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Subject: Revisions to call report OCC 1557-0081 FFIEC 031 FFIEC 041 FFIEC 051

Comment on OCC 1557-0081

It is unclear that revisions to FFIEC 041 and FFIEC 031 combining balances due from domestic banks with US branches of foreign banks provides adequate information about entities with potentially different risk profiles. Items 2A and 2b, and 3A and 3B should continue to be collected separately, because risks of branches of foreign banks may be different than risks of domestic banks, including currency risk, embargo risk, government change risk, and other risks which do not apply to US banks

RC-A, 2a reports balances due from US branches and agencies of foreign banks
RC-A 2b reports balances due from other commercial banks in the US and other depository institutions in the US.

The proposed revisions suggest combining 2a and 2b into one data item as new item 2.

Note: Items 2.a and 2.b of Schedule RC-A will be combined into one data item (new item 2)

Removing the prior subsections of Schedule RC-A does not provide information which may be necessary for the proper performance of the agencies functions. Knowledge of balances from foreign banks, whether overseas or US branches of foreign banks has practical utility for assessing risk of financial institutions.

Nor does separating these balances from different categories and types of institutions seem burdensome, if the other revisions and removals of items proceeds. The same comment applies to RC-A 3a and 3b being combined.

In addition, there are not sections which clearly identify any financial institution holding of crypto-currency or virtual currency such as bitcoin. To the extent that holding of crypto or virtual currency has unknown characteristics and risks, there should be a section in the call report which identifies any assets or holdings taking the form of, or incurring risk from, crypto-currency. There have been reports that US financial institutions intend to begin offering derivatives or other crypto-currency associated assets and trading vehicles. There need to be reports on the levels of such virtual currency holdings.

Schedule RC-F, which presents a breakdown of assets not reported in other balance sheet asset categories, may be an appropriate place to report assets or liabilities in the form of crypto-currency holdings, loans, derivatives, or other financial assets or liabilities associated with such new, untested forms of currency or liability.

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