Goldman Sachs
Bank
USA

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Via e-mail

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW.
Washington, D.C. 20551
Attention: Consolidated Reports of Condition and Income, 7100-0036
regs.comments@federalreserve.gov

Herbert J. Messite, Counsel
Comments Room F-1052
Federal Deposit Insurance Corporation
550 17th Street, NW.
Washington, D.C. 20429
Attention: Consolidated Reports of Condition and Income, 3064-0052
comments@FDIC.gov

Dear Ms. Johnson and Mr. Messite,

Goldman Sachs Bank USA appreciates the opportunity to comment on the proposed revisions to the Consolidated Reports of Condition and Income (Call Report).

Revisions of Brokered and Time Deposit Schedules

The Agencies have proposed changes to the reporting of time and brokered deposits on schedule RC-E related to the standard maximum deposit insurance amount (SMDIA). Specifically, additional lines would be created for the reporting of brokered deposits and time deposits with balances between $100,000 and $250,000. While we recognize the value of this information to the Agencies, we have concerns regarding the ability of institutions to provide this level of detail given current reporting conventions. The current Call Report instructions for RC-E Memorandum 1.c state as follows:

> **Fully insured brokered deposits.** Report in the appropriate subitem all fully insured brokered deposits (as defined in the Glossary entry for "brokered deposits") included in Schedule RC-E, Memorandum item 1.b above.
> In some cases, brokered certificates of deposit are issued in $1,000 amounts under a master certificate of deposit issued by a bank to a deposit broker in an amount that exceeds $100,000. For these so-called "retail brokered deposits," multiple purchases by individual depositors from an individual bank normally do

not exceed the applicable deposit insurance limit (either \$100,000 or \$250,000), **but under current deposit insurance rules the deposit broker is not required to provide information routinely on these purchasers and their account ownership capacity to the bank issuing the deposits.** If this information is not readily available to the issuing bank, these brokered certificates of deposit in \$1,000 amounts may be rebuttably presumed to be fully insured brokered deposits and should be reported in Schedule RC-E, Memorandum item 1.c.(1), below. In addition, some brokered deposits are transaction accounts or money market deposit accounts (MMDAs) that are denominated in amounts of \$0.01 and established and maintained by the deposit broker (or its agent) as agent, custodian, or other fiduciary for the broker's customers.

Many deposit brokers currently do not provide the level of detail required to report the information in accordance with the new proposals. Consequently, the new disclosure would likely fail to provide reliable information to the Agencies.

Furthermore, the Agencies have proposed creating additional disclosures on schedules RI and RC-K to track the expense and average balances of fully insured and other brokered time deposits. For the reasons cited above, this level of granularity is typically not available.

We propose that the Agencies delay the implementation of these changes in light of current broker reporting rules. We suggest either that the reporting rules for deposit brokers be amended, such that they are required to supply the necessary level of information, or that the Agencies consider alternative ways to collect this information.

<u>Creation of Additional Categories of Unused Commitments and Loans</u>

The proposed changes include a new classification for unused commitments and loans to non-depository financial institutions on RC-C and RC-L. We agree that this information would be useful to the Agencies in their monitoring of lending activity, and we support this proposal.

However, we would like to point out that the instructions for loan classifications are complex, require considerable effort, and introduce the potential for inconsistency across reporting institutions. Instructions for schedule RC-C acknowledge: "Loans covering two or more categories are sometimes difficult to categorize." We ask the Agencies to consider simplifying loan classification requirements going forward by 1) consolidating reporting categories, where feasible; 2) creating a decision tree matrix with prioritization for competing criteria; 3) recommending the use of more objective criteria (such as SIC classifications).

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Please do not hesitate to contact me if you have any questions or comments about matters discussed in this letter.

Very truly yours,

John Chartres

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