenue, and 2.3 million jobs.

Reserve System's (the "**Federal Reserve**") report, *Capital Assessments and Stress Testing information collection* (the "**Proposal**").⁴

The Associations have consistently voiced strong support for ongoing regulatory reform efforts that aim to make financial systems safer and more robust. We support the Federal Reserve's efforts to help ensure that banks have appropriate risk measurement and management processes supporting their internal assessment of capital adequacy. However, there are certain aspects of the Proposal that cause the Associations concern. Those areas of concern include the appropriate set of rules that should be used for Basel III⁵ projections for the upcoming Comprehensive Capital Analysis and Review ("**CCAR 2013**"), the new chief financial officer attestation requirement, confidentiality and legal reserves. In addition, in order to permit organizations to provide accurate and meaningful data submissions, there are a significant number of specific areas where additional clarification would be appreciated. These specific requests for clarification may be found in the Appendix to this letter.

- I. **The Federal Reserve should confirm that bank holding company capital plans and the FR Y-14A Basel III/Dodd-Frank schedule for purposes of CCAR 2013 should be prepared (i) based upon the Proposed Rules in the Basel III NPR and the Advanced Approaches NPR but (ii) without regard to the Proposed Rules in the Standardized Approach NPR.**⁶

The Proposal assumes that banks subject to Section 225.8 of Regulation Y (the "**Capital Plan Rule**") will demonstrate their anticipated compliance with Basel III in their CCAR 2013 capital plans that are due on January 5, 2013, using the version of Basel III approved by the Basel Committee on Banking Supervision ("**BCBS**"), as opposed to the Proposed Rules on capital standards contained in three separate Notices of Proposed Rulemakings ("**NPRs**") by U.S. banking regulators. Banks subject to the Capital Plan Rule are particularly focused on their individual compliance with the Proposed Rules as they would come into effect in the U.S. on a fully-phased in basis beginning in 2019. Indeed, in their quarterly reports on Form 10-Q for the

⁴ 77 F.R. 40051 (July 6, 2012).

⁵ Basel Committee on Banking Supervision ("**BCBS**"), *Basel III: A global regulatory framework for more resilient banks and banking systems* (Dec. 2010) (rev. June 2011) ("**Basel III**").

⁶ Agencies, *Regulatory Capital Rules: Regulatory Capital, Implementation of Basel III – Minimum Regulatory Capital Ratios, Capital Adequacy, Transition Provisions, and Prompt Corrective Action*, 77 F.R. 52792 (Aug. 30, 2012) (the "**Basel III NPR**"); Agencies, *Regulatory Capital Rules – Standardized Approach for Risk-Weighted Assets; Market Discipline and Disclosure Requirements*, 77 F.R. 52888 (Aug. 30, 2012) (the "**Standardized Approach NPR**"); Agencies, *Regulatory Capital Rule: Advanced Approaches Risk-Based Capital Rules; Market Risk Capital Rule*, 77 F.R. 52978 (Aug. 30, 2012) (the "**Advanced Approaches NPR**"). These notices of proposed rulemaking (the "**NPRs**") would revise the Agencies' capital rules to create an integrated set of rules. References in this letter to the "**Proposed Rules**", or to particular sections of the Proposed Rules, are to that integrated set of rules and related sections.

second quarter of 2012, many banks with more than \$50 billion in consolidated total assets (and hence subject to the Capital Plan Rule) included disclosures addressing their respective paths to fully implemented compliance with the Proposed Rules in the Basel III NPR and Advanced Approaches NPR (some with a great deal of specificity, including by setting forth an estimate based on their understandings of the Basel III NPR and the Advanced Approaches NPR of their ratios of common equity Tier 1 (“CET1”) to risk-weighted assets as of June 30, 2012). Consistent with prudent and forward-looking capital planning, senior management and boards of directors will need to consider the Basel III NPR and the Advanced Approaches NPR – both of which would implement the Basel III framework in the U.S. – in assessing their ability to satisfy Basel III rules in connection with CCAR 2013. While the Associations reserve the right to comment on the Proposed Rules, the Proposed Rules reflect the Federal Reserve’s most recent view of how the Basel III framework is to be applied in the U.S. Accordingly, the Associations urge the Federal Reserve to confirm that mandatory Basel II⁷ advanced approaches bank holding companies subject to the Capital Plan Rule should complete the Basel III/Dodd-Frank schedule (“Risk-Weighted Assets (A)” worksheet) for the baseline scenario and prepare their capital plans for CCAR 2013 based on the Proposed Rules as contained in the Basel III NPR and the Advanced Approaches NPR.

For those banks that are considered a non-mandatory advanced approach bank or opted-in voluntarily, we support the use of the “Risk-Weighted Assets (B)” worksheet for the baseline scenario that is based upon the existing Basel I⁸ framework with adjustments for counterparty credit risk and does not take into account the Proposed Rules in the Standardized Approach NPR. We note that banks are much less familiar in evaluating the impact of the Standardized Approach rules on their capital positions and we believe the Standardized Approach Proposed Rules are likely to be amended more substantially than the Proposed Rules relating to the Advanced Approach.

II. The new attestation requirements in the Proposal should be delayed until the relevant templates, instructions and definitions are finalized and, in any event, should not cover projected information.

The revised FR Y-14 forms for the first time would include an attestation requirement. The form of attestation is identical to that used in a number of other financial reports filed with the Federal Reserve and other agencies that cover historical financial information, including the Federal Reserve’s Form FR Y-9C and the Call Report forms (FFIEC 031 and 041). We strongly

⁷ Agencies, *Risk-Based Capital Standards: Advanced Capital Adequacy Framework-Basel II; Final Rule*, 72 F.R. 69288 (December 7, 2007).

⁸ See generally, 12 CFR part 3, appendix A, section III.

believe that no attestation should be required for the FR Y-14 series of forms in the near term. Over the longer term, if the Federal Reserve ultimately determines that an attestation is appropriate, it should be carefully crafted to reflect the type of information required, the time period that banks have to gather the information, and whether the scope of data required has been sufficiently settled for a period of time that permits banks to have established the infrastructure that normally would be established to accompany certifications by senior officers (CFO and CEO certifications under the Sarbanes-Oxley Act,⁹ for example). In any event, we strongly believe that no certification should cover projected financial information.

The scope of the information covered by the FR Y-14 series is not settled. In view of the ongoing changes to the templates, instructions and definitions, there is considerable uncertainty regarding proper completion of the templates in accordance with all required instructions and definitions. Last year, for example, the Federal Reserve issued 175 Frequently Asked Questions (“FAQs”) and we have appended to this letter a significant number of requests for clarification. When compared to other regulatory reports that require a certification such as the FR Y-9C and bank-level Call Reports, the FR Y-14 series is less well-established and currently includes more limited instructions.

Finally, if the Federal Reserve determines in due course that at some point some form of attestation should be provided for historical information, we believe it is essential that the form of attestation accommodate the fact that, given the enormous amount of information required, for some banks (and for different banks in different areas) there will almost certainly be missing or incomplete data for particular fields. In that event, we believe the Federal Reserve should permit banks to provide a limited or qualified certification in those circumstances (*i.e.*, is missing data considered an error, omission or normal course of business).

III. Several data requirements implicate foreign laws that potentially have criminal penalties.

Reporting identifiable client information raises concerns related to non-U.S. local laws that may restrict such reporting. For commercial clients for example, this includes bank secrecy law and blocking statutes in several jurisdictions. In addition, privacy and data protection laws are implicated when personally identifiable information is reported. We believe that required reporting needs to be adjusted for some jurisdictions to resolve such conflicts. In a few jurisdictions, data protection laws extend to information identifying legal entities, which could impact reporting on corporate or commercial clients.

⁹ H.R. 3763 (107th): Sarbanes-Oxley Act of 2002.

Bank secrecy requirements tend to apply to information related to customer relationships, including commercial customers in many instances. Sometimes these requirements apply only to a narrow set of data (*e.g.*, depository account information only), but that is not uniform. Customer consent can overcome the requirements in some jurisdictions, but this is not true across all jurisdictions, which reduces its value as a method to globally address bank secrecy concerns.

Where consent is recognized it typically must be revocable, which adds to its unreliability as an effective compliance measure. Data fields that may be impacted by these requirements could include identifiable customer loan balance or credit line information, for example, but could include any data that may be used to identify an individual or a legal entity. For example, the Cayman Islands, Greece, Romania, and Saudi Arabia have bank secrecy laws that may be implicated in providing information to U.S. regulators.¹⁰

Blocking statutes are in force in a handful of jurisdictions specifically prohibiting the sharing of information with any government other than the government of the home jurisdiction. These statutes often apply to information provided to courts or for investigations, but may also be interpreted more broadly. These prohibitions generally cannot be overcome by consent or other compliance steps.

Any data fields that reveal customer identifiable information may be impacted by blocking statutes. Jurisdictions such as Switzerland, China and France have active blocking statutes currently in place.¹¹ Non-compliance with these requirements and restrictions can have significant impacts, including fines, injunctive relief, private rights of action, revocations of financial services licenses and criminal penalties including imprisonment for corporate officers.

In addition to bank secrecy and blocking statutes, customer contracts may in some instances obligate reporting companies to very high levels of confidentiality which must be carefully considered in light of regulatory reporting requirements. During the July 15th conference call between the Federal Reserve, the Associations and member banks, the Federal Reserve raised a related question about whether there is a concern regarding the confidentiality of information that is reported to the government. Confidentiality and security of customer information is always of paramount concern to financial services institutions and we would welcome the Federal Reserve's insights as to its confidentiality and data security measures.

¹⁰ Argentina, Australia, Brazil, Chile, China, Costa Rica, France, India, Lebanon, Luxembourg, Netherlands, Panama, Philippines, Switzerland, Thailand, and Vietnam are among other jurisdictions with bank secrecy laws in place.

¹¹ Australia, Canada, Philippines and Vietnam are among the other jurisdictions with blocking statutes in place.

Other regulators have recently considered these issues. At times, mutual legal assistance treaties and other international agreements have been developed to provide frameworks within which non-U.S. information can be shared with the U.S. government for specific purposes. The Society for Worldwide Interbank Financial Telecommunication (“SWIFT”) information sharing agreement is a recent example; the work currently underway to establish intergovernmental agreements related to the Foreign Account Tax Compliance Act (“FATCA”) information reporting requirements is another.¹² An alternative could be to provide de-identified data in the reports, allowing companies to provide the information while also complying with local privacy, bank secrecy and blocking statute laws and regulations.

IV. The Associations request that the Federal Reserve schedule periodic teleconference meetings to discuss recently issued guidance and make effective FAQ responses on or before December 15 of each year for the following year’s Comprehensive Capital Analysis and Review (“CCAR”) reporting.

We appreciate the willingness of Federal Reserve staff to host a call on August 15, 2012 with the industry regarding the proposed changes to the FR Y-14. We also appreciate the availability of the secure mailbox and related IntraLinks site to which banks were able to send questions related to CCAR last year. We note that it was the primary published source of guidance to clarify questions with respect to proper CCAR reporting. Based on the collective experience of banks reporting as part of the 2012 CCAR process, we respectfully offer the following suggestions to further improve the reporting process for 2013 CCAR reporting:

- *Offer regular, open teleconference meetings between interested banks and the Federal Reserve.* It was often difficult for an individual bank to interpret a written answer to a FAQ or the response did not completely address the particular facts and circumstances of an individual bank. Given the criticality of timing in receiving complete responses to items that may be unclear or require multiple questions, we recommend holding periodic, open teleconference meetings during which banks and Federal Reserve supervisors can engage in meaningful dialogue with respect to recently released FAQ responses or other issues of concern to banks or the Federal Reserve.
- *Make all new FAQ and other guidance provided on or before December 15 effective for the current CCAR reporting and all new FAQ and other guidance provided after December 15 effective for the CCAR reporting for the next year.* In order to ensure compliance with all of the requirements, there needs to be a “quiet period” when

¹² SWIFT provides a network that enables financial institutions worldwide to send and receive information about financial transactions in a secure, standardized and reliable environment.

no new guidance becomes effective.

V. The Federal Reserve should incorporate our recommendations regarding further consideration of the “processed data option” and our preference for Method 4 proposed by the Federal Reserve (subject to resolution of the issues and concerns described in our August 6 Comment Letter) in addressing the Proposal’s requested disclosure of litigation reserves in the Pre-Provision Net Revenue (“PPNR”) projections and PPNR quarterly worksheet.

The Associations previously have advised the Federal Reserve that disclosure of confidential litigation reserve information will threaten the safety and soundness of banking institutions in response to the Federal Reserve’s proposal originally issued on February 22, 2012¹³ to require large bank holding companies to provide confidential, highly sensitive information relating to banks’ individual litigation reserves as part of the CCAR process.¹⁴ As discussed therein, “disclosure of this information would be potentially very damaging to banks whenever they are defendants in litigation, irrespective of the merits of the claim, and thus inimical to the safety and soundness of banking institutions. Disclosure would also create fundamental unfairness for bank defendants, most clearly in the case of claims by the Federal Reserve itself and claims of other Governmental agencies, but also more broadly.” As we advised in the August 6 Comment Letter, we appreciate the Federal Reserve’s efforts to consider alternatives that would reduce risk to the banks. We also suggested that the Federal Reserve consider an additional “processed data alternative” to address its information collection needs while affording greater confidentiality protection for legal reserve information, and indicated our preference for Method 4 proposed by the Federal Reserve, subject to resolution of certain issues and concerns described further in the August 6 Comment Letter.

The Proposal’s requested disclosure in the Annual PPNR Projections worksheet and the Quarterly PPNR Submission worksheet concerning litigation reserves raise exactly the same concerns as those addressed in the August 6 Comment Letter. If the Federal Reserve believes that there is a compelling need as part of the Proposal to review the individual litigation reserves to determine capital adequacy, we strongly recommend that any resolution of this issue be consistent with and incorporate our recommendations regarding further consideration of the “processed data option” conclusion and our preference for Method 4, subject to resolution of the issues and concerns described in the August 6 Comment Letter.

¹³ 77 FR 10525 (February 22, 2012).

¹⁴ See, e.g., the joint trade comment letter, dated August 6, 2012, addressed to Jennifer J. Johnson [<http://www.theclearinghouse.org/index.html?f=074184>](the “August 6 Comment Letter”).

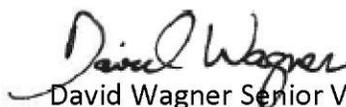
VI. The Associations request that the Federal Reserve delay implementation of the new summary schedules, or alternatively provide guidance for banks that have missing or incomplete data.

We note that the Proposal would substantially increase the number of required fields on the summary schedules. Several of these data elements requested are not incorporated into current regulatory reporting requirements and are not utilized by member banks for risk management purposes. Given that there are currently no third-party vendor systems that completely accommodate all of the reporting requirements of the Proposal, companies will need to significantly modify their reporting systems. These systems will need to be integrated with an entity's existing internal controls structure and fully tested before implementation is complete in order to permit an entity to make its required internal controls certifications. In the interim, it may be necessary to supplement existing information technology infrastructure with manual processes including manual review of thousands of paper files. In light of the volume and complexities of the new data requested by the Proposal, the Federal Reserve must allow for sufficient time to ensure that entities can implement the requirements in a way that allows them to produce reliable information that has been tested within the entity's internal control systems. Accordingly, we respectfully request that the Federal Reserve consider delaying implementation of the new summary schedules, or alternatively provide guidance for banks that have missing or incomplete data.

* * * *

We thank you for considering the comments provided in this letter. If you have any questions or are in need of any further information, please contact me at (212) 613-9883 (email: david.wagner@theclearinghouse.org), Michelle Hubertus at (212) 613-9804 (email: michelle.hubertus@theclearinghouse.org) or Hugh Carney at (202) 663-5324 (email: hcarney@aba.com).

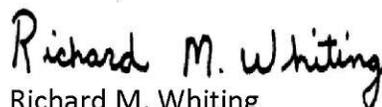
Respectfully submitted,



David Wagner Senior Vice President
Finance Affairs
The Clearing House Association



Hugh C. Carney
Senior Counsel II
American Bankers Association



Richard M. Whiting
Executive Director and General
Counsel
Financial Services Roundtable

cc: Scott Alvarez, Esq.
General Counsel
Board of Governors of the Federal Reserve System

Michael S. Gibson
Division of Banking Supervision and Regulation
Board of Governors of the Federal Reserve System

Andrew Felton
Division of Banking Supervision and Regulation
Board of Governors of the Federal Reserve System

Lisa H. Ryu
Division of Banking Supervision & Regulation
Board of Governors of the Federal Reserve System

Benjamin W. McDonough
Senior Counsel
Board of Governors of the Federal Reserve System

Cynthia Ayouch
Federal Reserve Board Clearance Officer
Board of Governors of the Federal Reserve System

Joseph Peter
Supervising Examiner
Federal Reserve Bank of New York

Philip Gledhill
Supervising Examiner
Federal Reserve Bank of New York

Kenneth Lamar
Senior Vice President
Federal Reserve Bank of New York

H. Rodgin Cohen
Sullivan & Cromwell

Michelle Hubertus
Senior Vice President
The Clearing House Association

Appendix – Specific Requests for Clarification

A. General

- 1) Is there a standard format in which the Federal Reserve is requesting the information to be sent (e.g. Secured FTP, etc)?
- 2) Are the FR Y-14 files to be sent separately or in a single package?
- 3) Please confirm that banks will not have to provide any special quarterly or annual output for first lien 1 - 4 family closed end residential portfolio, or home equity loan and home equity line of credit portfolios.
- 4) How should banks handle investment RE loans secured by one or more single-family properties and business purpose loans primarily secured by one or more 1-4 family properties on the 1-4 family report? Neither is underwritten as nor fit the structure or risk characteristics of a typical consumer residential mortgage. Should banks (i) report the full loan on a single line using the largest collateral as the property address, or (ii) report the loan on the investment RE loans on CRE schedule and the owner-occupied business purpose loans on the C&I schedule?
- 5) Since the FR Y-14M/Q loan level submissions do not require the reporting of unearned income, should banks consider changing the way unearned income is reported by reporting unearned income on line 11, instead of on lines 1 through 10? This would seem to contribute to an easier reconciliation of the FR Y-14M/Qs to the FR Y-9C.
- 6) When acquired accounts with acquisition credit marks against them default, they are not treated as “charge-offs” from a U.S. GAAP perspective. Should they be counted as “charge-offs” on the individual schedules?

B. FRY-14Q Retail Risk

- 1) Is there guidance for use of alternative scores where the original FICO is not obtainable (*i.e.*, FICO rescoring, alternative scores/rescores)?
- 2) Pertaining to "Small Business (Scored/Delinquency Managed)", please provide a clear definition as to what "Scored and/or Delinquency Managed" means. Is it intended that the Basel II definition, which is that Business relationships up to \$1MM (or Euros) can or should be treated like Retail exposures, be used?
- 3) Is it possible to revise the Retail Risk schedule to remove data items no longer needed and add risk characteristics to existing collections? For example:
 - a. Student Loans - It should be noted that Federal Consolidation Loans do not have a level of education (*e.g.*, grade level) assigned to them, given that they are comprised of several underlying loans with different respective grade levels. Since it doesn't seem appropriate to use "other", the template should allow loans to be assigned to an “N/A” category, as for older loans the requested information may not be available.
 - b. Vintage Segment variable - As a result of this change, banks will need to consider the origination year in relation to the reporting year and make adjustments as time goes on. Was that intended?

C. FRY-14Q Supplemental Schedule

- 1) Please provide additional details and descriptions as to which portfolios and which details on the smaller portfolios would be required.
- 2) How should Column A for C&I / CRE loans less than \$1mm be reported? Should it be left blank, or equal to Column D?
- 3) Please define what is meant by the term “carrying value” when reporting balances on the supplemental schedule. How does this compare to “principal balances” to be reported on the individual schedules? Note that while most of the portfolio and 1-4 schedules request the reporting of a customer balance, the CRE and

Corporate (Wholesale) schedules request the reporting of balances net of part sold amounts, charge-offs, interest paid to principal, 141R credit marks and SOP valuation adjustments.

- 4) Where should Consumer Leases (HC-C line 10.a) be reported? Appendix A does not cover this.
- 5) On Appendix A of the Supplemental Schedule, the definition for line 9.b.1 Domestic Small Business is "Domestic small business scored loans on line 4.a or 4.b of schedule HC-C of the FR Y-9C". Since line 4.b of HC-C is C&I non-U.S. addressee, does the "domestic" in the title of line 9.b.1 of the Supplemental Schedule mean "domestic office"? Likewise, Supplemental Schedule line 9.b.2 International Small Business is defined as "International small business scored loans on line 4.a or 4.b of schedule HC-C of the FR Y-9C". Since line 4.a of HC-C is C&I U.S. addressee, does the "international" in the title of line 9.b.2 of the Supplemental Schedule mean "non-domestic office"?
- 6) How should the differences in the Small Business Schedule and Lines 9b of the Supplemental schedule be reconciled? For example, the Small Business Schedule requests all "scored" or "delinquency managed" U.S. small business loans for which a commercial internal risk rating is not used or that uses a different scale than other corporate loans reported on lines 2.a, 2.b, 3, 4.a, 4.b, 7, 9.a, 9.b.1, 9.b.2, 10.b. The Supplemental Schedule requests domestic small business scored loans on line 4.a or 4.b of schedule HC-C of the FR Y-9C.

D. Questions Regarding FR Y-14Q MSR Schedule

- 1) The instructions (#2) state "Please provide the capitalization rate (multiple) and base mortgage rate on FNMA/FHLMC, Jumbo and GNMA 30 year products sold during the quarter into a current coupon MBS. Assume that the remittance cycle is Scheduled/Scheduled, taxes and insurance are escrowed, with FICO scores of 700, and LTV of 80%." It should be noted that loans are not today sold into a current coupon MBS, due to the very wide Primary/Secondary Spread. As a result, the Base Mortgage Rate (i.e., a rate that the borrower sees) may be 120 bps higher than the current coupon MBS. The instructions also state "sold during the quarter," but yet ask for a specified remittance, FICO and LTV. Is the loan to be considered a hypothetical loan with note rate = "base mortgage rate", Scheduled/Scheduled, escrowed, FICO 700 and LTV 80? Or should the loans actually capitalized that month be valued?
- 2) Does the base mortgage rate (#2) refer to the base rate used in the prepayment model or some other rate?
- 3) Regarding the valuation information (#3), please confirm that, if foreclosure timeframe between judicial and non-judicial is not tracked, an average over the portfolio may be assumed.
- 4) Regarding the MSR valuation sensitivity metrics (#4), what kind of "zero rate" assumption should be applied for a 100bp decrease shock? (Should a floor of 1bp for all yield curve points be assumed?)
- 5) Regarding the MSR valuation sensitivity metrics (#5), when the instructions ask for +/- 10% change in 3x10 implied swaption volatility, should all swaption volatility points be assumed to be changed by +/- 10%?
- 6) Regarding the MSR valuation sensitivity metrics (#5), when it asks for +500 basis points change in CDR/CPR/HPI, etc., should the respective vectors be shifted parallel by the basis point change?
- 7) A third option, "other," should be considered for hybrid methodologies that would be further explained in a comment or in supporting documentation.
- 8) We note that some banks could need to modify their existing MSR models because their existing valuation models may not factor in all sensitivity metrics or have an established process for reporting all proposed metrics as a model output. In order to responsibly develop and validate modified models in compliance with SR 11-7 (Guidance for Model Risk Management) as well as implement a new reporting process, is there an interim approach that may be taken? For example, the postponement of the FR Y-14Q MSR schedule implementation to a date no earlier than March 31, 2013 would ensure banking organizations have time to both enhance models and complete CCAR 2013. If the September 30, 2012 implementation date is maintained, could the reporting requirements for MSR valuation sensitivity metrics be phased in?
- 9) Is it possible to expand the instructions to ensure accurate data submissions? For example, the instructions do not provide a zero rate assumption for downward interest rate shocks. Similarly, the sensitivity metrics' instructions do not state the manner of performing shocks on CDR, CPR or HPI, detailing whether the respective vectors should shift in parallel by the basis point change or should be shocked in another manner.

E. FRY-14Q Trading Schedule

- 1) Corporate Credit Advanced and Emerging Tabs - On the sections for Indices, Index Tranches and Index Options, there is no place to put CDX that are not IG or HY (*i.e.*, CDX EM). Is it possible to add a row for "CDX Other" in each section, similar to Itraxx Other, to capture all exposures?
- 2) Credit Correlation - The current instructions for allocating MV and Notional Long/Shorts are unclear for bespoke products where bespoke tranches overlap standard tranches. Is it possible to provide explicit rules for allocating exposures that span multiple detachment points to this bucketing method?
- 3) Credit correlation - The comment on row 55 refers to attachment point; should it refer to detachment point instead? Otherwise, do you want both the equity tranche and the 3%-6% tranche sensitivities placed in the 3% row in the template?
- 4) Credit correlation - For the purpose of mapping the notional and MV, should we use the current detachment point as opposed to the original?
- 5) Credit correlation - It is unclear how the various index families on the Credit Correlation worksheet align with those on the Corporate Credit worksheets. For example, the Correlation sheet has one section for XO and one for Itraxx. The Corporate Credit sheets have CDX XO, iTraxx XO and iTraxx Other. Would iTraxx XO go in the XO or the iTraxx section? Is it possible to provide consistent categories between this tab and the Corporate Credit tabs?
- 6) Sovereign Credit - Should the rates DV01 for Sovereign CDS and bonds denominated in non-local currencies be included in the template? Based on the instructions currently provided through an FAQ, only the DV01 for sovereign bonds issues in the same currency as the base currency of the issuing sovereign are reported in the template (on the Rates DV01 tab).
- 7) Other Fair Value Assets - The recent FAQ instructed banks to provide COLI/BOLI exposure on the Other Sector/Industry Line of this worksheet. Is it possible to have a separate category for COLI/BOLI to explicitly state how much of the exposure in that bucket is specifically COLI/BOLI?
- 8) Equity by Geography - Instructions on this tab read "Firms should keep the volatility surface fixed when applying spot shocks, *i.e.* the vega exposure with spot lower by 30%, for example, would be a function of skew." There does not appear to be a place on this tab for vega exposure where spot is lower by 30%. Please clarify what these instructions relate to on this tab.

F. FR Y-14A Basel III/Dodd-Frank

- 1) CRM surcharge is missing.
- 2) Substantial additional guidance also would be appreciated with respect to the Federal Reserve's expectations (*e.g.*, assumptions, presentation) for projections beyond the 9-quarter planning period, as well as the manner in which such projections are taken into account in the Fed's review of an institution's capital plan.

G. FR Y-14A Summary Schedule – Income Statement/ Balance Sheet/ Retail Projections Worksheet

- 1) Has consideration been given to providing materiality rules for populating the loan loss and balance forecasts in the Income Statement, Balance Sheet, or Retail Balance and Loss Projections worksheets?
- 2) Income statement: Note that the ALLL forecast requested does not tie to FR Y-9C (delayed implementation). Is that intended?
- 3) Regarding losses on FVO loans on the Income Statement Worksheet, specifically mortgages, are banks expected to report a gross or net loss?

H. FR Y-14A Summary Schedule - Retail Repurchase Worksheet

- 1) Please confirm that for loans that have been paid-off or charged-off (old vintage loans), extractions from ESSBASE or annual reports can be utilized as a valid source related to original investor segmentation where data otherwise is unavailable.
- 2) A bank may not have the data necessary to detect the presence of MI to segregate the splits on Securitized Loans for accounts paid-off or charged-off. In such a case, how should this be handled in the segmentation related to Original UPB? Should all of this be included under MI or No-MI/ Securitized loans?
- 3) The template denotes loans sold either to Freddie and Fannie. If there is a sale from Whole Loans to Freddie or Fannie subsequently, please confirm if this should be reported in Freddie or Fannie balances or instead as Whole Loans.
- 4) Forecast and provisions are not set by the different agencies (Freddie vs. Fannie) for total GSEs. How should this be reported? Is a proxy weight acceptable?
- 5) Would a loan that has been liquidated (*i.e.*, paid in full) be considered "settled" and part of the exempt population? Or does "settlement" only mean legal settlements stemming from repurchase/make-whole demands?
- 6) What is the proper reporting of loans that have been sold, repurchased and then sold again (e.g., due to documentation issues, or a loan migrating from performing to nonperforming and then back to performing status)? Would the same loan be reported as being sold in multiple vintages or just the initial year of sale?
- 7) What is the proper reporting if individual loan sale data is not available (*i.e.*, only aggregate loan sale data is available) going back to 2004, particularly in the more granular level requested?
- 8) The template asks for information regarding losses realized by the investor in the fields Net Credit Loss Realized to date and Estimated Lifetime Net Credit Losses. Losses that the investor takes on Non-repurchased loans are not tracked or visible to the banks.

I. FR Y-14A Summary Schedule – Balance Sheet

- 1) In the C&I Loan section, additional guidance is needed on the difference between C&I graded versus Small Business Scored.
- 2) In the Credit Card section, is a Charge Card a traditional credit card and a Bank Card an overdrawn bank account?

J. FR Y-14A Summary Schedule—Retail Balance and Loss projections Worksheet

- 1) What is the definition of Gross New Originations?
- 2) For total credit card accounts, should only active accounts be included or all accounts?
- 3) For total deposit accounts with Debit Card volumes, should only checking accounts be included, or should all types of accounts (checking, savings, money market & CDs) be included? Also, should data be provided only for accounts that are open?

K. FR Y-14A Summary Schedule - ASC 310-30 Worksheet

- 1) Given that the number of required fields has increased from 5 to 32, and that several of these newly requested fields are not required by U.S. GAAP or directly needed for risk management purposes, some banks may have difficulty providing all of the newly-requested data attributes by the filing date. How should a bank proceed if it does not have all of the information readily available? If a bank can produce the data attributes listed below, can implementation of the remaining items be delayed?

Template Item	Requested Attribute
1	Carry Value
2	Allowance
3	Net Carry Value
4	Provision to Allowance/(Reclassification to Accretable Yield)
5	Principal
7	Net Charge-offs to Allowance
8	Principal
9	Interest & Other
10	Other Changes to Allowance
14	Cash Flows Expected to be Collected over Remaining Life of Pool
15	Principal
16	Interest & Other
25	Accretable Yield Remaining
26	Accretable Yield Accreted to Income
30	Cash Expected to be Collected in Quarter
31	Principal
32	Interest & Other
New	Unpaid Principal Balance

- 2) Please confirm that the ASC 310-30 worksheet only applies to retail loans and no similar template or information is required for purchased credit impaired (PCI) commercial/wholesale loans. If not, what other loans are covered by the worksheet?
- 3) Please clarify if cash flow projections on PCI loans should A) be evaluated as of a current point in time (i.e., a single set of periodic cash flows throughout time) or B) reflect successive stages of the scenario over time (i.e., a set of cash flow projections through the forecast period, recast at each quarter end).
 - a. If A, please explain the intended methodology for completing forecast data points related to reclasses between accretable and nonaccretable difference, provision/reclass to accretable yield and effective yield (Items #4, #23, #27 and #29) since these would not change through time after the initial cash flow projection;
 - b. If B, will the scenario provide information regarding how the economic conditions change throughout time so new cashflow projections can be created for each quarter? Additionally, has the Federal Reserve considered the significant operational effort required to execute multiple (up to 9) cash flow projections for each scenario?
- 4) Instructions for items #5-6, #8-9, and #15-16 state that cash flows should be broken out between principal and interest based upon contractual terms. Please explain the intended allocation based on contractual terms with respect to the following items:

- a. Provision (Items #5-6). Should impairment be determined separately for principal and interest based on their respective cash flow streams? Or should the impairment be evaluated for the total cash flow stream with the breakdown determined through application of an allocation factor? Or another approach?
 - b. Net charge-offs (Items #8-9). P&I components of book basis are significantly different from contractually accrued P&I. Thus, how should contractual terms be considered? Additionally, if loans are part of a pool it is likely that no charge-off has been recorded to the allowance. If no charge-off has been recorded for a given pool, please confirm that they should be reported as zero.
 - c. Expected Cash Flows (Items #15-16).
- 5) Regarding the roll forward of the allowance provision component (Items #4-6), is the Reclassification to Accrutable Yield intended to reflect recapture of previous impairment/provision? If so, when would this apply in an adverse scenario if economic conditions are deteriorating?
 - 6) Instructions for items #11-13 state that amounts considered uncollectible that have already been absorbed by the NAD or charged off through the PCI allowance should not be included in the contractual cashflows. As charge-offs do not change a customer's contractual balance, should the periodic contractual payments be reduced through an allocation of charge-offs to each forecast period?
 - 7) Row items 11-13: Do contractual cash flows include prepayments but assume no credit loss assumptions?
 - 8) Row items 14-16: Please confirm that these cash flows should assume credit loss assumptions.
 - 9) The output data requested is to be reported for all PCI assets and by lien type. Some banks have separate PCI cash flow valuations performed for different portfolios (such as PAP, non-PAP and Home Equity). In addition, they may have separate credit models used to project credit losses for these portfolios. Is this worksheet meant to be populated on a combined basis (for all three portfolios) or by each portfolio (such as a separate worksheet for each portfolio)?

L. FR Y-14A PPNR Schedule – PPNR Submission Worksheet

- 1) Guidance is needed as to the line of business segmentation of NII and Non-Interest Income (*i.e.*, clear direction on what the Retirement / Corporate Benefits Products segment is).
- 2) How should historical data be handled? Should historical data be restated or can it be reported "as-is" going back? Some lines of business structure changes occur over time. Is it required to restate and resubmit?
- 3) Where should non-client investment activity be included? In item (10) Corporate/other?
- 4) Where should public funds be included in the segment reporting? Item (7) Treasury Services?
- 5) Is it correct to assume lines 28 to 41 of non-interest expense need to be provided only for the total Bank Holding Company Expenses as shown on the schedule or is there a need to provide a non-interest expense breakdown by business segment similar to net interest income and non-interest expense in lines 1 to 27 of the schedule?
- 6) The instructions for Retail and Small Business and Lending Services specifies to "exclude any revenues related Wealth Management/Private Banking clients". Which line should these revenues be reported on?
- 7) In the Pre-Provision Net Revenue Schedule Instructions, lending revenue information must be separated between "small business banking" and "institutional entities of medium size". Further, the Instructions define "medium size" as "generally defined as those with annual sales between \$10 million and \$2 billion". Unfortunately, this definition may be too general as there are varying definitions of "medium" in the industry. For instance, Middle Market Banking typically includes clients with annual sales of at least \$20 million, while Business Banking is frequently between \$5 million and \$20 million. Further, general ledgers do not categorize loans based on the size of the client. Rather, they are categorized based on client segments. These client segments may be split by client size (with differing thresholds as noted) or split based on product types (*e.g.*, dealer financial services includes commercial lending to auto dealerships and other auto relationships regardless of size). As such, the Instructions should not contain an actual definition or an implied definition (*i.e.*, implied through the use of the term "generally"). Companies should then be required to provide simple commentary on how they define small business banking and medium size institutions. Another way to

approach is to suggest that rather than saying “medium size and large size”, “not already classified as small business banking” could be reported.

- 8) Marketing Expense/Credit Cards Line 36A: Should this metric include only direct marketing expense related to credit cards or also include allocated marketing expense? Can a more specific definition be given in the Instructions as to what the Federal Reserve considers applicable marketing expenses?
- 9) Retail and Small Business / Domestic / Credit Cards - Line 14D “Credit Card Rewards/Partner Sharing (contra-revenue)”:
 - a. Is this supposed to be purely domestic meaning domestic-only accounts and domestic transactions? Or should it also include any foreign revenue (*i.e.*, FX transactions) related to domestic accounts? Same question for debit cards.
 - b. Some rewards are contra-revenues against NII. Should this be exclusive of those? Or should it include the contra-NII and therefore it should be backed out of NII totals?
 - c. Often these contra-revenues are shown net of related expenses, but there is also a category in the expense section. Should these then be exclusive of any related expense?
- 10) Retail and Small Business/Domestic/Mortgages and Home Equity - Line 14P “Provisions to Litigation Reserves / Liability to Sold Residential Mortgage Claims”: This line currently reads as if the BHC is selling claims. However, if the Federal Reserve is looking for provisions for claims related to sold residential mortgages, the line should be recorded to “Provisions to Litigation Reserves/ Liability for Claims related to Sold Residential Mortgages” (same for Line 32).
- 11) Retail and Small Business / Domestic / Retail and Small Business Deposits - Line 14S “Debit Interchange – Gross”: In light of the new breakouts for Credit Card and expenses, should this be truly Gross or exclusive of any related expenses?
- 12) Sales & Trading / Equities - Line 18C “Other”: does this represent all Non-Interest Equities S&T revenue ex Prime Brokerage (which is on separate line), ex-Commissions & Fees (*i.e.*, is this where trading profits and other non-interest, non commission revenue is inputted)?
- 13) Sales & Trading / Fixed Income - Line 18E “Rates” – does this include all underlying rates products even if it does not reside in a Rates line of business. For example, for DVA where the underlying product could be interest rate products, will that be part of Rates based on the new requirement?
- 14) Sales & Trading / Fixed Income - Line 18F “Credit” – please confirm this definition for all credit related products and not the Credit business alone (*i.e.*, credit related products to include Mortgage business, Distressed Debt/Loan, etc).

M. FR Y-14A PPNR Schedule – PPNR NII Worksheet

- 1) This question is in regard to the elimination of the “Primary” vs. “Supplementary” designation for Net Interest Income in the PPNR Projections (14-A) and Submission (14-Q) worksheets. In many cases, the segmentation of net interest income by business unit as defined for the FR Y-14 PPNR reporting differs significantly from the way in which earnings are measured for an institution’s internal management reporting or external business segment reporting. Therefore, projecting net interest income under each scenario by business segment based on PPNR definitions requires development of new internal funding, crediting, and allocation assumptions which do not align with more recognizable institution specific business segment views. This method of deriving net interest income may not align well with the business segment profitability and risk measurement recognized by management, and is not likely consistent with the approach an institution uses to manage business unit balance sheets. Furthermore, with each institution using unique funding and crediting methodology which may or may not accurately represent the profitability of the PPNR defined segment, comparability is suspect. By eliminating the option for a “Supplementary” designation, the amount of detail (and methodology) required to be reported is increased for segments underneath Retail Small Business (*i.e.*, segments identified with a number and a letter) because these segments can no longer be reported on a net basis. These include Credit Card, Mortgages, Home Equity, Retail and Small Business Deposits, and Other

Retail and Small Business Lending. Please confirm whether the Federal Reserve will allow the designations “Primary” and “Supplementary” to be retained and not require more detail on either PPNR Net Interest Income section designated by an institution as “Supplementary”. Please confirm that loans should be net of non-accruals.

- 2) For the additional requested items on the PPNR NII Worksheet, the yield calculations are based on income/expense for the period and, thus, the additional categories with the Average Rates Earned (%) section requires a re-calculation of the entire NII worksheet for all previously recorded periods. In light of the substantial work needed to complete the historical data required for the added line items, a delay should be provided that is similar to the implementation time-frame (December 15).
- 3) For asset categories where no FR Y-9C codes are provided, should definitions fall more closely in line with the Balance Sheet where line item definitions are more defined by FR Y-9C codes or in line with Retail and Wholesale instrument level reporting definitions? In particular, for the breakout of loans between Corporate/C&I loans, Small Business and Other Loans and Leases categories (involving FR Y-9C, HC-C lines items 2.a, 2.b, 3, 4.a, 4.b, 7, 9.a, 9.b.1, 9.b.2, 10.b); Auto Loans (involving FR Y-9C line items 6.c vs. 6.c and applicable leases in 10.a); and Credit Cards (involving FR Y9C line items 6.a vs. 6.a and applicable loans in 4.a).
- 4) Reporting differences will exist in FR Y-9C lines items reported for Commercial Real Estate (CRE) loans between the PPNR NII worksheet, the Balance Sheet and Instrument level definitions. For both PPNR and the Balance sheet FR Y-9C, HC-C line item 1.e.1 loans are included. The instrument level reporting definitions include these loans in Corporate Loans versus CRE loans. Is this intended?
- 5) HC-C line item 1.b. Loans secured by farmland (including farm residential and other Improvements), is not identified specifically in the Y-14Q instructions. Should these loans be reported in “Other Loans and Leases”?

N. FR Y-14A PPNR Schedule – PPNR Metrics Worksheet

- 1) What is the definition of the following item on the PPNR Metrics Worksheet (item 5): “Residential Mortgage Originations Market Size – Volume”? What is the geographical scope of the market (bank’s regional footprint, U.S., or global)?
- 2) Retail and Small Business Segment/Domestic/Credit Cards/“Total Accounts” Line 1
 - a. Please clarify what metric is required here – total new accounts, average active accounts, period-end open accounts?
 - b. Should this metric include just credit card accounts or also include charge card accounts as included in the definition for the Revenue Components in the Instructions?
- 3) Retail and Small Business Segment/-/Domestic-/Retail and Small Business Deposits-/“Total Accounts” Line 7
 - a. Please clarify what metric is required here – total new accounts, average active accounts, period-end open accounts?
 - b. Should this metric include just DDA or all “deposit” products (*i.e.*, money market savings, CDs, Savings, etc.)?
- 4) Does “Market Size – Volume”, Line 7, refer to announced deals or completed deals?
- 5) Investment Banking Segment/Advisory/“Backlog” Line 16 - Please provide further guidance on how the Federal Reserve views backlog. Should it be based on total fee or probability weighted? Should this be an internal or market measurement?
- 6) Sales and Trading Segment/Prime Brokerage/“Total Revenue (incl. Net Interest Income)” Line 37 - Is this metric meant to be just the combination of PPNR Submission Worksheet Line 18K (“Prime Brokerage” Non Interest Income) and the portion of Line 5 (“Sales and Trading” Net Interest Income) that relates to Prime Brokerage?
- 7) Firm Wide Metrics/“Collateral Underlying Leases for Which the Bank is the Lessor” Lines 49, 49A, 49B
 - a. For purposes of this form, what should the BHC include as a “Lease” - traditional lease definition only or also include financing leases?
 - b. Are these metrics asking for the dollar value of the collateral underlying the leases or the dollar value of the leases that have underlying collateral?

- 8) Weighted Average Life/Footnote (4) - The weighted average life (WAL) metric adds "new business activity" to the definition. The disclosure asks for WAL at quarter-end, which should be interpreted as a spot balance sheet (excluding new business). Any new business for selected products should be incorporated in the annual submission (FRY-14A), where it specifically asks for forward-looking WAL.
- 9) Average Retail Deposit Repricing Beta in a 'Normal Environment'/'New Business Pricing for Time Deposits'
Line 85
 - a. Please provide a definition for the term "new business pricing"?
 - b. Is the metric requesting information on the re-pricing beta only for downward rate movements?
 - c. What does the term "curve" on the template refer to?
 - d. The phrase "(if multiple terms assumed)" has been added; what does this refer to?

O. Operational Risk

- 1) In the Op Loss submission, should operational losses that are also credit losses be reported?
- 2) For items that may not specifically appear in the GL (*e.g.*, Workers Comp), should they be included since Basel specifically includes payment of personal injury claims as an operational loss under the Employment Practices and Workplace Safety category?
- 3) Operational Loss: Will the Federal Reserve again approve "best efforts" reporting (*e.g.*, Level 1 detail but not Level 2)?
- 4) For the FRY-14A is the schedule looking for a summary breakout of the operational losses included in the scenario. It is also not completely clear how the Federal Reserve wants the type of data to be intersected with the UOM. For example, if a BHC looks at internal and external loss data, as well as operational risk scenario analysis, to derive a projection methodology, does that need to be linked on a dollar basis to the actual projection amount in a quarter/year? Will the Fed provide some additional detail on how those two columns intersect in breaking out the operational loss projections on this worksheet?

P. Questions regarding First Lien Closed-end 1 – 4 Family Residential Loan Collection Template

- 1) Please validate that first lien equity loans secured by 1-4 family residential real estate should be reported in the Federal Reserve's First Lien Closed-end 1-4 Family Residential Loan Schedule. When compared against FRY-9C, Schedule HC-C, item 1.c.(2)(a), it is unclear whether first equities would be reported in this portfolio, or the Home Equity Loan and Home Equity Line of Credit Schedule.
- 2) Appraisal Amount – Original Property Value (Field #7) – May State Equalized Value (SEV) or Texas Assessed Value (TAV) for appraising a property be utilized for this field?
- 3) Original LTV (Field #8) – There are a number of accounts for which original LTV is not available. For these accounts, can current LTV ratios for these fields be used instead of NULL if there is current loan and value information available? If this field is reported as NULL, what value does the Fed use for modeling?
- 4) Debt to Income (Fields #11 and #12) – There are a number of accounts for which original DTI values are not available. For these accounts, can current DTI ratios for these fields be used instead of NULL if current income information is available? If this field is reported as NULL, what value does the Federal Reserve use for modeling?
- 5) Original FICO (Field #13) – There are a number of accounts for which original FICO information is not available. For these accounts, should current FICO be reported in this field instead of NULL?
- 6) Recourse Flag (Field #29) – Please provide a definition of "recourse".
- 7) Scheduled Principal Balance (Field #61) – In instances in which this field is not provided by a primary service provider, can the actual unpaid principal balance be reported?
- 8) Foreclosure Status (Field #68) - Why are the foreclosure status codes in the Home Equity Loan portfolio the same as the First Lien Closed End portfolio? There are only 3 status codes for HELOCs versus 4 for First Lien Closed-end Family Residential loans.

- 9) P & I Frequency (Field #46) – Some of the codes in this field are different from the P & I frequency field for the Home Equity Loan Portfolio (Field #41). As an example, a monthly payment is a '4' in the Home Equity specifications, but a '1' in the First Lien Closed-end specifications. Is it intended that these codes are different?
- 10) Refreshed CLTV Valuation (Field #74) – Can only LTV be provided in this field since these are all first liens?
- 11) Refreshed DTI Ratio (Fields #75 and #76) – Please provide definition of “front-end” vs. “back-end”.
- 12) Active Repayment Plan (Field #79) – Description states to code as 1 for active repayments, but allowed values column states N and Y are the only valid codes. Please clarify whether to use Y or 1 for active repayments.
- 13) Active Repayment Plan (Field #79) – What does “performing” mean?
- 14) Active Repayment Plan (Field #79) – Please define “repayment plan”. Does this include any kind of workout, or just a loan modification?
- 15) Delinquent Amount Capitalized (Field #85) – If the loan has not been modified, is 0 or NULL reported for this field?
- 16) Duration of Modification (Field #86) – If the loan has not been modified, is 0 or NULL reported for this field?
- 17) Step Modification Flag (Field #87) – If the loan has not been modified, is N or NULL reported for this field?
- 18) Net Recovery Amount (Field #99) – Does this only apply to REO status accounts Does "cost of sales" include commissions, pro-rated taxes, general closing costs?
- 19) Credit Enhanced Amount (Field #100) – Does this field only apply to REO accounts? Does this field include hazard insurance proceeds? Please describe the proper reporting when PMI insurance proceeds are not being received in a timely manner (sometimes months after the sale/liquidation of the property) from the insurance company.

Q. Questions Regarding 1-4 Family 2nd Lien and Home Equity Line of Credit Collection Template

- 1) Is setting ARM data for fields such as adjustable interest rate, margin, interest rate floor, ceiling, etc. for HELOCs even though they aren't technically ARMs (in reference to fields 27, 28, and 30 – 37) the correct usage of these fields?
- 2) Allowable Draw Period (Field #29) – For loans that are “Evergreen” in nature, in that there is no end date for the draw period, (although there is the ability to “call” these loans into the repayment period), should the draw period be set to 360 (maximum allowed per the Federal Reserve documentation) for these loans, or NULL?
- 3) ARM Periodic Rate Cap and Floor (Fields #32 & #33) – If periodic caps and floors data is not available (*i.e.*, only lifetime caps and floors data is available), should NULL be reported for these fields, or 0.0000?
- 4) ARM Periodic Pay Cap and Floor (Fields #36 & #37) – If periodic caps and floors data is not available (only lifetime caps and floors data is available), should NULL be reported for these fields, or 0.0000?
- 5) Original Loan Term (Field #38) - For loans that are “Evergreen” in nature, in that there is no end date for the draw period (although there is the ability to “call” these loans into the repayment period), should the draw period be set to 600 for these loans (maximum allowed per the Fed documentation), or NULL?
- 6) Loan Status (Field #50) – In the detailed description, it states that indicators of foreclosure, bankruptcy, and REO are reported in this field. However, the allowed values do not include any code for bankruptcies. Is there an additional code that should be utilized for bankruptcies in this field?
- 7) Principal Deferred (Field #64) – Description states to code as Y or zero, but allowed values column states N and Y are the only valid codes. Please clarify whether to use N or zero for loans that do not have principal deferred.
- 8) Locked Amount – Interest Only – LOC (Field #71) – How should lines of credit that allow amortizing lockouts, but do not allow interest-only lockouts, be reported in this field? Should NULL be reported in this field, or zero?

R. Questions regarding FR Y-14M Credit Card Schedule

- 1) Please confirm that only current month-end data each month, with no history, is required to be reported.
- 2) Related to the question immediately above, is any special quarterly or annual output for first lien 1 - 4 family closed-end residential portfolio or home equity loan and home equity line of credit portfolios required?
- 3) Can data provided by 3rd party vendors be reported at a portfolio level for these accounts?
- 4) For the FR Y-14M Reports, the file format for Commercial Cards -- *i.e.*, Pipe Delimited, XML, etc. is not available. Please advise on the required format for these files.
- 5) Credit Card Data Element #70 – Please provide an explanation of "Loss Sharing Agreement".

S. Other Data Collection

- 1) 14Q – Auto Schedule-- Is there a list the Federal Reserve can provide to determine the split between Vehicle Types: Car/Van, SUV/Truck, or Sport/Luxury/Convertible?
- 2) Personal Purpose Loans (PPL) – Please confirm that these are considered part of the consumer loan portfolio (and subsequent consumer report) even though they are handled through CLS.
- 3) If a mortgage is made in Dealer, does it fall under the umbrella of CRE or is it still part of Commercial?
- 4) On the Commercial Credit Card data elements document from the Federal Reserve, Field 31 is asking for the number of Authorized Users, but the numeric field only has one digit. Shouldn't this be more than one digit?
- 5) Please confirm that Equipment Leases are part of the required Commercial portfolio.
- 6) CRE data element requirements - Line 48 Fair Value Adjustment-- If the data is not available, please confirm that no reporting is required. If no reporting is required, should the field be left blank or include a zero?
- 7) Confirmation on Letters of Credit – Please confirm that reporting for LOCs is not required. If it is required, how should it be reported if most of the data is not available?
- 8) C&I data elements: Concerning the \$1 million or greater committed loan balance, does this exclude a borrower with two notes of one-half million dollars each?
- 9) LEQ in the Supervisory Stress Testing method was empirically derived based on historical Shared National Credit data and calculated by comparing the funded loan level at the date of default and the funded loan level one year earlier. Will this methodology be used for the CapPR banks as well? The SNC data may be quite different than the bank's portfolio and could provide incorrect comparisons.
- 10) Credit Card Data Element #31 -- The description states "*Report total number of authorized users including primary obligors.*" However, the field parameter is numeric, consisting of one character (N1). This appears to be either an error or missing a corresponding N1 selection criteria (*i.e.*, 1 = 0-100; 2 - 101-1,000, etc.). Please provide clarification on this data element.
- 11) Is an address file (census track information) required for Commercial Credit Cards? It's unclear in the current documentation if this is required -- presumably because it is a monthly report (FR Y-14M) it would be required, but in this case, the address is related to the affiliated business and not the cardholder. Please advise.
- 12) Are loans secured by owner occupied real estate (either directly or through an affiliated real estate holding company) reported as a "commercial" loan?
- 13) In the case of Letters of Credit, it doesn't appear that there is an applicable category for these items; in the case of PPLs used for Business, under the same premise it appears that these loans will need to be reported under Consumer Loans and Mortgages. To vary from either of these approaches it seems that Federal Reserve's Stress Test Reporting would be inconsistent with FR Y-9C reporting.
- 14) When reporting Letters of Credit in the commercial schedule, Field #20 (Credit Facility Type) allows identification of the item as a Standby Letter of Credit (code 15). Item 26 (FR -Y9C Integer Code) is a mandatory field where it is unclear as to how to report the Integer Code. In reading the instructions, they indicate "*Report the integer code (See Additional Instructions for descriptions). Only enter designated descriptions corresponding to the line number on the FR Y 9C, HC-C in which the outstanding balance is recorded or, in the case of an unused commitment, the line number in which the credit facility would be recorded if it were drawn.*" While the items italicized are expressly addressed to "unused commitments",

which are different than letters of credit, the two elements have similar impacts (*e.g.*, both are facilities where an obligation exists but no outstandings). Please confirm whether the Integer Code may be reported as if the letter of credit was drawn.

- 15) CRE Data Collection FR Y-14-Q: There are three fields that are only required if a reporting bank is in Basel II parallel per the FR-Y14Q CRE Schedule Instructions. Please advise if these are required for non-Basel II banks.