

**FR Y-14 A and Q Industry Outreach Call
Between Federal Reserve Staff and Representatives of JPMC
October 14, 2011**

Participants: Scott Chastain, Doug Hoch, Anna Iacucci, John Kambhu, Ben McDonough, Lisa Ryu, and Robert Sarama (Federal Reserve Staff)

Andrew Abrahams, Jean-Francois Christory, Melissa Feldsher, Sarah Gondell, Lauren McCaffrey, Gary Smeal, Vijay Srinivasaraghavan, Esma Topal, Pete Weiland and Richard Wise (JPMC)

Summary: Federal Reserve staff participated in an outreach call with representatives of JPMC in order to address technical and/or clarifying questions submitted by the firm related to the FR Y 14 A and Q data schedules proposed by the Federal Reserve Board and to solicit feedback on the proposal. Federal Reserve staff did not respond to substantive comments raised by the participants during the call. A summary of the issues raised by the participants is provided below.

Q: Many of the pages include a Firm level threshold. Are there any line of business level thresholds? For example it will be operationally difficult to capture small amounts of risk in businesses where that risk is not the main risk factor (e.g. equity risk in Rates Exotics).

A: The proposed schedule does not contain line of business thresholds.

Q: We'd like to be a bit more definitive here and say that when a risk is at a de minimus level, we will not make a submission for that risk.

A: Substantive comments cannot be responded to during the comment period.

Q: Equities – Firm would like clarification of spot/vol grid shocks and how it would capture fixed strike vol vs. skew.

A: Substantive comments cannot be responded to during the comment period.

Q: We've identified several issues with this grid and would like to be more definitive.

1. You're proposing absolute shifts in volatility points. Adopting a parallel measure imposes a highly improbable scenario that we don't think makes any sense.
2. You're asking us to look at volatility shocks that, at the extreme, are 70+ volatility points. That sort of assumption doesn't reflect the reality of what the volatility curve would reflect in a crisis period.
3. The template is ambiguous. It doesn't describe whether the shocks to volatility are fixed price or relative price shocks. There needs to be greater clarity on how the shocks are to be specified.
4. There is a lot of unphysical redundancy.

A: Substantive comments cannot be responded to during the comment period.

Q: Corporate Credit - We had previously discussed the concept of decomposing tranches and CDOs into single names and in order to report them on this type of page. We wanted to understand what you would like to see in the 'Notional' column if this is done? We could report the notional as each name's share of the basket notional (e.g. a \$100mm tranche on a 100 name basket means \$1mm notional each). However, we believe this measure has little meaning for these products and misses the product leverage. For this reason, we would propose to exclude a notional measure for these instruments. Please can you confirm what FRB would like to see.

A: Substantive comments cannot be responded to during the comment period.

Q: Our point is that our metrics are the industry standard and that using the industry standard would improve data fidelity. Please adopt industry standards as denominations of risk.

A: Substantive comments cannot be responded to during the comment period.

Q: We propose that we provide the Fed with the types of spot / volatility analysis that we do on a regular basis.

A: Substantive comments cannot be responded to during the comment period.

Additional Comments Raised by JPMorgan

Q: We noticed that the stressed exposures are to be submitted quarterly, but the ad hoc submission in the third quarter, is it the case that the ad hoc submission replaces the December submission?

A: Substantive comments cannot be responded to during the comment period.

Q: In addition, consider that there will be nearly a month of meetings with the Fed at the same time we'd be producing the Q4 numbers.

A: Substantive comments cannot be responded to during the comment period.

Q: We would like to produce an as-of date on the typical dates we run our reports. For instance, last year we ran the numbers on a Tuesday when our numbers were pulled together regularly on Thursdays. Last year, it took the Federal Reserve a number of days to respond to our request to use the Thursday numbers. We'd like that information in advance this time if either day is acceptable.

A: Substantive comments cannot be responded to during the comment period.

Q: A lot of the data requested here corresponds to data we pull together on a regular basis anyway. Can we use our existing risk analysis developed and interpolate or extrapolate where appropriate. Bearing in mind that we do full revaluation of our portfolios, and so not interpolating would put a very heavy burden on our systems if not impossible. There will be less error in numbers that are run on our regular cycles.

A: Substantive comments cannot be responded to during the comment period.