Questions on the Call Report/Y-9

- **Line 8 All other assets** – The risk-weight columns for this line item are not sufficiently detailed to capture all of the different types of exposures fall under this caption. Below are several examples:

    - **Equity Exposures to public companies** – Column L for the 300% RW is currently gray and banks cannot therefore populate this column. However, equity holdings in public companies are subject to a 300% RW. Since there is no other place to include such exposures in the template we suggest that you allow this column to be populated.

      More generally, we note that the proposed HC-R schedule does not have a separate line item for equity exposures. Given the greatly expanded scope of the equity exposure framework under the Standardized Approach, we believe it is appropriate to include an additional line to capture such exposures. We believe this could be easily done by adding another line in the "balance sheet categories" section.

    - **All other assets** – The instructions require default fund contributions made by the bank to the central counterparties to be included in column A. This balance must then be split into the risk-weights buckets between columns B and Q. However, default fund contributions are subject to two alternative methodologies for calculating risk-weights (Method 1 and Method 2), both of which can result in risk weights not captured in columns B-Q. Can you please advise how to report the risk-weights for default fund contributions, in the event that the risk-weight categories provided in the form do not apply?

- **Line 10 Off-balance sheet securitization exposures** – Column A represents the notional amounts underlying off-balance sheet securitization exposures. For securitizations subject to the Simplified Supervisory Formula Approach (SSFA), column B represents the exposure amount of off-balance sheet securitization exposures. The edit check requires that the sum of column B and Q be equal to column A. We believe that column B should reflect the exposure amount net of the effect of collateral received; however, doing so will trigger an edit check. For example, consider an off-balance sheet securitization with a notional of $100 collateralized by $30 of cash. We would report a balance of $100 in column A, a balance of $70 in column B, and nothing in the remaining columns: this would trigger an edit check.

- **Line 11 Total Assets** – All on-balance sheet securitization exposures must be reported in line 9. However, it is possible that lines 2 through 8 could also have securitization exposures. Line 11 will therefore double count the securitization exposures that are included in line 9 and in the other on-balance sheet line items. Can you please clarify the reporting of securitizations so as to avoid this double count?

- **Line 3 & 16 Securities purchased under agreements to resell & Repo-style transactions (excluding reverse repos)** – In accordance with the section 37 of the final rule, banks must calculate the exposure amount and the Risk Weighted Assets (RWA) for repo-style transactions on a netting-set basis. A netting-set may contain transactions that are reported as assets, liabilities and off-balance sheet (as long as they are executed under the same master netting agreement), and the basis for the RWA calculation is the net exposure, adjusted for volatility and FX haircuts.

The proposed Schedule RC-R requires the reporting of repo-style transactions to be split between Assets (which are to be reported in Line "3.Federal funds sold and securities purchased under agreements to resell") and the remainder of repo-style transactions (which are to be reported in line "16.Repo-style transactions (excluding reverse repos)"). However since RWA are based on net exposure at a netting-set level (inclusive of volatility and FX haircuts), there is no obvious way of allocating the exposure between the 2 reporting lines and across the RW buckets that will tie back to the value that is required to be reported in column A (i.e. balance sheet carrying value in the case of line 3, and Notional in the case of line 16).

We suggest that, rather than attempting to reconcile RWA back to balance sheet or notional values, the reporting form should be amended to require all repo-style transactions to be reported in a single line, and for "exposure" to be the metric reported in column A.

- **Memo 2c and 2d–** Require banks to disclose notional amounts for OTC credit derivatives; historically, this balance had to meet the edit check requirements to the credit derivatives disclosure on HC-L 7. We note that the populations in memo items 2c and 2d are likely to be different, due to the inclusion of cleared OTC derivatives (i.e. client facing legs of OTC derivatives that, as clearing members, we clear on behalf of clients)? We would like to enquire whether the same edit check will continue to exist in the proposed form?