

**Meeting Between Staff of the Federal Reserve System, Representatives of the Financial Services Roundtable, Representatives of The Clearing House, and Various Industry Participants
July 17, 2017**

Participants: Phillip Daher, Zachary Dailey, Nuha Elmaghrabi, Michael Fisher, Michael Kraemer, Tamara Molder, Evans Muzere, Laura Olsen, Richard Palmer, Nawsheen Rabbani, Lisa Ryu, Langston Shaw, and Virginia Wall (Federal Reserve Board);

Larry Cordell (Federal Reserve Bank of Philadelphia)

See Appendix A for a list of industry participants.

Summary: Staff from the Federal Reserve Board and the Federal Reserve Bank of Philadelphia met with representatives and members of the Financial Services Roundtable, The Clearing House, and industry participants to discuss the Federal Reserve's recent and ongoing data collection efforts, including the FR Y-14 series reporting forms. The attached presentation (Attachment A) was distributed at the meeting and reflects the scope of items that were discussed.

Attachments

Attachment A



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Continuing the FR Y-14 Reporting Dialogue

Discussion Document
Washington, D.C.
July 17, 2017

US Auto Schedule Resubmission and Edit Check Request

Jacob Stone – Ally Financial
David Zolnowski – M&T Bank

US Auto Schedule Resubmission

Problem Statement: Numerous BHCs are required to resubmit schedule A.2 (US Auto) for quarters prior to a narrative instruction change in 2014.

Background: Conflicting verbal guidance has been received by BHCs regarding resubmissions of historical data. Specifically if they should follow the current or historical technical and narrative instructions.

Tactical Concerns:

- Many financial institutions have received guidance contradicting what was believed to be standard practice.
- Historical resubmission (1Q 2007 to 2Q 2014) required for Charge-off related fields for the US Auto schedule (Schedule A.2). Some firms interpreted FRB guidance to require institutions to follow current technical instructions but follow historical narrative instructions while other firms understood that current narrative instructions would be followed.

Strategic Concerns:

- Without formally published guidance to clarify these concepts, technology solutions were created to support assumed scenarios (e.g. follow current technical instructions and current narrative instructions). Other scenarios would be manual, laborious, and prone to error.
- The burden to financial institutions involved with these types of request.

2

US Auto Schedule Resubmission

FSR Recommendations:

- Formally publish a retention period for FR Y-14 data submissions similar to other regulatory reports which require retention for five years after the report date.
- Formally publish guidance on expectations for historical resubmissions outlining the required formats to follow, and materiality conditions for when resubmissions should occur.
- On requests like these, when multiple BHCs are involved, coordinate efforts and form more of a "task-force" to resolve. This will help ensure consistent communication between all parties and reduce the level of potential operational concerns.

4

New Edit Checks Run on Prior Quarter Data

Problem Statement: BHCs have been asked to respond to edit check exceptions related to newly published edit checks which have been run against historical periods.

Background: Edits created in 1Q 2017 for the FR Y-14Q PPNR schedule (Schedule G) were run on historical submission periods and required explanations or resubmissions where necessary.

Concerns:

- Previous verbal guidance has suggested that newly created edit checks would not be run on historical FR Y-14 submissions.
- The burden to financial institutions involved with these types of request.

FSR Recommendations:

- BHCs should not be required to respond to edit exceptions on historical periods; specifically, periods that are prior to an edit's Quarter Modified Date (the quarter the edit was last modified).
- Formally publish expectations related to this policy within the Technical Submission Instructions document.

5



Attestation

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Attestation: Summary

- Submissions received were timely and met the requirements.
- Some confusion regarding logistics:
 - the forms and which to use
 - where to submit supporting materials
- Varying levels of supporting documentation received.
- If received (although not required), any additional information provided was clear, relevant, and insightful.

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Attestation: Feedback

- For the annual submission, would the consolidated submission of attestation forms at the April 5 date, as collected for 2016, be preferred?
- What about a consolidated due date for the three monthly attestations in a quarter?
- Any other comments or concerns?

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FR Y-14 and CCAR FAQ Process Update

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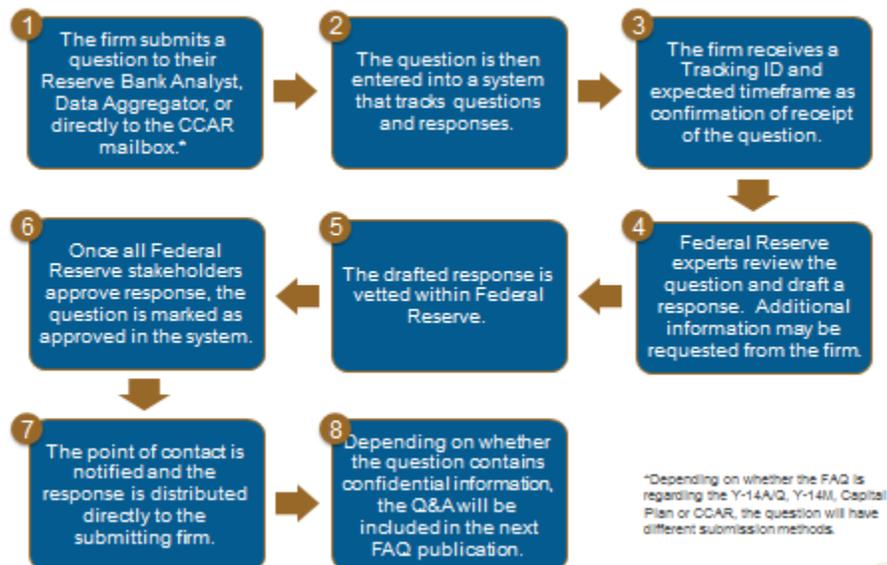
What is the FAQ Process?

- The FAQ process allows firms to submit questions to the Federal Reserve to receive further information or clarification regarding the:
 - Capital Plan Rule
 - Comprehensive Capital Analysis and Review (CCAR)
 - Stress Tests
 - FR Y-14 information collection
- The process is not intended to result in the introduction of new requirements or to respond to questions regarding technical matters.
- The Federal Reserve uses separate but similar processes to manage the FR Y-14 information collection, and Capital Plan/CCAR FAQs.

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Question Lifecycle



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Upcoming FAQ Process Enhancements

Purpose of the Process

Facilitate the review of questions from CCAR and FR Y-14 firms by Federal Reserve subject matter experts, resulting in the timely dissemination of responses and clarification, as appropriate.

Objective of Enhancements

Increase transparency surrounding, and improve timeliness responding to, questions received from firms.

Process Effective Date

Questions received on or after August 1, 2017 will be addressed through the new process.

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What is Changing?

	Current Process	New Process
Process Name	FAQs	Q&As
Submission Process	CCAR mailbox (CCAR, Capital Plan) Designated Reserve Bank or Data Aggregator Contact (FR Y-14 questions)	No Change
Confidential Treatment	Questions that the Federal Reserve or firm deems "firm-specific" are not published; justification is not required	All Q&As will be made public without redaction or modification, unless a firm requests confidential treatment and provides a written justification for the request pursuant to the Board's rules regarding availability of information

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What is Changing?

	Current Process	New Process
Publication Location	IntraLinks	Federal Reserve's Public Website and IntraLinks
Publication Frequency	Quarterly, Ad Hoc	Monthly (Public Website) Weekly (IntraLinks), Ad hoc (as needed)
Publication Content	FAQ ID Category* Original/reworded question Response Date added	Q&A ID Category* Submitting firm name Original question Response Date added
Publication Format	PDF	HTML, PDF

*For FR Y-14 questions this includes report, schedule, and sub-schedule.

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Other Items to Note Regarding the Publication

- The Q&A report on IntraLinks and the public website will each have a different look and feel but both will contain the same information.
- Questions received prior to August 1, 2017, will not be subject to the new process.
 - The FAQ report will be maintained on IntraLinks and updated until all questions received prior to August 1, 2017 are closed.
 - If a prior FAQ is referenced in the current Q&A report, it may be added to the publication.
- For CCAR Q&As, the Q&A IDs will "restart" with the new publication.

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Additional FR Y-14 Q&A Changes

- The timeline for receiving responses to FR Y-14 questions will be reduced.
- A template for submitting FR Y-14 Q&A questions, similar to that currently used for CCAR questions, will be distributed to assist firms in submitting the appropriate and necessary information.

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Information Necessary for Submission of Q&A

The following information is necessary to ensure proper routing of questions and receipt of responses:

- Firm Name
- Contact Name, E-mail, and Phone Number
- Classification of Question
 - FR Y-14: Report, Schedule, Sub-Schedule
 - CCAR: Category
- Question
- Confidentiality Requested? (Yes/No)
- If yes, justification for confidentiality request

Please keep in mind the public nature of questions submitted as Q&As. Information will not be redacted and may be released if confidentiality is not requested.

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Details of Confidential Treatment Request

- Each question and response will be made available to the public unless the information contained in a question or response falls, in whole or in part, within the scope of one or more of the Freedom of Information Act (FOIA) exemptions from disclosure.
- A firm must request confidential treatment in writing concurrently with its submitted question pursuant to the Board's rules regarding availability of information.
- Information for which confidential treatment is requested may subsequently be released by the Federal Reserve System pursuant to the Board's rules if the Board determines that the disclosure of such information is in the public interest.

See 5 U.S.C. §552(b)(1)-(9), 12 CFR part 261, 12 CFR 261.14(c).

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Edit Check Update

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Edit Check Update

- Review of FSR FR Y-14 Edit Check Review
 - Major Themes and Responses
 - FR Y-14A Summary
 - FR Y-14Q Summary

- 2017 Initiative: FR Y-14 Edits and Remarks Analysis group
 - Edit Analysis Purpose
 - Edit Analysis Criteria
 - Milestones and Next Steps

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FSR FR Y-14 Edit Check Review: Major Themes

High Level Justification / Explanation	High Level Recommendations	High Level Responses
Continue to receive edit checks on items intentionally submitted as null.	When Bank states which line items intentionally null as do not apply, should not continue to receive edits during subsequent stress cycles.	Reserve Bank analyst are committed to thoroughly reviewing previously submitted responses and where applicable asking firms to confirm previously provided responses.
14A: Continue to receive edit checks on items intentionally submitted as null - specifically being cited for null errors on projection quarter 10+ which is only collected on repurchase sub-schedule	Null errors should not be cited on projected quarter 10+ for data elements not related to the repurchase sub-schedule	Board Statistics have evaluated edits and where applicable have archived or amended edit logic to reduce false positives.
14A: Continue to receive edit checks on items intentionally submitted as null - specifically being cited for null errors on advanced RWA/advanced approaches data elements with guidance was for no institution to complete (recognizing this will change, requesting that conditional logic be added to limit edit findings for only those required to report)	Add conditional logic to run edit rules only on institutional IDs that are required to provide the data elements	Board Statistics have evaluated edits and where applicable have archived or amended edit logic to reduce false positives. In instances where edit logic cannot be updated edits will be omitted from Respondent Edit reports.
14A: Continue to receive edit checks on items intentionally submitted as null - specifically being cited for null errors on projection periods where not reporting nine-quarter total within the OTTI projection subschedule (CPSPPO88)	Provide an appropriate period to report in (i.e., total) or specify which existing PQ the total should be reported in and add condition to only run edit rule on that specific PQ	Board Statistics have evaluated edits and where applicable have archived or amended edit logic to reduce false positives. In instances where edit logic cannot be updated edits will be omitted from Respondent Edit reports.

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FSR FR Y-14 Edit Check Review: Major Themes

High Level Justification / Explanation	High Level Recommendations	High Level Responses
14A: Continue to receive edit checks on items intentionally submitted as null - specifically being cited for null errors on projection periods where trading and counterparty losses are not reported in non-PQ1 quarters as per the global market shock requirements	Add conditional logic to run edit rule only on PQ1 for the trading the counterparty loss items for only those firms that are required to run the global market shock	Board Statistics have evaluated edits and where applicable have archived or amended edit logic to reduce false positives. In instances where edit logic cannot be updated edits will be omitted from Respondent Edit reports.
14A: Continue to receive edit checks on items intentionally submitted as null - specifically being cited for null errors where projected quarters is not yet into the reporting vintage timeframe (retail balance and loss sub schedule)	Add conditional logic to run edit rule only where a given vintage would be reportable	Board Statistics have evaluated edits and where applicable have archived or amended edit logic to reduce false positives. In instances where edit logic cannot be updated edits will be omitted from Respondent Edit reports.
14A: Continue to receive edit checks on items intentionally submitted as null - specifically being cited for null errors where reporting forms provided are shaded (indicating reporting not necessary - e.g., N/A/HTM Securities methodology items on certain asset classes)	Add conditional logic to run edit rule only where a given asset class would be reportable	Board Statistics have evaluated edits and where applicable have archived or amended edit logic to reduce false positives. In instances where edit logic cannot be updated edits will be omitted from Respondent Edit reports.
Rounding noise is causing edit check exceptions to occur. The industry group considers these false positive exceptions. For these, there is no apparent value to FRB in collecting responses. Likewise, responding to these is unproductive for industry.	For edit checks where a technical field "must equal" or "must equal the sum of" other technical fields, and inclusive of intereries, FRB should make allowances in the edit logic so that exceptions do not occur because of insignificant rounding differences.	Board Statistics have evaluated edits and where applicable have archived or amended edit logic to reduce false positives.

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FSR FR Y-14 Edit Check Review: Major Themes

High Level Justification / Explanation	High Level Recommendations	High Level Responses
Null values are causing redundant edit check exceptions to occur for fields which have multiple validity (or quality) checks.	Where a validity edit already exists specifically to test for a null value for {fieldname}, i.e. "EntityIndustryCode was not provided..." (C3, #394), any additional validity or quality checks against {fieldname}, i.e. "EntityIndustryCode must equal a valid NAICS code or valid SIC code or valid SIC code", should only be carried out when {fieldname} is not null. This way, a null value for {fieldname} won't cause redundant exceptions. FRB should add criteria to its logic (i.e. "If {fieldname} <= Null, then...") for validity and quality checks that do not specifically test for a null value of {fieldname} so that redundant exceptions don't occur.	Board Statistics have evaluated edits and where applicable have archived or amended edit logic to reduce redundant edit failures.
We received 1953 edit fails on our July 2015 FR Y-14A Mid-Cycle submission for various Projection Table rules where PQ10+ was null. We did not include PQ10+ in our submission other than the six applicable lines from the Retail Repurchase Worksheet.		Board Statistics have evaluated edits and where applicable have archived or amended edit logic to reduce false positives.
There are Validity edit checks that specifically check for an element to <= null. However, additional Quality or Validity checks can also be triggered when that element is null, which result in the same bank commentary.	If there is an edit check that specifically checks for an element to not be null, then no other Quality or Validity checks should also fail when that element is null.	Board Statistics have evaluated edits and where applicable have archived or amended edit logic to reduce redundant edit failures.
Commented on many syntax edits to not run when the schedule is not applicable		Board Statistics requires the execution of syntax edits on all fields.

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FSR FR Y-14 Edit Check Review: FR Y-14A

Recommendations	Action	Description	Count of Action
Add conditional logic to not run this specific edit rule for vintages not complete or reported in prior filing or remove the 5% threshold and simply confirm that current reporting is same or higher than prior filing.	Edit Logic Updated	Edit logic was amended.	8
	Edit Logic Updated	Edit was archived after further evaluation.	115
Add logic to determine if subschedule is mandatory for the BNC.	No Change Required	Edit is functioning as expected	243
	No Change Required	Edit will omitted from Respondent Edit Reports	128
Amend edit to exclude testing PQ20-	Edit Logic Updated	Edit logic was amended.	502
	Edit Logic Updated	Edit was archived after further evaluation.	34
	Edit Logic Updated	Tolerance was implemented.	1
Miscellaneous	Edit Logic Updated	Edit logic was amended.	11
	Edit Logic Updated	Edit was archived after further evaluation.	3
	No Change Required	Edit is functioning as expected	13
Rounding noise / See other major themes.	Edit Logic Updated	Edit logic was amended.	1
	Edit Logic Updated	Edit was archived after further evaluation.	3
	No Change Required	Edit is functioning as expected	3
Grand Total			1063

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FSR FR Y-14 Edit Check Review: FR Y-14Q

Action	Description	BLN'S	Y/L	Y/E	OP/MP/FA	FFWB	NYT	RETAIL AUTO	RETAIL STUDENT	RETAIL DISCOUNTS	RETAIL USER	NY/RTS	Grand Total
Edit Logic or Error Message Required clarification	Technical Documentation revised with clarification	10			5		10						25
Edit Logic Updated	Edit was archived after further evaluation.			5			20						25
	Tolerance was implemented	1							3		1	1	6
	Edit logic was amended to address NULL values for redundant failures.		1	9							1	5	15
No Change Required	Edit logic was amended.				5								5
	Edit failure and associated remark are valued by end users.			26				20		3	5		54
	Edit is functioning as expected		28	30		41	1	2				1	103
	Syntax edits will remain unique edit checks and will not combined with other validity checks.			24									24
Grand Total		11	53	25	5	61	13	22	3	3	7	7	258

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Edit Analysis: Purpose

- Evaluate the effectiveness of edits being performed on all FR Y-14 data schedules collected by Statistics.
- Review the explanation of edit failures to determine the usefulness of the information being provided.
- Ensure edits being performed are adding value while taking all stakeholder burden into account.

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Edit Analysis: Criteria

- Below are different criteria used by Statistics when creating edit recommendations:
 - Edit failure rate and associated explanation
 - Edit failures due to rounding
 - Edit logic review
 - Edit comparisons within schedules (Consolidation)
 - Edit explanations

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Edit Analysis: Milestones and Next Steps

- Create Edit and Explanation Guidelines → **Complete**
- Create summary statistics for edit failures by schedule → **Complete**
- Perform comprehensive zero base review of edits and create recommendations → **Complete**
- Discuss recommendations with end users of each schedule → *July – August 2017*
- Implement approved edit updates by schedule → *Q3 2017 – Q1 2018*

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FR Y-14 Data Quality

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FR Y-14 Data Quality

- Overview of collection process and standardization
- Statistics role in achieving data quality
- Best Practices
 - Prior to data due date
 - During submission window
 - Ongoing initiatives
- Commonly asked questions

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FR Y-14A and FR Y-14Q Standard Collection Process

- XML submission format
- Centralized storage of data
- Micro Data Reference Manual (MDRM) taxonomy
- Centralized storage of edits and remarks
- Centralized Statistics FAQ procedures and system

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Statistics Role in Achieving Data Quality

- Edits support quality and integrity of data on XML schedules.
 - Recommendations for changes and new edits are welcome.
- Statistics develops technical information including edits and data dictionaries which are published on a quarterly basis.
 - No later than 6 weeks prior to each due date.
 - FR Y-14Q and FR Y-14A technical instructions may be published separately.
- Statistics confirms basic data quality and integrity via resolution of edits triggered and reviews relevant remarks commentary for detail and clarity.

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Best Practices: Pre-submission

- Review CCAR Intralinks Technical Instructions
- Review FR Y-14Q Technical Submission Instructions
- Submit test files prior to submission
- Ensure submissions are tagged correctly and file name formats are followed.
- Proactively identify and communicate missing data and data quality issues.

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Best Practices: During Submission Window

- Review CCAR Intralinks Technical Instructions
- Review FR Y-14Q Technical Submission Instructions
- Alert your Reserve Bank analysts of submissions
- Send well formed remarks with details about specific product or target items.
- Automate edits and send remarks with data
- Don't hesitate to call—we are here to help!

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Best Practices: Ongoing Initiatives

- Provide regular updates on remediation efforts
- Regularly review instructions and identify unclear interpretations
- Submit FAQ's as necessary
- Provide edit feedback as necessary

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Commonly Asked Questions

Question	Answer
Do file naming conventions apply to data files as well as remarks files?	Yes. Both are loaded to the database and should follow naming conventions provided.
What is the version of the XSD to use for historical submissions and resubmissions?	The current version of the XSD (Master XSD) should always be used in conjunction with the applicable instructions of the time.
What are the timelines to collect data in XML for schedules currently collected in Excel?	FR Y-14 RCI and Ops Risk should transition to XML by the end of 2017.
Do the XML files still need to be submitted for schedules that are not applicable?	No, if the entire content of an XSD is not applicable, there is no need to submit a blank one.
Are there plans to use XSD in the future for syntax edit checks?	Not at this time. Due to the use of a master XSD (for historical and current quarter data syntax is not built into the XSD.
Can we receive technical instructions earlier than 6 weeks?	6 weeks before the data due date is the current commitment. Technical instructions are dependent on final Report Form and Instructions, and require Federal Reserve System development and testing completion before publication of final changes.
Will historical data submissions be held to the same turnaround time for edit checks?	No, please work with your Federal Reserve contact to ensure reasonable completion of edits for historical data.
We want to do another test file with real data. Do we need (transtype U) or can we just submit with (transtype I).	Either can be done, if you would like to submit a new file with transtype I please inform your Reserve Bank contact and we can delete the test database to start fresh. You can and should also utilize transtype U to test revisions.
For syntax edit failures, does the submission file need to change from transtype I to transtype U for the resubmission?	If the syntax edit fail on a primary key, two are needed (transtype D and transtype I). For all other syntax edits (on non-primary keys fields) a transtype U is needed.

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Cost Burden Survey Update

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Appendix

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Terms

- FAQ: Frequently Asked Questions
- Q&A: Question and Answer
- CCAR: Comprehensive Capital Analysis and Review

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Appendix A

List of Participants

July 17, 2017

Attendees

Ally Financial

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BancWest

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Bank of America

Steve Micka
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Michael Kraemer
Tamara Molder
Evans Muzere
Laura Olsen
Richard Palmer
Nawsheen Rabbani
Lisa Ryu
Langston Shaw
Virginia Wall

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Sue Graves
Ruchi Jain
Kim Sutton

Citi

Irma Aksakal
Caitlin Connell
Larissa Conrado
Kathleen Goldreich
Mary Grace Ocampo
Bruno Santos
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