

By Electronic Mail

November 8, 2022

Board of Governors of the Federal Reserve System  
2001 C Street, N.W.  
Mailstop M-4775  
Washington, D.C. 20551  
[regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov)

Re: Proposed Revisions to Form FR Y-7Q (OMB No. 7100-0297)

To Whom It May Concern:

We are writing on behalf of the Canadian Domestic Systemically Important Banks (D-SIBs) that are members of the Canadian Bankers Association<sup>1</sup> in regards to the earlier proposal by the Board of Governors of the Federal Reserve System (the "Board") to revise the Capital and Asset Report for Foreign Banking Organizations on Form FR Y-7Q (the "Proposal").

While we appreciate that the comment deadline for the Proposal has passed, we would respectfully like to highlight our support for the concerns raised about removing the long-standing option to file the FR Y-7Q on a non-calendar year fiscal year basis<sup>2</sup> in the two earlier submissions from (1) the Institute of International Bankers (IIB) and the Bank Policy Institute (BPI) and (2) Toronto-Dominion Bank.

We urge the Board to reconsider this change in light of the severe challenge that it would pose to our Canadian D-SIBs. We have also copied The Office of the Superintendent of Financial Institutions (OSFI) on this letter to reiterate this concern with the Proposal to our home regulator.

**The Board Should Retain Flexibility for FBOs to File the FR Y-7Q on a Home Country Fiscal Year Basis**

The Board's proposed elimination of the option to file the FR Y-7Q on a home country fiscal year basis represents a significant departure from the Board's historical consideration of home country accounting and reporting regimes for internationally headquartered banks. The Board would effectively export U.S. calendar year reporting requirements, and require international banks, regardless of the size or format of their U.S. banking operations, to change their home country consolidated management information systems and internal and external reporting processes. By eliminating the option to follow home-country fiscal year definitions, the Board would not obtain information any more frequently, or more rapidly, under the Proposal. There is also no suggestion that the quality or reliability of the information reported on the

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<sup>1</sup> The Canadian Bankers Association is the voice of more than 60 domestic and foreign banks that help drive Canada's economic growth and prosperity. The CBA advocates for public policies that contribute to a sound, thriving banking system to ensure Canadians can succeed in their financial goals. [www.cba.ca](http://www.cba.ca)

<sup>2</sup> 87 Fed. Reg.32165 (May 27, 2022).

FR Y-7Q would be improved through this change. Indeed, it is unclear from the Proposal what is driving such a significant change, besides the Board's desire to obtain consistency in fiscal versus calendar year definitions. We urge the Board to retain the option allowing FBOs to file on a fiscal year basis in accordance with the Board's historical policy.

Like the Board's proposed changes to the deadline for filing the FR Y-7Q, the Board's proposed elimination of non-calendar year fiscal year reporting appears inconsistent with the Board's obligations under the Bank Holding Company Act to rely to the extent possible on publicly reported information. FBOs that follow a non-calendar year fiscal year calculate and publicly report home country regulatory capital information based on their fiscal year. The Proposal would impose an additional reporting requirement where existing, fiscal year-based regulatory capital information has not been shown to be inadequate.

Our Canadian D-SIBs' financial and capital regulatory reporting ("reporting") is prepared and published on a fiscal quarter basis with the fiscal year ending on October 31st. Calendar quarter capital/leverage reporting and details on net income are not provided to OSFI, nor is it made publicly available. As a result, our D-SIBs' reporting framework is designed to satisfy the frequency of its fiscal quarter reporting to various external stakeholders and regulatory bodies on a quarterly basis during the fiscal quarterly reporting timelines. This reporting framework includes the rigor and oversight required for a foreign SEC registrant who reports public quarterly financial results and related capital disclosures.

Many processes in the above-mentioned reporting framework are only realistically feasible to be executed on a quarterly frequency. Intra-fiscal quarter capital/leverage reporting is produced monthly by our Canadian D-SIBs and this reporting is a relevant internal tool for capital management internally. However, the requirement to report capital and leverage data on a non-fiscal basis will require our D-SIBs to implement additional processes and controls.

Should the Board decide to require calendar quarter reporting for the FR Y-7Q, due to the significance of this change on the reporting processes of the Canadian banks, we respectfully request additional consultations to discuss implementation timelines as well as confidential treatment regardless of the required timeline reporting. An extended timeline for implementation is required and confidential treatment will help maintain a consistent and transparent message to the key external stakeholders noted above and reduce any confusion or misinterpretation that may be created by specific outlier reporting produced on a calendar quarter basis.

We hope there is still an opportunity to consider our comments above which mirror the earlier submissions from the IIB and BPI and Toronto Dominion Bank before any decisions are made on the Proposal. We would be pleased to discuss any questions you may have on our letter.

Sincerely,

A handwritten signature in blue ink that reads "Deborah H. Crossman". The signature is written in a cursive style with a large, stylized 'D' and a trailing flourish.

Cc:

- Theresa Hinz, Managing Director, Prudential Policy and Strategic Policy Liaison, OSFI
- Lisa Peterson, Managing Director, Insurance Capital, Capital Division, OSFI
- Yasir Syed, Director, Prudential Policy and Strategic Policy Liaison, OSFI