

**FR Y-14 A and Q Industry Outreach Call
Between Federal Reserve Staff and Various Industry Participants
October 28, 2011**

Participants: Andrew J Felton, Benjamin W McDonough, Brian Gordon, Christin L Patel, Eric Caban, John Kambhu, Kevin Stiroh, Kimberly A DeTrask, Lisa H Ryu, Nancy Beebe, Paul Calem, PC Venkatesh, Robert F Sarama, Sabina Golden, Scott Chastain, Summer Cole, Tim P Clark, Patrick.M.Wilder, Lucinda M Brickler, Jonathan Polk, Leonard Edgar, Jonathan E McGinn, Jay A Restel, Michael D Coldwell and Jodie Goff (Federal Reserve Staff)

Hugh Carney (American Bankers Association); Don Truslow (Financial Services Roundtable); Eli Peterson, Brett Waxman and David Wagner (The Clearing House); Carter McDowell (SIFMA); Leyla Mertz and Steve Merrit (Ally); Dale Davies and Chris Krummel (BB&T); Tom Jackson, Sylvia Petrova, Amy Barclay and Rick Servack (Bank of America); Russ Playford and Beth Hues (Bank of the West); Peter Paulsen, Jorge Luis Garcia and Chris Lacerena (BBVA Compass); David Wintrob, Heather Koenig, Julia Pollock and Bob Radocaj (BNY Mellon); Ducie Le, Lisa Goodglick, Bill Sakkab and James Weatherly (Capital One); Alexander McWhorter and Jean-Yves Magnen (Citi); Fang Du (Citizens); Rao Surapaneni (Discover); Jeff Richardson, Casey Wagner, Mary Tuuk, Vic Israni, Holly Flowers, Dan Poston, Joe Heller, Cheryl Feltgen, Jamie Leonard and Tim Harden (Fifth Third); Dave Brown, Jen VanBelle, Roger Favano and Sean Keating (GE Capital); Brian Glass (Goldman Sachs); Rich Baytosh (Huntington); Melissa Feldsher, Douglas D Smith, Robin Doyle and Matthew Musselman (JPMC); Daniel Park, Etienne Laurie, Kate Hao and Rabia Aslam (Morgan Stanley); Peggy Kingsley and Jim Tetreault (M&T); Lisa Taylor (Northern Trust); Kate Richie, Erin Knoll, Denise Letcher and Meredith Lusardi (PNC); John Barris, Maryann King MacIntyre, William H Schomburg, Simon Zornoza, James G Cowden, Edward Smith, Douglas Croak (State Street); James Stroker and Yvonne Johanneson (SunTrust); LaWanda Morris and Jim Reilly (TD Bank); Kerry Massey, Michael Barak and Atul Gupta (Union Bank); John Chasta (US Bancorp); Ravi Mallela, Julie Hilsher, Annie Gorman, Frank Miller and Theresa Gooding (Wells)

Summary: Federal Reserve staff participated in an outreach call with various industry participants 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: “As of date” requirement (trading and credit valuation adjustment (CVA) requirement to use a specific date for stress testing analysis). Given the significant amount of granular data requested the absence of the as-of-date presents a data retention issue/ concern for firms.

Timing between release of final templates and submission date of data is a concern for many firms. Level of granularity and comprehensive nature of the templates make the limited time to complete the templates particularly challenging.

- Trading template is concerning.
- CRE template (additional data being requested is a concern).
- Retail template (change in requirement would require an update of all data elements).
- PPNR schedules will also present an issue. Reporting is not aligned with firm management and will require regeneration of data.

A: Substantive comments cannot be responded to during the comment period. The Federal Register notice indicates the submission deadline would be mid-December.

Q: The litigation exposure/losses data sought as part of the operational risk template is a concern for several firms. Level of granularity and litigation estimate projections do not align with how firms currently measure/ track these risks under varying levels of stress. Estimates on paper are speculation and would expose firms to litigation risk. What exactly must be reported and how should firms capture projections?

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

Q: What is the process the FRB plans to use to address FAQs and clarifications, including timing, procedures, etc.? When firms are completing the templates if there is a technical question how will this be answered?

A: Last year's process for answering questions was challenging and we intend to address some of the lessons learned through a revised process.

Q: Historical information provided in past exercises; can we rely on information submitted during past exercises?

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

Q: Related to the above item, we would like to discuss some existing questions regarding counterparty template and the margin period and risk data elements. Request as proposed for this data suggests that six scenarios will have to be run. Are there more efficient ways to request this data?

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

Q: Substantive concerns with the CRE template. Balance sheet data is more granular, was this the intention?

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

Q: What is the policy intent behind the categories selected?

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

Q: Were the inconsistencies intended?

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

Q: Materiality threshold of 5% of \$5 billion exemption standard is considered to be too low. Encourage FRB to raise threshold and include some flexibility into the process. Firms should be able to request exemptions from certain schedules; would like to have an exemption process due to cost concerns, or if schedules were not mandatory for a firm previously. Concerns about a loan portfolio that will no longer be on the books by the time data templates are submitted.

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

PPNR

Q: Template is more detailed than previous version and alternate template has been removed. To accurately complete cannot remap balances to accurately represent the firm's business lines; new cost allocation and FTP measures would have to be developed. Without more sophisticated methods to address this issue data quality will be less than optimal. Firm asks to be able to provide a high level view rather than a granular view. Firms would like to provide projections in a manner that is aligned with how the firm does business.

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

CRE

Q: Detailed CRE data and cross collateralized loans are concerning. Including all 43 elements proposed by the template will be burdensome. Firms request that for CCAR, only elements relevant for correcting outlier issues be considered mandatory. Support the idea of cross collateralized data collection; cross defaulted data collection is not supported by firms. Materiality threshold is very important for consideration. Firms will be highly challenged to provide all facilities and request includes a wide range of loans. Could a minimum threshold be developed (dollar or relative to portfolio) or limiting data request to higher risk categories (like C&I) that have seen higher loss rates? Would like to identify an approach to gather increasingly granular data over time.

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

Q: Didn't find materiality thresholds in the templates?

A: The proposed threshold is at the portfolio level and threshold guidance is provided in the instructions.

Q: How is portfolio defined?

A: The portfolio would be defined using Y-9C categories.

Q: Credit mark submission; was SOP – 03-3 supposed to be included?

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

Q: Firms are trying to comply and a more iterative process starting with higher thresholds would be helpful to firms.

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