November 23, 2016

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

Re: Proposed Amendments to Capital Plan and Stress Test Rules; Docket No. R-1548; RIN 7100 AE-59

Dear Mr. Frierson:

The Financial Services Roundtable[1] and the American Bankers Association[2] (the Associations) appreciate the opportunity to submit these comments on the amendments to the capital planning and stress test regulations proposed by the Federal Reserve Board (Board) in a notice published on September 30, 2016 (NPR).[3]

The Associations recognize that the capital planning and stress testing regulations have been valuable tools in strengthening the capital positions and risk management capabilities of bank holding companies. We also appreciate the Board's stated intent to help ensure that large, noncomplex firms are not forced to "over-invest in stress testing and capital planning processes that are unnecessary to adequately capture the risk of these firms."[4] The issuance of Supervision and Regulation Letters 15-18 and 15-19 was a useful step in tailoring the implementation of the regulations, and the proposed amendments to the capital planning and stress testing regulations would be a further step in that direction.[5]

[1] As *advocates for a strong financial future™,* the Financial Services Roundtable (FSR) represents nearly 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 $54 trillion in managed assets, $1 trillion in revenue, and 2 million jobs.
[2] The American Bankers Association is the voice of the nation's $16 trillion banking industry, which is composed of small, regional and large banks that together employ more than 2 million people, safeguard $12 trillion in deposits and extend more than $8 trillion in loans.
[3] 81 Fed. Reg. 67239 (Sept. 30, 2016).
[4] 81 Fed. Reg. 67241.
[5] Footnote 1 to the NPR states that the changes in the proposed rule would also apply to any nonbank financial company supervised by the Board that becomes subject to the capital planning and stress test requirements pursuant to a rule or order of the Board (as well as to U.S. intermediate holding companies of foreign banking organizations in accordance with the transition provisions under the capital plan rule and subpart O of the Board's Regulation YY

We believe, however, that some revisions are needed to the proposed amendments in order to achieve the improved supervisory and management focus intended by the Board as well as the regulatory burden relief envisioned by the Board. Therefore, this letter makes several recommendations for revising and clarifying the proposed amendments. Our recommendations are summarized below and are discussed in greater detail in the balance of the letter.

RECOMMENDATIONS

- **Supervision** - We recommend that the Board clarify that the proposed "regular" supervisory review process and the "targeted" horizontal reviews for large and noncomplex bank holding companies be based upon the Board's standard inspection program and existing horizontal review programs. This clarification would allay concerns that the proposed supervisory process might differ from standard bank holding company examination procedures.

- **Documentation** - We recommend that the Board clarify that large and noncomplex bank holding companies do not need to maintain excessive documentation to support the capital planning process, including methodology and other documents that would not otherwise be maintained by such companies. Without this clarification, the proposed amendments could be read to impose an even greater documentation burden on large and noncomplex bank holding companies than exists today since these companies could be compelled to maintain documentation on a constant basis in order to be prepared for supervisory requests.

- **Regulatory Reporting** - We support the proposed changes in the FR Y-14 reporting schedules. However, we believe that the Board overestimates the reduction in reporting burden that will occur based upon the proposed changes. Therefore, we recommend an even greater increase in the materiality threshold and additional changes to current FR Y-14 reporting requirements.

- **Definitions** - We recommend that the Board apply a risk-based approach to companies and to nonbank assets above the dollar thresholds. These changes would ensure that the definitions are based upon risk and complexity, not simply asset size.

- **De Minimis Exception** - We recommend that the Board retain the 1% de minimis threshold and permit de minimis and off-cycle capital actions during the proposed blackout period. Without this option, bank holding companies will be unnecessarily restricted in their ability to address unforeseen market events.

QUALITATIVE CRITERIA

(12 CFR part 252)). In light of the fact that the capital regime for nonbank financial companies designated for Board supervision has not yet been put in place, we believe it is essential that, before imposition of this rule on such companies, the Board provide notice and an opportunity for comment and appropriately tailor the rule to take account of the differing financial and risk profiles of the affected companies.

We support the elimination of qualitative criteria as a basis for objection to a capital plan submitted by a large and noncomplex bank holding company.

Beginning with the 2017 Comprehensive Capital Analysis and Review (CCAR) cycle, the Board is proposing that large and noncomplex bank holding companies no longer be subject to the provisions in the Board's capital planning regulation that permit the Board to object to a firm's capital plan based on qualitative criteria (i.e., assumptions, analysis, and methodologies). Instead, the Board is proposing to evaluate the strength of a large and noncomplex company's capital planning process through the "regular" supervisory process and "targeted," horizontal reviews of particular aspects of capital planning.

The Associations support these changes. Removing the provisions for objecting to a plan in CCAR based upon qualitative criteria would reduce much of the uncertainty currently associated with the capital planning process and would enable supervisors and management to focus on the most important indicators of performance under the stress scenarios. Additionally, subject to our recommendations related to the design of the proposed supervisory review (see below), we believe that assessing a company's capital planning process through the "regular" supervisory process and "targeted" horizontal reviews would allow for a more real-time assessment, and reduce the compliance burden for large and noncomplex bank holding companies as well as make more effective use of Board and Reserve Bank personnel resources.

SUPERVISION

We recommend that the Board clarify that the proposed "regular" supervisory review process and "targeted" horizontal reviews for large and noncomplex bank holding companies will be based upon the Board's standard inspection program for bank holding companies and existing horizontal review programs.

In the preamble to the NPR, the Board states that the proposed process for reviewing qualitative criteria for large and noncomplex bank holding companies would be conducted through the "regular" supervisory process and "targeted" horizontal assessments. The Board also states that compared to the CCAR, this approach "is expected to be more limited in scope... [and] focus on the standards set forth in the capital plan rule and SR Letter 15-19." Furthermore, the Board states that, in advance of a review, a company would receive a supervisory communication that describes the scope of the review, and that the review would occur in the quarter following the CCAR qualitative assessment for large and complex bank holding companies. We recommend that the final rule provide additional detail around this supervisory review process.

Specifically, we recommend that the Board clarify that the "regular" supervisory review process is intended to mean the standard inspection program for bank holding companies, including (1) the delivery of a first day letter sufficiently in advance of the examination, (2) standard procedures for communicating with management and directors during the examination, (3) standard procedures for communicating supervisory findings and matters requiring attention

(MRAs), and (4) standard time frames for addressing MRAs.[6] Such a clarification would allay concerns that the supervisory process might differ from standard bank holding company examination procedures. It also would facilitate the supervisory review process since large and noncomplex bank holding companies are familiar with the standard inspection program.

Additionally, we recommend that the supervisory communication to companies be transmitted sixty days before a scheduled review and that the notice provide companies with sufficient information about the scope of the review and what documents should be produced in connection with the review. A focused first-day letter would provide direction for the examination and avoid excessive documentation in areas outside the scope of the examination. A focused first-day letter also would ensure that a company provides the clearest documentation possible of the portfolios that examiners want to review, and that the materials are organized properly. Identifying areas of focus also will help to prevent duplication within the documentation.

With respect to the targeted horizontal review, we recommend that this review be patterned after other horizontal reviews, such as the shared national credit program and the liquidity horizontal review. Those other horizontal reviews are narrow in scope and provide companies with sufficient time to prepare for, and respond to, a review. We also recommend that a targeted horizontal review related to capital planning be timed to avoid overlap with these other horizontal reviews. Otherwise, companies will face an unreasonable compliance burden.

Finally, we recommend that the Board clarify the relationship between the horizontal review teams and local Reserve Bank examiners. We realize that a horizontal review can promote consistent application of requirements and supervisory expectations. However, in the capital planning process, our members have experienced situations in which they receive guidance from a local central point of contact (CPC) team that presents expectations that are inconsistent with those communicated by a horizontal team. This results in either the expense of extra resources to reach an unnecessary standard or, in the case of not meeting the horizontal team's standards, an unexpected MRA. Such inconsistencies within the Federal Reserve System can cause companies to spend valuable time and resources in responding to competing supervisory requests and expectations and unnecessarily tax the time and resources of supervisory personnel.

DOCUMENTATION

We recommend that the Board clarify that large and noncomplex bank holding companies do not need to maintain excessive documentation to support the capital planning process, including methodology and other documents that would not otherwise be maintained by such companies.

In conjunction with the proposed changes in the supervisory review process discussed above, the Board is proposing to remove the requirement that large and noncomplex companies include in their capital planning submission documentation related to models, model inventory mapping, methodology documentation, model technical documents, and model validation

[6] Bank Holding Company Supervision Manual §5000.

documentation. In the preamble to the NPR, the Board notes that this change "should reduce" the resources needed to prepare a plan for submission.

We welcome and support a reduction in all unnecessary documentation requirements associated with capital planning. The supplementary materials currently produced run thousands of pages and impose significant burdens on both company personnel, who prepare the material, as well as Board and Reserve Bank personnel, who must review the material.

We are concerned, however, that this proposal may not achieve the degree of burden reduction envisioned by the Board. In fact, the proposal could be interpreted to impose an even greater burden upon companies than exists today. The preamble to the NPR states that companies still would be required to develop these materials and make them available to supervisors "upon request," including during a regular supervisory review of a company's capital planning process. The obligation to have supplementary capital planning documentation (i.e., methodology documentation) available "upon request" would require a company to maintain the documentation continuously. This obligation poses an excessive compliance burden on large and noncomplex bank holding companies, which the NPR effectively notes as unnecessary.

In order to avoid this outcome, we recommend that the Board clarify the on-going documentation requirements for large and noncomplex bank holding companies. Specifically, we recommend that the Board specify what documents it expects companies to maintain and how frequently that documentation needs to be refreshed. We also recommend that the Board expressly provide that companies do not need to maintain methodology documents, including PPNR methodology documents and consolidated pro-formas that have been required in the capital planning submission. Methodology documentation typically is not required in regular supervisory reviews; instead, examiners ask methodology questions in meetings, and company representatives provide answers orally. As noted above, we recommend that the Board adopt this same format in the on-going supervisory review process.

Additionally, we request that the Board identify other documents that companies would not need to maintain as part of the supervisory review process. We believe that governance materials, meeting minutes, policies, procedures, model documents, and capital plans should be sufficient to give the Board a holistic view of the company's capital planning process. We recommend that the documents required as part of the horizontal review be limited to those items. We also request that the Board clarify whether it is expecting any documents on the April 5th submission date, other than the FR Y-14A schedules.

We recognize that some of the documentation currently submitted is required under Supervision and Regulation Letter 11-7 (SR 11-7). Therefore, we respectfully suggest that, in conjunction with the implementation of the changes proposed in the NPR, the Board undertake a review of the requirements in SR 11-7, especially the broad definition of a "model" that is used in the letter. Our members have found that the definition of a "model" captures items that have little, if any, impact on a company's operations. Moreover, in the five years since SR 11-7 was issued, model validation techniques have evolved, so a reassessment of the requirements in that letter is timely.[7]

In the implementation of the proposed amendments, we also urge the Board to engage with the other federal banking regulators to promote consistency in reference to the capital planning changes adopted by the Board and in the supervisory policies and practices of those other agencies.

REGULATORY REPORTING

<u>We support the proposed changes in the FR Y-14 reporting schedules, but we believe that the Board overestimates the reduction in reporting burden</u>.

The Board is proposing to modify the FR Y-14 reporting schedules by raising the materiality threshold for filing schedules on the FR Y-14Q report and the FR Y-14M report for large and noncomplex companies, changing the modeling losses on material portfolios, revising the instructions to Appendix A of the FR Y- 14A, and eliminating certain reporting items in the FR Y-14A report. We support these proposed changes and recommend that any schedules to be eliminated should be eliminated as of December 31, 2016.

The proposed changes would help to reduce the reporting burden associated with the FR Y-14 schedules and ensure that the Board is receiving valid and relevant data. We note, however, that these changes are limited to only a few of the annual schedules and provide only a limited reduction in the reporting burden. As discussed further below, there are other changes the Board could make to the FR Y-14 reports that achieve greater burden reduction without diminishing the utility of this data, thereby enhancing supervisory and management focus on more important information.

We support an increase in the materiality threshold. However, contrary to the burden reduction estimates in the NPR, we do not believe that the proposed increase will produce much, if any, reduction in the reporting burden for existing filers who have breached the 5% threshold.[8] Thus, we recommend that the Board further increase the materiality threshold above 10%, given that this level of tier 1 capital is a relatively small amount for most large and noncomplex companies.

During our discussions regarding the NPR, members of the Associations indicated that they would be unlikely to stop submitting a portfolio as a result of the proposed change in the threshold. As a consequence, we doubt that the proposed increase will be significant enough to justify any changes in reporting. Moreover, companies are concerned that if they were to cease reporting, and subsequently resume reporting after crossing the new materiality threshold, they would be required to produce historical data, which would be both time consuming and

[7] In clarifying the documentation requirements for large and noncomplex bank holding companies, the Board also should review, and, as appropriate, revise the documentation provisions in Supervision and Regulation Letter 15-19.
[8] We acknowledge that the proposed increase would lessen the filing burden for companies that have yet to breach the 5% threshold since such companies could delay filing until a later point. Nonetheless, for the reasons cited above, we request an increase in the threshold beyond the 10% level proposed in the NPR.

expensive. We recommend that the Board clarify that historical data would not be required in such an event and that data would only need to be reported prospectively.

For modeling losses on the portfolios held by large and noncomplex companies, the Board is proposing to apply the median, rather than the 75th percentile, loss rate from supervisory projections based on reported data. This proposed change is intended to ensure that companies are not discouraged from using the increased materiality threshold. This is a wise and appropriate step, so much so that we recommend that the median loss assumptions be applied to nonmaterial portfolios at all CCAR bank holding companies.

We recommend additional changes to the FR Y-14 reports.

In addition to the changes proposed in the NPR, we recommend that the Board make the following additional changes with respect to the FR Y-14 reports for all filers.

Remove A.7c PPNR Metrics Worksheet and A.2.a.Retail Balance & Loss Projections from the FR Y-14 A Summary. The PPNR Metrics Worksheet covers data, such as staffing levels, that are not material to the balance sheet. The Retail Balance & Loss Projections provide little incremental information beyond what is currently provided in the balance sheets and income statement. We recommend that these schedules be eliminated.

Remove G. Retail Repurchase Exposures Schedule from the FR Y-14A. Removing this schedule would be consistent with the Board's proposal to remove the Retail Repurchase Projections Worksheet from the FR Y-14A Summary.

Eliminate the FR Y-14A Sch D. Regulatory Capital Transitions template. This template provides a five-year forecast that reflects the revised regulatory capital rules on a fully phased-in basis. However, the 2017 CCAR traditional nine-quarter projection period will include the first quarter of 2019, by which time the transition provisions will be fully phased in for CET 1. Thus, we recommend that this template be eliminated for the 2017 CCAR. If the Board finds the template beneficial for the enhanced supplementary leverage ratio, or the supplementary leverage ratio, we propose that the template apply only to those companies subject to those ratios.

Move the FR Y-14M schedules (First Lien, Home Equity, Address Matching and Retail Credit Card) to a quarterly basis, with an "as of quarter end" reporting period, and align the Retail Quarterly schedules (US Auto, US Other, USSB, etc.) to an "as of quarter end" reporting period. Moving the monthly retail schedules to a quarterly basis would significantly lessen the reporting burden placed on bank holding companies, provided these schedules are reported with a quarterly "as of" date. Simply moving the filing to a quarterly schedule and requiring three months of data would have minimal impact on an institution's overall reporting burden. In addition to significantly alleviating the reporting and data collection burden on a bank holding company, a move to quarterly reporting would allow companies to better work with the Data Aggregator on the large number of edit checks and associated exceptions (which are often false positives) that require research each month. Oftentimes, bank holding companies must simultaneously research and respond to the prior month's exceptions and questions as they complete and submit the current month's schedule.

Raise or establish new minimum edit check exception thresholds for FR Y-14 reports and expand the issue closure functionality across all FR Y-14 reports. Currently, edit check exception thresholds for the FR Y-14M reports are set at extremely low levels, and there are no minimum thresholds for the FR Y-14Q reports. Exception tolerances at such low levels impose a significant compliance burden on respondents. For example, in the FR Y-14M First Lien and Home Equity schedules alone there are 318 edit checks that are data quality related and have an exception threshold of 0%, 0.01%, or 0.10% of the reported population. Edit checks such as these account for approximately half of the total edit checks for these portfolios, and require a great deal of ongoing research and explanations, but do not provide respondents or supervisors with any operational benefit due to the immateriality of the issues. We recommend that the Board establish a minimum floor for edit check exception thresholds of 1% for these and other similar edit checks across FR Y-14 reports. Such a minimum would significantly reduce the burden for respondents without compromising the quality of the data. Similarly, for the FR Y-14Q reports, we propose establishing edit check thresholds where no thresholds exist. In those cases, the thresholds could be commensurate with the exposures reported. This would limit the amount of research on exceptions that companies must conduct each quarter in order to provide substantive responses to the edit checks. Our members also believe that there are still a number of edits that are portfolio specific or that represent immaterial issues (i.e., false positive exceptions). A minimum threshold would eliminate most of these exceptions. Finally, we recommend the expansion of the "permanent closure" option across all FR Y-14 reports. Currently, this option is available for just the First Lien, Home Equity, and Address Matching (Black Knight) reports.

Reduce the FR Y-14A template and documentation requirements associated with the adverse scenario. While bank holding companies are required to forecast three scenarios provided by the Board (base, adverse, and severely adverse), greater supervisory attention is given to the base and severely adverse scenarios than the adverse scenario. Therefore, in an effort to reduce burden in areas of less supervisory focus, we recommend that the Board remove the requirement for companies to template the adverse scenario on the FR Y-14A reports for both planned capital actions and DFAST capital actions. Instead, bank holding companies could provide only final capital ratio projections for the adverse scenario. This change would meaningfully reduce the reporting burden for companies while maintaining the adverse scenario. Additionally, we recommend that the supporting documentation requirements be reduced for the adverse scenario. Reducing documentation expectations for the adverse scenario would permit supervisors and companies to focus compliance efforts and resources on the other scenarios.

Undertake a periodic, full-scale review of the data required in the FR Y-14 submissions. The Board should conduct a full assessment of the FR Y-14 data requirements every three years and eliminate schedules or data elements that are no longer needed. Given that the schedules evolve and some components may become obsolete, we believe that under such a review the Board might identify other schedules and data elements that could be eliminated because they now have little, if any, value to the capital planning and stress testing requirements. Today, the FR Y-14M and Q data reports capture over 700 variables even though most of these variables cannot be built into stress testing models. Eliminating fields that are not being utilized by the Board for stress testing purposes will remove an undue burden on companies and allow them to better prioritize their data governance.

DEFINITIONS

We recommend that the Board apply a risk-based approach to companies and nonbank assets to ensure that the definitions are based upon risk and complexity, not simply asset size.

The Board is proposing to define large and noncomplex bank holding companies as companies with total consolidated assets of less than $250 billion, foreign exposures of less than $10 billion, and nonbank assets of less than $75 billion, as of December 31 of the calendar year prior to the capital planning cycle. While we appreciate the efforts by the Board to tailor the application of the capital planning requirements to large and noncomplex bank holding companies, we recommend that the Board consider applying a risk-based approach to distinguish between noncomplex and complex bank holding companies rather than rely on fixed-dollar thresholds.

Two of the proposed thresholds (the $250 billion asset threshold and the $10 billion foreign exposures threshold) were developed over a decade ago in connection with the Basel capital framework. The practice of identifying risk has evolved since those thresholds were established, and it is now generally accepted that risk-based criteria provide a better measure of risk than asset size. The proposed $75 billion threshold for nonbank assets, for example, could capture certain institutions that do not have complex business models.

Fixed dollar thresholds also will result in "cliff' effects for companies near the thresholds. These effects could cause some companies to take actions simply designed to avoid the thresholds, and companies that cross the threshold suddenly could find themselves in a new supervisory category without any concomitant increase in their real-world risk profile.

To overcome these problems with the proposed thresholds, we recommend that the Board apply a risk-based assessment to companies and to nonbank assets. This change would ensure that the regulations are tailored based upon risk and complexity, not simply dollar amounts. For example, the Board could develop an approach under which a company that crosses a threshold would be subject to a risk analysis to determine whether the company could continue to be treated as a large and noncomplex company. Likewise, in the case of nonbank assets, the Board could assess the risk of the assets according to the relevant risk weight under current capital rules, the treatment of the asset under national bank investment rules, or the treatment of the asset under the new liquidity standards such as the liquidity coverage ratio. If the Board were to pursue this approach, we believe that the dollar thresholds that trigger the risk assessment must be set higher than the currently proposed thresholds. We further would propose that the criteria and the procedures for making these risk-based assessments should be developed through public notice and comment.

TRANSITION

<u>We support the proposed transitional compliance periods for companies that cross the $50 billion consolidated asset threshold</u>.

The Board is proposing to set September 30th of each year as the effective date for compliance with the capital planning and stress test regulations. Consequently, if a company crosses the existing $50 billion threshold[9] in the last quarter of a year, it would have approximately eighteen months before it would be required to submit its first capital plan, and two and one-half years before it would be subject to the stress test rules. The Associations support this change as it will give companies that cross the asset threshold adequate time to comply with the regulations more effectively.

DE MINIMIS EXCEPTION

<u>We recommend that the Board retain the 1% de minimis threshold and permit capital actions during the proposed blackout period</u>.

The Board is proposing to reduce the amount that may be distributed under the de minimis exception to 0.25% of a company's tier 1 capital, as of April 1, 2017. In the preamble to the NPR, the Board states that this change is intended to discourage the use of the de minimis exception as an automatic add-on to previously approved plans.

We appreciate this objective, but we believe that the current 1% threshold already is low and that the change would restrain a company's ability to address unforeseen events, such as changes in economic conditions, market disruptions, and mergers and acquisitions, including mergers and acquisitions encouraged by regulators based on market conditions. Additionally, any request to exercise the de minimis exception is subject to a 15-day notice and non-objection process. Thus, the Board has the authority to object to distributions that it determines to be inappropriate. Furthermore, the NPR does not cite any evidence that companies that have relied on the de minimis exception under the current rule have fallen below prudent capital levels or otherwise become more vulnerable to financial distress. For these reasons, we respectfully submit that the Board has not made the case for this change and we recommend that the Board not reduce the current de minimis amount.

We also recommend that the Board permit the use of the de minimis exception and accept off-cycle requests during the proposed blackout period. As noted above, unforeseen events could arise that justify capital actions during the blackout period. Supervisory discretion applied on a case-by-case basis by the Board and/or Reserve Banks could ensure that such a policy is not abused.

Should the Board wish to pursue a change in the de minimis exception and to impose a blackout period, we urge the Board to postpone changes until they could be considered within

[9] The comments that we have made about the simplistic and outdated use of the asset thresholds in the definition of large and noncomplex bank holding companies and the calculation of nonbank assets also apply to reliance on the $50 billion threshold, though we recognize that to a significant degree that benchmark has a basis in legislation.

the context of the stress capital buffer proposal that the Board is expected to publish for comment next year. Such a delay would permit both the Board and the members of the Associations to evaluate any changes within the broader framework of the stress capital buffer proposal.

ADDITIONAL QUESTIONS

Global Market Shock

1. Please clarify that that large, noncomplex bank holding companies will not be subject to the global market shock (GMS) and counterparty components in stress testing. This clarification would be consistent with the establishment of tailored standards for companies that are noncomplex.

2. The Board is proposing to change the window for the selection of the GMS "as-of-date." Please confirm that this change will not impact a company's ability to use their internal data from an adjacent date that corresponds to their weekly internal risk reporting cycle?

3. Please clarify if the change in the "as-of-date" will impact the due date of either the FR-Y 14Q or FR-Y 14A submission? For example, will the FR-Y 14Q Trading template still be due 52 calendar days after the notification of the "as-of-date," or March 15, whichever comes earlier?

4. Please clarify if the proposed change in the selection of the GMS "as-of-date" will mean that the Board will release the GMS shocks earlier as well? Consistent with the Board's intention of widening the window ("*....Moreover, the change would provide additional time for both bank holding companies and supervisors to implement the global market shock scenario in a well-controlled manner*,") providing the GMS shocks earlier would provide companies additional time to implement the GMS. More generally, will the GMS shocks be released within a certain amount of time after the GMS "as-of-date" is published?

FR Y-9LP Items

1. Regarding the Board's Question #2 in section C1 (pg. 5), the question is asked if the Board should "permit firms to net intercompany exposures among all nonbank subsidiaries". If this is in reference to PC-B 15a of the FR Y-9LP, the instructions already require this step—please confirm.

2. Regarding C1 item (ii), the Board's proposal states "the total amount of equity investments in nonbank subsidiaries and associated companies as reported on line item #2a of Schedule PC-A of the FR Y-9LP report as of December 31, 2016, (except that any investments reflected in (i) may be eliminated)". Please clarify that the point in parentheses as "Investments of non-bank subsidiaries" would always reflect the underlying assets of those non-bank subsidiaries?

3. Please clarify if the proposed new line item #17 will be an annual requirement that is only required to be included in the Q1 FR Y-9LP filing? If not, can the Board please clarify the frequency of reporting for this line item?

4. Please clarify whether the initial filing of line item #17 will require an "average for the entire year of 2016" or just "as of December 2016."

CONCLUSION

The Associations appreciate the Board's efforts to tailor supervisory requirements for bank holding companies with lower systemic risk profiles. As we have described in the foregoing discussion, we believe that several changes in the proposed amendments are needed to achieve this goal. For any questions regarding our recommended changes, please contact Richard Foster, Senior Vice President and Senior Counsel for Regulatory Affairs, Financial Services Roundtable or Hugh Carney, Senior Counsel, Office of Regulatory Policy, American Bankers Association.

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