



November 20, 2015

Mr. Robert deV. Frierson
Secretary
Board of Governors of the Federal Reserve System
20th Street & Constitution Avenue, N.W.
Washington, D.C. 20551

Re: Proposed Agency Information Collection Activities; Comment Request: Proposal to Revise and Extend the Banking Organization Systemic Risk Report (80 Fed. Reg. 50623 (August 20, 2015)) – OMB No. 7100-0352.

Mr. Frierson:

The Clearing House Association L.L.C. (“**The Clearing House**”)¹ appreciates the opportunity to provide additional clarification questions for your consideration² in response to the proposed revisions (the “**Proposal**”) by the Board of Governors of the Federal Reserve System (the “**Federal Reserve**” or the “**Board**”) to the Banking Organization Systemic Risk Report (the “**FR Y-15**” or the “**Y-15 Report**”) and the instructions thereto (the “**Instructions**”). Our October 2015 Comment Letter contained an Appendix with technical clarifications and noted that The Clearing House would be submitting a supplementary letter containing additional requests for clarifications of the Proposal. Contained in Appendix A of this supplemental comment letter are those additional requests for clarifications to the Instructions.³

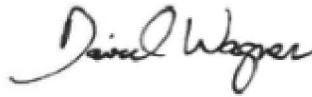
¹ Established in 1853, The Clearing House is the oldest banking association and payments company in the United States. It is owned by the world’s largest commercial banks, which collectively hold more than half of all U.S. deposits and which employ over one million people in the United States and more than two million people worldwide. The Clearing House Association L.L.C. is a nonpartisan advocacy organization that represents the interests of its owner banks by developing and promoting policies to support a safe, sound and competitive banking system that serves customers and communities. Its affiliate, The Clearing House Payments Company L.L.C., which is regulated as a systemically important financial market utility, owns and operates payments technology infrastructure that provides safe and efficient payment, clearing and settlement services to financial institutions, and leads innovation and thought leadership activities for the next generation of payments. It clears almost \$2 trillion each day, representing nearly half of all automated clearing house, funds transfer and check-image payments made in the United States. See The Clearing House’s web page at www.theclearinghouse.org.

² See, The Clearing House comment letter dated October 19, 2015 (the “October 2015 Comment Letter”). Available at www.theclearinghouse.org.

³ Capitalized terms used but not otherwise defined herein shall have the same meaning ascribed to them in the October 2015 Comment Letter.

We appreciate the opportunity to provide additional questions for clarification on the Proposal. We would welcome the opportunity to discuss these further with you at your convenience. If we can facilitate arranging for those discussions, or if you have any questions or need further information, please contact me at (212) 613-9883 (email: david.wagner@theclearinghouse.org) or Ryan Pozin at (212) 613-0135 (email: ryan.pozin@theclearinghouse.org).

Respectfully Submitted,



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Schedule A

- a) **Line Item M.1, Securities received as collateral in securities lending.** This item in the Proposal directs reporting firms to calculate the average value of securities included in item 1(a) that have been received as collateral in principal securities lending transactions but have not been rehypothecated or sold using daily data. The change to an average using daily data would pose significant operational challenges. This item is requested only for informational purposes (*i.e.* it does not affect a bank's G-SIB score) and using quarter-end values will not diminish the value of the reported data in a significant way nor will it impact the Board's objective of monitoring systemic risk. In conclusion, we request that the Instructions be amended to require reporting firms to calculate this item as of quarter-end rather than an average using daily data for each quarter.
- b) **Line Item M.2, Cash collateral received in conduit securities lending transactions.** This item in the Proposal directs reporting firms to calculate the average cash collateral received in conduit securities lending transactions using monthly data. The Instructions describe "conduit securities lending transactions" as when a bank borrows securities from one party and directly on-lends the identical securities to another party, acting as a "riskless intermediary" between the security owner and the ultimate borrower. We request the Board clarify the circumstances under which reporting firms would need to report the receipt of cash collateral, since the collateral is immediately passed through to the security owner under such an arrangement.

Schedule B

- a) **Definition of Financial Institution.** Schedule B directs reporting firms to "include special purpose entities that are part of a consolidated financial institution." To identify such entities, a manual review of all special purpose entity counterparties would be required and a determination made as to whether each of them was a consolidated entity of a financial institution, which is not public information. We request that the Instructions be amended to exclude special purpose entities as it is operationally unclear how accurate reporting could be accomplished otherwise.
- b) **Line Item 17, Certificates of Deposit.** The definition of a certificate of deposit for the Report references the FR Y-15 Instructions Glossary which in turn references the FR Y-9C reporting instructions glossary.⁴ However, the FR Y-9C discusses "time deposits, time certificates of deposit" and "time deposits, open account" without clearly distinguishing what differentiates these instruments. Furthermore, the FR Y-9C definitions rely on market practices for certificates of deposit which continue to evolve over time. Specifically, it is not clear what distinguishes "time certificates of deposit" from "time deposits, open account," which might lead a reporting firm to incorrectly report total time deposits. We request that the Instructions provide additional clarity with respect to which instrument(s) should be considered a certificate of deposit for this item by updating and aligning the definition for a certificate of deposit both in the FR Y-9C and the FR Y-15 Reporting Instructions.

⁴ See, Instructions for Preparation of Consolidated Financial Statements for Holding Companies (Reporting Form FR Y-9C), available at: http://www.federalreserve.gov/reportforms/forms/FR_Y-9C20150930_i.pdf.

Schedule C

- a) **Line 3, Assets held as a custodian on behalf of customers.** This item directs reporting firms to report the value of all assets that are being held on behalf of customers, including other financial firms, and draws some distinction among assets under custody, assets under management, and assets under administration. While the FR Y-15 Instructions reference the description of “Custody and safekeeping accounts” on Schedule RC-T, Item 11 of the Consolidated Reports of Condition and Income (Call Report),⁵ the definition of “assets under custody” on the FR Y-15 Instructions glossary references the for “Custody accounts” in the FR Y-9C Reporting Instructions glossary. As the exclusions listed on the FR Y-15 Instructions do not completely align with either the FR Y-9C Reporting Instructions glossary or with the Call Report Reporting Instructions, we request that the Board clarify which assets should be reported for this line item and more clearly align the definition to these other reports, if that is intended.

Schedule G

- a) **All lines for Short-Term Wholesale Funding.**
- i. This item directs reporting firms to report the average value calculated over the last twelve months (e.g., data reported as of March would include observations made from April 1 of the previous year through March 31 of the current year). However, the G-SIB Surcharge final rule states “To calculate its weighted short-term wholesale funding amount, a global systemically important BHC must calculate the amount of its short-term wholesale funding on a consolidated basis for each business day of the previous **calendar year** (emphasis added) and weight the components of short-term wholesale funding in accordance with Table 1 of this section.” Additionally, the G-SIB Surcharge final rule notes that “The short-term wholesale funding score will be based on the average of its weighted short-term wholesale funding amounts calculated for July 31, 2015, August 24, 2015, and September 30, 2015. These days were chosen to reduce burden on GSIBs, as GSIBs can use data that they are otherwise reporting to the Federal Reserve. **GSIBs will also use this method to compute their short-term wholesale funding score for purposes of the GSIB surcharge calculated in 2016** (emphasis added).” It is unclear which specific dates should be referenced for the short-term wholesale funding calculation for the FR Y-15 during and following the transition period. We request that the U.S. banking agencies confirm which dates should be used for the short-term wholesale funding calculation.
 - ii. This item directs reporting firms to report outstanding short-term wholesale funding transactions by collateral type and maturity. However, the Instructions do not address transactions which have been executed but have not yet settled (e.g., forward-starting trades). We request that the Instructions clarify that only settled trades are in scope for Schedule G and that executed trades which have not settled as of the report date should be excluded.
 - iii. Additionally, we request that the Instructions confirm that the definition of “short-term wholesale funding” exclude operational deposits, given that operational deposits are

⁵ See, Instructions for Preparation of Consolidated Reports of Condition and Income (Call Report), available at: http://www.ffiec.gov/pdf/ffiec_forms/ffiec031_041_200503_i.pdf.

APPENDIX A

excluded from the short-term wholesale funding score under § 217.406 of the G-SIB Surcharge final rule.