

Proposal: FFIEC 031, 041, and 051 Call Reports (ICP 202304 Pub'd 2/21/23)

Description:

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Comment ID: 154647

From: Anonymous

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Subject: FFIEC 031, 041, and 051 Call Reports

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Comments:

Date: Apr 10, 2023

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Proposal: Agency Information Collection [ICP-202304]

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Your comment: This comment relates to the technical clarification to call report instructions made in June 2022. The clarification instructs users to include "structured financial products that are guaranteed by U.S. government agencies such as FHLMC K-Deals and Q-Deals" as part of Schedule RC-B-Securities, item 5.b referencing "Structured financial products." This clarification should be reversed as soon as practicable for two reasons. First, the clarification reduces the informational content of the call report rather than enhancing it. Second, an appropriate mechanism for reporting structured securitizations of agency-guaranteed commercial mortgage loans already exists elsewhere in Schedule RC-B. Prior to the clarification, the exposures referenced within item 5.b were primarily composed of complex securitizations which did not feature a government or agency guarantee. In recent years, the vast majority of the exposures outlined in this item were Collateralized Loan Obligations (CLOs). Given the unique collateral, credit, interest rate risk, and liquidity profile of these products, the presence of a Schedule RC-B line item primarily composed of such exposures provided relevant, useful information to both examiners and other users of call report data. However, the technical clarification's inclusion of FHLMC K-Deals and Q-Deals within item 5.b creates significant confusion around portfolio composition and greatly reduces the informational content provided by this line item. It clouds the agency/non-agency breakdown of a portfolio, potentially misrepresents the level of complexity present, and limits information about collateral eligibility for wholesale funding. Furthermore, the commingling of both agency-guaranteed and non-agency products is broadly inconsistent with other items in Schedule RC-B (including items 4.a, 4.b, and 4.c) and appears unnecessary given other items already contained in the report. Specifically, item 4.c (2) (a) provides an outlet for reporting of government- or agency-guaranteed commercial mortgage exposures which are not pass-through structures. This line item would seem the appropriate venue for reporting guaranteed portions of FHLMC K-Deals and Q-deals, while item 4.c (2) (b) may be used to report holdings of these same securitizations which do not feature a guarantee.