



February 24, 2020

Via Electronic Mail

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, D.C. 20551

Re: Revisions to the Financial Statements for Holding Companies (FR Y-9 Reports), OMB Number 7100-0128

Ladies and Gentlemen:

The Bank Policy Institute¹ appreciates the opportunity to comment on the proposal by the Board of Governors of the Federal Reserve System to revise the Financial Statements for Holding Companies (the "Proposal"),² including the Consolidated Financial Statements for Holding Companies ("FR Y-9C"). While we are generally supportive of the proposed revisions to the FR Y-9C, we believe that the Federal Reserve should make a number of revisions and clarifications before finalizing the Proposal.

We recommend that the Federal Reserve ensure consistency across regulatory reports by modifying the proposed reporting of home equity lines of credit ("HELOCs") in line with the recently finalized changes to the Consolidated Reports of Condition and Income (FFIEC 031, FFIEC 041, FFIEC 051) ("Call Reports").³ The proposed changes to the FR Y-9C would include an instructional clarification for the reporting of HELOCs specifying that after a revolving open-end line of credit has converted to non-revolving closed-end status, the HELOC should be reported as closed-end in Schedule HC-C, item 1.c.(2)(a) or (b) of the FR Y-9C. This proposed change is similar to changes to the Call Reports previously proposed by the agencies in October 2019.⁴ While we appreciate the Federal Reserve's efforts to "promote consistency in reporting,"⁵ in the Joint Notice implementing the revisions proposed in October 2019 to the FFIEC 101 and Call Reports, the agencies ultimately elected not to make such an instructional clarification related to the reporting of HELOCs in the Call Reports after originally considering one in the October 2019 proposal.⁶ In the final rules implementing the proposed October 2019 changes to the Call Reports, the agencies instead added a separate memorandum item to report such HELOCs, which BPI had also recommended in

¹ The Bank Policy Institute is a nonpartisan public policy, research and advocacy group, representing the nation's leading banks and their customers. Our members include universal banks, regional banks and the major foreign banks doing business in the United States. Collectively, they employ almost 2 million Americans, make nearly half of the nation's small business loans, and are an engine for financial innovation and economic growth.

² 84 Fed. Reg. 71414 (December 27, 2019).

³ 85 Fed. Reg. 4780 (January 27, 2020).

⁴ 84 Fed. Reg. 53227 (October 4, 2019).

⁵ 84 Fed. Reg. 71414 at 71420.

⁶ 85 Fed. Reg. 4780 at 4795.

our December 3, 2019 letter.⁷ Due to the addition of the memorandum item in the Call Report and for the reasons detailed in our December 2019 letter, we recommend that the Federal Reserve conform the reporting of HELOCs in the FR Y-9C to the Call Reports by establishing a new memorandum item in the FR Y-9C to identify HELOCs that have converted to non-revolving closed-end status. This change would not only provide the Federal Reserve with more granular information while minimizing any increased burden but also establish consistency across reports as we believe the Federal Reserve intended.

Additionally, if the Federal Reserve proceeds with a new memorandum item for the reporting of the HELOCs, we recommend that the implementation timing of this new item be consistent with the proposed implementation date of March 31, 2021 of the new memorandum item for the reporting of these HELOCs in the Call Reports.

Similarly, we recommend that the Federal Reserve make additional revisions to the reporting of derivatives in the FR Y-9C to conform to changes recently made to the Call Reports and related instructions in the Joint Notice. In the Joint Notice, the agencies provided a clarification to the instructions with regard to the reporting of settled-to-market centrally cleared derivative contracts in Memorandum item 3 of Schedule RC-R, Part II of the Call Reports, providing in relevant part that when reporting these items, the remaining maturity used to determine the applicable conversion factor should be the basis for reporting. The Federal Reserve should make a corresponding clarification in the instructions to the FR Y-9C for the reporting of settled-to-market centrally cleared derivative contracts. The Federal Reserve should also clarify in the updated FR Y-9C instructions that the notional for matured derivatives, which have associated unsettled receivables/payables at reporting date, should not be reported, consistent with revisions to the Call Reports implemented in the Joint Notice. Again, we believe consistency across regulatory reporting forms will avoid increased reporting burden.

Finally, in the Joint Notice, the agencies provide a clarification stating that banks that use the standardized approach for counterparty credit risk ("SA-CCR") should report the "SA-CCR notional" in Schedule RC-R of the Call Reports.⁸ As we note in our comment letter to the agencies on the Final Notice,⁹ we have concerns related to the usage of an undefined term (i.e., "SA-CCR Notional") for notional reporting in Schedule RC-R of the Call Report and recommend that notional reporting in Schedule RC-R of the Call Report continue to be based on the contractual notional. We therefore respectfully request that when the Federal Reserve adopts revisions to the FR Y-9C related to SA-CCR that notional reporting in Schedule HC-R of the FR Y-9C be based on the contractual notional.

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BPI appreciates the opportunity to comment on the Proposal. If you have any questions, please contact the undersigned by phone at 646.736.3943 or by email at Alix.Roberts@bpi.com.

Respectfully submitted,



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Bank Policy Institute

cc: Michael Gibson
Mark Van Der Weide

⁷ See Bank Policy Institute Letter, *Call Report and FFIEC 101 Reporting Revisions* (December 3, 2019), available at <https://bpi.com/wp-content/uploads/2019/12/Call-Report-and-FFIEC-101-Reporting-Revisions.pdf>.

⁸ 85 Fed. Reg. 4780 at 4793.

⁹ See Bank Policy Institute Letter, *Call Report and FFIEC 101 Reporting Revisions* (February 24, 2020), available at <https://bpi.com/bpi-comment-letter-call-report-and-ffiec-101-reporting-revisions-2-24-2020/>.

Board of Governors of the Federal Reserve System

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