



February 18, 2016

Mr. Robert deV. Frierson  
Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> and C Streets, NW  
Washington, DC 20551

**Re: Request for the Release of Final FR Y-14 Instructions Including Technical Instructions for Changes Effective on 6/30/16**

Dear Mr. deV. Frierson:

During the past three years, the Financial Services Roundtable<sup>1</sup> has engaged with staff of the Federal Reserve Board and District Reserve Banks in a dialogue aimed at improving the FR Y-14 reporting process and the quality of the data submitted as part of the FR Y-14 reports. In connection with the latest changes in the FR Y-14 reports, we were encouraged to find that this dialogue has “assisted the Federal Reserve’s effort to continually improve its internal processes and practices.”<sup>2</sup>

We also were pleased to learn that the Board had decided to delay the implementation of the latest changes for six months so respondents could make systems changes necessary to produce the requested data. As we have noted on several occasions, a minimum six month timeframe to comply with new data requests helps to ensure that the data is accurate and useful to the Board.<sup>3</sup> A six month timeframe also minimizes the need for corrections and the burden that places on both Board staff and respondents.<sup>4</sup>

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<sup>1</sup> As *advocates for a strong financial future*<sup>™</sup>, 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.

<sup>2</sup> 81 Fed. Reg. 3413, Jan. 21, 2016.

<sup>3</sup> See, for example, Letter to Robert deV. Frierson from The Financial Services Roundtable on proposed changes to FR Y-14A/Q/M and FR Y-16, November 16, 2015, *available at* <http://fsroundtable.org/fsr-comment-on-federal-reserve-fr-y-14-information-collection/>, “A six-month period following the finalization of the reporting and technical requirements would allow reporting companies to adhere to standard software development life cycles (SDLC). This includes writing requirements, establishing project timelines, update coding, mapping, validation, scheduling releases to production, testing and changes to affected reporting structures.”

<sup>4</sup> Letter to Robert deV. Frierson from The Financial Services Roundtable and the American Bankers Association on proposed changes to FR Y-14A/Q/M and FR Y-16, September 14, 2014, *available at* <http://fsroundtable.org/fsr-aba-comment-fr-y-14-reporting-process/>, “The accuracy of data submissions is enhanced when reporting companies are able to establish governance structures and software systems for

We find it necessary, however, to address the manner in which the six month time period is calculated. The most recent changes to the FR Y-14 reports were noticed in the Federal Register on January 21, 2016. Yet, as of today, respondents have not received either the final instructions or the technical instructions associated with the changes. As a result, the promised six month compliance period has been reduced to five months – or less.

As we noted in our comment letter related to the most recent changes to the FR Y-14 reports, the six month time period should not start until after all instructions, including technical instructions, have been communicated to respondents:

It also is important that the effective date for changes be delayed until all technical instructions related to proposed changes are finalized... Reporting companies cannot make the systems and process changes needed to comply with a change in a schedule until after the technical requirements are finalized.<sup>5</sup>

The technical instructions, in particular, dictate the manner in which data is ***captured, transported, validated, and assessed***. These instructions typically consist of four key documents:

(1) A Data Dictionary, which dictates the manner in which data must be ***captured***. For every data element, the data dictionary also specifies critical information such as technical field name, field format and data type, whether or not an element is a primary key or if it is a derived item, and the applicable collection period;

(2) The XML Schema, which is a file that defines how data elements are ***stored, transported and validated***. This file describes a set of rules to which an XML document must conform in order to be considered valid according to that schema. The Board requires XML data files to be validated against a prescribed schema. This impacts whether the XML data can be loaded successfully to the Board's system;

(3) Edit Checks, which are Board prescribed rules that are run against FR Y-14 schedules (submission files). Using rules-based testing, edit checks ***assess*** a respondent's data on several fronts – syntax (tests for proper data type and format), validity (tests for data accuracy, i.e. "the condition must be true"), and quality (tests for data accuracy and reasonableness, i.e. "the condition should be true"). Edit checks also monitor for unusual period over period changes in data and for discrepancies against another report series. Also, like the data dictionary, an

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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."

<sup>5</sup> Letter to Robert deV. Frierson from The Financial Services Roundtable on proposed changes to FR Y-14A/Q/M and FR Y-16, November 16, 2015.

applicable edit period (effective start and end dates) is specified to advise when a rule is active. This is critical to know should data need to be resubmitted; and

(4) FR Y-14 Q/A Technical Submission Instructions, which explains the submission process and subtleties of XML files – creation and validation procedure, submission/resubmission (e.g., Transtype details), file naming conventions, version conventions, primary key rules, and provides technical guidance on “Respondent Edit Reports” files.

Respondents cannot make the systems and other changes needed to capture the requested data until these instructions are provided.

In summary, we urge the Board to release the final instructions and technical instructions associated with the schedule changes in effect for June 30, 2016 by February 26, 2016. In addition, we request the Board to consider delaying the implementation of these changes until September 30, 2016. This will provide respondents with the agreed upon 6-month implementation period to update reporting systems and ensure the quality of data provided to the Board.

We also would like the Board to confirm that there will be no further changes to technical instructions for the FR Y-14A schedule for the CCAR 2016 reporting cycle.

Sincerely,

A handwritten signature in black ink that reads "Rich Foster". The signature is written in a cursive, slightly slanted style.

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

cc: Daniel K. Tarullo, Governor, The Board of Governors  
Michael Kraemer, Acting Director, Office of the Chief Data Officer  
Nuha Elmaghrabi, Office of the Chief Data Officer