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Via Electronic Submission

November 12, 2019

Ann E. Misback
Secretary
Attn: Banking Organization Systemic Risk Report (FR Y–15; OMB No. 7100–0352).
Board of Governors of the Federal Reserve System
20th Street & Constitution Avenue, N.W.
Washington, D.C. 20551

Re: Proposed Agency Information Collection Activities: Banking Organization Systemic Risk Report (FR Y-15; OMB No. 7100-0352)

Ladies and Gentlemen,

Wells Fargo & Company ("Wells Fargo"), appreciates the opportunity to comment on the Board of Governors of the Federal Reserve System's (the "Board") proposal to make certain revisions to the *Banking Organization Systemic Risk Report* (FR Y–15) (the "Proposal").[1] Wells Fargo is a diversified, community-based financial services company with $1.9 trillion in assets and approximately 263,000 team members. We provide banking, investment and mortgage products and services, as well as consumer and commercial finance.

We appreciate the Board's efforts to provide transparency in the rationale for changes, and to clarify the requirements of the FR Y-15 reporting requirements, as well as the efforts to align the FR Y-15 report with previously implemented accounting standards and to harmonize requirements across existing regulatory reports (e.g., the *Consolidated Financial Statements for Holding Companies* (FR Y-9C)). We also appreciate and have included comments on the Board's ask for ways to enhance the quality, utility, and clarity of the information to be collected.

We generally support the FR Y-15 data collection which the Board, among other things, utilizes to monitor the risk profiles of banking organizations subject to enhanced prudential standards under the Dodd-Frank Wall Street Reform and Consumer Protection Act, as amended. Among other changes, the Proposal would add memoranda items for trading volume to Schedule C of the FR Y-15 to provide the Board with a broader, more holistic view of market activity. All of the Board's proposed changes would be effective for the FR Y-15 report as of December 31, 2019. The addition of these memoranda items would result in significant additional reporting burden in the short-term, as respondents would be required to develop and implement new technological solutions and reporting

[1] 84 Fed. Reg. 47,509 (Sept. 10, 2019).

tools. In light of this additional burden (as discussed further below), we respectfully ask the Board to provide a sufficient period of time for respondents to implement the additional memoranda items to Schedule C (as well as certain items proposed to be added to Schedule E as discussed further below). We believe that deferring the effective date of these changes to the FR Y-15 until the June 30, 2020 reporting date would allow sufficient time for implementation by, for example, avoiding undue strain on resources otherwise dedicated to year-end reporting requirements. With respect to certain of the Proposal's other changes (for example, those relating to foreign liabilities on Schedule E), we respectfully ask the Board to clarify that the new data elements are anchored to other reports (e.g., the *Country Exposure Report/Country Exposure Information Report* (FFIEC 009)). Clarifying these linkages would reduce burden and ensure reporting consistency.

- **Trading Volume Memorandum: Schedule C, Line M5**
  - This proposed memorandum line item, intended to provide the Board with additional data on market liquidity across a wide range of traded products, would result in significant additional reporting burden and requires additional implementation time. The proposed memorandum line item would collect information on the market value of all purchases and sales of securities to an external party. The implementation burden is substantial because volume metrics on the purchases and sales of debt and equity securities may not be captured in a manner that is readily usable for the prescribed reporting purpose, thereby necessitating new technological solutions to source and collect volume data in a manner consistent with the FR Y-15. Specifically, requiring systems to aggregate reportable exposures (across proprietary, principal and agent transactions) into the prescribed categories. Based on this significant implementation burden, we respectfully ask the Board to delay the implementation of these elements until the June 30, 2020 reporting date.

- **Foreign Derivative Claims: Schedule E, Line M1**
  - The proposed reporting instructions for line item M1 would collect information on foreign derivative claims on an ultimate-risk basis. The line item specifically references reporting within the FFIEC 009, and appears to ask for information identical to that reported on the FFIEC 009, Schedule D, Columns 1 through 4. The FR Y-15 generally identifies linkages to existing reporting requirements in Section H of the general instructions, however the proposal does not identify M1 as an automatically retrieved data field. We ask that the Board clarify that the data in M1 would be automatically retrieved from the FFIEC 009.

- **Foreign Derivative Liabilities: Schedule E, Line M3**
  - Proposed line item M3 would collect information on foreign derivative liabilities on an immediate-counterparty basis. As compared to proposed line item M1, the foreign derivative liabilities on an immediate-risk basis instruction only reference the FFIEC 009 for definitions. We note that the TIC D report includes foreign derivative liabilities on an immediate-risk basis, which appear to be similar to the proposed line item but TIC D does not allow for ASC 210-20 (formerly FIN 39) netting in reporting derivative liabilities. Given these differences, the proposed line item would create a new reporting requirement which would present significant burden to implement for reporting as of December 31, 2019. As this line item is a memorandum line, we ask the Board to delay the implementation of this reporting requirement until filing as of June 30, 2020.

- **Other Foreign Liabilities on an Immediate Counterparty Basis: Schedule E, Line M4**
  - The proposed instructions specifically reference FFIEC 009, Schedule L, Column 3, Total Foreign Countries and United States, which appears to be the appropriate source for the amount reportable on M4. However, Section H "Data Items Automatically Retrieved from Other Reports" in the General Instructions

has not been updated to reflect new Schedule E, item M4 for "Other foreign liabilities on an immediate-counterparty basis." We ask the Board to clarify that the requested data can be automatically retrieved from the FFIEC 009, Schedule L.

- **Accrued Interest Exclusion: Schedule B, Line Item 1**
    - The FR Y-15 instructions for Schedule B, Line Item 1, state the reported balance should "...include margin lending, but exclude accrued interest." The reporting instruction excerpt can be interpreted to exclude all accrued interest for in-scope products on this line item, or can be interpreted to exclude accrued interest exclusion for only margin lending. We ask the Board to clarify that the exclusion of accrued interest is applicable to all accrued interest.

We appreciate the opportunity to comment on the Proposal and are available to provide additional input or clarifications as you proceed with further deliberations on this topic. If you have any questions, please feel free to contact me directly at 612-667-7768 or karl.reitz@wellsfargo.com.

Sincerely,

Karl Reitz
Regulatory Reporting Interpretations Leader