



FINANCIAL
SERVICES
ROUNDTABLE



September 15, 2014

Robert deV. Frierson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: Comments on FR Y-14A, FR Y-14Q, and FR Y-14M

Dear Mr. Frierson:

The Financial Services Roundtable (the Roundtable)¹ and the American Bankers Association (ABA)² (collectively the Associations) appreciate the opportunity to submit these comments on the Federal Reserve Board's (the Board) proposed changes to the FR Y-14A, FR Y-14Q, and FR Y-14M.

This comment letter is divided into three parts, and it also includes four appendices with more detailed comments and background information to improve the overall reporting process.

In Part I, we propose nine guiding principles to govern regulatory reporting requirements. As regulatory reporting requirements become more complex, we believe that the adherence to some basic guiding principles would benefit both reporting companies and the Board. Such principles would provide a framework for the reporting process that minimizes confusion and facilitates the submission of reliable, quality data.

In Part II, we make five general recommendations for improving the overall FR Y-14 data reporting process. These recommendations are an outgrowth of a productive and ongoing dialogue that has occurred between members of the Associations and Board staff during the course of the past two years, which was initiated by former Governor Elizabeth Duke. That dialogue already has resulted in several improvements to the reporting process, which have been

¹ As *advocates for a strong financial future*TM, 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 The American Bankers Association is the voice of the nation's \$15 trillion banking industry, which is composed of small, regional and large banks that together employ more than 2 million people, safeguard \$11 trillion in deposits and more than \$8 trillion in loans.

beneficial, but additional actions are needed to improve the process further for both reporting companies and the Board to ensure quality data to support prudent risk management.

In Part III, we offer several general background comments on the changes proposed by the Board to help set the context for many of our specific comments in Appendices 1, 2 and 3. For example, in light of the tight timeframe between the close of the comment period and the effective date for implementation, we recommend that the proposed changes be postponed and adopted concurrently with changes to the FR Y-9C report being considered, but in no event should they be effective earlier than the first quarter of 2015. Additionally, we strongly recommend that the Board eliminate any requirement for reporting companies to disclose legal reserves for pending and probable litigation claims. The disclosure of this information, either inadvertently or in response to some formal proceeding, would be highly damaging to a reporting company.

Appendices 1, 2 and 3 contain our detailed comments and questions on the proposed changes to the FR Y-14 schedules and instructions. Appendix 1 contains our comments on FR Y-14A, Appendix 2 contains our comments on FR Y-14Q, and Appendix 3 contains our comments on FR Y-14M.

Appendix 4, “Discussion Guide for FR Y-14 Data Submissions,” which is dated April 2, 2014 and which previously has been provided to Board staff as part of our ongoing dialogue, provides further background on the basis for the recommendations made in Part II of this submission.

I. Proposed Guiding Principles to Govern Regulatory Reporting Requirements

The Associations believe that both the Board and reporting companies would benefit if the Board developed and then adopted a set of guiding principles to govern regulatory reporting requirements going forward. Reliable, quality financial data are critical for prudent risk management at reporting companies and for the Board’s supervisory functions. A set of guiding principles could help ensure that submitted data meet appropriate standards for reliability and quality. The guiding principles we propose are as follows:

Ongoing Dialogue – Reported financial data and their continuing development should be the subject of ongoing and open discussions between reporting companies and the Board on a regular basis (e.g., at least quarterly) to review both current and future reporting requirements. The Board should consider creating a formal advisory committee of reporting companies’ technical experts to meet at least quarterly with the Board and staff to discuss ongoing data issues of mutual concern;

Open Communications – Communications between the Board and reporting companies should be open in both directions, with appropriate requirements to protect confidential information. Responses to questions for interpretations, clarifications, and explanation of data filing requirements set by the Board should be both timely and comprehensive, with questions answered in an efficient and complete manner well in advance of filing deadlines to ensure data quality;

Timing of Changes – Changes to any data filing requirements should be effective no sooner than six months after approval by the Board to ensure high data quality and minimize the potential for operational risk based on frequent data change requirements and too-short conformance requirements. Sudden and/or quick reporting requirement changes can undercut the objective of new reporting instructions and should be avoided, consistent with guidance contained in BCBS 239, Principles for Effective Risk Data Aggregation and Risk Reporting (January 2013);

Prioritization – Data requirements should be prioritized based on risk needs and subject to a rigorous cost-benefit analysis by the Board before changes to reporting schedules are introduced and implemented;

Confidentiality – Data submitted should be treated as confidential supervisory information and not subject to disclosure to any third parties;

Public Comment – Changes to both formal instructions and technical instructions should be combined into a single, combined notice of proposed rulemaking, and that notice should be subject to formal public comment and approval by the Board before any changes are required;

Industry Suggestions – In some cases, reporting companies may have suggestions for calculating or presenting data based on their familiarity with underlying data systems, risk management practices or specific products. In these cases, we believe that the Board should consider incorporating reporting companies' technical suggestions, which would reduce operational burdens, allow for greater reliance on existing systems and potentially improve overall data management and analysis. The Board might consider implementing this recommendation by providing reporting companies with an opportunity to submit alternative data reporting templates; and

Exemptions – The Board should consider, and approve where appropriate, individual company requests for exemptions from reporting some items or some schedules based on the business lines and balance sheets of the reporting company.

Coordination – The Board should coordinate with other federal banking agencies to standardize file formats for data submissions across the banking agencies.

II. Recommendations for Improving the FR Y-14 Process

Members of the Associations and Board staff have held several meetings during the past two years to discuss a variety of themes and issues related to the FR Y-14 data submission process. In the course of those meetings, member companies have developed several recommendations for improving the data collection and review process in order to enhance the quality and utility of the data submissions. Some of those recommendations already have been implemented by the Board. Additional recommendations are summarized below. “Discussion Guide for FR Y-14 Data Submissions” (Appendix 4), which is dated April 2, 2014, and which

previously has been provided to Board staff, provides further background on the basis for the general recommendations made in Part II of this submission to enhance the overall reporting process.

A. Timing and Timelines

The Board and reporting companies have a common interest in ensuring that data submitted are accurate and usable. To achieve this goal, the Associations believe that one of the most important adjustments the Board could make to the current process is to establish an agreed upon timeline for change requests to allow reporting companies adequate time to update coding, mapping, validation, and reporting structures. More specifically, we recommend that changes not be effective prior to six months from issuance of a final rule, and longer time periods may be necessary if changes affect multiple or complex fields, similar to instruction changes for the Y-9C submission. Such transitional arrangements are necessary in light of the considerable complexity introduced by many of the new changes in the reporting fields, particularly those related to securities financing transactions (SFTs) and derivatives, which in some cases involve unprecedented requests for granular information, and may even go so far as requiring firms to de-construct and re-aggregate data in a manner that disregards legally enforceable netting sets.

The accuracy of data submissions is enhanced when reporting companies are able to establish governance structures and software systems for capturing, reviewing, validating, and reporting the data. Conversely, the accuracy of data submissions can be jeopardized when companies are required to submit data without sufficient lead time to make appropriate adjustments to systems, protocols, and procedures. In such cases, companies must develop short-term “work-arounds” to existing systems or collect the data manually, which pose problems for operational risk management and can impair the integrity of the data. Also, sudden and/or quick reporting requirement changes may be inconsistent with supervisory guidance BCBS 239, Principles for Effective Risk Data Aggregation and Risk Reporting (January 2013). A minimum period of six months between the issuance of a final rule and the effective date of the proposed changes would avoid this problem and improve the quality of the data received by the Board while reducing the potential for inadvertent and unintentional filing problems that may result.

Additionally, we recommend that the Board establish a timeline for resolution of inquiries submitted to the Board, and provide adequate time for all reporting companies to incorporate acquisition data into current portfolios and reporting structures (one year is recommended) to allow for the submission of more accurate and consistent reporting.

B. Communications between the Board and Reporting Companies

Data quality is enhanced when reporting companies have a clear and consistent understanding of what is expected of them. Accordingly, the Associations recommend the Board make the following improvements to communications between the Board and reporting companies with respect to the FR Y-14 submissions:

Forum – Continue open, ongoing forums and timely communications with designated representatives from the Board to discuss data reporting issues of mutual concern,

including clarifying questions regarding FAQs or instructions on a real-time basis (all filing companies invited to attend);

FAQs – Modify the FAQ process to notify affected companies when newly issued FAQs or amended FAQs are published. While the modified FAQ process gives reporting companies a “human touch” when preparing and submitting FAQs, the potential for reporting companies to obtain valuable feedback generated by other organizations that was available in the previously more frequently distributed FAQ document has been removed. More frequent consolidated FAQ distributions, perhaps bi-weekly, would be helpful;

FAQs and Instructions – Modify the current FAQ process by ensuring that FAQs are incorporated into final instructions. Also, the Board should publish any applicable FAQs in a central location (e.g., FRB website);

Reference Material – Include the version and/or release date for each FR Y-14 instruction document so that reporting companies and the Board can reference a specific version of instructions when communicating with each other; and

Edit Checks – Enhance the distribution of redlined edit check definitions and instructions to include a summary of changes. The edit check change process has been improved over the past year, but there still are inconsistencies across schedules with regard to how new, modified, deleted, and archived edit checks are indicated.

C. Notifications to Reporting Companies

In the past year, the Board has made several notable improvements to its notification procedures to reporting companies, including new alerts through subscription emails and an improved website, both of which are beneficial. The Associations recommend that the Board take the following further actions to provide reporting companies with even better and more timely notification of changes to the FR Y-14 reporting requirements:

Early Warning System – Develop a master calendar with an early warning system to advise and alert reporting companies to possible changes that may be months away, but which will still take time and resources to implement. A public master calendar for reporting requirements over a two-to-three year horizon, with appropriate industry consultation, would benefit both the Board and reporting companies. Changes could be discussed informally in advance with the industry and then made as needed based on appropriate timelines described above. Even if alerts about potential changes were preliminary and nonbinding, it would help to alert the companies to these potential changes well in advance of final reporting changes and address them through a public comment process. This change would also help create more frequent and an even better dialogue between the reporting companies and the Board in advance of any new announcements or changes to existing forms and instructions, with a goal of achieving better outcomes for both the Board and reporting companies;

FAQ Timeliness and Transparency – Establish a more responsive and timely tracking system for FAQs, so reporting companies can submit reports and schedules in an efficient way that does not create additional potential risks when tight-deadlines are imposed for changes and when answers are not clear or do not address the particular question raised. The acknowledgment of receipt of an FAQ question with an approximate response time would be a helpful start. Also, it would be helpful to have a dedicated email address for confidential questions that arise for individual reporting companies; and

Central Contact Information List – Update the contact information to enhance better two-way communications between the various Board divisions and the individual experts in charge of the various reports at the reporting companies.

D. File Formats

The Associations recommend that the Board make the following adjustments to the file formats used in the FR Y-14 submissions:

Single Format – Adopt a single file format to be used through all FR Y-14 and other Board requested data submissions; this appears to be occurring with the continued shift to XML, but more work to make the process fully consistent is needed;

XML Templates – For schedules previously submitted in Excel format (.XLSX) prior to conversion to XML, provide submission templates in the Excel format which have been pre-mapped for XML conversion and are valid according to the required schema file (.XSD). The XML templates should also provide facilities for importing, exporting and validating XML data against the schema.

While the sample XML files already provided are useful for understanding the layout and structure of the XML data and for performing edit checks, they are significantly different from the reporting view (reporting layout) of the former Excel files. As a result, they are not conducive to management reviews because of the codification of collection elements (See for example, schedules FR Y-14A Summary and FR Y-14Q PPNR). Using the non-reporting views of the sample XML files, it is particularly difficult to validate the XML data and to determine if an accurate conversion (Excel to XML) has taken place.

Data Dictionary – Establish an FR Y-14 data dictionary that leverages industry standards (e.g., MISMO/FHA). This also appears to be occurring with the introduction of the 14A XML MDRM. However, the consolidation of how schedule data points are referenced needs to be considered (e.g., 14A Summary Schedule MDRM vs. 14A PPNR technical codes vs. 14A PPNR line item codes vs. 14A Retail schedule column names); and

Coordination – Collaborate and coordinate with other federal banking agencies to determine standardized file formats for data submissions across the banking agencies.

E. Edit Checks

As part of the on-going dialogue with Board staff over the FR Y-14 reporting process, members of the Associations have asked Board staff to review and reconsider over 150 edit checks related to the FR Y-14 data submissions. Based upon that experience, the Associations recommend that the Board implement the following additional changes with respect to edit checks to make the process more effective:

Prior Review – Establish an ongoing process to discuss changes and additions to data elements prior to releasing formally, in order to obtain feedback from reporting companies on feasibility and decrease the probability for continuing but unnecessary edit check issues;

Updates – Update edit checks to be consistent with requirements per the most updated instructions/FAQs and remove invalid edit checks where business justifications have been identified;

Tolerance and Optionality – Add a generic response section and/or change tolerance/optionality levels/acceptable data responses to mitigate subsequent questions and follow up from the Board; for example, fee-based products do not have an interest rate;

Historical Data – Limit the requirement for providing historical data on acquired portfolios to data available in the acquired portfolio (maximum of five years prior to the acquisition date); and

Testing – When schedules are introduced or changed, the test phase should include the execution of the edit rules by the Board and sharing of results with reporting companies; this should greatly improve the data quality on the inaugural filings through proactive development versus reactive troubleshooting. Currently, the test phase only covers the ability to upload the file on the Board side and does not include any verification or compliance with edit rules. Given the complexity and size of the 14A Summary Schedule submission, there is concern about filed edit check resolution with the inaugural filing of the 14A XML in January. This will be taxing on resources in January as it overlaps with (1) the “post-submission” qualitative review by the regulators that is a key component of the CCAR exam (this lands in Jan/Feb) and/or (2) year-end regulatory reporting activity (e.g., Annual reports, Y-9C, 14M/Q, etc.).

III. General Comments on Proposed Changes

The Associations have several general concerns about the proposed changes:

A. Effective Date for Proposed Changes

The current proposal highlights the need to expand the time period between proposed changes and the effective date for the changes. Most of the changes in the current proposal are

scheduled to be effective two weeks after the close of the public comment period on the changes. This is an unrealistic timeline for both industry and the Board. A two-week turnaround time only increases the chance for creating unnecessary operational risk issues that will work to erode the quality of the data as a direct result. Additionally, the proposed effective date does not give reporting companies sufficient time to make the systems and procedural changes needed to report the required data properly. Moreover, two weeks is an insufficient period of time for the Board to consider fully the detailed public comments on both the policy and technical issues raised by the proposed changes and then make the necessary modifications to the proposed changes based upon a comprehensive and methodical consideration of those comments.

Furthermore, while several of the proposed revisions would better align and increase consistency between the FR Y-14 A/Q/M and FR Y-9C, the changes intended to conform the FR Y-14 A/Q/M to FR Y-9C are based on modifications to the FR Y-9C currently being considered, but which are not yet proposed. For example, several of the Regulatory Capital Transitions Schedule definitions and worksheets would be modified to align with changes the Federal Reserve is considering to the FR Y-9C. Moreover, based on additional changes being considered for the FR Y-9C by the Board, the Proposal notes that the Federal Reserve may have to further modify the FR Y-14 A/Q/M further to ensure they remain consistent.

Therefore, we recommend that the changes in the Proposal be postponed and adopted concurrently with changes to the FR Y-9C report being considered, but, as described above, in no event earlier than the first quarter of 2015. Making the relevant parts of the Proposal effective simultaneously with changes to FR Y-9C will allow banks to avoid the duplicative and burdensome efforts required to make successive changes to their reporting systems and infrastructure since each report, although inherently linked, is separately modified and then brought into conformance with the other. Such a change would also result in a better outcome for the Federal Reserve as a result.

B. Reporting of Litigation Reserves

The newly requested data in the operational risk schedule related to legal reserves is highly problematic on both policy and operational grounds. As a policy matter, this information is extremely sensitive and the release of the information (advertently or not) would be extremely prejudicial to a reporting company. Legal reserves are both privileged and highly confidential. The disclosure of this information could compromise on-going litigation strategies as it would both inform opposing parties of how banks weigh the strengths/weaknesses of the subject claims and establish a floor for plaintiffs' settlement demands on those claims. Opposing parties also could seek to introduce the data on reserves as evidence in the litigation in an effort to demonstrate an admission of liability or to set the amount of damages. In addition, providing historical legal reserves and settlement history would provide more transparency into each bank's overall legal reserve practice and strategy. Legal reserves for litigation claims are established by banks in consultation with their legal counsel and often, if not always, entail the exercise of significant professional judgment by experienced legal counsel in weighing the relative strengths of claims and defenses in light of existing law and factual developments. Additionally, as an operational matter, the granularity of the data sought is difficult to provide

and impractical at the requested level of disaggregation. We strongly recommend that the Board not require reporting banks to disclose this information.

C. Expansion of Reporting Panel for FR Y-14 Reports

The Board has proposed to add bank holding companies that have relied upon Supervisory Letter SR 01-01 (“SR 01-01 institutions”) to the group of FR Y-14 reporting companies. These bank holding companies, however, currently are not subject to capital planning and stress testing requirements that are the supervisory basis for the FR Y-14 data submissions.³ Accordingly, the Associations recommend that the Board delay the application of these reporting requirements for such companies unless the companies are subject to the capital planning and stress testing rules. The timing, operational readiness, and operational risk considerations discussed above in Part II.A and Part III.A of this letter further support the Associations’ recommendation regarding delaying these reporting requirements for SR 01-01 institutions.

D. Unclear Instructions

Throughout the instructions, we found areas where further clarification is needed. For example: (1) on the SFT worksheet in the counterparty template, some of proposed requirements are unclear (“WWR” is not defined; the requirement for master netting agreement is confusing since all counterparties may not have this type of agreement; and the need for the legal enforceability requirement is unclear if we consider all netting contracts to be legally enforceable); (2) there are inconsistent or incorrect formulas and Y-9C references in the instructions (specifically on the Income Statement and Capital worksheets); (3) line item references in the instructions for the Capital – CCAR and Capital – DFAST worksheets do not refer to correct line items on the 14A template; and (4) for certain line items, instructions may be generally clear for the 14As, but the same line items in the 14Qs are less clear, or not updated; this creates confusion and ambiguity from a practitioner's perspective and will likely result in several rounds of FAQs. Where appropriate, we have included suggested changes to the instructions for the Board’s consideration to further clarify their intent and facilitate their effective implementation.

E. Level of Granularity

Most of the proposed templates require data inputs at a higher level of granularity than has been required in the past. Given that reporting companies are expected to adopt these changes for the upcoming CCAR cycle, we are concerned with maintaining data integrity in such a tight turnaround time.

For example, the proposal calls for changes to the Counterparty Credit Risk (“CCR”) Schedule that greatly increase the magnitude of information required to be reported. Specifically, the Proposal adds the SFT exposure worksheet to collect exposures at a legal-entity netting-

³ In proposed amendments to the Board’s capital planning and stress testing rules published on July 1, 2014, the Board has proposed that bank holding companies that rely on SR Letter 01-01 not be subject to the rules until January 1, 2016. 79 Fed. Reg. 37430 (July 1, 2014).

agreement level for all Central Clearing Counterparty and G-7 counterparties and the top 25 non-G-7 counterparties, with a breakout of collateral into cash and non-cash and exposures into 14 asset categories (with asset sub-categories added for 30 asset types). Such changes are estimated to increase the number of reported data points from roughly 650 to more than 31,000, a 49x increase. This increase in reported data points represents a greater level of granularity and a significantly higher verification and attestation effort. As such, we urge the Federal Reserve to consider the marginal utility of the additional data granularity and increased reporting frequency as compared to the investment and oversight that will need to be diverted for ongoing production and validation.

F. Pace of Change

Reporting companies not only have to adopt the proposed template changes on September 30, 2014, but also have to submit XML-formatted templates for CCAR 2015. The XML instructions have not yet been released to the reporting companies reflecting the proposed template changes. The Board should consider pushing the XML template requirement or proposed 14A/14Q template changes to a later date to ensure that high quality data is reported.

G. Technical Instructions

The Board currently publishes official instructions for the FR Y-14 reports on its website for public viewing. Changes to these instructions require a formal comment period allowing each institution to comment on changes, including requesting additional clarification on instructions to assist the Board in improving data collection and integrity before the instructions are considered final. Unfortunately, technical instructions (instructions guiding how to complete the output of each schedule and edit validations that must occur prior to submission) are not included in this publication nor are they subject to formal public comment. Past changes to these technical instructions, at times just weeks before a filing deadline, have contributed significantly and unnecessarily to the cost and burden of creating FR Y-14 submissions and increase the potential for data integrity issues that are inadvertent and unintended

When considering all changes made to the FR Y-14A/Q/M since its inception in September 2011, many institutions estimate that the time needed to accommodate changes to technical instructions account for 90% of the total work and time required to ensure that FR Y-14 submissions are valid and in the appropriate format. Additionally, it is common for the Board to make changes to these technical instructions only weeks before the submission due date, thereby causing institutions to develop ad-hoc and manual processes to accommodate such changes outside of a controlled development process, which in turn increase the potential unnecessarily for unwanted operational risk issues through no fault of the reporting company making a good faith effort to comply with the changes. The Board should combine the published formal instructions and technical instructions into a single document with a formal comment period for any and all changes.

We believe that the instruction process could be improved by (i) incorporating the XML format into the instructions (the FRY -14A reporting instructions are based on the old Excel format, not the XML format); and (ii) giving MDRM codes to new items in the instructions, so

reporting companies can start working on technical implementation of templates during the public comment period.

H. Privacy of Data

We have a continuing concern about data privacy. Competing concerns must be weighted in any data collection: does the specificity of the data collected for supervisory purposes jeopardize the privacy of the individuals about whom the data speak? In addition to determining whether any data collected are necessary and suitable to the supervisory purpose, the agencies must consider whether the risk of damage to individuals' privacy is also merited. In the FR Y-14 data collection we believe there are many instances where this risk outweighs the supervisory benefit. The collection of financials and tax IDs of corporate loan clients is just one example. Reporting companies need to disclose this to their customer base and could have negative impacts on contracts and availability of data. Also, requests for mortgage facility addresses appear to violate portions of the Bank Secrecy Act. We urge the Board to consider carefully privacy concerns and existing legal protections for certain data items in data collections.

Thank you for considering the concerns raised in this letter. We appreciate the opportunity to share our views. If you have any questions, please contact Rich Foster of FSR at (202) 589-2424 or Hugh Carney of the ABA at (202) 663-5324.



Rich Foster
Vice President & Senior Counsel for
Regulatory and Legal Affairs
The Financial Services Roundtable



Hugh C. Carney
Senior Counsel II
American Bankers Association

Appendix 1

Appendix 1 contains our detailed technical comments and questions for FR Y-14A.

Comments and Questions on FR Y-14A		
Schedule	Worksheet	Comment / Questions
Instructions		1. In the proposed FR Y-14A instructions (p 227), it states: "Supporting documentation for a given model should be submitted at the same time as the loss estimates derived from that model. For example, Trading IDR supporting documentation should be submitted along with the Trading piece of the FR_Y-14A schedule in December, rather than in January with the rest of the FR_Y-14A_CCR submission." However, the table on page 9 indicates that the 'Submission Date to Federal Reserve' for annual schedules is January 5th. Please clarify if additional FR Y-14A schedules and related supporting documentation is now required in December.
Summary	RWA Reporting Across Regimes	2. Can the FRB clarify whether BHCs are expected to report the same market risk on all three RWA tabs, as is indicated by the same Y9-C reference on all three tabs? We do not believe that market risk RWA can be the same across all three tabs due to differences in the calculations for items such as market risk securitization RWA across Basel 1, Basel 3 Advanced and Basel 3 Standardized.
	General RWA	1. Will BHCs be required to populate this template beyond 4Q 2014 for CCAR, even though they will no longer be required to report RWA based on the general rules on the Y9-C starting in 1Q 2015? 2. For the General RWA tab, can the FRB clarify whether BHCs are expected to report market risk consistent with the FRB FAQ SUM0075, which indicates that credit valuation adjustment (CVA) hedges should be included in market risk RWA; OR consistent with the Y9-C reporting, where credit valuation adjustment (CVA) hedges are excluded in market risk RWA?
	Standardized RWA	1. For Item 5c – Past due exposures: can the FRB confirm whether BHCs should report “past due exposures on residential mortgage” in Item 5a-Residential mortgage exposures or in Item 5d-All other exposures?

Comments and Questions on FR Y-14A		
Schedule	Worksheet	Comment / Questions
		<p>2. Line item 6 LESS: Allowance for loan and lease losses (ALLL) Item is shaded but does not contain a formula.</p> <p>3. Regarding line item 10 “trading assets that are securitization exposures that receive standardized charges,” can you clarify the term “trading assets”? An interpretation can represent securitization RWAs related to positions recorded within schedule HC-D on the Y9C (Y9C definition), OR securitization RWAs related to the counterparty credit risk on covered positions/ trading assets (regulatory definition) or some other definition?</p> <p>4. Line item 15 Trading assets (excluding securitizations that receive standardized charges) and 10 Trading assets that are securitization exposures that receive standardized charges: Can the FRB please confirm what should be included in this item? Should Firms be including only banking book assets?</p> <p>5. For Items 17, 18, & 19 – Securitization exposures: Held-to-maturity and Securitization exposures: Available-for-sale: can the FRB clarify whether these two line items are comprehensive of all of the banking book securitization portfolio; for example, should the derivatives and credit hybrids population of securitization be included in these two items?</p> <p>6. For item 20 – Over the counter derivatives & Item 21 – Centrally cleared derivatives:</p> <ul style="list-style-type: none"> a. Could the FRB clarify whether BHCs are required to report credit equivalent amounts, instead of RWA? By reporting the credit equivalent amounts, we believe that the total RWA reported in Item 22 will be overstated. b. Could the FRB ensure that the instructions to “include the derivatives contracts that are subject to market risk capital rules” in this section

Comments and Questions on FR Y-14A		
Schedule	Worksheet	Comment / Questions
		<p>will not create a double count with the market risk section (Items 24-39)?</p> <p>c. Are BHCs expected to include Future and Options products in this section?</p> <p>d. For Item 20, can the FRB clarify whether “Over-the-counter derivatives” include both Bilateral and Client Facing Cleared transactions?</p> <p>e. For Item 21, can the FRB clarify the population included in “Centrally cleared derivatives”, e.g. 1)House-CCP, 2)Principal-CCP, 3)Agent-CCP, 4)Client Facing Cleared transactions (if not included in Item 20)</p> <p>7. Are BHCs expected to report Futures and Options in Items 44, 45 and 47? If yes, for Items 45 and 47 should they be reported in 46g and 47g?</p> <p>8. Are BHCs expected to include “Sold Options” in the Derivatives Notional section, because the instructions only reference “swaps, forwards, and purchased options”?</p> <p>9. For Item 44, can the FRB indicate whether “current credit exposure” mean Mark-to-Market?</p> <p>10. For Items 44 and 47, can the FRB clarify the population included in “Centrally cleared derivatives”, e.g. 1) House-CCP, 2)Principal-CCP, 3)Agent-CCP, 4)Client Facing Cleared transactions?</p> <p>11. For items 45/46:</p> <p>a. Can the FRB clarify whether “Over-the-counter derivatives” include both Bilateral and Client Facing Cleared transactions?</p>

Comments and Questions on FR Y-14A		
Schedule	Worksheet	Comment / Questions
		<p>b. In the instructions for Section 45; where it states “report notional amounts and par values in the column corresponding to the contract’s remaining term to maturity from the report date”; it is not clear where maturity break-outs can be provided on the FR Y 14A Summary template, Standardized RWA tab. [Note this instruction is not included for section 47]</p> <p>12. The proposed schedule requires the bifurcation of securitization exposure risk-weighted assets into three types 1) “Held-to-maturity (HTM)”, 2) “Available-for-sale (AFS)” and 3) Trading assets. It appears that the current construct does not contemplate held-for-investment (HFI) loans which attract securitization charges, which would not properly fit within the first two categories as they are specific to securities and neither the third category as they may not be trading assets. Our recommendation is to revise the schedule to also include a fourth category 4) “All other securitization exposures” to allow for these instruments.</p>
	Capital – CCAR & DFAST	<p>1. Will Advanced Approaches BHCs be required to report Basel 1 Capital for CCAR (actuals and forecast) even though they are no longer required to report Basel 1 Capital actuals in the Y9-C, effective March, 31st 2014?</p> <p>2. References in the template instructions to line items from old instructions that are incorrect or refer to items that no longer exist on the Y-14A templates:</p> <ul style="list-style-type: none"> - Line item 16 Other adjustments to equity capital: reference to Memoranda 1 (line 178) – doesn’t exist in template - Line item 31 Other additions to (deductions from) tier 1 capital: reference to Memoranda 2 (line 179) – doesn’t exist in template - Line item 58 Other deductions from (additions to) common equity tier 1

Comments and Questions on FR Y-14A		
Schedule	Worksheet	Comment / Questions
		<p>capital before threshold-based deductions After-tax gain-on-sale in connection with a securitization exposure, Defined benefit pension fund assets, net of associated DTLs, Investments in the holding company's own shares to the extent not excluded as part of treasury stock, Reciprocal cross-holdings in the capital of financial institutions in the form of common stock, Advanced approaches holding companies only that exit parallel run: reference to line item 71 is incorrect</p> <ul style="list-style-type: none"> - Line item 59 Non-significant investments in the capital of unconsolidated financial institutions in the form of common stock that exceed the 10 percent threshold for non-significant investments: reference to line item 71 is incorrect - Line item 61 Significant investments in the capital of unconsolidated financial institutions in the form of common stock, net of associated DTLs, that exceed 10 percent common equity tier 1 capital deduction threshold: references to line item 71 is incorrect - Line item 62 MSAs, net of associated DTLs, that exceed the 10 percent common equity tier 1 capital deduction threshold: references to line items 71 and 73 are incorrect - Line item 63 DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs, that exceed the 10 percent common equity tier 1 capital deduction threshold: references to line item 71 are incorrect - Line item 65 Deductions applied to common equity tier 1 capital due to insufficient amount of additional tier 1 capital and tier 2 capital to cover deductions: references to line items 84 and 94 are incorrect

Comments and Questions on FR Y-14A		
Schedule	Worksheet	Comment / Questions
		<ul style="list-style-type: none"> - Line item 67 Common equity tier 1 capital: references to line items 71 and 77 are incorrect - Line item 72 Additional tier 1 capital deductions Investments in own additional tier 1 capital instruments, Reciprocal cross-holdings in the capital of financial institutions, Non-significant investments in additional tier 1 capital of unconsolidated financial institutions that exceed the 10 percent threshold for non-significant investments, Significant investments in the capital of unconsolidated financial institutions not in the form of common stock to be deducted from additional tier 1 capital, and Other adjustments and deductions: references to line items 70, 76, and 84 are incorrect - Line 83 Tier 2 capital deductions: references to line items 76 and 83 are incorrect - Line 83 Tier 2 capital deductions Non-significant investments in tier 2 capital of unconsolidated financial institutions that exceed the 10 percent threshold for non-significant investments: reference to line item 70 is incorrect - Line item 117 Total risk-weighted assets using general risk-based capital rules: reference to line item 49 – does not exist on either General or Standardized RWA tabs - Line item 118 Total risk-weighted assets using standardized approach: reference to line item 6 is incorrect - Line item 151 Enter the portion of (e) that the bank holding company could realize within the next 12 months based on its projected future taxable income: reference to line item 83 is incorrect

Comments and Questions on FR Y-14A		
Schedule	Worksheet	Comment / Questions
		<ul style="list-style-type: none"> - Memoranda Line item 167 Itemized other adjustments to equity capital: reference to line item 16 is incorrect - Memoranda Line item 167 Itemized other additions to (deductions from) tier 1 capital: reference to line item 36 is incorrect - Memoranda Line item 172 Reconcile the Supplemental Capital Action and HI-A projections: reference to line items 170 – 178 are incorrect <p>3. <i>Line items 32 and 41</i>: Given that Firms are only required to report and are assessed using the Tier 1 Common ratio from the Basel I+II.5 regime, is it necessary for Firms to fill out these lines items and the lines items from which they are derived?</p> <p>4. <i>Line item 32 Tier 1 Capital</i>: Tier 1 Capital total does not include line item 24 Qualifying restricted core capital elements (other than cumulative perpetual preferred stock).</p> <p>5. <i>Line item 58 Other deductions from (additions to) common equity tier 1 capital before threshold-based deductions</i></p> <ul style="list-style-type: none"> - Instructions state to follow FR Y-9C Schedule HC-R, Part I.B., item 10b. The Y-9C instructions state to apply transitional provisions; however, the FR Y-14A instructions for each individual item 1 – 6 note not to apply transitional provisions. These sets of instructions are contradictory; please clarify which set of instructions should be used. - Individual item 6 instructions state that Advanced Approaches holding companies that have exited parallel run should include expected credit losses that exceed the eligible credit reserves; however, Firms have been directed not to apply advanced models in the 2015 CCAR submission

Comments and Questions on FR Y-14A		
Schedule	Worksheet	Comment / Questions
		<p>even if they have exited parallel run. In this case, should Firms include expected credit losses that exceed the eligible credit reserves if they have exited parallel run?</p> <p>6. <i>Line item 59 Non-significant investments in the capital of unconsolidated financial institutions in the form of common stock that exceed the 10 percent threshold for non-significant investments:</i> Instructions say not to apply transitional provisions for this item and note that they should be applied in line item 71. Line item 71 is qualifying Tier 1 capital and thus does not pick up Common Equity Tier 1 deductions. Where should the provisions be applied?</p> <p>7. <i>Line item 67 Common equity tier 1 capital:</i> Line item is not a shaded cell and does not contain a formula. Further, the instructions say it is line 71 less line 77 which are Tier 1 capital and Tier 2 capital lines items, respectively. How should line item 67 be calculated?</p> <p>8. <i>Line item 70 Tier 1 minority interest not included in common equity tier 1 capital:</i> References “For each consolidated subsidiary, perform the calculations in steps (1) through (10) of the worksheet below.” There is no worksheet below.</p> <p>9. <i>Line item 72 Additional tier 1 capital deductions Other adjustments and deductions:</i> Instructions note to follow FR Y-9C Schedule HC-R, Part I.B., item 24. The Y-9C instructions state to apply transitional provisions; however, the FR Y-14A instructions for each individual item a - e note not to apply transitional provisions. These sets of instructions are contradictory; please clarify which set of instructions should be used.</p> <p>10. <i>Line item 77 Total Capital minority interest that is now included in tier 1 capital:</i> References “steps (1) through (10) below.” There is nothing below.</p>

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Schedule	Worksheet	Comment / Questions
		<p>11. <i>For Item 106 Average total consolidated assets:</i> The instructions on page 87 do not reflect the correct Y9-C reference.</p> <p>12. Similar to previous 14A filings, sections provided for RWAs do not correspond to the capital defined for the instructed ratio. Ratios could be segregated into two tabs for 1) B1.5 and; 2) Hybrid/Standardized, with links to the existing tab for shareholders' equity. This approach would resolve the individual line inconsistencies noted below:</p> <ul style="list-style-type: none"> - Clarification needed on line item 121 (Tier 1 Common ratio (based upon generally applicable risk weighted assets)): Instructions reference the use of line item 117 for RWA (RWA using the general risk-based capital rules; reflective of Tier 1 Common capital deductions and adjustments), however, the form does not provide a space to fill in B1.5 RWAs although it is using B1.5 definition of capital. A clarification is needed as to what ratio is targeted for reporting (B1.5, B1.5 adjusted, etc). Current form is not a recognized ratio. - <i>The RWAs used in line item 122 will be dependent upon the outcome of line item 121 (above).</i> If line item 117 is defined as B1.5 adjusted RWAs, then this would be appropriate to use for Line 122. Furthermore, the instructions reference the use of RWAs as line item 117 (RWA using the general risk-based capital rules, reflective of Common Equity Tier 1 capital deductions and adjustments) OR line item 118 (Total risk weighted assets using standardized approach). The use of these RWAs should include the timeframe for when each would be appropriate (i.e. Line 117 for 3Q & 4Q 2014 and Line 118 for 1Q 2015 – 4Q 2016). <p>13. <i>Line item 118 Total risk-weighted assets using standardized approach:</i></p> <ul style="list-style-type: none"> - Instructions state that these cells should be derived from the General RWA worksheet; however, the line item title instructs to use the

Comments and Questions on FR Y-14A		
Schedule	Worksheet	Comment / Questions
		<p>standardized approach.</p> <p>- Further, since this cell is not shaded and requires a manual input, are Firms expected to account for their RWA under general risk-based capital rules and the standardized approach with planned and DFAST actions separately in the Capital – CCAR and Capital – DFAST tabs for the FRB scenarios?</p> <p>14. <i>Line item 126 Total risk-based capital ratio:</i> Instructions state that it is a shaded cell; it is not and formulas need to be entered manually.</p> <p>15. <i>Line item 128 Tier 1 Leverage Ratio:</i> Instructions state that line 112 or 113 should be divided by 117 or 118. 117 and 118 are RWA line items and should be replaced with line item 120.</p> <p>16. <i>Line item 149 Enter the amount of taxes previously paid that the bank holding company could recover through loss carrybacks if the bank holding company's temporary differences (both deductible and taxable) fully reverse at the report data:</i> Memorandums items references are crossed out from pervious instruction versions but no new reference items have been added. Should the Firm calculate this line item using memorandum items 169 – 171?</p>
	Retail Repurchase	1. What is the definition of “completed settlements”?
	Securities OTTI by Portfolio	1. The Column titled 'Accounting Intent (AFS, HTM)': How would a firm report the intent if a BHC holds securities in both AFS and HTM categories within a given asset class at Q0?
	Securities AFS OCI By Portfolio	<p>1. Should management assumptions on maintaining a targeted AFS portfolio size be included?</p> <p>2. Does the worksheet refer primarily to Unrealized Gain/Loss amounts v. Accumulated Other Comprehensive Income (AOCI)?</p>

Comments and Questions on FR Y-14A		
Schedule	Worksheet	Comment / Questions
		3. Should ending after-tax OCI amounts get reported instead of incremental rates of change?
	Trading Worksheet	1. CVA Hedge column should include an input option for cross asset terms amount. 2. Clarify if CVA hedge amounts include both interest rate and credit hedges.
Counterparty Credit Risk		1. Need to distinguish requirements including reporting frequency, content, and materiality threshold for Y 14-A versus Y 14-Q templates to avoid redundancy. For example, information required in the second quarter as part of the Mid-year Monitoring Report and on the FR Y-14A during the third quarter appears in the proposal to now be required on the FR Y-14Q report in addition to these semi-annual requirements. This duplication results in reporting the same information a total of six times each year. We recommend: <ul style="list-style-type: none"> a. Eliminating the reporting of this information on the Mid-year Monitoring Report, since this requirement can be fulfilled by the second quarter FR Y-14Q submission; and b. Eliminating the reporting of this information on the third quarter FR Y-14Q, since this requirement can be fulfilled by the FR Y-14A submission during that quarter.
Regulatory Capital Transitions	Capital Composition	1. Can the FRB confirm that the regulatory capital transition template is not expected to tie to the Y9C where items are calculated differently on a fully phased-in (required for CCAR) versus the transitional view (required for the Y9-C)?

Comments and Questions on FR Y-14A		
Schedule	Worksheet	Comment / Questions
	Leverage Exposure	<ol style="list-style-type: none"> 1. As a general matter, we request that the instructions be revised to reflect Supplementary Leverage Ratio Final Rule (“Final Rule”) that was approved by the US Agencies on Sept 4, 2014. Due to system limitations, calculating the supplementary leverage exposure measure using a 90 day average is not currently feasible. Consistent with the rule change in the Final Rule, we request the option to use 3 month end averages for off balance sheet exposures. 2. Line 8 - Replacement cost for derivative exposures (net of cash variation margin): Section (c)(4)(ii) of the Board’s Final Rule requires that banks start with the US GAAP balance sheet numbers, which are then adjusted for certain gross-ups for variation margin and for repo-style transactions, plus the potential future exposure for derivatives and other off-balance sheet items. However, the proposed FR Y-14 instructions for line 8 appear to conflict with the Final Rule by requiring the use of “replacement cost” instead of the balance sheet. We request that the Board clarify these instructions. 3. Line 12 – LESS: Exempted CCP leg of client-cleared transaction (report as a positive value): Neither the risk-based capital rules nor the final rule on the enhanced supplementary leverage ratio requires banks to calculate this amount. We have therefore not developed our regulatory systems to capture and include this population of transactions and so this value would be operationally difficult to report. We request that this item be removed. 4. 5. For Item 19 - Exposure for Repo-Style Transactions where a banking organization acts as an agent: can the FRB indicate whether BHCs are expected to include on balance sheet repos in this line.

Appendix 2

Appendix 2 contains our detailed technical comments and questions for FR Y-14Q.

Schedule	Comment/Questions
FR Y-14Q – Proposed Changes	
Commercial real estate schedule	Need to clarify Original Date and Renewal Date field changes.
Commercial real estate schedule	<p>Modifying item 20 (Amortization) to capture non-standard amortization schedule by allowing banks to report ‘-1’; the following fields will require a longer term assessment as these fields are not readily available:</p> <ul style="list-style-type: none"> - Lower of Cost or Market Flag - Prepayment Penalty Flag - Current Occupancy Date - Current Value Basis
Commercial real estate schedule	The Federal Register provided (Vol. 79, No. 135 – Dated 7/15/14) advised a staggered implementation of new, required fields between 9/30/14 and 12/31/14. However, the proposed instructions did not note the effective date. For September 2014 submission, do we need to adhere to this proposed format and leave the proposed new fields for 12/31/14 as Blank?
Commercial real estate schedule	<p>Please provide clarity surrounding Field #12 (Renewal Date), specifically as it relates to Field #11 (Origination Date).</p> <p>Specifically, please provide examples of situations where “a credit facility has been renewed as part of a major modification such that the contractual date of the original loan is changed...”</p> <p>What is the definition of a “major modification”? A modification can include payment structure changes, rate changes, line of credit increase along with extension of maturity date and collateral modification. Are these considered major modifications? Please provide examples of situations where “a credit facility has been renewed as part of a major modification...”</p> <p>Additionally, please provide examples of “minor modifications” and other situations where a</p>

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	<p>renewal date should be provided in lieu of adjusting the origination date. Specifically, the intermixing of “true” origination date and renewal date information within the same field has been challenging, and the addition of a new renewal date field adds to the confusion.</p> <p>Specific to the new renewal date field, the instructions indicate that this data point should be provided: “If the credit facility has been renewed per the terms of the original loan agreement ...”</p> <p>The phrase “per the terms of the original loan agreement” is particularly confusing since it implies some sort of auto-renewal provision in the original loan document, in the same way that letters of credit can auto-renew if not canceled in a specified window of time. It could be rare to find such an auto-renewal provision in loan documents; it is much more common that the original loan agreement will not contain any provisions for renewal, but upon maturity the bank feels that a renewal of the current lending relationship, often with revised terms, is appropriate. There can be borrower-optional extension options, but that should not be considered the same as an auto-renewal. Is the Board requesting that all renewal dates be included in the Renewal Date field or only the limited population where the renewal provision is specifically included in the original loan agreement?</p> <p>Recommendations/proposals:</p> <ol style="list-style-type: none">1. The origination information (date, amount) should really remain as the date the facility came on the books and its original amount; regardless of if/how often the facility has been renewed. Renewal information (date and, possibly, amount) should be captured as separate fields.2. Provide a more specific definition of the term “renewal,” which the instructions already indicate includes “major modifications.” Assuming there is a need for information on events occurring during the life of a facility that could change the risk characteristics of that facility, such events could include:<ol style="list-style-type: none">a. Extension of the maturity date of the facility, with or without new money. This is
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	<p>the traditional definition of a “renewal.” Short-term extensions granted while an existing facility is being re-negotiated or re-approved should not be included.</p> <p>b. Increase or decrease to the credit facility</p> <p>c. Permanent modification to repayment terms that change the amortization of the loan (excludes re-amortization triggered by base rate changes)</p> <p>d. Addition or removal of significant collateral or guarantors</p> <p>3. Exclude capturing a separate renewal date for minor modifications (e.g. covenant waivers; removal of immaterial guarantors or collateral) or renewals “per the terms of the original loan agreement.” This information may not be particularly meaningful and extremely difficult to capture.</p>
Commercial real estate schedule	Field # 14: Credit Facility Currency: The Fed instructions indicate “If payments are legally permitted or required in more than one currency, indicate the predominant currency for contractual credit facility payments.” Please clarify how the predominant currency should be selected. Should this be based on the largest outstanding loan amount within the facility?
Commercial real estate schedule	<p>Field #23 (Amortization) includes a new option to report obligations as “under non-standard amortization.” Please provide examples of what would be considered a non-standard amortization. Non-Standard amortization could comprise a number of things, including:</p> <ul style="list-style-type: none"> • Loans with up-front interest only periods followed by principal amortization (loans that are interest only for life should already be getting a value of “0”) • Loans with non-standard billing frequencies (other than monthly or quarterly?), or where principal and interest bill at different frequencies • Loans where principal repayment is something other than standard P&I or P+I (e.g. % current balance, % original balance) • Loans where principal repayment is based upon certain events taking place <p>Is the intent that where amortization does not follow “normal” P&I or P+I amortization and it is</p>

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	not practical or possible to compute an amortization term, “-1” should be reported?
Commercial real estate schedule	<p>Field #29 (Loan Purpose) includes a new option to report obligations as “Mini-Perm”. Please provide additional clarification as to what should be considered Mini-Perm, specifically as it relates to the timing surrounding the sale of the property after stabilized occupancy is established. Need a clearer definition of what should be considered a mini-perm loan with specific examples. Specific questions include:</p> <ol style="list-style-type: none"> 1. Would a mini-perm loan always follow and “take out” a construction loan? Is it always a separately documented and funded loan from the construction loan? 2. Would construction loans with short-term (usually < 1 year) extension options be considered mini-perm when those extension options are exercised? 3. Does the constructed property have to be for sale? Could it be a “for lease” property where the borrower has obtained short-term financing post construction while more permanent financing is being arranged? 4. Must mini-perm facilities include some sort of amortization? 5. For non-construction financing, if business practice is to write short notes (3-5 years) with amortization periods of 15, 20, 30 years or more, would these be considered mini-perm? 6. What would be the minimum and maximum maturity (number of months) to be considered mini-perm financing? 7. Could an owner occupied property be considered a “mini-perm”?
Commercial real estate schedule	If a single property secures more than one facility (e. g. a 1 st and 2 nd mortgage, do we report Field #43 (Property Size) the same for each facility?
Commercial real estate schedule	Field #57 (Prepayment Penalty Flag) – Please confirm that the value reported in this field should only apply to the current submission and should not look back to see if a Prepayment Penalty

Schedule**Comment/Questions****FR Y-14Q – Proposed Changes**

	<p>could have been applied in the past.</p> <p>Additionally, this field is not captured in the system and a significant manual effort will be needed to capture this information. We ask the Board to delay the effective date to 1q2015.</p>
Corporate loan schedule	<p>Need to clarify Original Date and Renewal Date field changes</p> <p>The following fields will require a longer term assessment as these fields are not readily available:</p> <ul style="list-style-type: none">- Lower of Cost or Market Flag- Prepayment Penalty Flag- Collateral Market Value
Corporate loan schedule	<p>Need further clarification and delaying the reporting effective date. Not every security type collateral has a readily market value. Banks could use advance rate of value of an inventory as collateral. The FRB should provide examples for the applicable security type to help determine what to report. Need to clarify that this field is only applicable for certain types of security in the proposed field 43.</p>
Corporate loan schedule	<p>The Federal Register provided (Vol. 79, No. 135 – Dated 7/15/14) advised a staggered implementation of new, required fields between 9/30/14 and 12/31/14. However, the proposed instructions did not note the effective date. For September 2014 submission, do we need to adhere to this proposed format and leave the proposed new fields for 12/31/14 as Blank?</p>
Corporate loan schedule	<p>Please provide clarity surrounding Field #23 (Renewal Date), specifically as it relates to Field #22 (Origination Date).</p> <p>Specifically, please provide examples of situations where “a credit facility has been renewed as part of a major modification such that the contractual date of the original loan is changed.”</p> <p>Additionally, please provide examples of “minor modifications” and other situations where a renewal date should be provided in lieu of adjusting the origination date.</p> <p>In the proposed instructions regarding Renewal Date that indicates “If the credit facility has been renewed per the terms of the original loan agreement, report the date on which the renewal</p>

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	<p>notification became effective.” While occasionally the <u>original loan agreement</u> will contain provisions for renewal, it is much more common that the original loan agreement will not contain any provisions for renewal, but upon maturity the bank feels that a renewal of the current lending relationship, often with revised terms, is appropriate. Is the Board requesting that all renewal dates be included in the Renewal Date field or only the limited population where the renewal provision is specifically included in the <u>original loan agreement</u>?</p> <p>Recommendations/proposals:</p> <ol style="list-style-type: none"> 1. The origination information (date, amount) should really remain as the date the facility came on the books and its original amount; regardless of if/how often the facility has been renewed. Renewal information (date and, possibly, amount) should be captured as separate fields 2. Provide a more specific definition of the term “renewal”
Corporate loan schedule	<p>Field #29 (Collateral Market Value) speaks to identifying the collateral being subjected to “marginng and/or mark-to-market treatment.” Please provide clarification on the type of collateral that is subject to this treatment.</p> <p>Need clarification as to what is meant by “If the collateral reported in Field 43 (Security Type) is subject to marginng.” Is this limited to marketable securities or other collateral that is traded on the open market? Besides marketable securities, what other type of collateral would be considered “subject to marginng”? In practice, outside of marketable securities and Real Estate, most other types of collateral (fixed assets, accounts receivable and inventory) are generally not subject to a periodic revaluation.</p>
Corporate loan schedule	<p>Option #3 for Field #53 (Guarantor Flag) can be used only if “the credit facility is <i>fully</i> guaranteed by a U.S. government agency.” This option does not consider more typical situations where a substantial percentage of the obligation is backed by a U.S. Government Guarantee, which is considered to be the most substantive guarantee available. Therefore, we believe an option should be provided to include a partial government guarantee.</p>
Corporate loan schedule	<p>Field #52 (Prepayment Penalty Flag) – Please confirm that the value reported in this field should only apply to the current submission and should not look back to see if a Prepayment Penalty could have been applied in the past.</p>

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	Additionally, this field is not captured in the system and a significant manual effort will be needed to capture this information. We ask the Board to delay the effective date to 1q2015.
Corporate loan schedule	Please expand on the guidance for the new field 17. SNC Internal Credit ID. What do firms report if an ID has not yet been assigned?
Corporate loan schedule	Additional exclusion for the Obligor Financial Section indicates to exclude financials for offices of Bank Holding companies (BHC). Please clarify if this also includes the subsidiaries of BHCs.
Corporate loan schedule	Please expand on the guidance for new field 17 – SNC Internal Credit ID. What do firms report if an ID has not yet been assigned?
C&I	<p>In general: Can you explain the decision to insert new elements in the middle of the element list. Therefore changing the majority of the Fed numbers? Our BHC refers to the elements by the Fed Field number for many of the reports and testing. The FAQ document refers to the elements by Field number as do the Edit checks. Will all of these documents be updated to reflect the new Field numbers, in the comments and descriptions? In the future can any new element(s) be inserted at the end on the element list. This inserting of elements in the middle of the element list will result in changes to the layout of the files, creating additional unnecessary work and testing for BHC. We also noted that the new elements for both September and December have been inserted into the layout. Does the Fed expect nulls be inserted on the data files for the December elements in the September submission? When will the MDRM values be provided for the new elements?</p> <p>C&I field number 24 Credit Facility Type. The description refers to field number 21 to describe the ‘other’ credit facility types. Fields 21 is now “Origination Date” Should the description be updated to refer to field number 25 “Other Credit Facility Type Description”?</p> <p>C&I field number 26 Credit Facility Purpose. The description refers to field number 23 to describe the ‘other’ credit facility types. Fields 23 is now “Renewal Date” Should the description be updated to refer to field number 27 “Other Credit Facility Purpose Description”?</p> <p>C&I Field Number 27 “Other Credit Facility Purpose Description.” The description refers to both field numbers 22 and 26. Can we assume that field 26 should be referenced in both locations in the</p>

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	<p>description?</p> <p>C&I Field Number 34 “Fair Value Committed Exposure.” This is a new element replacing FVA. Understanding that there was a change in the description should the MDRM number have been updated also?</p>
<p>Securities schedule</p>	<p>Clarification is needed regarding what to report in field 10- Hedge Horizon.</p> <p>When a portfolio based fair value hedge approach is used, the hedging instrument is constructed to have an equivalent duration of the hedged item when the duration is based on the most recent calculated duration estimate. Therefore, the related date associated with that duration would change throughout the life of the hedge. Should the <u>bond duration</u> (translated to YYYY-MM-DD) be reported in this field?</p> <p>In other cases, when a hedging relationships is constructed to swap fixed rate cash flows to floating rate over the life of the instrument and/or hedge foreign currency risk over the life of the instrument, should the <u>contractual maturity</u> of the hedged item, which would not change over time, be reported in this field?</p>
<p>Securities schedule</p>	<p>Duplicated data request for field 14 - Effective Portion of Cumulative Gains and Losses. Please note that effective portion of the hedge is already included in the amortized cost basis in Field #3 (Amortized Cost). The same information is asked to be populated in field 14 for the Effective Portion of Cumulative Gains and Losses.</p>
<p>Securities schedule</p>	<p>B.3-Securities 3 (“Investment Securities with Designated Accounting Hedges”) Attributes #14 (Effective Portion of Cumulative Gains and Losses) and Attribute #15 (Ineffective Portion of Cumulative Gains and Losses) as described are not relevant and would be difficult to provide.</p> <p>In both instances, the attribute description is requesting effective/ineffective portion of the cumulative gains and losses SINCE INCEPTION of the hedging instrument. While it may be nice to know how much P&L has resulted from a hedge over its lifetime, the true measure should be based on the current performance of the hedge. Currently, systems do not track the life to date changes on an instrument and or hedge. The systems currently report the quarterly and yearly</p>

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	<p>effective and ineffective balances.</p> <p>In addition, the lot-level data requested for those securities for which the qualifying hedging relationships exist are not available from the banking system, especially in relation to FX hedges. Therefore, if there is an option to provide the data at CUSIP level, it would significantly reduce the reporting firm’s burden.</p>
Securities schedule	<p>B.3-Securities 3 (“Investment Securities with Designated Accounting Hedges”) Fed Number 11. “Hedged Cash Flow” The option number 4 is used for both “A Fixed Portion of Either Principal or Interest Cash Flows” and “Other.” Are the values correct or should “Other” be 5 and this resulting in Not applicable to be 6?</p>
Securities worksheets	<p>Column titled ‘Accounting Intent (AFS, HTM).’ How would a firm report the intent if a BHC holds securities in both AFS and HTM categories within a given asset class at Q0?</p>
Trading schedule	<p>Are instructions related to FVA hedges going to change in conjunction with the proposed CVA hedge change?</p>
Schedule E; Section E.8 Legal Reserving history of settled/closed legal events	<p>Cause of action field – What should be captured in this field if no statute or regulation was breached?</p> <p>Date of disclosure – If firms only capture a subset of reserves of regulatory filings, then what should be in this field if not disclosed?</p> <p>Date of payment – IS this the date the firm issued the payment, the date it is received by the other party, of the date the item clears the issuing firm?</p>
B.1 Securities 1 (Main Schedule), p. 51 of instructions	<p>New private placement field – Should 144A securities be considered private placements?</p>
Renumbered data fields	<p>Recommend preserving the existing field number and ensure the sequence of the field aligns with the one in XSD, to minimize confusion with tracking issues and ensure data integrity.</p>
Removal of Schedule K items	<p>The consumer non-purpose loans are currently in Column H, which will be removed. All non-purpose loans will be reported on Schedule M. Does this mean that the non-purpose loans should not be reported in other Q schedules?</p>

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U.S. Auto Loans	Our understanding of field #33 Percent Loss Severity (3-month lagged) is that it is a ratio of Field 12 (\$ Gross Contractual C/O's) minus Field 14 (\$ Recoveries), with that result divided by Field #32 (\$ Unpaid Principal Balance at Charge Off) from three-months prior. Please confirm the expectations of this field.																																							
U.S. Auto Loans	Please provide examples of how to calculate/report the following three fields: 12. \$ Gross contractual charge-offs; 32. \$ Unpaid principal balance at charge-off; and 33. Percent loss severity (3-month lagged)																																							
U.S. Auto Loans	<p>On page 16 of the proposed instructions, the new N/A value for LTV is under the Product Type variable and not under Original LTV variable.</p> <p>The proposed changes suggested that the Wholesale price would be introduced as the basis for Original LTV. However, on page 16 of the Proposed instructions for Segment 3 – Original LTV, it states “calculated using the retail price of the vehicle.” The Original LTV based on the Wholesale price of the vehicle would be a major change to current industry practices that would require new processes to capture the wholesale price of the vehicle’s individual options from a service bureau to incorporate this concept into the bank policies and procedures. This is a major undertaking that cannot reasonably be implemented in time for a September 2014 filing date at most banks. Can we get clarity on whether the proposed change to Wholesale Price based LTV is required or if the proposed instruction draft is final using retail price based Original LTV?</p> <p>Please provide further guidance on how to apply the Percentage Loss Severity. Can you please provide the percentage loss severity related to the scenarios located in the following table?</p> <table border="1" data-bbox="730 1130 1921 1391"> <thead> <tr> <th>Loan</th> <th></th> <th>5/31/2014</th> <th>6/30/2014</th> <th>7/31/2014</th> <th>8/31/2014</th> <th>9/30/2014</th> </tr> </thead> <tbody> <tr> <td rowspan="4">A</td> <td>Segment</td> <td>123</td> <td>123</td> <td>123</td> <td>123</td> <td>123</td> </tr> <tr> <td>Principal Charge Off</td> <td>0</td> <td>10000</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Recoveries</td> <td>0</td> <td>0</td> <td>0</td> <td>8000</td> <td>0</td> </tr> <tr> <td>Principal Balance</td> <td>10000</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td rowspan="2">B</td> <td>Segment</td> <td>123</td> <td>123</td> <td>123</td> <td>456</td> <td>456</td> </tr> </tbody> </table>	Loan		5/31/2014	6/30/2014	7/31/2014	8/31/2014	9/30/2014	A	Segment	123	123	123	123	123	Principal Charge Off	0	10000	0	0	0	Recoveries	0	0	0	8000	0	Principal Balance	10000	0	0	0	0	B	Segment	123	123	123	456	456
Loan		5/31/2014	6/30/2014	7/31/2014	8/31/2014	9/30/2014																																		
A	Segment	123	123	123	123	123																																		
	Principal Charge Off	0	10000	0	0	0																																		
	Recoveries	0	0	0	8000	0																																		
	Principal Balance	10000	0	0	0	0																																		
B	Segment	123	123	123	456	456																																		

Schedule

Comment/Questions

FR Y-14Q – Proposed Changes

		Principal Charge Off	0	0	0	0	0
		Recoveries	0	0	0	0	0
		Principal Balance	10000	9500	9000	8500	8000
	C	Segment	123	123	123	789	789
		Principal Charge Off	0	0	0	0	0
		Recoveries	0	0	0	0	0
		Principal Balance	5000	5000	5000	4500	4000
	D	Segment	789	789	789	789	789
		Principal Charge Off	0	0	0	0	0
		Recoveries	0	0	0	0	0
		Principal Balance	40000	39000	38000	37000	36000
	E	Segment	789	789	789	123	123
		Principal Charge Off	0	0	0	0	18000
		Recoveries	0	0	0	0	0
		Principal Balance	20000	19000	18000	18000	0
		What would we report as Loss Severity for each segment for 9/30/2014?					
Operational risk schedule	<p>Firms are concerned about the amount of legal information required and voluntary schedules; no formal schedule is provided.</p> <p>The newly requested information on historical reserves under the proposal would allow third parties, who may obtain access to this information, to gain unwarranted insights and understanding of a banking organization’s reserving practices and related litigation strategies.</p> <p>The granularity of the information sought under the Proposal is both operationally difficult for banking organizations to provide and impractical at the requested level of disaggregation.</p>						
AFS and HTM Investment	There are instances where a CUSIP number does not exist for certain instruments included on the						

Schedule**Comment/Questions****FR Y-14Q – Proposed Changes**

Securities Schedule	schedule. In December 2014 (after submission of the September 30, 2013 schedule), Federal Reserve personnel contacted one or more institutions requesting information regarding such securities without CUSIP numbers. Specifically, the institutions were asked to provide estimates of the bond rating for such instruments based upon internally available credit-related information about the issuer. The estimates were delivered via email in an Excel file. An alternative method for delivering such information could be accomplished by including an additional field in the submission for bond rating estimates for instruments with no CUSIP number. This information was only requested in December 2013 for CCAR 2014 purposes, thus the recommended new field should only be required to be completed for the September 30 submission each year (if the timing of the annual CCAR submission were to be changed, as is currently proposed, the quarterly submission for which the new field would be required would also change).
---------------------	--

Question regarding FAQ guidance on “Facility for Wholesale” based on current instructions/FAQ’s:

We have the concern the current proposal fundamentally changes the definition of “facility” for Wholesale Y14-Q reporting. Below is the basis for our current interpretation of “Facility.”

BHC Question:

Does the FRB intend reporting at the Facility level to apply preponderance rules which may result in combining both CRE and Corp loans into one Facility to be reported on the dominant Template?

FRB FAQ Response:

The preponderance rule should not be applied for determining on which schedule a credit facility should be reported. Loan populations for both the FR Y-14Q Corporate and CRE loan schedules are based on which line item a loan is reported on the FR Y-9C, and only loans which fall into one of the designated line items outlined in the instructions should be reported on a particular schedule. **For credit facilities containing loans that are reported on separate line items on the FR Y-9C schedule, the underlying loans should be reported and aggregated at the FR Y-9C line item level on the respective FR Y-14Q schedule based on the FR Y-9C designation and schedule instructions.** (emphasis added) For credit facilities containing only CRE or Corporate loans, information should be reported on the appropriate wholesale FR Y-14Q schedule at the credit facility level using the description instructions noted in the loan fields.

18-Oct-13

Proposed Y-14 Guidance (comment period ending September 15th 2014)

Credit facilities containing loans which fall under one or more of the FR Y-9C line items outlined above should be reported on the FR Y-14Q Corporate Loan Data schedule at the credit facility level. For credit facilities also containing loans reported on FR Y-9C line items not outlined above, the underlying loans should be aggregated and reported on the respective FR Y-14Q schedules based on the relevant schedule instructions. For example, consider a credit facility which has the following underlying loan commitments:

Loan 1: \$2 million committed balance reported on FR Y-9C, Schedule HC-C, item 4.a

Loan 2: \$1 million committed balance reported on FR Y-9C, Schedule HC-C, item 4.b

Loan 3: \$500,000 committed balance reported on FR Y-9C, Schedule HC-C, item 1.e(1)

Loan 4: \$ 500,000 committed balance reported on FR Y-9C, Schedule HC-C, item 1.d

The BHC should aggregate loans 1, 2, and 3 and report one **facility** with a \$3.5 million committed balance on the FR Y-14Q

Corporate Loan schedule and one facility with a \$500,000 committed balance on the FR Y-14Q Commercial Real Estate schedule.

Note that all loans within the facility are reported, including those under the credit facility threshold. In the above example, the \$500,000 committed balance is reported on the FR Y-14Q CRE schedule because of the overall facility commitment is greater than \$1 million.

Conclusion:

As the above appears as a departure from current practice, a change in approach will impact the basis of presentation for facility and likewise the data lineage associated with prior reporting. We want to ensure this is the intent of the proposal and understand the reasoning for the change in approach.

Appendix 3

Appendix 3 contains our detailed technical comments and questions for FR Y-14M.

Schedule	Comment/Questions
FR Y-14 M – Proposed Changes	
Domestic First Lien closed-end 1-4 family residential loan schedule	Domestic First Mortgage Information proposed to be reported in the new FR Y-14Q Schedule M.1 (Loan and Lease Balances) includes two sub-products within Residential Real Estate, Closed-end First Liens: (a) First Mortgages, and (b) First Lien HELOANs. However, FR Y-9C Schedule HC-C, line 1.c.2.a does not break out loans at this level of detail. Implementing these changes in bank systems will require time and a significant effort. Furthermore, we are not aware of an industry standard definition for "First Lien HELOANs." We propose that the Board reconsider the requirement to report balances for these sub-products. If that will still be required additional guidance is needed to clarify the definition and more time needed before changes can be implemented.
Domestic First Lien closed-end 1-4 family residential loan and domestic home equity loans and home equity line of credit	Federal Reserve should provide qualitative and quantitative guidance on how missing data for each field, including those for which data is provided on an allowable "best efforts" basis or deemed "not critical," will impact supervisory stress testing modeling.
US Real Estate (First Mortgage and Home Equity schedules)	Third Party Lien Performance – there is an issue regarding how this data could be sourced/reported more fully. There is a 5% edit check threshold on "unknown" performance of first liens. Additional guidance is required.
US Real Estate (First Mortgage and Home Equity schedules)	Reporting of lagged data for loans serviced by others – SBO data is reported in 14M filings based on month-end availability, oftentimes on one month lagged basis. Deviation from current treatment would result in a gap between CCAR and Y9C reporting. Additional guidance is needed on how SBO information should be incorporated in 14M schedules.
US Real Estate (First Mortgage and Home Equity schedules)	Some FRB examination teams have indicated firms need to reclassify converted amortizing Home Equity Lines of Credit (HELOCs) and report these in Y-9C as Closed-End Loans (typically junior liens, but may be first liens) after they have entered into pay down status and are no long revolving credits. CCAR 14M schedules do not seem to be set up to permit this type of reclassification of product types or movement between schedules. Additional guidance is required.
Reverse Mortgages	Are there plans to add thresholds or optionality to account for data not typically collected for a

Schedule

Comment/Questions

FR Y-14 M – Proposed Changes

	reverse mortgage that is collected for other mortgages? For example, some reverse mortgages may not require a FICO score from the borrower. There are several fields related to the FICO scores. There could be other data not required as well. Will these fields be made optional or will the thresholds be increased to allow for the data in these fields to be missing?
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Appendix 4

Discussion Guide for FR Y-14 Data Submissions

April 2, 2014



Discussion Guide for FR Y-14 Data Submissions

Process Improvement Initiative

Federal Reserve / FR Y-14 Data Working Group
April 2, 2014

THE FINANCIAL SERVICES ROUNDTABLE

Financing America's Economy



Agenda

Progress-to-Date	3
Goals and Objectives	4
Current State FR Y-14 Process – Process View	5
Summary of Recommendations	21
Evaluation of Objectives and Next Steps	26
Appendix A: Current State FR Y-14 Process – Theme View	28
Appendix B: Data Change Request Process – Example	43



Progress-to-Date

Financial Services Roundtable (FSR) Member Financial Institutions (“FIs”) and members of the Federal Reserve Board and staff (“Federal Reserve” or “FRB”) met in April and August 2013 to discuss a variety of themes and issues regarding the FR Y-14 data submission (annual, quarterly, and monthly) process and recommendations for enhancements. Both the FIs and Federal Reserve agreed that an ongoing dialogue around process improvements to the reporting process would be beneficial. Enhancements have been made to the process, including:

- Adding a seven day period between the FR Y-9C and FR Y-14Q submission deadlines
- Distribution of accurate and comprehensive redlined edit check definitions and instructions are greatly beneficial to firms’ development processes
- Communication with a designated (local) FRB analyst post FR Y-14Q submission
- FAQ responses have more clearly addressed questions from FIs, specifically by including examples



Goals and Objectives

Goals of this Initiative

The goals of the member FIs and Federal Reserve are to enhance the quality of data submitted to the Federal Reserve and meet the evolving data needs in a responsive, efficient, and risk-sensitive way. Collection and reporting of accurate data is an ongoing, iterative, and evolving process among finance and treasury groups, risk management, and information technology groups at FIs. The benefits of enhancing the current process and working collaboratively through constructive engagement will yield benefits to both the FIs and the Federal Reserve.

Objectives

- Collaborative discussion regarding the issues identified in the current FR Y-14 data submission process and the recommended process improvements.
- Agree on acceptable recommendations and prioritize process improvements.
- Discuss next steps and agree on a collaborative approach to move forward with implementation.

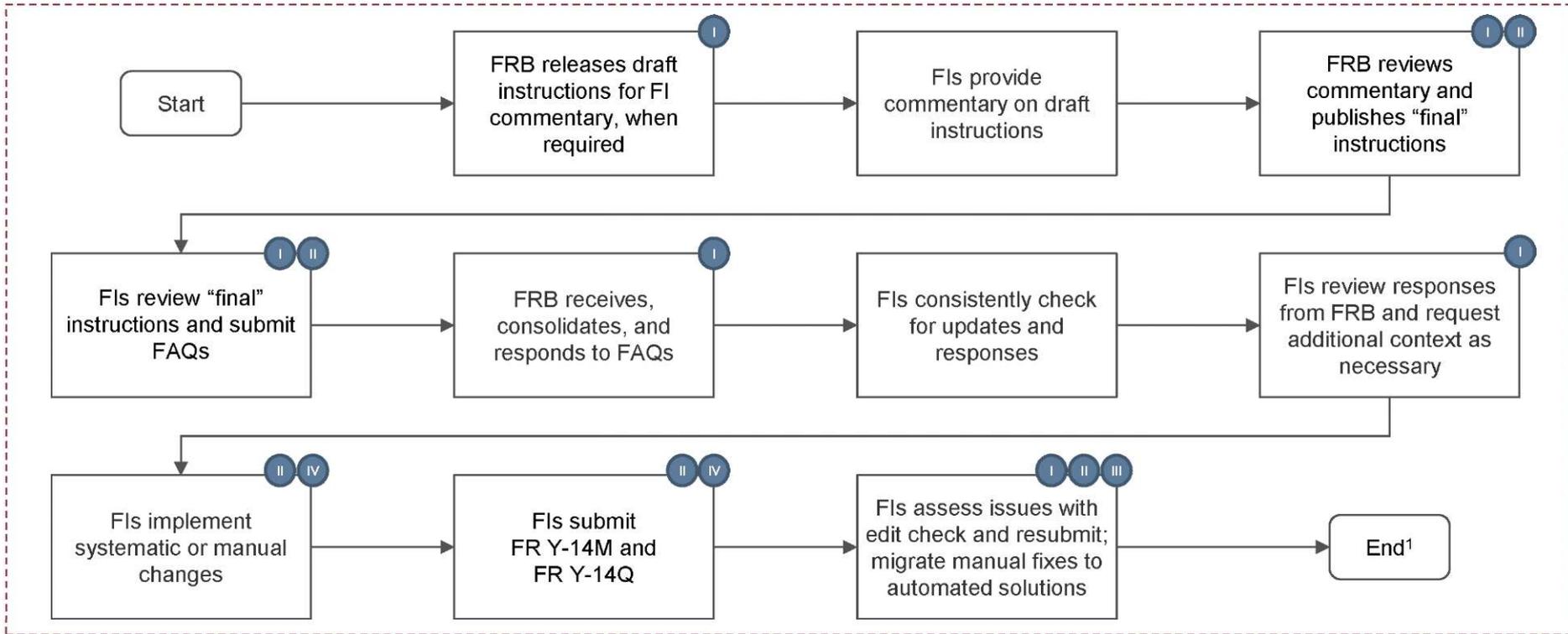


Current State FR Y-14 Process – Process View



FR Y-14 Process – Current State

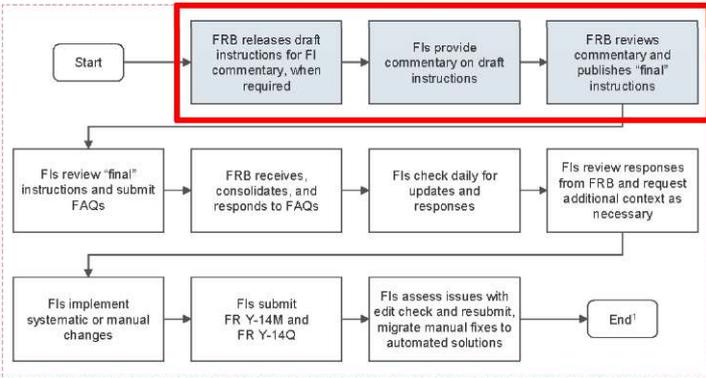
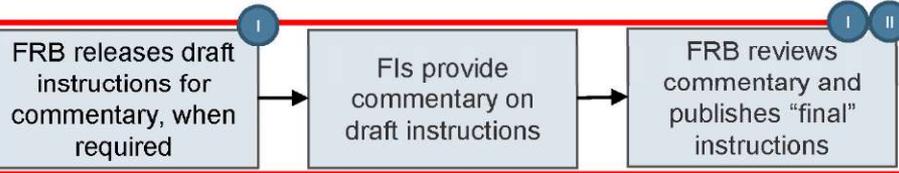
Below displays the high-level FR Y-14 new instruction process and highlights the themes identified by the FIs. Detailed issues aligned with each theme and recommendations are discussed in the following slides. It is important to note that the process differs for both the financial institution and the Federal Reserve based on the type of changes (e.g., new instructions, technical changes, edit check updates).



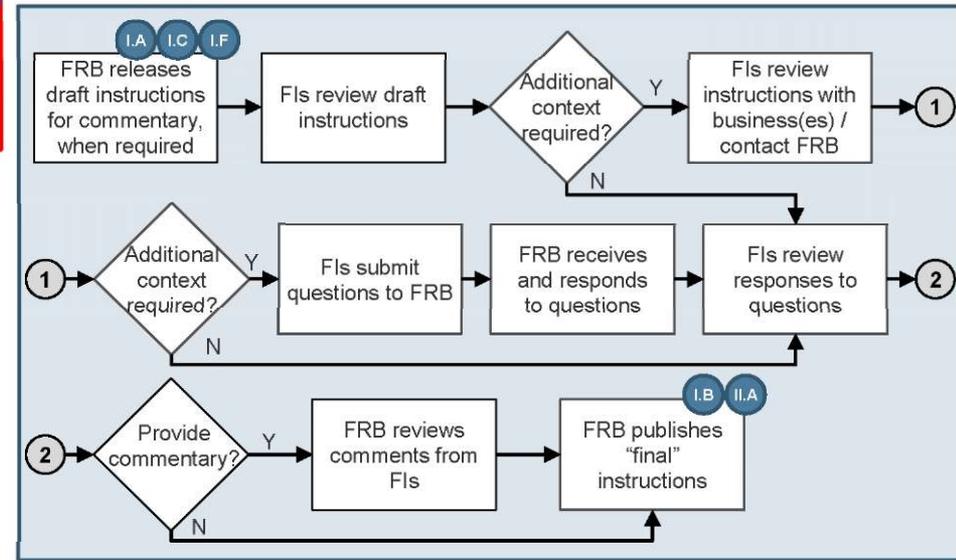
¹ Denotes the end of the process for one set of instruction changes and the data submission; the process repeats as instructions are released and updated.



FR Y-14 Process – Current State



Detailed Process



Issue	Example(s)	Impact	
		Reporting FIs	Federal Reserve
I.A. New instructions are not consistently drafted and released for commentary from FIs; FIs are unaware of criteria for a required commentary period	<p>1. Output changes (submission format) for the Securities, PPNR, HFS/FVO and Supplemental schedules have been released without commentary.</p> <p>2. Draft technical instructions were provided to an FI on 2/10/2014. These instructions contained updated edit checks along with output instructions. These instructions were not released for commentary and no issuance date was communicated to FIs. The FI assumes that the issuance date was for 4Q 2013 – due on 2/21/2014, 11 days after receiving the “draft” instructions. To date, the FIs have not received a final instruction set as technical instructions are not posted to the FRB site.</p> <p>3. Technical submission instructions are included in the FR Y-14M published instructions, but are not included in the FR Y-14Q published instructions.</p>	Inability to ask questions and / or provide input (i.e., business justifications for data availability) on upcoming / new instructions	High volume of correspondence with FIs to provide clarification or additional information after instructions are published as “final”



FR Y-14 Process – Current State

Issue	Example(s)	Impact	
		Reporting FIs	Federal Reserve
I.C. Draft instructions may not include the necessary level of detail for FIs to provide commentary	<p>Many FIs provide responses during the commentary period to request clarification on published instructions. Without this clarification, FIs cannot provide sufficient or meaningful commentary. For example, during the last set of changes to the FR Y-14M, one FI posted many questions requesting clarification on published instructions but did not receive a response to any of the questions posted. Here are two examples from the FR Y-14M First Lien instructions:</p> <ul style="list-style-type: none"> • Interest Rate Reduced – This appears to be equivalent to field 71 in the Home Equity data collection of the FR Y-14M. However, the Home Equity definition refers to modification. Are these two fields intended to be the same? • Third Party Sale Flag – Could clarification be provided on whether this identifies only loans sold? How should conveyed loans be handled for this field? 	Additional resources required to obtain details, difficulty providing appropriate commentary, increased time required to interpret new instructions	Increased correspondence with FIs and additional resources required to provide details, questions are received from FIs rather than comments
I.F. New instructions, released for a comment period, do not indicate the estimated issuance date (standard process for FR Y-9C)	[Note this example relates to 1.A and 1.F as it discusses lack of commentary period and estimated issuance date.] Draft technical instructions were provided to an FI on 2/10/2014. These instructions contained updated edit checks along with output instructions. These instructions were not released for commentary and no issuance date was communicated to FIs. The FI assumes that the issuance date was for 4Q 2013 – due on 2/21/2014, 11 days after receiving the “draft” instructions. To date the FIs have not received a final instruction set as technical instructions are not posted to the FRB site.	New instructions may not be implemented timely, late identification of instructions decreases timeline and may require additional resources for manual fix	Increased potential for data integrity issues, additional effort to request and review revised data; increased potential for valid edit checks and rework

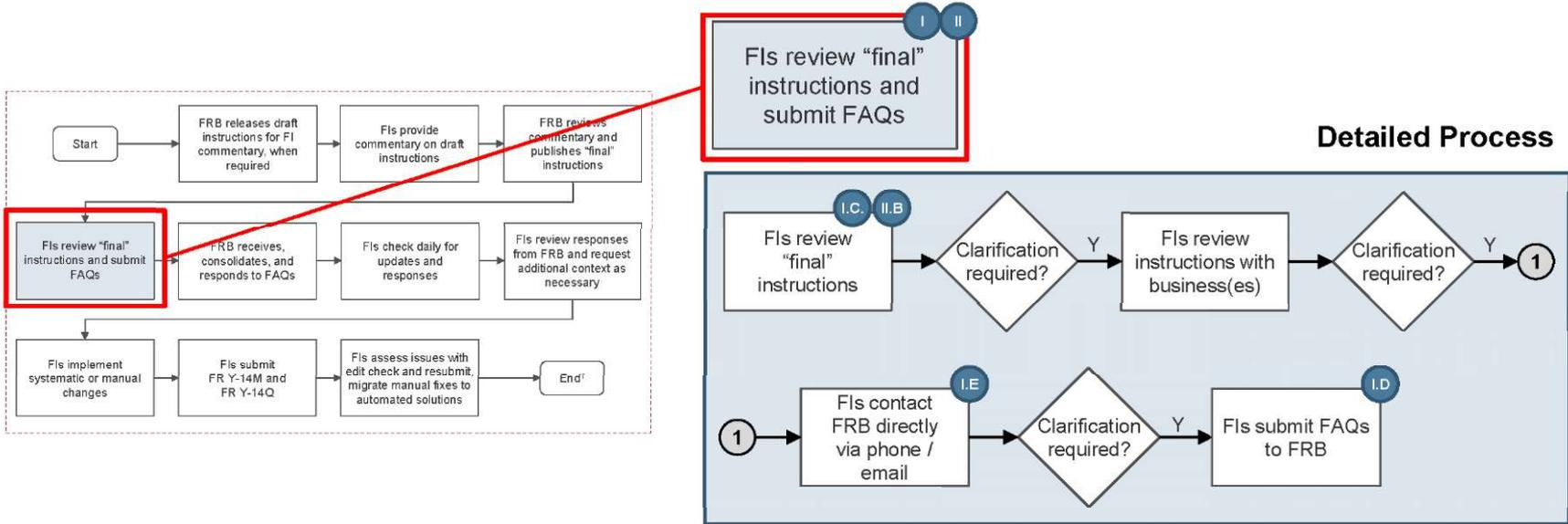


FR Y-14 Process – Current State

Issue	Example(s)	Impact	
		Reporting FIs	Federal Reserve
I.B. Final instructions may not be formally communicated to FIs when published	<ol style="list-style-type: none"> 1. FIs are not notified – required to check website daily for updates. 2. Clarification of what should be included in the Supplemental Schedule SME and Corporate Card loan population was included in the Proposed 3Q 2013 instructions, however it was not redlined as other changes were. 	New instructions may not be implemented timely, late identification of instructions decreases timeline and may require additional resources for manual fix	Increased potential for data integrity issues, additional effort to request and review revised data; increased potential for valid edit checks and rework
II.A. New (“final”) instructions may be issued close to filing deadline(s), without sufficient time to comply with policy mandated timeframes for IT changes	<ol style="list-style-type: none"> 1. On 2/10/2014, new instructions were provided for the submission of 12/31/2013 data due 2/21/2014. Significant time is required to review the schedules and determine changes from old instructions, submit FAQs for FRB’s consideration, receive response to FAQs, and obtain approvals to implement changes to the data process. 2. Using the 9/30/13 instruction changes as an example, the instructions were released 7/24/2013 for comment until 8/26/2013 with changes to be implemented effective 9/30/2013. The instructions became final 9/30/13. This allows for a 40 day turnaround time for interpretation, discussion, coding, testing and implementation on data that has already been posted. 	Lack of time for IT to systematically execute technical changes in line with change management protocol which creates inconsistencies in compliance with internal risk management procedures and/or delays in implementing formal enterprise data solutions (manual process)	Increased potential for data integrity issues, increased potential for valid edit checks and rework; lack of valid data until corrections are processed; increased potential for re-submission



FR Y-14 Process – Current State



Issue	Example(s)	Impact	
		Reporting FIs	Federal Reserve
I.C. New instructions may not include the necessary level of detail for FIs to implement data change	Partial Charge Offs on the Quarterly Retail submissions required follow-up in order to implement data changes.	Additional resources required to obtain details, inability to define new process, difficulty in implementing system/data change process	Increased correspondence with FIs to provide clarification, additional resources required to provide and repost details of new instructions
II.B. "Final" instructions are often reposted multiple times with corrections or changes	This is a consistent issue with the FR Y-14Q/M/A. This specific example references how this occurred with the FR Y-14A for 3Q 2013. Final instructions were posted and downloaded on 9/30/2013. Changes to this final instruction set was posted on 12/06/2013.	As changes to the initial instructions occur further along in the SDLC process, impact on resources and other constraints increases exponentially	Increased potential for data integrity issues

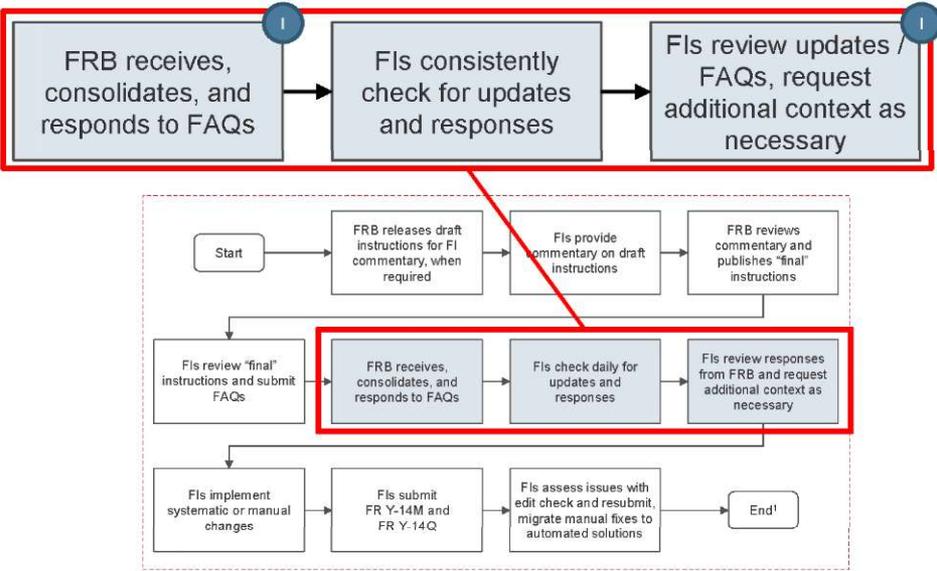


FR Y-14 Process – Current State

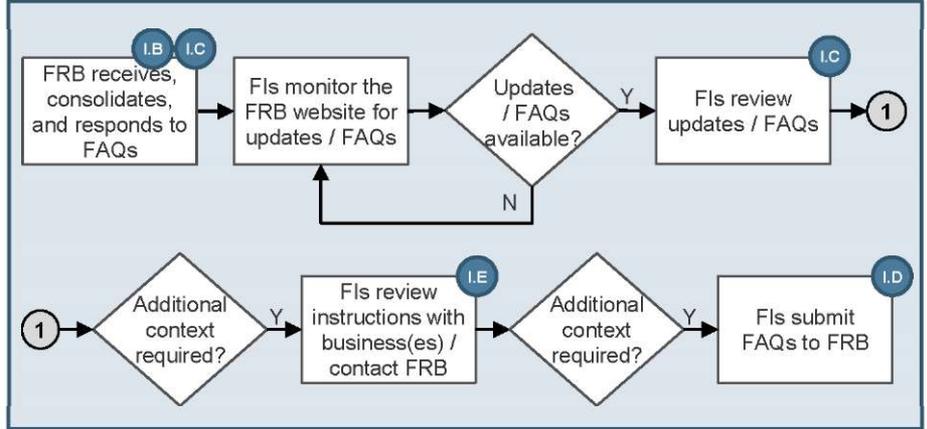
Issue	Example(s)	Impact	
		Reporting FIs	Federal Reserve
I.E. Lack of communication between FIs and the Federal Reserve to obtain clarification / details	14M Home Equity Edit #84 was previously defined as “Remaining Term must be a number between 0 and 600 or 999”. When an FI submitted its 12/31/2013 14M submission, we received back from Black Knight an updated edit result failure for the same item, however the term floor was now 1. The very next day, Black Knight distributed updated edit check definitions in which the edit check floor was adjusted up to 12.	FIs may begin implementing “best guess” approach and responses may alter that; late responses may require additional resource deployment	Increased potential for data integrity issues
I.D. FIs are not provided with an estimated timeframe for when responses will be received for FAQs	An FI submitted a request to postpone the securities output changes to 1Q 2014 and never received a response.	FIs may begin implementing “best guess” approach and responses may alter that; late responses may require additional resource deployment	Increased potential for data integrity issues



FR Y-14 Process – Current State



Detailed Process



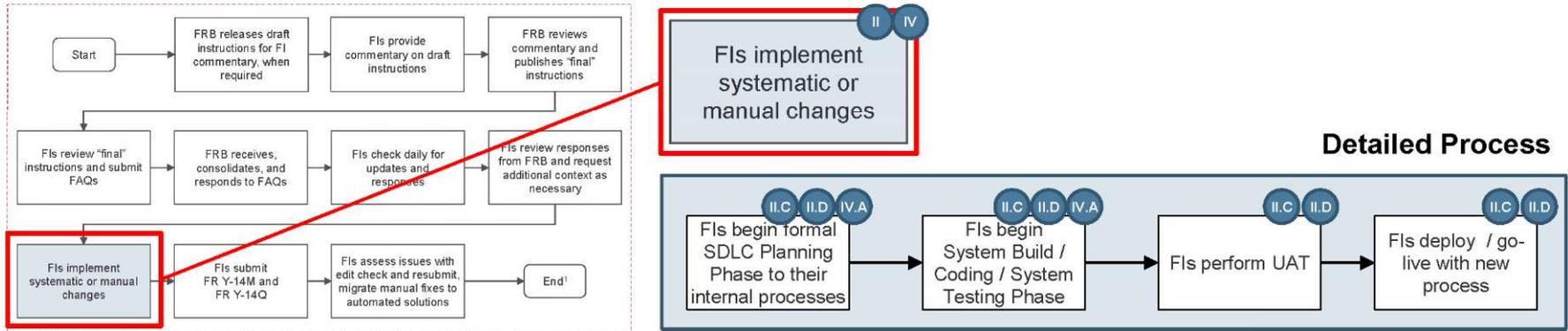
Issue	Example(s)	Impact	
		Reporting FIs	Federal Reserve
I.B. FIs may not receive notification of updates / responses to FAQs	1. [Issue from I.D]: An FI submitted a request to postpone the securities output changes to 1Q 2014 and never received a response. 2. Securities Schedule instructions and files received are different from the templates downloaded from the FRB website.	FAQs / updates are missed or identified late, overall SDLC process cannot move forward until additional clarification is provided, time lost anticipating FAQ response when resources can be more efficiently allocated, inaccurate data submitted and additional resources required to correct / resubmit data	Increased potential for data integrity issues, high volume of correspondence with FIs

FR Y-14 Process – Current State

Issue	Example(s)	Impact	
		Reporting FIs	Federal Reserve
I.C. Responses to new instructions FAQs may be unanswered or require additional context and responses are not always obtained	There have been FAQs submitted on the Partial Charge Offs (Quarterly Retail submissions), however, responses were not aligned with business practices; this process does not allow for a dialogue between the FIs and FRB to resolve issues/concerns.	“Best guess” approach taken when FAQ is not clear or not received, which challenges data integrity	High number of correspondence with FIs due to question volume from FIs, resource constraints to respond to FIs, increased potential for data integrity issues
I.E. Lack of communication between FIs and the Federal Reserve to obtain clarification / details	Example provided previously, however, impacts downstream process.	Unable to clarify new instructions quickly, delay in formal SDLC process	Increased potential for data integrity issues
I.D. FIs are not provided with an estimated timeframe for when responses will be received for FAQs	Example provided previously, however, impacts downstream process.	FIs may begin implementing “best guess” approach and responses may alter that; late responses may require additional resource deployment	Increased potential for data integrity issues



FR Y-14 Process – Current State



Issue	Example(s)	Impact	
		Reporting FIs	Federal Reserve
II.C. Additional FAQs may be outstanding, systematic or manual changes to the data process may be implemented based on limited understanding of new instructions and existing FAQs	An FI submitted a request to postpone the securities output changes to 1Q 2014 and never received a response.	Lack of time for IT to systematically execute technical changes in line with change management protocol, creating inconsistencies in compliance with internal risk management procedures and/or delays in implementing formal enterprise data solutions (manual process); data integrity challenges, increased number of edit checks, additional resources required to correct data	Increased potential for data integrity issues, resource constraints to obtain corrected data from FIs, delays in receiving data, increased potential for re-submissions



FR Y-14 Process – Current State

Issue	Example(s)	Impact	
		Reporting FIs	Federal Reserve
II.D. SDLC process to systematically update reporting processes may take up to one year to fully implement depending on the request, system capabilities, and resource constraints	Example provided below (Gross Credit Exposure).	Inability to perform formal SDLC process, including analysis, requirements, system build, and UAT; updates to initial instructions impact SDLC process (higher impact when further along in implementation, increasing impact on time and resources, exponentially)	Increased potential for data integrity issues, data submission delays, increased number of correspondence with FIs to provide clarification

Summary of Project:

- Produce a single counterparty gross credit exposure report using a specific data metric

Challenges in SDLC:

- New configuration impacted current reports in production
- Configuration updates affected Risk Reporting Asset Category Codes
- Hard-coded logic had to be replaced with automatic configuration
- Configuration flags for all outbound processes had to be consolidated
- Facility Limits previously reported by Facility Owner Customer were updated to be reported by Primary Customer
- Configuration had to be updated to include data for Credit Default Reporting

Gross Credit Exposure - SDLC Timeline

Phase / Objective	Time Required (Weeks)
Receive Request	
Planning Phase	4
Project definition	4
Write Business Requirements and Obtain Sign-off	6
Write Technical / Systems Requirements	10
System Build / Coding and Ongoing Clarification / System Testing	6
User Acceptance Testing	5
Approval and Deployment / Go-Live	5
Quality Control / Parallel Run	12
Total	52

Note: The SDLC process varies dramatically for less and more sophisticated changes; actual timelines may range from three months to one year or more.



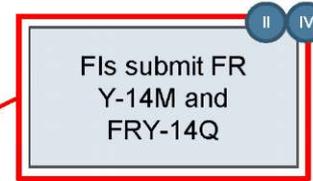
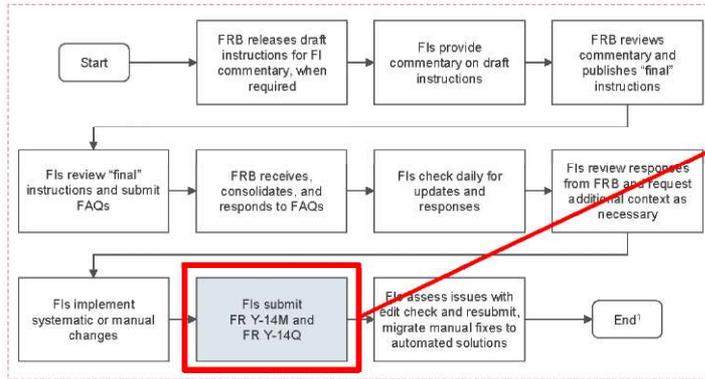
FR Y-14 Process – Current State

Issue	Example(s)	Impact	
		Reporting FIs	Federal Reserve
IV.A. Data is requested in inconsistent file formats, including csv, xml, plain text, and excel templates	Example provided below.	Additional resources required to ensure conversion of data formats does not create further issues in the final submission to the Federal Reserve	Increased potential for data integrity issues

Collections	Schedule	Format	Comments
FR Y-14Q	Edit Respondent Reports	CSV	Comma Separated Values. First line contains column headers.
FR Y-14Q	FVO/HFS	XML	Data records are required to be notated with a I, U, or D for "insert", "updated", or "delete." This logic is flawed as FIs are unaware of what resides in FRB systems and must assume the correct notation based on previously sent data.
FR Y-14Q	OpRisk	CSV	Comma Separated Values. First line contains column headers. Text Qualifiers required. Double quotes should be escaped.
FR Y-14Q	PPNR	XML	Data records are required to be notated with a I, U, or D for "insert", "updated", or "delete." This logic is flawed as FIs are unaware of what resides in FRB systems and must assume the correct notation based on previously sent data.
FR Y-14Q	Retail	TXT	Text file. Tab delimited. First line contains column headers.
FR Y-14Q	Securities	CSV	Comma Separated Values. First line contains column headers. Text Qualifiers required. Double quotes should be escaped.
FR Y-14Q	Supplemental	TXT	Text file. Tab delimited. First line contains column headers.
FR Y-14Q	Wholesale	XML	Data records are required to be notated with a I, U, or D for "insert", "updated", or "delete." This logic is flawed as FIs are unaware of what resides in FRB systems and must assume the correct notation based on previously sent data.
FR Y-14Q	Regulatory Capital Instruments	Excel	Excel template
FR Y-14Q	Regulatory Capital Transitions	Excel	Excel template
FR Y-14Q	Trading	Excel	Excel template
FR Y-14Q	MSR Valuation Schedule	Excel	Excel template
FR Y-14M	All	TXT	Text file. Pipe " " delimited. No column headers. No quotation marks should be used as text identifiers.



FR Y-14 Process – Current State



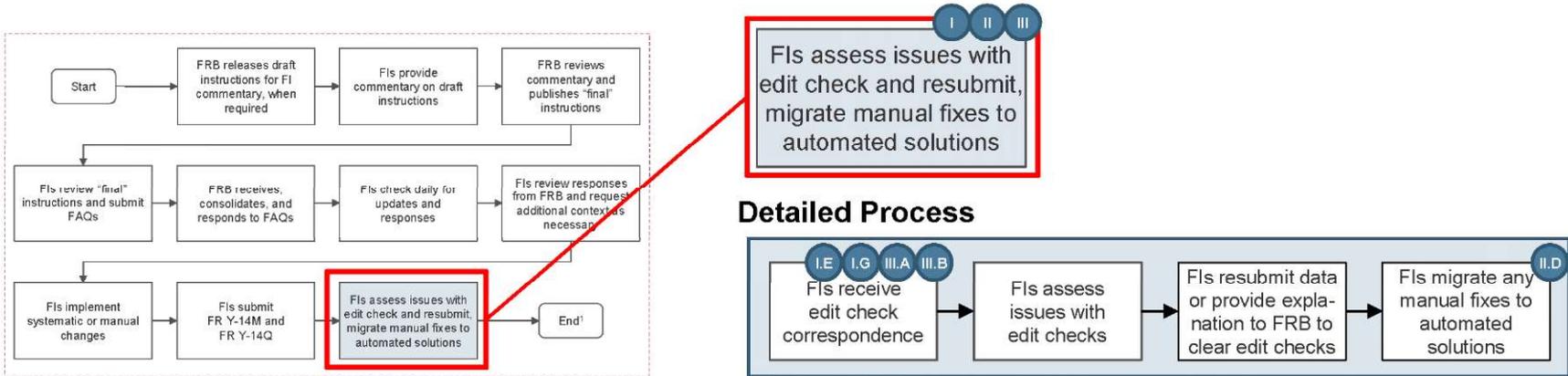
Detailed Process



Issue	Example(s)	Impact	
		Reporting FIs	Federal Reserve
II.E. Timelines for review and identification of data issues from FRB is unclear (feedback may come months after submission)	<ol style="list-style-type: none"> 1. Input from May FR Y-14M data reviewed in June 2013 is not received until November 2013. 2. On 9/3/2013 an FI received questions from the FRB on our 3/31/2013 Supplemental submission which was uploaded to Intralinks on 5/23/2013. The FI was required to respond to the question within five days of receipt. 	Feedback could impact multiple submissions since the identified issue from the Federal Reserve; requires resource dedication to make adjustments	Increased potential for data integrity issues, increased volume of correspondence with FIs
IV.A. Data is requested in inconsistent file formats, including csv, xml, plain text, and excel templates	Example provided previously, however, impacts downstream process.	Providing data in multiple formats requires excess capacity; challenging reconciliations of different file formats	Increased potential for data integrity issues



FR Y-14 Process – Current State



Issue	Example(s)	Impact	
		Reporting FIs	Federal Reserve
I.E. Lack of communication between FIs and the Federal Reserve to formally track and update invalid edit checks	<ol style="list-style-type: none"> 1. Example provided previously, however impacts downstream process. 2. Communication from the Federal Reserve with unclear intent was received by FIs indicating potential for increased scrutiny on edit checks. 	Redundancy in providing responses to repeatedly failed edit checks that are invalid, increased rework, inefficient allocation of resources to confirm data that was accurately submitted	Increased volume of correspondence with FIs to clear edit checks



FR Y-14 Process – Current State

Issue	Example(s)	Impact	
		Reporting FIs	Federal Reserve
I.G. Communications received from the FRB via FRSecure Message Center do not identify whom else was included on the distribution	Communication via FRSecure Message Center varies by FI. Not all FIs are receiving communication via FRSecure Message Center. For FIs that are receiving communication via FRSecure Message Center, some are able to see the distribution of the messages, while others cannot. These communications may be delivered to many personnel in an FI without identifying them. Without the ability to see the distribution list, FIs are unable to prevent redundancy and confusion between departments of the FI.	Causes multiple, duplicative work efforts from various business units to answer a single question posed by the Federal Reserve	May receive various responses to questions posed
II.D. SDLC process to systematically report data may take up to one year to fully implement depending on the request, system capabilities, and resource constraints	<p>The effort when 40 additional data elements were added to the 14M schedule in June was significant and as a result, creates additional potential for edit check issues:</p> <ul style="list-style-type: none"> • The tasks of analyzing and understanding data requirements and sourcing data from service providers took an estimated five months of effort. • To add the data to the systems (i.e. source systems and credit data warehouse) via the SDLC process is expected to take additional 4-8 months to implement, and will be longer depending on the source of data. The below effort is best case scenario for our data warehouse, additional time will be needed for the source systems and service providers to make changes to their systems as well. <ul style="list-style-type: none"> ○ System Requirements (2-4 weeks) ○ Design (2-3 weeks) ○ Construction/Development (5-6 weeks) ○ Delivery (2-4 weeks) ○ Testing (5-8 weeks) ○ Implementation (1 week) 	As updates and changes to the initial instructions occur further along in the SDLC process, the impact on time, resources, and other constraints increases exponentially	Increased potential for data integrity issues, high number of correspondence with FIs to provide clarification
III.B. FIs experience time constraints in clearing edit checks within five days	FIs are given five days to clear all failed edit checks, however, additional time is required to navigate through multiple loan systems and research the portfolio / deal, and the resource required to perform this function may be unavailable.	Additional resources required to research and clear edit checks timely	Additional resources required to follow up with FIs on outstanding failed edit checks



FR Y-14 Process – Current State

Issue	Example(s)	Impact	
		Reporting FIs	Federal Reserve
III.A. Edit check failures occur although valid business reasons exist	See example provided below.	Increased rework, inefficient allocation of resources to confirm accurately submitted data	Increased volume of correspondence with FIs to clear edit checks

FSR, in August 2013, provided **103 edit check examples and 51 data gaps** where edit checks were triggered and business justification was provided. Examples were provided for the Corporate, CRE, USSB, USOtheCons, Auto, Home Equity, and First Lien schedules. Although certain edit checks were updated, a full listing of updated edit checks was not provided by the Federal Reserve. Specific examples from the **Corporate Schedule** are provided below:

Edit #	Edit Check Issue	Edit Test	Justification / Explanation
8	Data Gap	Original Internal Obligor ID must not be null or zero	Some core banking systems do not have an "ObligorID," therefore, this is a legitimate data gap.
55	Edit Check in Question	Committed Exposure must not be null or negative	Some transactions can have negative commitments (Syndications and/or Participations).
174	Edit Check in Question	TangibleAssets should be greater than or equal to the sum of Current Assets Current and Fixed Assets	Any edit that compares dollar amount fields should have a degree of rounding tolerance built in. Right now amounts that are off by even \$1 fail the edit checks.
189	Edit Check in Question	If NonAccrualDate is not equal to 9999-12-31, then NonAccrualDate should be prior to the MaturityDate	It is standard business practice for a loan to be placed on non accrual status after the maturity date. Non accrual date can be after maturity date if the borrower continues to pay interest after maturity or loan is in workout.

Additionally, a memo was sent from the FSR to the Federal Reserve in December 2013 indicating specific examples of “data gaps” that had business justification. Below is an example from the **Auto Schedule**:

Edit #	Issue Identified	Justification / Explanation
42	Immaterial amounts on individual loans need to be ignored	The last payment on an auto loan is often a few pennies or dollars smaller than the other monthly payments. With many customers making automatic payments and over 10,000 maturing auto loans each month it is common to have a number of loans with a small negative balance until these items are cleared.

Further, FSR can provide an additional excel spreadsheet of edit checks and provide business justification for each.



Summary of Recommendations



Summary of Recommendations

Below summarizes the recommendations to enhance the FR Y-14 data submission process.

Theme #1: Communication

- Institute ongoing open forum and timely communication with a designated representative from the Federal Reserve to clarify questions regarding FAQs or requirement instructions on a real-time basis (all filing FIs invited to attend)
- Modify the process to notify affected FIs when newly issued FAQs or changes to FAQs are published
- Modify the current FAQ process ensuring that FAQs are incorporated into final instructions. Publish any needed FAQs in a central location (e.g., FRB website)
- Provide FAQ submission guidelines for FIs to standardize the information received by the Federal Reserve to most effectively address questions
- Include the version and / or release date for each FR Y-14 instruction documents so that FIs and the Federal Reserve can reference to a specific version of instructions when communicating with each other
- Enhance the distribution of redlined edit check definitions and instructions to include a summary of changes
- Prioritization of data: enhance detail in instructions, including the intended use and prioritization of data elements required for the Federal Reserve models



Summary of Recommendations

Below summarizes the recommendations to enhance the FR Y-14 data submission process.

Theme #2: Timeline / SDLC Process

- Establish an agreed upon timeline for change requests to allow FIs adequate time to update coding, mapping, and reporting structures (e.g., minimum of 6 months from a final rule or longer if changes affect multiple or complex fields, similar to instruction changes for the Y-9C submission)
- Establish a timeline for resolution for inquiries submitted to the Federal Reserve
- Provide adequate time for all filers to incorporate acquisition data into their current portfolios and reporting structures (1 year is suggested) to allow for more accurate and consistent reporting



Summary of Recommendations

Below summarizes the recommendations to enhance the FR Y-14 data submission process.

Theme #3: File Formats

- Adopt a single file format to be used through all FR Y-14 and other Federal Reserve requested data submissions
- Establish FR Y-14 data dictionary leveraging industry standards (e.g., MISMO / FHA)
- Collaborate with other regulators to determine standardized file formats for data submissions across the regulatory environment



Summary of Recommendations

Below summarizes the recommendations to enhance the FR Y-14 data submission process.

Theme #4: Edit Checks

- Establish process to discuss changes and additions to data elements prior to releasing formally, in order to obtain feedback from FIs on feasibility and decrease probability for edit check issues
- Update edit checks to be consistent with requirements per the most updated instructions / FAQs and remove invalid edit checks where business justifications have been identified
- Add a generic response section and / or change tolerance levels / acceptable data responses to mitigate subsequent questions and follow up from FRB
- Limit the requirement for providing historical data on acquired portfolios to data available in the acquired portfolio (maximum of five years prior to the acquisition date)



Evaluation of Objectives and Next Steps



Evaluation of Objectives and Next Steps

Evaluation of Objectives

- Collaborative discussion on identified issues
- Agree on recommendations and approach to resolve issues
- Prioritize process improvements to implement

Next Steps

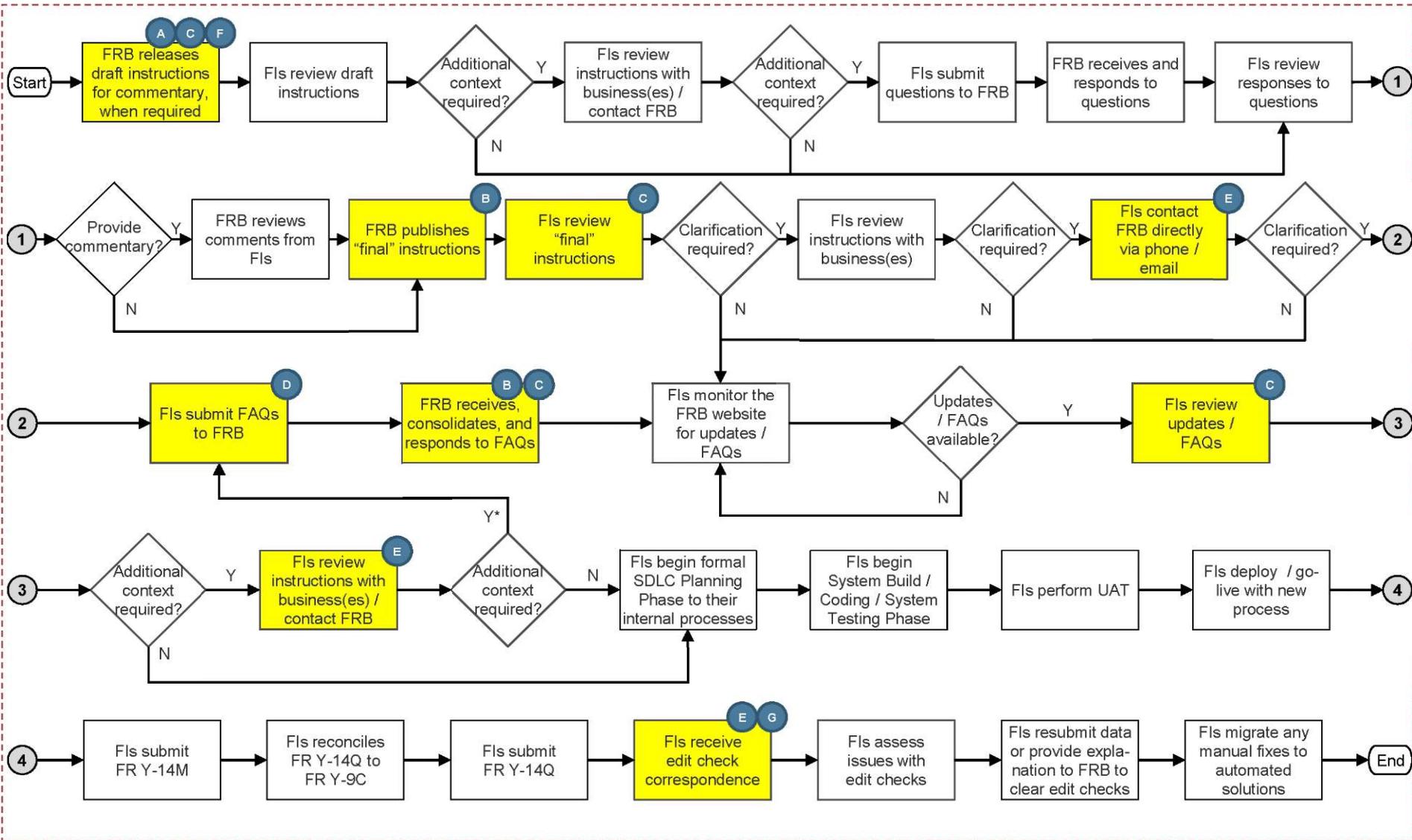
- Schedule follow-up meeting with the Federal Reserve and Member FIs to discuss feedback and agree upon process improvements to implement
- Establish project plans and identify deliverables and milestone dates
- Establish future working sessions to work through issues in implementing process improvements and manage / track the overall execution progress



Appendix A: Current State FR Y-14 Process: Theme View



I. Communication



Y* It should be assumed that FIs move on to begin formal SDLC process while waiting for additional response from the Federal Reserve.



I. Communication

Issue	Example(s)	Impact	
		Reporting FIs	Federal Reserve
I.A. New instructions are not consistently drafted and released for commentary from FIs; FIs are unaware of criteria for a required commentary period	<p>1. Output changes (submission format) for the Securities, PPNR, HFS/FVO and Supplemental schedules have been released without commentary.</p> <p>2. Draft technical instructions were provided to an FI on 2/10/2014. These instructions contained updated edit checks along with output instructions. These instructions were not released for commentary and no issuance date was communicated to FIs. The FI assumes that the issuance date was for 4Q 2013 – due on 2/21/2014, 11 days after receiving the “draft” instructions. To date, the FIs have not received a final instruction set as technical instructions are not posted to the FRB site.</p> <p>3. Technical submission instructions are included in the FR Y-14M published instructions, but are not included in the FR Y-14Q published instructions.</p>	Inability to ask questions and / or provide input (i.e., business justifications for data availability) on upcoming / new instructions	High volume of correspondence with FIs to provide clarification or additional information after instructions are published as “final”
I.B. Final instructions may not be formally communicated to FIs when published, FIs may not receive notification of updates / responses to FAQs	<p>1. FIs are not notified – required to check website daily for updates.</p> <p>2. Clarification of what should be included in the Supplemental Schedule SME and Corporate Card loan population was included in the Proposed 3Q 2013 instructions, however it was not redlined as other changes were.</p> <p>3. [Issue from I.D]: An FI submitted a request to postpone the securities output changes to 1Q 2014 and never received a response.</p> <p>4. Securities Schedule instructions and files received are different from the templates downloaded from the FRB website.</p>	New instructions may not be implemented timely, late identification of instructions decreases timeline and may require additional resources for manual fix; FAQs / updates are missed or identified late	Increased potential for data integrity issues, additional effort to request and review revised data; increased potential for valid edit checks and rework



I. Communication

Issue	Example(s)	Impact	
		Reporting FIs	Federal Reserve
I.C. Draft / New instructions may not include the necessary level of detail for FIs to provide commentary / implement data changes; responses to new instructions FAQs may be unanswered or require additional context and responses are not always obtained	<p>1. Many FIs provide responses during the commentary period to request clarification on published instructions. Without this clarification FIs cannot provide sufficient or meaningful commentary. For example, during the last set of changes to the FR Y-14M, one FI posted many questions requesting clarification on published instructions but did not receive a response to any of the questions posted. Here are two examples from the FR Y-14M First Lien instructions:</p> <ul style="list-style-type: none"> • Interest Rate Reduced – This appears to be equivalent to field 71 in the Home Equity data collection of the FR Y-14M. However, the Home Equity definition refers to modification. Are these two fields intended to be the same? • Third Party Sale Flag – Could clarification be provided on whether this identifies only loans sold? How should conveyed loans be handled for this field? <p>2. Partial Charge Offs on the Quarterly Retail submissions required follow-up in order to implement data changes.</p> <p>3. There have been FAQs submitted on the Partial Charge Offs (Quarterly Retail submissions), however, responses were not aligned with business practices; this process does not allow for a dialogue between the FIs and FRB to resolve issues/concerns.</p>	Additional resources required to obtain details, difficulty providing appropriate commentary, increased time required to interpret new instructions; inability to define new process, difficulty in implementing system/data change process; “best guess” approach taken when FAQ is not clear or not received, which challenges data integrity	Increased correspondence with FIs and additional resources required to provide details, questions are received from FIs rather than comments
I.D. FIs are not provided with an estimated timeframe for when responses will be received for FAQs	An FI submitted a request to postpone the securities output changes to 1Q 2014 and never received a response.	FIs may begin implementing “best guess” approach and responses may alter that; late responses may require additional resource deployment	Increased potential for data integrity issues

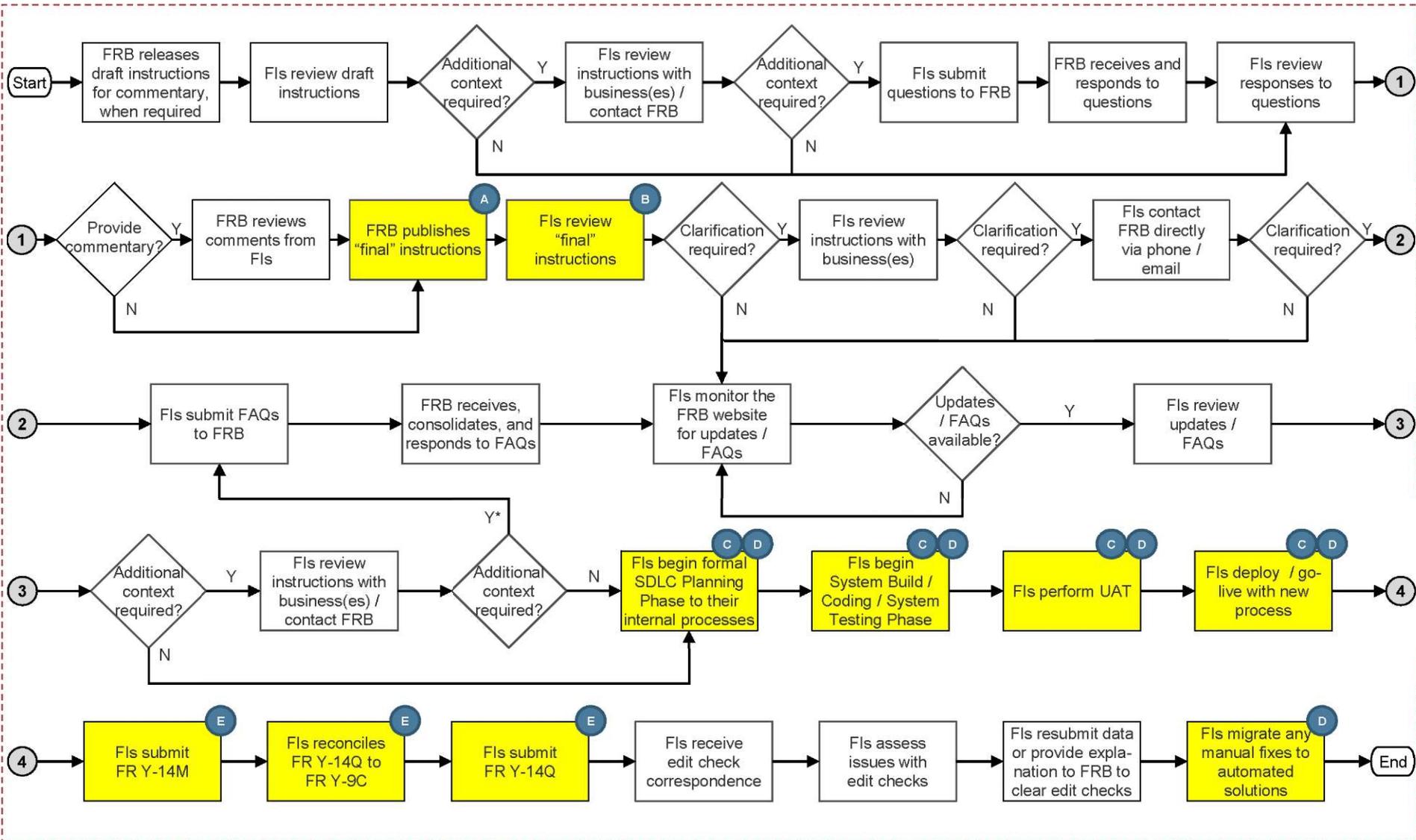


I. Communication

Issue	Example(s)	Impact	
		Reporting FIs	Federal Reserve
I.E. Lack of communication between FIs and the Federal Reserve to obtain clarification / details / formally track and update invalid edit checks	<p>1. 14M Home Equity Edit #84 was previously defined as “Remaining Term must be a number between 0 and 600 or 999”. When an FI submitted its 12/31/2013 14M submission, we received back from Black Knight an updated edit result failure for the same item, however the term floor was now 1. The very next day, Black Knight distributed updated edit check definitions in which the edit check floor was adjusted up to 12.</p> <p>2. Communication from the Federal Reserve with unclear intent was received by FIs indicating potential for increased scrutiny on edit checks.</p>	FIs may begin implementing “best guess” approach and responses may alter that; late responses may require additional resource deployment; delay in formal SDLC process; increased rework and inefficient allocation of resources to confirm data that was accurately submitted	Increased potential for data integrity issues; increased volume of correspondence with FIs to clear edit checks
I.F. New instructions, released for a comment period, do not indicate the estimated issuance date (standard process for FR Y-9C)	[Note this example relates to 1.A and 1.F as it discusses lack of commentary period and estimated issuance date.] Draft technical instructions were provided to an FI on 2/10/2014. These instructions contained updated edit checks along with output instructions. These instructions were not released for commentary and no issuance date was communicated to FIs. The FI assumes that the issuance date was for 4Q 2013 – due on 2/21/2014, 11 days after receiving the “draft” instructions. To date the FIs have not received a final instruction set as technical instructions are not posted to the FRB site.	New instructions may not be implemented timely, late identification of instructions decreases timeline and may require additional resources for manual fix	Increased potential for data integrity issues, additional effort to request and review revised data; increased potential for valid edit checks and rework
I.G. Communications received from the FRB via FRSecure Message Center do not identify whom else was included on the distribution	Communication via FRSecure Message Center varies by FI. Not all FIs are receiving communication via FRSecure Message Center. For FIs that are receiving communication via FRSecure Message Center, some are able to see the distribution of the messages, while others cannot. These communications may be delivered to many personnel in an FI without identifying them. Without the ability to see the distribution list, FIs are unable to prevent redundancy and confusion between departments of the FI.	Causes multiple, duplicative work efforts from various business units to answer a single question posed by the Federal Reserve	May receive various responses to questions posed



II. Timeline / SDLC Process



Y* It should be assumed that FIs move on to begin formal SDLC process while waiting for additional response from the Federal Reserve.

II. Timeline / SDLC Process

Issue	Example(s)	Impact	
		Reporting FIs	Federal Reserve
<p>II.A. New (“final”) instructions may be issued close to filing deadline(s), without sufficient time to comply with policy mandated timeframes for IT changes</p>	<p>1. On 2/10/2014, new instructions were provided for the submission of 12/31/2013 data due 2/21/2014. Significant time is required to review the schedules and determine changes from old instructions, submit FAQs for FRB’s consideration, receive response to FAQs, and obtain approvals to implement changes to the data process.</p> <p>2. Using the 9/30/13 instruction changes as an example, the instructions were released 7/24/2013 for comment until 8/26/2013 with changes to be implemented effective 9/30/2013. The instructions became final 9/30/13. This allows for a 40 day turnaround time for interpretation, discussion, coding, testing and implementation on data that has already been posted.</p>	<p>Lack of time for IT to systematically execute technical changes in line with change management protocol which creates inconsistencies in compliance with internal risk management procedures and/or delays in implementing formal enterprise data solutions (manual process)</p>	<p>Increased potential for data integrity issues, increased potential for valid edit checks and rework; lack of valid data until corrections are processed; increased potential for re-submission</p>
<p>II.B. “Final” instructions are often reposted multiple times with corrections or changes</p>	<p>This is a consistent issue with the FR Y-14Q/M/A. Our specific example references how this occurred with the FR Y-14A for 3Q 2013. Final instructions were posted and downloaded on 9/30/2013. Changes to this final instruction set was posted on 12/06/2013.</p>	<p>As changes to the initial instructions occur further along in the SDLC process, impact on resources and other constraints increases exponentially</p>	<p>Increased potential for data integrity issues</p>



II. Timeline / SDLC Process

Issue	Example(s)	Impact	
		Reporting FIs	Federal Reserve
<p>II.C. Additional FAQs may be outstanding, systematic or manual changes to the data process may be implemented based on limited understanding of new instructions and existing FAQs</p>	<p>An FI submitted a request to postpone the securities output changes to 1Q 2014 and never received a response.</p>	<p>Lack of time for IT to systematically execute technical changes in line with change management protocol which creates inconsistencies in compliance with internal risk management procedures and/or delays in implementing formal enterprise data solutions (manual process); data integrity challenges, increased number of edit checks, additional resources required to correct data</p>	<p>Increased potential for data integrity issues, resource constraints to obtain corrected data from FIs, delays in receiving data, increased number of data re-submissions</p>



II. Timeline / SDLC Process

Issue	Example(s)	Impact	
		Reporting FIs	Federal Reserve
<p>II.D. SDLC process to systematically update reporting processes may take up to one year to fully implement depending on the request, system capabilities, and resource constraints</p>	<p>1. Please see following slide for example (Gross Credit Exposure).</p> <p>2. The effort when 40 additional data elements were added to the 14M schedule in June was significant and as a result, creates additional potential for edit check issues:</p> <ul style="list-style-type: none"> • The tasks of analyzing and understanding data requirements and sourcing data from service providers took an estimated five months of effort. • To add the data to the systems (i.e. source systems and credit data warehouse) via the SDLC process is expected to take additional 4-8 months to implement, and will be longer depending on the source of data. The below effort is best case scenario for our data warehouse, additional time will be needed for the source systems and service providers to make changes to their systems as well. <ul style="list-style-type: none"> ○ System Requirements (2-4 weeks) ○ Design (2-3 weeks) ○ Construction/Development (5-6 weeks) ○ Delivery (2-4 weeks) ○ Testing (5-8 weeks) ○ Implementation (1 week) 	<p>Inability to perform formal SDLC process, including analysis, requirements, system build, and UAT; updates to initial instructions impact SDLC process. As updates and changes to the initial instructions occur further along in the SDLC process, the impact on time, resources, and other constraints increases exponentially</p>	<p>Increased potential for data integrity issues, data submission delays, increased number of correspondence with FIs to provide clarification</p>
<p>II.E. Timelines for review and identification of data issues from FRB is unclear (feedback may come months after submission)</p>	<p>1. Input from May FR Y-14M data reviewed in June 2013 is not received until November 2013.</p> <p>2. On 9/3/2013 an FI received questions from the FRB on our 3/31/2013 Supplemental submission which was uploaded to Intralinks on 5/23/2013. The FI was required to respond to the question within five days of receipt.</p>	<p>Feedback could impact multiple submissions since the identified issue from the Federal Reserve; requires resource dedication to make adjustments</p>	<p>Increased potential for data integrity issues, increased volume of correspondence with FIs</p>



II. Timeline / SDLC Process

II.D Example: Change Request – Gross Credit Exposure

Summary of Project:

- Produce a single counterparty gross credit exposure report using a specific data metric

Challenges in SDLC:

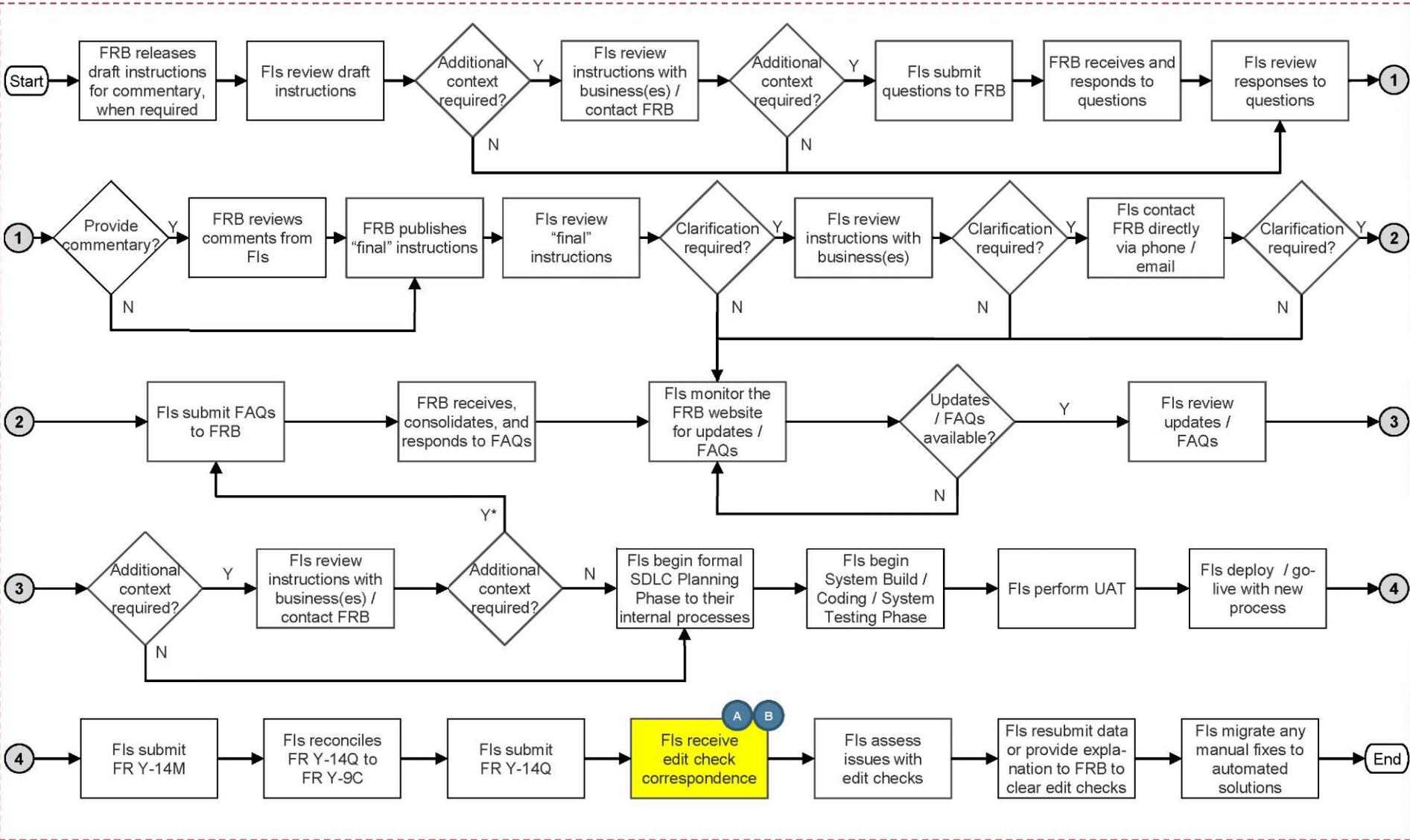
- New configuration impacted current reports in production
- Configuration updates affected Risk Reporting Asset Category Codes
- Hard-coded logic had to be replaced with automatic configuration
- Configuration flags for all outbound processes had to be consolidated
- Facility Limits previously reported by Facility Owner Customer were updated to be reported by Primary Customer
- Configuration had to be updated to include data for Credit Default Reporting

Gross Credit Exposure - SDLC Timeline	
Phase / Objective	Time Required (Weeks)
Receive Request	
Planning Phase	4
Project definition	4
Write Business Requirements and Obtain Sign-off	6
Write Technical / Systems Requirements	10
System Build / Coding and Ongoing Clarification / System Testing	6
User Acceptance Testing	5
Approval and Deployment / Go-Live	5
Quality Control / Parallel Run	12
Total	52

Note: The SDLC process varies dramatically for less and more sophisticated changes; actual timelines may range from three months to one year or more.



III. Edit Checks



Y* It should be assumed that FIs move on to begin formal SDLC process while waiting for additional response from the Federal Reserve.

III. Edit Checks

Issue	Example(s)	Impact	
		Reporting FIs	Federal Reserve
III.A. Edit check failures occur although valid business reasons exist	Please see detail on the following slide.	Increased rework, inefficient allocation of resources to confirm accurately submitted data	Increased volume of correspondence with FIs to clear edit checks
III.B. FIs experience time constraints in clearing edit checks within five days	FIs are given five days to clear all failed edit checks, however, additional time is required to navigate through multiple loan systems and research the portfolio / deal, and the resource required to perform this function may be unavailable.	Additional resources required to research and clear edit checks timely	Additional resources required to follow up with FIs on outstanding failed edit checks



III. Edit Checks

III.A. Example: Edit Check Failures

FSR, in August 2013, provided **103 edit check examples and 51 data gaps** where edit checks were triggered and business justification was provided. Examples were provided for the Corporate, CRE, USSB, USOtherCons, Auto, Home Equity, and First Lien schedules. Although certain edit checks were updated, a full listing of updated edit checks was not provided by the Federal Reserve. Specific examples from the **Corporate Schedule** are provided below:

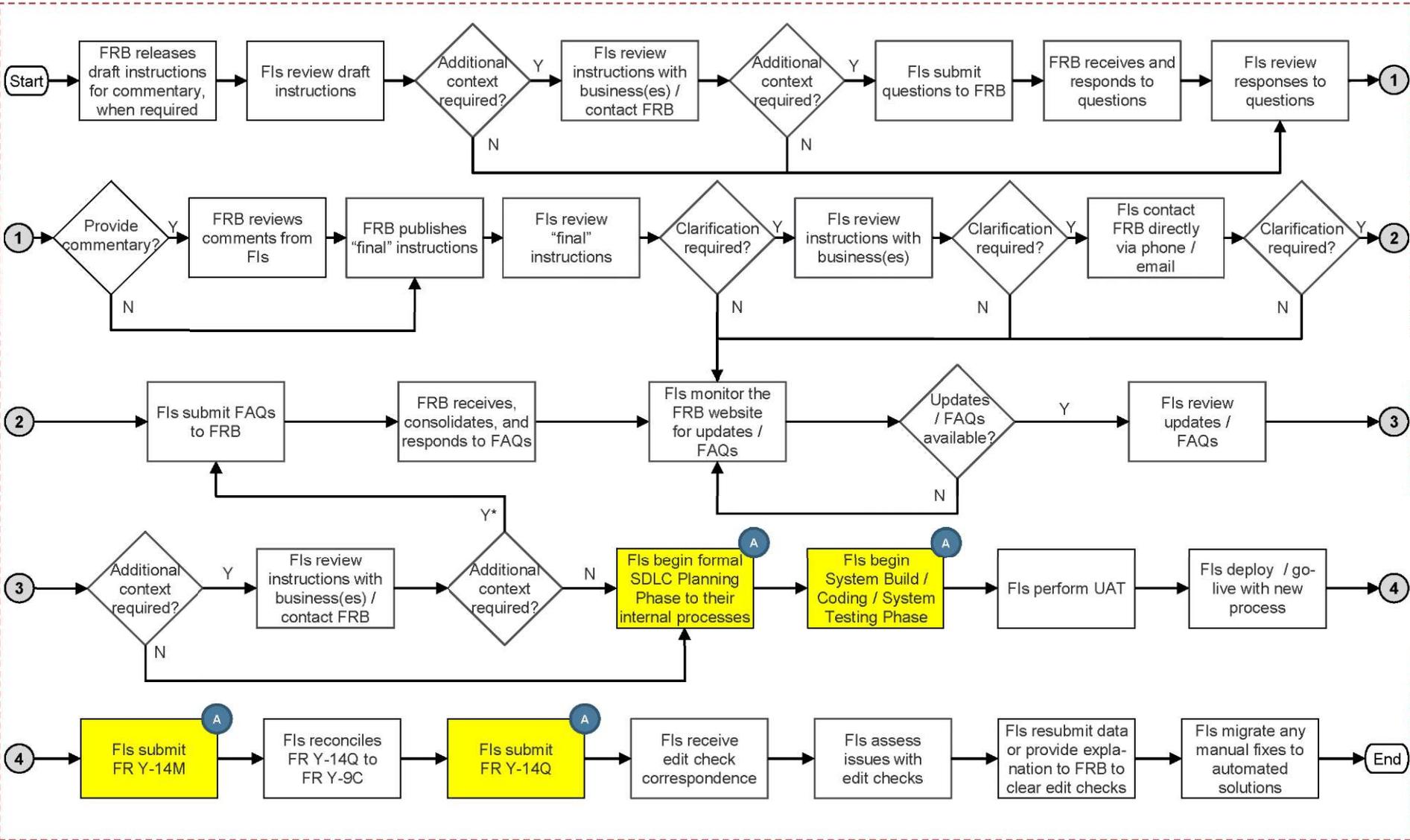
Edit #	Edit Check Issue	Edit Test	Justification / Explanation
8	Data Gap	Original Internal Obligor ID must not be null or zero	Some core banking systems do not have an "ObligorID," therefore, this is a legitimate data gap.
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189	Edit Check in Question	If NonAccrualDate is not equal to 9999-12-31, then NonAccrualDate should be prior to the MaturityDate	It is standard business practice for a loan to be placed on non accrual status after the maturity date. Non accrual date can be after maturity date if the borrower continues to pay interest after maturity or loan is in workout.

Additionally, a memo was sent from the FSR to the Federal Reserve in December 2013 indicating specific examples of “data gaps” that had business justification. Below is an example from the **Auto Schedule**:

Edit #	Issue Identified	Justification / Explanation
42	Immaterial amounts on individual loans need to be ignored	The last payment on an auto loan is often a few pennies or dollars smaller than the other monthly payments. With many customers making automatic payments and over 10,000 maturing auto loans each month it is common to have a number of loans with a small negative balance until these items are cleared.

Further, FSR can provide an additional excel spreadsheet of edit checks and provide business justification for each.

IV. Data Formats



Y* It should be assumed that FIs move on to begin formal SDLC process while waiting for additional response from the Federal Reserve.

IV. Data Formats

Issue	Example(s)	Impact	
		Reporting FIs	Federal Reserve
IV.A. Data is requested in inconsistent file formats, including csv, xml, plain text, and excel templates	Example provided below.	Additional resources required to ensure conversion of data formats does not create further issues in the final submission to the Federal Reserve	Increased potential for data integrity issues

Collections	Schedule	Format	Comments
FR Y-14Q	Edit Respondent Reports	CSV	Comma Separated Values. First line contains column headers.
FR Y-14Q	FVO/HFS	XML	Data records are required to be notated with a I, U, or D for "insert", "updated", or "delete." This logic is flawed as FIs are unaware of what resides in FRB systems and must assume the correct notation based on previously sent data.
FR Y-14Q	OpRisk	CSV	Comma Separated Values. First line contains column headers. Text Qualifiers required. Double quotes should be escaped.
FR Y-14Q	PPNR	XML	Data records are required to be notated with a I, U, or D for "insert", "updated", or "delete." This logic is flawed as FIs are unaware of what resides in FRB systems and must assume the correct notation based on previously sent data.
FR Y-14Q	Retail	TXT	Text file. Tab delimited. First line contains column headers.
FR Y-14Q	Securities	CSV	Comma Separated Values. First line contains column headers. Text Qualifiers required. Double quotes should be escaped.
FR Y-14Q	Supplemental	TXT	Text file. Tab delimited. First line contains column headers.
FR Y-14Q	Wholesale	XML	Data records are required to be notated with a I, U, or D for "insert", "updated", or "delete." This logic is flawed as FIs are unaware of what resides in FRB systems and must assume the correct notation based on previously sent data.
FR Y-14Q	Regulatory Capital Instruments	Excel	Excel template
FR Y-14Q	Regulatory Capital Transitions	Excel	Excel template
FR Y-14Q	Trading	Excel	Excel template
FR Y-14Q	MSR Valuation Schedule	Excel	Excel template
FR Y-14M	All	TXT	Text file. Pipe " " delimited. No column headers. No quotation marks should be used as text identifiers.

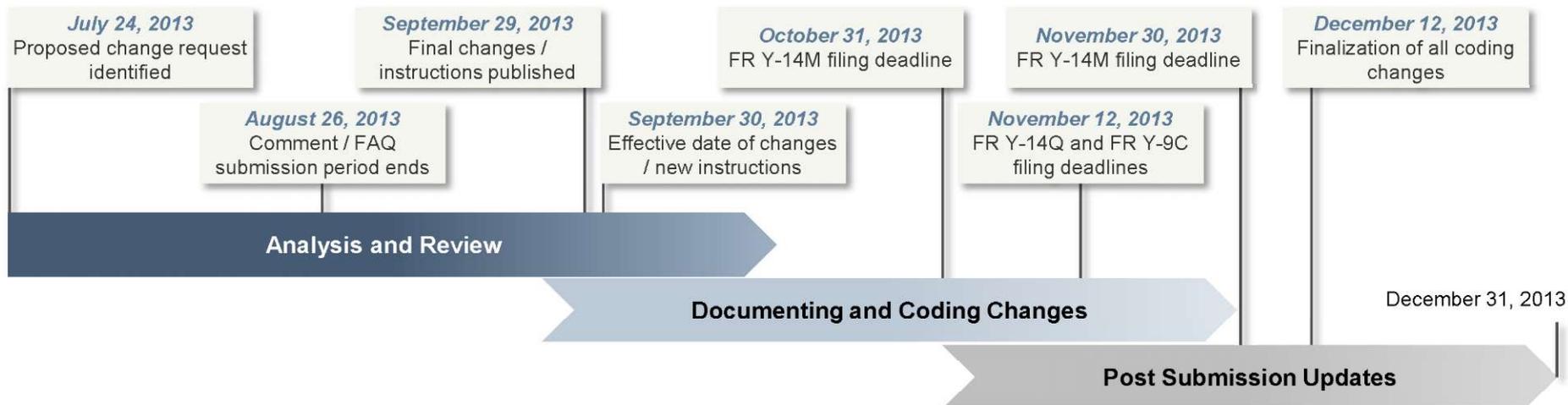


Appendix B: Data Change Request Example



Appendix B: Data Change Request Process – Example

Below outlines the September 30th FR Y-14 data change process.



- Review and interpret the proposed data request for impact and analysis
- Periodically monitor communication from the Federal Reserve and FSR for final instructions
- Document and summarize the requirements to meet the data request and present to key business partners and/or Senior Management for review

- Identify technical requirements, including database sources, technical interface requirements, data validation rules and data integrity, and documenting end-to-end data lineage and data processing requirements
- Implement temporary changes/manual repair to meet filing deadline
- Building the system, including coding and performing User Acceptance Testing (UAT) to validate changes

- Implement new data request to production, replacing temporary or manual fixes
- Monitor the Federal Reserve website to identify changes to the data submissions
- Review FAQs published by the Federal Reserve to ensure all system changes are consistent with final instructions published on September 29th

