TD GROUP US HOLDINGS LLC

May 28, 2021

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 Complex Institution Liquidity Monitoring Report (FR 2052a; OMB Control Number 7100-0361)

Ladies and Gentlemen:

TD Group US Holdings LLC ("TD"), a financial holding company under the Bank Holding Company Act and The Toronto-Dominion Bank's U.S. intermediate holding company ("IHC"), appreciates the opportunity to comment on the proposal by the Board of Governors of the Federal Reserve System (the "Board") to revise the Complex Institution Liquidity Monitoring Report (FR 2052a)[1] (the "Proposal"). TD supports the comment letters submitted jointly by a number of industry trade groups, including the Bank Policy Institute and American Bankers Association, dated April 12, 2021 and May 27, 2021 ("Joint Trades Letters"), and is a signatory to the comment letter submitted by a group of Category III banking organizations, dated May 27, 2021 ("Category III Letter"), urging the Board to extend and phase-in the implementation timeline, and to also provide certain other clarifications and modifications to the Proposal.[2]

TD understands the Board's need to revise the FR 2052(a) reporting form and instructions to capture data elements to monitor banking organizations' liquidity positions under the net stable funding ratio ("NSFR") rule and generally supports this effort. However, the proposed compliance date of July 1, 2021 for these revisions to the FR 2052(a) poses significant challenges in maintaining data quality, governance, and controls that TD and the Board expect with respect to FR 2052a reporting. Extending the compliance date to no earlier than April 1, 2022 for the proposed FR 2052a items necessary to calculate the NSFR, and no earlier than October 1, 2022 for the proposed non-NSFR-related changes, would provide firms sufficient time to address gaps in their data programs and supporting technology infrastructure in a manner consistent with supervisory expectations for completeness and sustainability through controls, testing and governance.

There are substantial changes proposed to the FR 2052a. While some of these changes were anticipated as they relate to the NSFR final rule, implementing these changes will take significant time and resources to work through the data mapping requirements, system development, oversight and model validation

[1] 86 Fed. Reg. 16365 (March 29, 2021).

[2] The signatories to the Joint Trade Letters are the Bank Policy Institute, the Securities Industry and Financial Markets Association, the American Bankers Association, the Institute of International Bankers, and the Financial Services Forum. The signatories to the Category III Letter are Capital One Financial Corporation, Charles Schwab Corporation, HSBC North America Holdings, Inc., Royal Bank of Canada, The PNC Financial Services Group, Inc., Truist Financial Corporation, TD Group US Holdings LLC, and U.S. Bancorp.

requirements. Like other firms, TD relies on third-party vendor platforms for FR 2052a delivery, and sufficient testing of those platforms against the new reporting requirements could not be accomplished by the proposed effective date. In addition, several proposed changes to the FR 2052a were not anticipated because they are not related to the final NSFR rule. Given the already short time period between the end of the comment period and the proposed implementation date for the proposed changes (i.e., 34 days), adding additional "non-NSFR" changes to the FR 2052(a) to be implemented on the same tight timeline adds to the already considerable challenges posed by the proposed compliance date.

TD has already reallocated additional resources to its NSFR compliance project, and while we expected some of the reporting changes to the FR 2052(a), the extent and proposed timing of those changes were not anticipated. Should the Board not extend the compliance timelines, TD will be required to redirect additional resources and potentially jeopardize timelines for other in-progress work. TD will also need to engage a significant number of contract employees and consultants.

In addition to revising the effective date as recommended above, TD would like to emphasize the following issues raised in the Joint Trades Letter, dated May 27, 2021:

I. Submission Timing Differences

The majority of the FR 2052a data items are due daily on T+2 for Category I, II, and Category III firms with $75 billion or more in weighted short-term wholesale funding; however, the supplemental balance sheet and certain elements of the supplemental liquidity risk table are refreshed monthly at T+15 calendar days after the last business day of the month. This potentially causes confusion about the frequency with which supervisors will be utilizing FR 2052a data to monitor firms’ compliance with the NSFR, as well as how firms’ NSFR calculations using the FR 2052a dataset and related mapping appendix should be utilized for purposes of the upcoming NSFR public disclosure requirements. If supplemental balance sheet data are not required on the same basis as the rest of FR 2052a, firms would still be subject to dual reporting processes, which results in an additional reporting burden on firms.

II. Mapping of FR 2052a to Balance Sheet

Current reporting on the FR 2052a does not align to U.S. GAAP balance sheet reporting and the way in which the proposal would achieve such alignment would entail significant burden for respondents. Furthermore, there is no clear guidance as to how firms are expected to reconcile the entirety of their balance sheet to the FR 2052a. While the appendices to the FR 2052a instructions provide partial mapping, these materials do not directly address all of the relevant items leading to a number of questions that could have significant implications for firms’ NSFR calculations.

The Proposal would require adjustments to carrying value and netting to arrive at a balance sheet required by the NSFR. Requiring adjustments to tie the FR 2052a data items back to the balance sheet would require significant additional burden, complexity, and granularity to the already detailed FR 2052a reporting. As a result, we recommend that the final rule should contain a full list of the items that would be required to be reported on the FR 2052a and clarify how to map these items to the balance sheet.

III. Interseries Reconciliation

If the Board expects FR 2052a reports to be reconciled to other regulatory reports, we recommend that the Board provide a validation listing of specific interseries reconciliation checks.

IV. Exclusion of Data Elements Unrelated to the Calculation of NSFR

Given the required burden of incremental data sourcing, we recommend that certain data elements which are not related to the NSFR and liquidity coverage ratio be excluded from the revised FR 2052a instructions. In particular, the counterparty segmentation and collateral class data elements should not be expanded as proposed.

V. Entities Subject to Revisions to FR 2052a

The FR 2052a instructions require certain firms to submit data at the consolidated level (including foreign banking organizations with more than $100 billion in combined U.S. assets that must submit data for their consolidated U.S. operations), as well as separately, at a material entity level. TD recommends that firms should not be required to produce all NSFR-related data elements on entities that are not subject to the NSFR. In particular, entities that are not required to be held under a foreign banking organization's IHC, such as a U.S. branch, should be excluded from these requirements. U.S. branches are not currently required to calculate risk weights under the U.S. capital framework as the U.S. capital framework does not require regulatory capital to be held at the U.S. branches of a foreign banking organization. Furthermore, U.S. branches of foreign banking organizations do not have stand-alone NSFR requirements. For example, The Toronto-Dominion Bank's New York Branch is not subject to the U.S. NSFR, but is included in The Toronto-Dominion Bank's NSFR calculations under the rules of its home country regulator, the Office of the Superintendent of Financial Institutions.

TD appreciates the opportunity to comment on the Proposal. If you have any questions, please contact Richard Taft at Richard.Taft@td.com or (856) 470-2270.

Very truly yours,

Mark Chauvin
President and Chief Executive Officer

Cc: Greg Braca, President & CEO, TD Bank
Richard Taft, Head of Regulatory Relationships and Government Affairs