



THE FINANCIAL SERVICES ROUNDTABLE
Financing America's Economy



April 1, 2013

Robert deV. Frierson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

Communications Division
Office of the Comptroller of the Currency
Mail Stop 6W-11
Attention: 1557-0100
Washington, D.C. 20219

Re: Proposed Revisions to the FFIEC 009 and FFIEC 009a Reports (OMB control numbers: FRB, 7100-0035; FDIC, 3064-0017; OCC, 1557-0100)

Dear Messrs. Frierson and Feldman:

The Clearing House Association L.L.C. (“**The Clearing House**”) ¹, the American Bankers Association (“**ABA**”) ², and The Financial Services Roundtable (“**The Roundtable**”) ³, and together, the

¹ Established in 1853, The Clearing House is the oldest banking association and payments company in the U.S. It is owned by the world’s largest commercial banks, which collectively employ over 2 million people and hold more than half of all U.S. deposits. The Clearing House Association L.L.C. is a nonpartisan advocacy organization representing—through regulatory comment letters, amicus briefs and white papers—the interests of its owner banks on a variety of systemically important banking issues. Its affiliate, The Clearing House Payments Company L.L.C., provides payment, clearing, and settlement services to its member banks and other financial institutions,

“Associations”), appreciate the opportunity to comment on the proposed revisions to the *Instructions for the Preparation of the Country Exposure Report* (the “FFIEC 009”) and the Country Exposure Information Report (the “FFIEC 009a”)(together, the “Proposals”) jointly proposed by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation (collectively, the “Agencies”). The proposed implementation date for the Proposals is June 30, 2013. The Associations support the efforts of the Agencies to improve their understanding of banks’ foreign country exposures while striking an appropriate balance between the Agencies’ need for data and the need for such data requests to be practical, logical and administratively manageable for both the Agencies and the members of the banking industry that have to apply those rules. We believe that the recommendations and requests for clarification provided herein will help achieve the Agencies’ objectives and strike that balance more effectively.

A. Several Aspects of the Proposals Require Further Clarification.

Clarifications to the Proposals would be very helpful in providing guidance to institutions with respect to the information required. The ambiguity of some of the instructions, if not clarified, could result in inconsistent or incorrect reporting. For example, “country of residence”, “country of legal residence”, and “country of incorporation” are used interchangeably throughout the instructions. If it is the intent of the Agencies to define these terms synonymously, we respectfully request that the instructions be revised to make this intent clear so that institutions will have a better understanding of the information to be reported. For example, if these terms are intended to be synonymous, an entity (obligor) incorporated in the United States but located in the Bahamas would be classified as a United States corporation under the Proposals. On the other hand, if the Agencies intend that this entity should instead be reported as a Bahamian entity, the instructions should be revised to include more detail so that the reporting institution can properly capture that information. Additionally, there are a significant number of specific areas where additional clarification would be appreciated in order to permit organizations to provide accurate and meaningful data submissions. These specific requests for clarification may be found in the Appendix to this letter.

Moreover, the “Proposed Changes to the Information Collection” of the Proposals states in relevant part that “[r]eporting institutions have indicated a strong preference for including the U.S. in the

clearing almost \$2 trillion daily and representing nearly half of the automated-clearing-house, funds-transfer, and check-image payments made in the U.S. See The Clearing House’s web page at www.theclearinghouse.org.

² The American Bankers Association represents banks of all sizes and charters and is the voice for the nation’s \$14 trillion banking industry and its 2 million employees.

³ The Financial Services Roundtable represents 100 integrated financial services companies providing banking, insurance, and investment products and services to the American consumer. Member companies participate through the Chief Executive Officer and other senior executives nominated by the CEO. Roundtable member companies provide fuel for America’s economic engine, accounting directly for \$98.4 trillion in managed assets, \$1.1 trillion in revenue, and 2.4 million jobs.

country rows so that amounts reported on an institution's FFIEC 009 'can be reconciled' to those reported on its FR Y-9C report or Call Report (FFIEC 031), as appropriate, which includes exposures to the U.S." Our member institutions respectfully request that the Agencies conduct further industry outreach before implementing this proposed new reporting requirement, since they believe that their existing reconciliation processes and procedures are more than adequate to ensure consistent reporting and that such an additional "reconciliation tool" for the Agencies' own monitoring purposes is unnecessary and will not enhance the Agencies' assessment of cross-border risk exposures.

B. The Effective Date of the Proposals Should Be Delayed Until at least September 30, 2013.

In view of the requested clarifications described above, as well as the volume and granularity of other additional information requested (including additional counterparty categories, type of claim reported, and reporting of credit derivatives), the Associations urge the Agencies to delay the effective date of the Proposals for at least 90 days to September 30, 2013. Due to the significant changes required for reporting systems to produce reliable information, financial institutions would need this additional time to implement the required systems changes, integrate the changes with their existing internal controls structure, and test their internal control systems. This extension would also allow data providers additional time to test their Report Central uploads. In addition, guidance should be provided for banks that have missing or incomplete data. Finally, the Associations urge the Agencies to allow new reporters additional time through a bifurcated implementation approach. For those reporting for the first time, the additional time will be critical for implementing the necessary systems and will result in more accurate, reliable and comparable reporting.

C. The List of Countries Should Be Updated to Conform to Other Current Data Collection Requirements.

The listing of countries included in the Proposals is inconsistent with other geographic data collections, such as the Treasury International Capital ("TIC") reports and the Quarterly Report of Assets and Liabilities of Large Foreign Offices of U.S. Banks ("FR 2502Q"). The list of countries currently provided in the Proposals has not been revised since 2006, hence, certain countries are obsolete (*e.g.* Netherlands Antilles), while reporting for other countries is inconsistent with the TIC and the FR 2502Q and other required data collections. Currently, the Bank for International Settlements is reported on a separate line on both the FR 2502Q and TIC Reports, but would be reportable as "Other Europe" on the FFIEC 009. Draft instructions for the Proposals indicate that the European Central Bank should be reported as "Other Europe," while the FFIEC 009 itself already has a separate line (#13501). The Associations recommend that the list of countries included in the

Proposals be updated so as to be consistent with the TIC and the FR 2502Q Reports, and request sufficient notice of any such changes to implement required system changes.

D. The Year-End Due Date Should Be Delayed by Five Days.

For quarterly (non year-end) reporting, the FR Y-9C is due 40 days after the end of the quarter, and the FFIEC 009 is due 45 days after the end of the quarter. However, at year-end, both the FR Y-9C and the FFIEC 009 are due 45 days after the quarter end. Since the stated intention is that filers can perform a reconciliation between the FR Y-9C and the FFIEC 009, the year-end timing may not allow for adequate reconciliation. The five-day difference in the due dates of these reports on a quarterly (non year-end) basis allows for this reconciliation, whereas the due dates for the year-end report currently may not. Accordingly, the Associations recommend that the year-end FFIEC 009 be due 50 days after the year end to allow for proper reconciliation.

We greatly appreciate your consideration of our comments and would welcome the opportunity to discuss them further with you at your convenience. If we can facilitate arranging those discussions, or if you have any question or are in need of any further information, please contact David Wagner at (212) 613-9883 (email: david.wagner@theclearinghouse.org), Ryan Pozin at (212) 613-0135 (email: ryan.pozin@theclearinghouse.org), or Alison Touhey at (202) 663-5182 (email: atouhey@aba.com).

Respectfully submitted,



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Richard M. Whiting

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Appendix – Specific Requests for Clarification

A. General Questions

1. To which sector(s) are Special Purpose Vehicles (SPVs), personal financial companies, and personal investment trusts to be assigned?
2. To which sector are grant-making non-profit institutions to be assigned?
3. To which sector are trusts, partnership firms, credit bureaus or any other legal status not falling into the categories of banks, public, NBFIs or household, assigned?
4. Are HTM securities required to be reported separately at amortized cost from other instruments reported at fair value [Schedule C, Part II - Column 12]?
5. Is it expected that activity reported would be outside Resale and Reverse Repurchase Agreements and Securities Lending [Schedule C, Part II - Column 13]?
6. With respect to brokerage services, is the definition limited to financial brokerages or does it include brokerages of any property type?
7. Should Schedule C, Part II, column 12 reconcile to Schedule HC-B or are respondents to report AFS securities balances posts as collateral only?
8. Please confirm that only the asset is reportable for columns 13-16 of Schedule C, Part II.
9. Schedule C, Part II, column 13-16: The Proposals indicate claim amounts should be reported, rather than collateral. Please clarify examples 14 and 18 as they appear to contradict the template layout.
10. Are gross or net (*i.e.*, FIN 41 netting) amounts reportable for reverse repos and securities borrowed in Column 16, Schedule C, Part II?
11. Should only the claims falling under the classification of “Loan and Lease Financing Receivables” on the Balance Sheet of the bank holding company be categorized under the “Household” category, or can claims under any other Balance Sheet line be categorized under “Household”, if the counterparty’s legal status is that of an individual, household, or family? Should the balance reported under FR Y-9C, Schedule C, line 6 match the balance reported under FFIEC 009, Schedule C (Part I or II) under the category “Household?”
12. Please provide additional examples to the instructions regarding “Collaterals held under claims with no risk transfer” [Schedule C, Part II, Column 13 to 16].

13. Should accounts receivable from “small business” credit cards be categorized as Corporate or Household? Would this determination be impacted if the counterparty is an individual?