



July 19, 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 “**Associations**”

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, 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

appreciate the opportunity to comment on the final reporting changes 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 "New Reporting Requirements") issued by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System (the "Federal Reserve Board") and the Federal Deposit Insurance Corporation (collectively, the "Agencies"). The Associations appreciate 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 must provide the requested information.

We also appreciate the Agencies' acceptance of our recommendations in our comment letter dated April 1, 2013 (copy attached)(the "April 1 Comment Letter") to delay the year-end due date by five days to provide an opportunity to reconcile data with the FR Y-9C report, revise the list of countries included on the New Reporting Requirements to be consistent with the Treasury International Capital reports, and delay the effective date of the New Reporting Requirements to September 30, 2013. For the reasons stated below, however, we are requesting an additional delay in the effective date of the New Reporting Requirements until December 31, 2013, assuming that all critically important information and training required to implement the New Reporting Requirements are made available no later than September 6, 2013, with training by the Federal Reserve Board occurring no later than September 11, as currently scheduled.

Based on a meeting between The Clearing House and the Federal Reserve Board, we believe that the Federal Reserve Board is still developing reporting templates and the protocols to transmit Form FFIEC 009 through Reporting Central. The New Reporting Requirements include extensive changes to existing schedules, several new data fields and a significant number of additional country lines. It appears that the new Report Central reporting templates and User Guides needed to implement the New Reporting Requirements are not expected to be finalized until the third week of September. Further, the Federal Reserve Board training with respect to the New Reporting Requirements is scheduled for September 11, 2013. We believe that, whenever possible, the Federal Reserve Board should make available reporting templates well in advance of scheduled training to permit banks sufficient time to prepare and make optimal use of training opportunities offered by the Federal Reserve Board. In addition, as noted below, there are certain areas where additional clarifications are required to ensure that banks appropriately interpret and apply the instructions to report in a manner consistent with the intent of the Agencies. These clarifications are necessary to properly implement the requirements across the various lines of business at each bank.

Finally, it is unclear when testing in Reporting Central will be available, but in all likelihood this will not be before September. The scheduled September release dates regarding the availability of critically important information, procedures and forms regarding the New Reporting Requirements do not allow sufficient lead time to communicate the necessary training globally to all lines of business, implement

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.

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the required system changes, integrate the changes with existing internal control requirements and test the systems to ensure accurate reporting. Since the New Reporting Requirements must be finalized before committing significant internal technology and operational resources to effecting the changes so that the changes only need be made once, we respectfully request that the effective date for the New Reporting Requirements be delayed until December 31, 2013 *assuming that the Report Central team provides templates, text guides and testing portal capability no later than September 6*. In turn, this will allow for demos at the Federal Reserve Board training webcast scheduled for September 11. In the event that the required final reporting templates, training and portal capability are not made available in September 2013 as currently scheduled, we respectfully request that the effective date of the New Reporting Requirements be delayed until at least the end of the next full quarter (i.e., 90 days) following the close of the quarter in which such information and training is provided.⁴

As noted above, there are several areas where further clarification would be extremely helpful in order to allow for more accurate and meaningful data submissions. These specific requests and questions may be found in the Appendix to this letter.

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), Richard Foster at 202.589.2424 (email: richard.foster@fsround.org), or Alison Touhey at 201.663.5182 (email: atouhey@aba.com).

Respectfully submitted,



David Wagner
Executive Managing Director and Head of
Finance Affairs

⁴ Since the New Reporting Requirements were published for comment, the Federal Reserve Board has now published a proposal to implement a Report of Selected Money Market Rates (“Form FR 2420”). To assist the Federal Reserve in monitoring money market conditions, Form FR 2420 would require insured depository institutions with total assets of \$26 billion or more, and U.S. branches and agencies of foreign banks with third party assets of \$900 million or more, to report daily to the Federal Reserve on their federal funds transactions, Eurodollar transactions, and certificates of deposit. See 78 Fed. Reg. 38,976 (June 28, 2013). The regulatory reporting teams of banks will need to address implementation of not only the New Reporting Requirements, but also address the proposed collection of daily transactional data on Form FR 2420.

Mr. Robert deV. Frierson
Mr. Robert E. Feldman

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Richard M. Whiting
Executive Director & General Counsel



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cc:

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Appendix – Specific Requests for Clarification

A. General Questions

1. FAQ⁵ Q3/A3 states, “Currently, secured financing transactions are the only contracts that should be reported in this section [Schedule C, Part II, Column 13].” However, in the draft instructions (the “Draft Instructions”)⁶ page 20 states, “Also include any other collateralized claims that do not result in a risk transfer of claims.” We request that the Draft Instructions be revised to make clear our understanding to only report secured financing transactions in Schedule C Part II Columns 13 to 16.
2. Page 21 of the Draft Instructions provides in relevant part: “In Column 15, report claims held where the country of the ultimate obligor (i.e., the issuer of the collateral or holder of the cash) is the same as the country of the immediate counterparty.” Please define the criteria for holder of cash (e.g., financial institution of counterparty, custodial firm of counterparty, etc.).
3. Please confirm that the exposure reported in the Household sectors in schedule C should reconcile to R/HC-C line 6 “loans to individuals for household, family, and other personal expenditures”.
4. The “country of residence,” “country of legal residence,” and “country of incorporation” are used interchangeably throughout the Draft Instructions. Which term should we use in the event that the country of residence (i.e., jurisdiction of legal address) and country of incorporation (i.e., jurisdiction of registration) are different?
5. If the answer to General Question 4 above is “country of incorporation” (i.e., jurisdiction of registration), in which country should bank branches be reported? Would it be the “country of domicile” (i.e., jurisdiction of legal address) or the country of incorporation (i.e., jurisdiction of registration)?
6. Please provide additional clarification on the reporting of all adjustments to loan principal amounts as there currently are no specific references in the Draft Instructions regarding the Allowances for Loan and Lease Losses, Unearned Income, Unamortized Fees and Purchase Credit Impaired Loans. Our understanding is that the Allowances should not be reported anywhere on the FFIEC 009 and all other loan adjustments would be reported on the same basis as the FR Y-9C Schedule HC-C to the extent they can be specifically allocated to the individual counterparty. However, in the event that any of these balances cannot be specifically identified for the purposes of sector and geographic disclosures to the respective individual loan balances, is a process of reasonable estimation permissible?

⁵ FFIEC 009 Frequently Asked Questions – June 19, 2013, available at http://www.ffiec.gov/pdf/FFIEC_forms/FFIEC009_20130619_FAQ.pdf

⁶ Instructions for the Preparation of the Country Exposure Report (FFIEC 009) – DRAFT June 19, 2013, available at http://www.ffiec.gov/pdf/FFIEC_forms/FFIEC009_20130619_draft_i.pdf