CREDIT SUISSE

November 20, 2020

Submitted via electronic mail

Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551
Attention: Ann E. Misback, Secretary
Docket No. R-1724; RIN 7100-AF95

RE: Amendments to Capital Planning and Stress Testing Requirements for Large Bank Holding Companies, Intermediate Holding Companies and Savings and Loan Holding Companies

Secretary Misback:

Credit Suisse Holdings (USA), Inc. ("Credit Suisse") welcomes the opportunity to provide comments on the proposal to tailor the capital planning requirements of the Board of Governors of the Federal Reserve System (the "Board").[1]

We appreciate the continued efforts by the Board to tailor prudential requirements for Foreign Banking Organizations ("FBOs") and their Intermediate Holding Companies ("IHCs") in a manner consistent with the Economic Growth, Regulatory Relief, and Consumer Protection Act[2] and the recently-finalized rules tailoring enhanced prudential standards to institutions' size and risk profiles ("Tailoring").[3]

Credit Suisse supports the Board's use of risk-based metrics to determine applicable regulatory standards and scope of supervisory oversight. For Credit Suisse and comparably situated FBOs, the risk-based metrics show that these institutions and their IHCs have dramatically reduced their systemic risk profiles within the U.S. since the 2008 financial crisis ("2008 Financial Crisis" or the "Crisis"). The systemic footprint of IHCs is now quite modest in the context of the U.S. financial system, although a number of U.S. regulations continue to treat them in the top tier of riskiness and potential impact to U.S. financial stability.

As discussed below, we consider the Board's ongoing Tailoring efforts essential to FBOs' ability to continue to make meaningful contributions to U.S. capital markets.[4] Additionally, Credit Suisse supports the comment letter of the IIB, which highlights in particular the challenges faced by subsidiaries

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[1] 85 FR 63222, October 7, 2020 (the "Proposal").
[2] Public Law No: 115-174, "Economic Growth, Regulatory Relief, and Consumer Protection Act," May 24, 2018.
[3] 84 FR 59032, November 1, 2019, and 84 FR 59230, November 1, 2019 (with the latter adopted by the Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation, which agencies are collectively, for the purposes of this letter, the "Federal Banking Agencies" or "Agencies").
[4] Credit Suisse supports the historical accountings and recommendations offered by the Institute of International Bankers ("IIB") and the Securities Industry and Financial Markets Association ("SIFMA" and, collectively with IIB, the "Trade Associations") in response to this Proposal.

in the U.S. markets and the need for greater recognition of home-country regulatory regimes. Credit Suisse also supports the comment letter from SIFMA, which describes the disproportionate burdens placed on capital markets firms, where multiple rounds of reform have led to a number of over-calibrated requirements.

We commend the Board on soliciting comment on "all aspects of its guidance of capital planning for firms of all sizes …, consistent with [the Board's] ongoing practice of reviewing its policies to ensure that they are having their intended effect."[5] This review is not only a prudent exercise, but a timely one in light of recent events related to the COVID-19 pandemic (the "Pandemic"), the Pandemic's impacts on the financial markets, and the actions taken by the Board and industry to mitigate the negative effects of the Pandemic.

Credit Suisse respectfully submits this letter and accompanying recommendations for the Board's consideration. We hope to further the consistent application of Tailoring principles to the Board's broader regulatory and supervisory frameworks and to account for certain lessons learned during the Pandemic.

Specific Recommendations

Common Stock Dividends	• IHCs are not like publicly-held bank holding companies ("BHCs"). Their dividends do not implicate the policy concerns motivating the dividend add-on of the stress capital buffer ("SCB"). The Board should recognize this fact by ensuring that discretionary distributions of capital by an IHC are not part of the IHC's SCB • If the Board thinks there is a need to define "common stock dividend," it should defer to that term's commonly understood definition
Supervisory Guidance on Capital Planning	• The Board should revise applicability thresholds and apply SR 15-19 to Category III firms • The Board should consider technical clarifications to SR 15-18
Supervisory Stress Test Framework	• The Board should reconsider the application of certain CCAR components to Category III firms • The Board should review the PPNR/GMS/LCD to address the unintended consequences of the Board's stress testing components
Additional Reporting Considerations	• The Board should leverage existing reporting obligations, such as Schedule F, in lieu of creating new reporting obligations • The Board should reconsider the decision to remove the materiality threshold for the A.7.b schedule

[5] Proposal at 63227.

I. Overarching Considerations

We include the considerations below to highlight that the Board must remain flexible in its approach to capital regulation to ensure capital regulation continues to provide supervisors with a "supple prudential tool" to regulate banks.[6] As the Board considers the comments of Credit Suisse and other industry participants, we encourage it to view them against the backdrop of the following policy considerations:

Incorporate Lessons Arising from the Pandemic

Build Upon the Tailoring Principles

Any discussion of potential changes to the Board's capital stress testing framework should incorporate lessons arising – and continuing to arise – from the dramatic events of the Pandemic. The Pandemic highlighted that the regulatory framework for banks constructed after the 2008 Financial Crisis, including the additional refinements made over the last few years, can withstand some of the most challenging of economic conditions.[7] Some of the most extensive post-Crisis revisions have been to increase the quantity and quality of bank capital. With the introduction of the Total Loss Absorbing Capacity ("TLAC") framework, G-SIBs and their material subgroups are required to hold even more going concern capital, with the TLAC long-term debt requirement requiring a massive "backup reserve" of gone-concern capital. Large banks are subject to routine capital stress testing to evaluate capital adequacy, as well as a bank's capital planning processes, management, and governance. As a result, the management and oversight of capital has become far more structured and sophisticated. In the Pandemic, the problems of the 2008 Financial Crisis did not recur, highlighting the underlying success of the post-Crisis reforms for both the financial system and the economy. As a result, banks have actually been a source of strength during the Pandemic.[8]

However, the Pandemic highlighted certain inefficiencies and bottlenecks arising from the post-2008 Financial Crisis regime, and more issues may emerge as analysis of Pandemic-related disruptions continues. The disruptions to date were most acute at the onset of the Pandemic in the March-April period. In the U.S. Treasury market, bid-ask spreads were at their widest since the 2008 Financial Crisis and there were massive increases in volatility. Many dealers hit position limits—in some cases internal risk limits, in other cases limits imposed by regulation—rendering them unable or unwilling to absorb significant asset sales from other market participants. As companies were increasingly unable to gain

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[6] Governor Daniel K. Tarullo, "The Evolution of Capital Regulation," November 9, 2011. Available at: https://www.bis.org/review/r111110c.pdf.

[7] Vice Chair for Supervision Randal K. Quarles, "What Happened? What Have We Learned From It? Lessons from COVID-19 Stress on the Financial System," October 15, 2020. Available at: https://www.federalreserve.gov/newsevents/speech/quarles20201015a.htm.

[8] *Id.* and *see also* Chair Jerome H. Powell, "Coronavirus and Cares Act," May 19, 2020. Chair Powell stated "Unlike the 2008 financial crisis, banks entered this period with substantial capital and liquidity buffers and improved risk-management and operational resiliency. As a result, they have been well positioned to cushion the financial shocks we are seeing."

access to traditional sources of liquidity, they turned to banks and drew on credit lines, crowding out asset capacity that could have been used for other lending purposes.[9]

The Federal Banking Agencies also had to quickly mobilize to modify a number of rules during the early events of the Pandemic.[10] While we are appreciative of the fast response of the Agencies, it would seem prudent to review these rules and consider changes that could preempt the need to review or amend these rules ad hoc during future periods of stress.

We believe some of the issues experienced during the Pandemic were exacerbated by unintended consequences of the regulatory regime implemented following the 2008 Financial Crisis. We briefly refer to two examples:

- *Pro-cyclicality.* Much of the post-Crisis reform effort was devoted to the urgent task of rebuilding a strong, credible capital regime. Less thought was given to how the system should work through the cycle. As a result, parts of the current regime operates pro-cyclically. For example, Pandemic-related volatility caused a spike in regulatory value-at-risk ("VaR"), inflating market risk capital requirements (especially for dealers) at exactly the wrong time for the markets.[11] For some types of portfolios, market risk capital requirements for an identical position doubled after the volatility of the March-April period.

- *Disparate treatment of market and credit risk.* The Board's capital stress testing framework treats market risk much more conservatively than it does credit risk. For example, there are several sectors where significant positions are held in both the trading book and the banking book, such as corporate loans, ABS, and RMBS. Trading book assets arising from these exposures are typically treated as far riskier than equivalent positions held in the banking book.[12] This treatment fails to recognize that market risk positions have important benefits; for example, they typically provide better price transparency and liquidity, attributes that should benefit solvency and effective risk management.

While issues associated with fragmentation are now well documented,[13] we believe they are highlighted by aspects of the Pandemic. FBO participation in the U.S. marketplace brings additional competition, market capacity and diversity. FBOs have historically added substantial capacity and product

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[9] FSB Chair Randal K. Quarles, "The Financial Stability Board's Roadmap for Addressing NBFI Vulnerabilities," October 23, 2020. Available at: https://www.fsb.org/2020/10/the-financial-stability-boards-roadmap-for-addressing-nbfi-vulnerabilities/.

[10] Three of the more notable examples include (1) the request from Vice Chair Quarles to alter the Collins Amendment, (2) the temporary changes to the supplementary leverage ratio, and (3) the request by a number of regulators for banks to use their buffers. *See* Letter from Vice Chair Quarles to Senate Banking Committee Chair Mike Crapo, April 22, 2020. Available at: https://www.banking.senate.gov/imo/media/doc/Fed%20Response%20to%20Crapo%204.8.20%20Letter.pdf; *see also*, the Federal Banking Agencies, "Regulators temporarily change the supplementary leverage ratio to increase banking organizations' ability to support credit to households and businesses in light of the coronavirus response," May 15, 2020. Available at: https://www.federalreserve.gov/newsevents/pressreleases/bcreg20200515a.htm; see also, Federal Banking Agencies, "Statement on the Use of Capital and Liquidity Buffers," March 17, 2020. Available at: https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20200317a1.pdf.

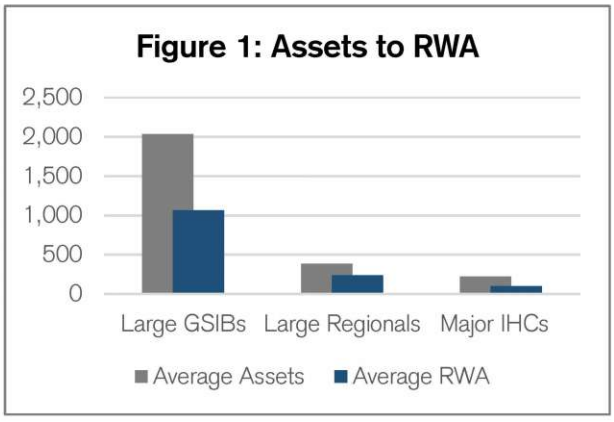
[11] This effect will be particularly steep for capital markets IHCs, because they carry a high proportion of market risk. Domestic competitors can absorb this increase over a much broader base of group capital.

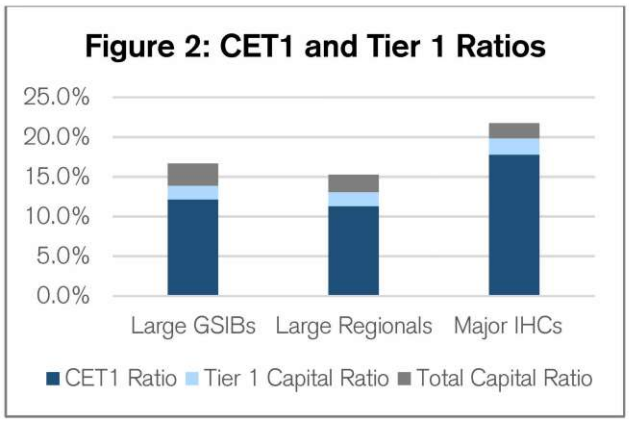
[12] SIFMA, "Global Market Shock and Large Counterparty Default Study," August 2019. Available at: https://www.sifma.org/wp-content/uploads/2019/09/SIFMA-GMS-LCD-Study-FINAL.pdf.

[13] Vice Chair Quarles, "Trust Everyone–But Brand Your Cattle: Finding the Right Balance in Cross-Border Resolution," May 16, 2018. Available at: https://www.federalreserve.gov/newsevents/speech/quarles20180516a.htm.

diversity in the capital markets.[14] Broad and deep capital markets guard against systemic risk caused by illiquidity.

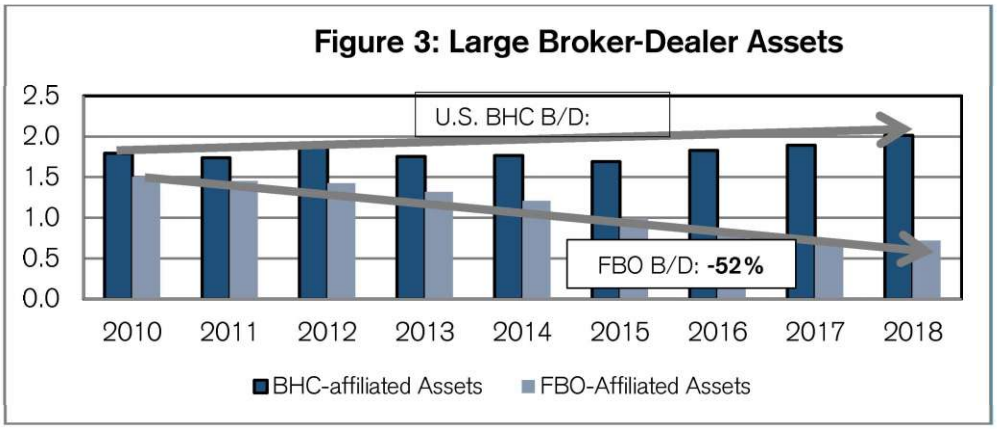
However, for capital markets-focused FBOs, the post-Crisis framework inadvertently pushed effective IHC requirements above appropriate levels, and IHC requirements often exceeded those for their domestic competitors. The accelerating decline of FBO participation in the capital markets sector has diminished the competition that FBOs provide for commercial and institutional products for U.S. customers. Despite being far smaller, and despite historically reliable parent support, the IHC sector is held to dramatically higher effective capital and TLAC standards than those of domestic competitors.[15]





Note: Major IHCs represent Category III IHCs under the Tailoring Rules: Barclays, CS, DB, HSBC, TD, and UBS. Figure 1 $ in billions.
Source: Data largely derived from Y-9C submissions except TLAC, which was based on public disclosures where available and estimated data where not available.

This decline in FBO participation in U.S. capital markets is by far the most dramatic shift in the U.S. banking marketplace:



Note: Data for affiliated broker-dealers among the top 25 in assets in 2018. FSOC 2018 annual report, tab 4.12.4. $ in trillions. 2019 data is expected in the FSOC 2019 annual report, which is likely to be published in December 2020.
Source: SIFMA, "SIFMA Insights: The Importance of FBOs to US Capital Markets," April 2019, p. 5. Available at: https://www.sifma.org/wp-content/uploads/2019/04/SIFMA-Insights-The-Importance-of-FBOs-to-US-Capital-Markets.pdf.

[14] FBOs have also provided significant "crisis management capacity" in the past. Indeed most large capital markets IHCs gained their footprint in the U.S. through acquisition of a distressed entity, thereby helping the U.S. to avoid a problem.
[15] To clarify, Credit Suisse does not attribute these trends solely to U.S. regulatory pressures, but the effects are consistent and aligned with a logical narrative.

We commend the Board for following Tailoring with a Proposal seeking to identify and address issues in supervisory capital stress testing. We have commented on specific aspects of the Proposal below. However, as indicated above, we consider that home-host regulation requires a more fundamental re-working to mitigate the disproportionate pressures precipitating the steep decline in FBO capital market operations in the U.S. Credit Suisse has written before on the need to balance host certainty with flexibility for a banking group as a whole.[16] While we welcome the Proposal, we believe that it should be viewed as a continued effort to eliminate duplicative and gold-plated host requirements that have squeezed capital markets-focused IHCs. Without taking this broader perspective, the participation of FBOs in this area will continue to languish to the detriment of U.S. capital markets.

[16] Credit Suisse, "Proposed Rules Tailoring Enhanced Prudential Standards, Applicability of Capital and Liquidity, and Resolution Planning Requirements for Foreign Banking Organizations (RIN 3064-AE96, 3064-AE93)," June 21, 2019. Available at: https://www.fdic.gov/regulations/laws/federal/2019/2019-changes-to-applicability-thresholds-3064-ae96-c-003.pdf.

II. "Common Stock Dividend" Definition

- IHCs are not like publicly-held BHCs. Their dividends do not implicate the policy concerns motivating the dividend add-on of the SCB. The Board should recognize this fact by ensuring that discretionary distributions of capital by an IHC are not part of the IHC's SCB
- If the Board thinks there is a need to define "common stock dividend," it should defer to that term's commonly understood definition

The Proposal seeks comment on whether the capital plan rule should adopt a definition of "common stock dividend." A definition of "common stock dividend" would inform the dividend add-on component of the SCB. The Proposal is not explicit about why a definition is required, but, based on wording in the preamble to the Proposal,[17] we assume the request for comment arises as returns of capital may (or may not) be included in an IHC's SCB (as a dividend add-on) depending on how the capital return is classified.

In our view, however, a return of capital's *classification* should be irrelevant to whether, as a matter of policy, the distribution should be pre-funded via the dividend add-on. The dividend add-on seeks to address a specific policy concern: when a firm pays regular, publicly announced, annuity-like dividends, any reduction in the dividend size is seen as a signal of the firm's weakness and is perceived negatively by market participants.[18] If a return of capital does not implicate the identified policy concerns, it should be treated in a manner consistent with other comparable returns of capital. To treat it otherwise would be to ignore the distribution's substance for the sake of form.

As detailed further below, the policy concerns associated with common stock dividends do not apply to IHCs. To recognize appropriately that an IHC is a subsidiary of a parent bank requires that IHCs not be subject to the dividend add-on absent some other compelling justification. Naturally, it follows that Credit Suisse suggests that adopting a definition of "common stock dividend" in the capital plan is unnecessary, and may even cause issues for banks.

IHC dividends are not like those of publicly-held BHCs. The Fed should recognize this fact by ensuring that discretionary distributions of capital by an IHC are not part of the IHC's SCB. If reducing dividend size signals weakness, banks have a strong incentive to maintain their common dividend to external shareholders, even during periods of stress. The pre-SCB CCAR regime sought to address this policy concern by imposing heightened supervisory scrutiny where a firm's capital plan implied a common stock dividend payout ratio above 30 percent.[19] The preamble to the final SCB rule noted that this criterion for heightened scrutiny "was adopted to encourage firms to increase payouts through additional share repurchases rather than dividends."[20]

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[17] 85 FR 63227, stating "The Board has observed different practices regarding the classification of dividends and share repurchases. For example, certain U.S. intermediate holding companies of foreign banking organizations have classified distributions to their parent companies as dividends, while other U.S. intermediate holding companies have classified similar distributions as non-dividend payouts. Decisions by firm regarding classifications may depend, among other things, whether the distribution is paid out of the firm's retained earnings."

[18] 85 FR 15579.

[19] 83 FR 18166.

[20] 85 FR 15579.

An IHC's capital redeployment back to its parent does not implicate the policy concern motivating the dividend add-on. An IHC is not like a publicly-held BHC. IHCs do not pay regular, annuity-like dividends. IHCs do not have external shareholders who depend on regular dividend income. A change in an IHC's dividend amount is not likely to affect future market expectations. Applying the dividend add-on to IHCs fails to recognize that a wholly-owned subsidiary does not operate like a publicly-held BHC. For example, at any point, an IHC's parent could direct the IHC to not make a dividend – without any change in market perception about the IHC.

Instead, distributions of CET1 by an IHC are functionally and economically akin to a repurchase by a publicly-held U.S. BHC. In both cases, the distributions are naturally discretionary and 'lumpy;' they carry no market expectation of future payments. Requiring an IHC to pre-fund common stock dividends puts the IHC at a disadvantage compared to a U.S. BHC. Because repurchases are excluded from the SCB, requiring an IHC to pre-fund "dividends" that are, in substance, like repurchases, inflates the IHC's SCB relative to that of a public U.S. BHC.

Inflating an IHC's SCB also impedes group-wide capital optimization. A repurchase by a publicly-held U.S. BHC is made to *external* shareholders, resulting in capital leaving the consolidated group and a change in proportionate ownership among its various shareholders. An IHC's distribution of CET1 instead goes upstream to the group, where it can be redeployed as appropriate. The ability to redistribute capital around a group is an important bulwark of resilience for banking firms, and helps them avoid shortfalls that could lead to local entity pressures. As Vice Chair Quarles noted "adequate flexibility for the parent to deploy resources where needed is likewise in the host regulator's interest."[21]

Accordingly, it does not make sense for an IHC to be subject to the dividend add-on. To recognize the differences between a wholly-owned subsidiary and publicly-held U.S. BHC appropriately, any distribution by an IHC that reduces CET1 should be treated in the same manner as a share repurchase, and thus excluded from the IHC's SCB requirement.

The Board should not create a prescriptive definition for "common stock dividend." The Proposal does not seek to explain that a definition of "common stock dividend" would be useful or necessary for the application of the SCB to U.S. BHCs. Indeed, the final SCB rule indicates a definition of common stock dividend is unnecessary for U.S. BHCs. The SCB is designed to restrict dividend increases automatically. In removing the 30 percent dividend payout ratio criterion, the preamble to the final SCB rule notes that the "criterion is no longer necessary because the final rule's automatic distribution limitations, combined with the perceived market signaling effect of dividend cuts, will sufficiently restrict dividend increases in the future."[22] We assume, then, that IHCs are the sole motivation for the Board's request for comment on this matter.

Even if IHCs are not excluded from the dividend add-on, they should continue to be allowed to classify their distributions in accordance with established accounting and corporate law principles – especially as such classifications can be important to how the IHC's parent recognizes the distribution. It would not be appropriate for the Fed to opine on the correct U.S. GAAP accounting treatment of capital distributions (which it would do, de facto, if it established a bright line definition for what would constitute a "dividend"). Deferring to existing practices provides continuity, and recognizes that an IHC's parent is the appropriate entity with discretion over the IHC's corporate governance matters.

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[21] Vice Chair Quarles, "Trust Everyone–But Brand Your Cattle: Finding the Right Balance in Cross-Border Resolution," May 16, 2018. Available at: https://www.federalreserve.gov/newsevents/speech/quarles20180516a.htm.
[22] 85 FR 15579.

III. Capital Planning Supervisory Guidance

- The Board should revise applicability thresholds and apply SR 15-19 to Category III firms
- The Board should consider technical clarifications to SR 15-18

The Board should revisit and revise the applicability thresholds for SR 15-18 and SR 15-19. Consistent with the recommendations from the Trade Associations, Credit Suisse encourages the Board to revisit the applicability thresholds for SR 15-18 and SR 15-19. As the Board knows, SR 15-18 applies to BHCs and IHCs that are either Large Institution Supervision Coordinating Committee ("LISCC") Portfolio Firms or Large and Complex Firms.[23] SR 15-19 applies to BHCs and IHCs that are Large and Noncomplex Firms.[24] As a general matter, SR 15-18 imposes more significant expectations on covered firms relative to SR 15-19.

Recently, the Board took commendable steps to align aspects of its supervisory framework with the Tailoring framework.[25] Credit Suisse agrees that the Board's proposed realignment of the applicability of the LISCC program to Category I institutions is consistent with the congressional intent behind Tailoring, the Tailoring rules, and the remarks made by senior policymakers on the Board.[26] The Board should be applauded for its consistent use of the Tailoring framework to inform applicable regulatory and supervisory frameworks for supervised institutions.

Consistent with the recent actions to better align its supervisory framework to the Tailoring principles, we encourage the Board to reconsider the applicability of SR 15-18 and SR 15-19. Subjecting firms under the same regulatory framework to different supervisory assessments could have the indirect effect of undermining the principles of Tailoring. Furthermore, the current scoping of SR 15-18 disproportionality captures IHCs that focus their U.S. business models on capital markets activities and compares them to the largest U.S. BHCs that are inherently more risky to U.S. financial stability.

The Board should consider technical clarifications to SR 15-18. Irrespective of whether the Board elects to realign the applicability thresholds, Credit Suisse encourages the Board to consider the following technical clarifications to SR 15-18:

- *Clarify assessment of normal and stressed conditions.* SR 15-18 makes reference to assessment of risks "under normal and stress conditions." One reasonable interpretation would suggest that the Board would like banks to consider risks that would arise only in a stress scenario. Another interpretation would suggest banks should be required to account for "normal" and "stress" with respect to each risk. We ask that the Board clarify its expectations.

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[23] SR 15-18, "Federal Reserve Supervisory Assessment of Capital Planning and Positions for LISCC Firms and Large and Complex Firms," December 18, 2015.
[24] SR 15-19, "Federal Reserve Supervisory Assessment of Capital Planning and Positions for Large and Noncomplex Firms," December 18, 2015.
[25] The Board, "Federal Reserve publishes latest version of its supervision and regulation report," November 6, 2020. Available at: https://www.federalreserve.gov/newsevents/pressreleases/bcreg20201106a.htm.
[26] Vice Chair Quarles, "Spontaneity and Order: Transparency, Accountability, and Fairness in Bank Supervision," January 17, 2020. Available at: https://www.federalreserve.gov/newsevents/speech/files/quarles20200117a.pdf.

- *Account for non-quantifiable risks.* The Board should update SR 15-18 to reflect its understanding that not all risks are easily quantifiable and some may require additional qualitative support.

- *Harmonize SR 15-18 and SR 11-7.* Certain variations between these two guidance letters could foreseeably create uncertainty with respect to the Board's risk expectations.[27] One potential solution would be to update SR 11-7 and focus it on model risk guidance, and use SR 15-18 guidance for CCAR-specific model risk.

[27] For example, Appendix A of SR 15-18 provides some expectations on model use that are treated differently in SR 11-7. Also, SR 15-18 seems to discourage the use of external data for model development while SR 11-7 seems to be somewhat agnostic.

IV. Supervisory Stress Testing Framework

- The Board should reconsider the application of certain CCAR components to Category III firms
- The Board should review the PPNR/GMS/LCD to address the unintended consequences of the Board's stress testing components

Consistent with the recommendations from the Trade Associations and in the Capital Planning Supervisory Guidance section of this letter, Credit Suisse suggests revisiting the applicability of the pre-provision net revenue ("PPNR") modeling, the global market shock ("GMS"), and the large counterparty default ("LCD") components. Consistent with the principles from the Tailoring framework, these add-ons are most appropriately applied to Category I institutions.

At a minimum, Credit Suisse encourages the Board to thoroughly review the materials and research done by SIFMA[28] with respect to the potential adjustments of the supervisory stress testing framework, which include addressing the following:

- *Double counting of mark-to-market position losses of the PPNR.* Specifically, Credit Suisse agrees with the Trade Associations' concerns that the Board's model may understate firms' trading revenue and that the inclusion of mark-to-market position losses in the Board's PPNR estimates duplicates losses that result from the GMS factor shocks.

- *Exaggerating Loss Assumptions and Loss Estimates.* The LCD component's estimate of counterparty default losses may make unrealistically conservative assumptions about the time necessary to liquidate hedge exposures. The GMS assumptions may also underestimate the accessibility of certain markets, notably including the core bond markets.[29]

[28] SIFMA, "Global Market Shock and Large Counterparty Default Study," August 2019. Available at: https://www.sifma.org/wp-content/uploads/2019/09/SIFMA-GMS-LCD-Study-FINAL.pdf.
[29] *Id.*

V. Additional Reporting Considerations

- The Board should leverage existing reporting obligations, such as Schedule F, in lieu of creating new reporting obligations
- The Board should reconsider the decision to remove the materiality threshold for the A.7.b schedule

The Board should leverage existing reporting obligations in lieu of creating new reporting obligations. We refer to the proposed changes to 14A Schedule A. Schedule F already provides firms with the capability to report the incremental impact of material business plan changes on items reported in Schedule A for supervisory scenarios. If the intention of the proposed changes to Schedule A is also to collect information regarding material business plan change impacts under internal baseline and stress scenarios, this could be accomplished more directly by requiring firms to submit Schedule F for those scenarios as well, along with updating instructions to indicate that firms should include business plan change impacts in Schedule A for firm scenarios, but exclude them for supervisory scenarios. The proposal to create additional variants of Schedule A would require costly and burdensome implementation by reporting firms, yet it is unclear that this change would enable the Board to collect more information than is currently provided in Schedule F.

The Board should reconsider the decision to remove the A.7.b materiality threshold. The elimination of the deposit funding threshold, thereby requiring all firms to submit the Net Interest Income (NII) worksheet, imposes significant reporting burdens on firms without any related benefit. Reversing the decision to remove the A.7.b materiality threshold would be consistent with their recent decision to eliminate schedule A.7.c and would mitigate, to some extent, the additional reporting burden of the other proposed changes.

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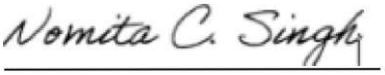
We appreciate the Board's consideration of these comments as they relate to the Proposal. Should you have any questions, please do not hesitate to contact Keaghan Ames at (202) 626-3307 (Patrick.Ames@credit-suisse.com).

Respectfully submitted,



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