Ladies and Gentlemen:

The American Bankers Association (ABA)\(^1\) appreciates the opportunity to comment on the Notice of Proposed Rulemaking for Call Report and FFIEC 101 Reporting Revisions (the Proposal) to modify FFIEC Forms 031, 041, and 051, commonly referred to as the Consolidated Reports of Condition and Income (the Call Report). The Call Report provides data on individual banks, allows for trend analysis of bank condition and trend information about the overall banking industry, and serves as the basis for other reporting and policy analysis. Additionally, the data provided in the Call Reports serve as a foundation for other required regulatory reporting. The Proposal would make revisions to implement various changes to the agencies’ capital rule that the agencies have finalized or are considering finalizing.

With respect to the specific changes articulated in the proposal, ABA opposes the clarification to state that revolving open-end lines of credit that have converted to non-revolving closed-end status should be reported as closed-end loans. As discussed more fully below, we have identified 4 additional items that may benefit from clarification, that appear inconsistent with other items, or that we believe are minor errors.

**Item 1: Reporting Home Equity Lines of Credit That Convert From Revolving to Non-Revolving Status**

The agencies are reproposing to clarify the Call Report instructions for Schedule RC-C, Part I, items 1.c.(1), 1.c.(2)(a), and 1.c.(2)(b), to state that revolving open-end lines of credit that have converted to non-revolving closed-end status should be reported as closed-end loans.

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\(^1\) The American Bankers Association is the voice of the nation’s $18 trillion banking industry, which is composed of small, regional, and large banks that together employ more than 2 million people, safeguard more than $14 trillion in deposits, and extend more than $10 trillion in loans.
ABA opposes this change. The proposed change for the reporting of Home Equity Lines of Credit (HELOCs) that convert from revolving to non-revolving status will create significant challenges for the following reasons:

- It requires changes to several other schedules within Call Report that will be onerous to configure. Specifically, the effect of this clarification would extend to the instructions for the data items that reference the Schedule RC–C, Part I, loan category definitions for open-end and closed-end loans secured by 1–4 family residential properties:
  - Schedule Rl-B, Part I, items 1.c.(1), 1.c.(2)(a), and 1.c.(2)(b);
  - Schedule RC–C, Part I, Memorandum items 2.a.(1) through (6) and 2.b.(1) through (6);
  - Schedule RC–M, items 13.a.(1)(c)(1), 13.a.(1)(c)(2)(a), and 13.a.(1)(c)(2)(b);
  - Schedule RC–N, items 1.c.(1), 1.c.(2)(a), and 1.c.(2)(b);
  - Schedule RC–N, items 12.a.(3)(a), 12.a.(3)(b)(1), and 12.a.(3)(b)(2);
  - Schedule RC–O, Memorandum items 18.b, 18.c, and 18.d; and
  - Schedule RC–S, Memorandum items 2.a, 2.b, and 2.c.
- The definition of HELOC may not be consistent with an individual bank’s disclosures in Securities and Exchange Commission (SEC) filings and, therefore, can create confusion to bank investors. For example, an individual bank’s HELOC disclosures may contain both open-end and closed-end HELOCs.
- It creates conflicts between the Call Report and schedules FR Y9C, FR Y4Q and FR Y14M. For example, on page 96 of the instructions to FRY14M, “Continue reporting the HELOCs in the Y-14M Home Equity schedule even after they have entered into a pay down status and are no longer revolving credits. The line type at origination determines where the exposure should be reported.”

In addition to the lack of definitional alignment across reports, the proposed change appears inconsistent with the underlying reason for reporting them separately, that is, to understand the performance and the related credit risk of these loans. For example, a HELOC in repayment does not carry the same risk profile as an originally-underwritten 1-4 family closed end loan.

ABA recommends that should the balance of close-end HELOCs be separated in the call report, a separate memoranda line in the RC-C memorandum section should be created.

**Item 2: The Proposal Appears to Extend the Scope of the FFIEC 031 Report**

The proposal states “subsidiaries of institutions subject to Category I, II, and III capital standards also are considered Category I, II, and III institutions under the domestic interagency tailoring and foreign interagency tailoring NPRs and will be treated similarly for this change in reporting scope.” This seems to imply that these subsidiaries that previously filed FFIEC 041 reports will now be required to file FFIEC 031 reports. It also appears to contradict the proposal’s statement that “the agencies expect this scope revision to have little, if any, impact on institutions”. Rather, ABA believes that for certain institutions this represents a significant change to the scope that increases overall reporting burden.

**Item 3: The Effective Date Should Align with TLAC Reporting Requirements**

In the FFIEC 101 red lined draft revision effective March 31, 2020, covered debt instrument has been included as part of Tier 2 capital deductions. However, the final rule related to covered debt has not yet been issued. Further, members of the banking industry commented that an implementation period of 18
months would be necessary in response to the “TLAC Holdings Deduction NPR” (Regulatory Capital Treatment for Investments in Certain Unsecured Debt Instruments of Global Systemically Important U.S. Bank Holding Companies, Certain Intermediate Holding Companies, and Global Systemically Important Foreign Banking Organizations (Docket ID OCC–2018–0019 and RIN1557–AE38; FRB Docket No. R–1655 and RIN 7100 AF43; FDIC RIN 3064–AE79)). Specifically:

“The final rule should include an implementation period of at least eighteen months following adoption and should not require deductions as to any unsecured debt instrument until the information necessary to determine whether the instrument is a “covered debt instrument” is available.”

ABA respectfully requests and recommends that changes to regulatory reporting (FFIEC 101, Call Report, FR Y 9C) to reflect the finalization and adoption of the said NPR should be effective in alignment with the abovementioned implementation timeline.

**Item 4: The FFIEC 101 Should Not Be Required for Category III Institutions**

In light of the interagency tailoring rules finalized November 1, 2019, the proposed FFIEC form creates a redundant and thus unnecessary reporting burden on Category III institutions. These institutions will not be subject to the Advanced Approaches and thus would be required to file the FFIEC 101, and conduct the accompanying attestation process, solely to complete the supplementary Leverage Ratio (SLR) tables 1 and 2 in that form. That data in those SLR tables, however, is already provided in the FR Y-15 as well as in Table 13 of the Pillar 3 disclosures. To eliminate duplicative reporting, the agencies exempt Category III institutions from the FFIEC 101, and instead look to the other existing regulatory reports identified above for the relevant SLR data.

**Item 5: Clarifications Related to Reporting Derivatives Data**

In response to the request for comment, c) For the reporting of derivatives data in Call Report Schedules RC–D, RC–F, RC–G, RC–L (or SU on the 051), and RC–R, Part II, the degree to which the agencies should align the reporting approaches applicable to these schedules. In particular, please describe how the agencies can ensure data consistency while reducing the burden of reporting the fair values, notional amounts, and exposure amounts of derivatives for settled-to-market and collateralized-to-market derivatives in Schedules RC–D, RC–F, RC–G, RC–L (or SU on the 051), and RC–R, Part II, as applicable. Please address whether the agencies should adopt a consistent classification of derivatives by asset class (e.g., interest rate, energy, and volatility derivative contracts) and byproduct type (e.g., cleared swap, futures contract, exchange-traded option). We propose the following changes:

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2 The Micro Data Reference Manual codes generally align across these two filings, and the only exceptions are that one form might have certain separate subtotal values while the other does not.
Thank you for your attention to these matters and for considering our views. If you have any questions about these comments, please contact me at (202) 663-5318 or through email at jstein@aba.com.

Sincerely,

Joshua Stein

<table>
<thead>
<tr>
<th>Schedule</th>
<th>Line no. &amp; description</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>RC-L</td>
<td>16.b. OTC Derivatives, Fair value of collateral</td>
<td>We request clarification of the purpose of collecting this information. The collateral received amount may often not be meaningful, particularly when collateral is held as part of a broader client relationship for the purpose of entering into various transactions on behalf of the client.</td>
</tr>
<tr>
<td>RC-R, Part II</td>
<td>Memo line 3, Notional principal amounts of centrally cleared derivative contracts</td>
<td>We request clarification regarding the allocation of the notional amounts for Settlement-to-Market (STM) trades to be allocated by remaining maturity used for determination of the Credit Conversion Factor (CCF) under regulatory capital reporting instead of using contractual remaining maturity of the contracts.</td>
</tr>
<tr>
<td>RC-L</td>
<td>7a. Credit derivative notional amounts</td>
<td></td>
</tr>
<tr>
<td>RC-R, Part II</td>
<td>Memo line 2, Notional principal amounts of over-the-counter derivative contracts</td>
<td>The Call Report instructions are silent about whether firms should report the notional for derivatives which have matured, yet have associated unsettled receivables or payables as of the reporting date. We request clarification on the reporting requirements for disclosing notional for these derivatives. ABA believes banks should not report the notional amount of matured derivatives, as the positions are not reported as derivatives in Balance Sheet.</td>
</tr>
<tr>
<td>RC-R, Part II</td>
<td>Memo line 3, Notional principal amounts of centrally cleared derivative contracts</td>
<td></td>
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