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October 11, 2013

Legislative and Regulatory
Activities Division, Office of the
Comptroller of the Currency,
Attention: 1557–0081 and 1557–0239,
400 7th Street SW., Suite 3E–218, Mail Stop
9W–11, Washington, DC 20219.

Robert deV. Frierson,
Secretary, Board of Governors of the
Federal Reserve System, 20th Street and
Constitution Avenue NW, Washington,
DC 20551.

Gary A. Kuiper, Counsel,
Attn: Comments, Room NYA–5046,
Federal Deposit Insurance Corporation,
550 17th Street NW, Washington, DC
20429.

By Electronic Mail

Re: Proposed Agency Information Collection Activities: FFIEC 031, FFIEC 041, and FFIEC 101;

Ladies and Gentleman:

The American Bankers Association (ABA)[1] appreciates the opportunity to comment on the proposed changes to FFIEC forms 031, 041 and 101. The proposed Information Collections would revise the reporting requirements for regulatory capital components and ratios, consistent with the recently finalized regulatory capital rules.

ABA very much appreciates the Agencies' decision to issue separate, staggered proposals for regulatory capital and risk weighted asset reporting. The proposed changes to schedule RC-R of the Call Report were straight-forward, and as such, ABA and its members do not have material comments about the proposal.

[1] 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. Learn more at aba.com.

Regarding the proposed Form 101, however, we note several areas in need of clarification. To this end, Appendix I provides specific questions that highlight some confusion regarding reporting once an institution exits its parallel run as well as regarding how institutions should report various items subject to transition under the final capital rules.

We thank the Agencies for the opportunity to comment. ABA looks forward to working with the Agencies as they, and the industry, implement the Basel III capital framework. If you have any questions, please do not hesitate to contact me at (202) 663-5182 or atouhey@aba.com.

Sincerely,

Alison Touhey

Appendix I: Industry Questions Regarding the Proposed Changes for Basel III Capital in Call Report Schedule RC-R and Form FR Y-9, and FFIEC Form 101

Call Report Schedule RC-R and Form FR Y-9 Schedule MC-R

1. There does not appear to be a place to report the amount of mortgage servicing rights, deferred tax assets and significant investments in unconsolidated financial institutions that fall below the 10 percent / 15 percent deduction thresholds and that get risk-weighted at 100 percent until 2018 and 250 percent thereafter. Can the regulators clarify?

2. The instructions for line 45, the supplemental leverage ratio for Advanced Approach Institutions, state that Advanced Approach Institutions must complete this line even if in the parallel run process and that the data will come from the FFIEC 101 Schedule A, item 98. The RC-R is filed 30 days after calendar-end, but the FFIEC 101, when in parallel, is not required until 60 days after calendar-end. Can the Agencies clarify how this will work for institutions that not yet exited parallel?

3. Can the Agencies (1) confirm that BHCs with the SR 01-1 exemption are not requirement to complete HC-R Part I.B (new changes that reflect Basel III) until Q3'15. And (2) clarify whether or not BHCs with the exemption are required to provide the numerator info and the RBC for Q1 and Q2 2015, given that Part I.A will be removed as of Q1'15.

FFIEC Form 101

<u>Schedule A</u>

4. The Supplementary Leverage Ratio will go into effect in 2015 and the Global Systemically Important Bank (G-SIB) capital buffer in 2016. Can you confirm that banks subject to these requirements do not have to populate these sections of the FFIEC 101 until 2015 and 2016, respectively?

5. Both the current and proposed instructions state, "institutions specified in Schedule A must begin reporting FFIEC 101 data at the end of the first quarter in which they have begun their parallel run period." Can the Agencies clarify that an advanced approaches bank not in parallel run at 3/31/2014, wouldn't complete Schedule A?

6. There is significant confusion regarding transition reporting. The following questions offer specific examples of line items with transitions that are in need of clarification:

    a. Intangible assets are subject to transition rules between CET1 and risk-weighted assets. What value is reported on line 9 of Schedule A?

    b. Deferred tax assets reported on line 10 in Schedule A are transitioned between CET1 and AT1. Where is the transition amount of AT1 capital reported?

c. Relative to line 11 on Schedule A, transition rules apply for AOCI items at fair value. Where on schedule A should these be reported?

d. Relative to line 12 on Schedule A, expected credit loss that exceeds eligible credit reserves are transitioned between CET1 and AT1. Where is the transition amount of AT1 capital reported?

e. Relative to line 13 on Schedule A, gain-on-sale of securitization exposures are transitioned between CET1 and AT1. Where is the transition amount of AT1 capital reported?

f. Relative to line 14 on Schedule A, unrealized gain or loss related to changes in own credit risk are transitioned between CET1 and AT1. Where is the transition amount of AT1 capital reported?

g. Relative to line 15 on Schedule A, defined benefit pension fund assets are transitioned between CET1 and AT1. Where is the transition amount of AT1 capital reported?

h. Investments in own shares are subject to transition rules between CET1 and risk-weighted assets. What value is to be reported on line 16 of Schedule A?

i. Reciprocal cross holdings are subject to transition rules between CET1 and risk-weighted assets. What value is to be reported on line 17 of Schedule A?

j. Non-significant investments in the capital of unconsolidated financial institutions in the form of common stock that exceed the 10 percent threshold for non-significant investments are subject to transition rules between CET1 and risk-weighted assets. What value is to be reported on line 18 of Schedule A?

k. Significant investments in the capital of unconsolidated financial institutions in the form of common stock that exceed the 10 percent common equity tier 1 capital deduction threshold are subject to transition rules between CET1 and risk-weighted assets. What value is to be reported on line 19 of Schedule A?

l. MSAs net of associated deferred tax losses that exceed the 10 percent common equity tier 1 capital deduction threshold are subject to transition rules between CET1 and risk-weighted assets. What value is to be reported on line 20 of Schedule A?

m. DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs, that exceed the 10 percent common equity tier 1 capital deduction threshold are subject to transition rules between CET1 and risk-weighted assets. What value is to be reported on line 21 of Schedule A?

n. Significant investments in the capital of unconsolidated financial institutions in the form of common stock; MSAs net of associated DTLs; and DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs, that exceeds the 15 percent common equity tier 1 capital deduction threshold are subject to transition rules between CET1 and risk-weighted assets. What value is to be reported on line 22 of Schedule A?

o. In addition to insurance subsidiaries, should line 41 on Schedule A be utilized for items that have transition rules until 2018 between CET1 and AT1? Additionally, the Basel III Final Rule does not include deductions of Volcker-Rule-related investments that were included in the NPR. Should this line be utilized to include these deductions to AT1 capital?

p. Does line 47 of Schedule A (for non-qualifying capital instruments subject to phase out from tier 2 capital) include non-qualifying AT1 instruments which are subject to phase out as tier 2 capital components?

<u>Schedule B</u>

7. Where should institutions report 20 percent risk-weighted items in the process of collection? The summary does not break out by counterparty.

8. The way this schedule is organized, it looks like the 1.06 multiplier is applied to all credit risk, not just the Advanced IRB calculations – *e.g.*, anything that has a straight risk weight associated with it, such as Assets Not in a Disclosed Category (ANIDC – Other Assets), Non-Material Portfolios, Mortgage Servicing Rights and Deferred Tax Assets that are not deducted and assigned a 250 percent risk weight, and securitization exposures that are assigned a 1250 percent risk weight). Is the intent to apply the 1.06 on top of all these risk weights as well?

<u>Schedules H, I and J</u>

9. Both Schedule H, "Wholesale Exposure: Eligible Margin Loans, Repo-Style Transactions, and OTC Derivatives with Cross-Product Netting," and Schedule J, "Wholesale Exposure: OTC Derivatives No Cross-Product Netting," ask for the CVA charge. Since the CVA charge is a portfolio calculation and would encompass both transactions with and without cross-product netting, can you confirm that banks only need to submit the CVA charge on one of these schedules?

10. On schedules H and J, please confirm whether banks that floor the effective maturity at one year should calculate the weighted average maturity inclusive of the one-year floor? Or should banks ignore the one-year floor specifically for the purposes of calculating weighted average maturity?

11. For Schedules H, I and J, how should reporting be handled for securities that have a "holding period or margin period of risk set for 20 days" yet also meet the criteria of "holding period or margin period of risk set for at least twice the minimum holding period that would otherwise be used (due to at least 3 disputes)"? For example, would an illiquid derivative that would take a 20-day period also need to be reported as having twice the minimum (20 vs. 10)? To be clear, are these sections independent of one another?

<u>Schedules K – O</u>

12. There is no place to report the credit scoring system for Memorandum item 2.

<u>Schedule Q</u>

13. Please confirm that lines #3 and #4 should be reported inclusive of initial margin?