The Clearing House

November 29, 2010

Communications Division Office of the Comptroller of the Currency Public Information Room Mailstop 2-3 250 E Street, S.W. Washington, D.C. 20219 Attention: 1557-0081	Gary A. Kuiper Counsel Room F-1072 Federal Deposit Insurance Corporation 550 17th Street, N.W. Washington, D.C. 20429 Attention: Comments 3064-0052
Jennifer J. Johnson Secretary Board of Governors of the Federal Reserve System 20th Street and Constitution Avenue, N.W. Washington, D.C. 20551	Office of Information and Regulatory Affairs U.S. Office of Management and Budget New Executive Office Building 725 17th Street, N.W. Washington, D.C. 20503

Re: *Consolidated Reports of Condition and Income (FFIEC 031 and 041)*

Ladies and Gentlemen:

The Clearing House Association L.L.C. ("The Clearing House")[1], an association of major commercial banks, appreciates the opportunity to comment on the proposed revisions (the "Proposal") to the Consolidated Reports of Condition and Income (the "Call Report") and the instructions thereto (the "Instructions") jointly proposed by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (hereinafter collectively the "Agencies"). Our comments to the Proposal are presented below.

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[1] Established in 1853, The Clearing House is the nation's oldest banking association and payments company. It is owned by the world's largest commercial banks, which collectively employ 1.4 million people in the United States and hold more than half of all U.S. deposits. The Clearing House Association 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.

The Clearing House Association L.L.C. : 450 West 33rd Street : New York, NY 10001
Phone 212.613.0100 : Fax 212.613.0184 : www.theclearinghouse.org

Executive Summary

The Clearing House supports the Agencies' objective to gain a better understanding of banks' credit and liquidity risk exposures through additional disclosures. However, The Clearing House respectfully requests that our comments set forth below to improve the Proposal be considered before finalizing the revisions to the Call Report. Specifically, The Clearing House:

- *strongly recommends* that the proposed Call Report revisions relating to troubled debt restructurings ("TDRs") be deferred until after the Financial Accounting Standards Board (the "FASB") has finalized its accounting for TDRs under U.S. GAAP;

- *does not support* requiring the collection of data on the balance of nonbrokered deposits obtained through the use of "deposit listing service" companies;

- *recommends* that the proposed reporting for separate deposits for partnerships/corporations and individuals be delayed, and that certain deposits and money orders/travelers checks and certified checks/other checks should be reported in the same category either as partnerships/corporations or as individuals;

-*recommends* that the effective date for the proposed new Schedule RC-V, Variable Interest Entities, be delayed;

- *disagrees* with the Agencies' proposed revision to the instructions for maturity and repricing data for assets and liabilities at contractual ceilings and floors; and

- *suggests* that the Agencies prospectively provide earlier notification of proposed Call Report changes.

A. Troubled Debt Restructurings

The Clearing House recommends that the provisions of the Proposal relating to TDRs be deferred until after the FASB has made its final decisions about its exposure draft regarding TDRs[2]. The Proposed ASU provides that it would be effective for interim and annual periods ending after June 15, 2011.[3] Since the Proposal contemplates that it would be effective for the March 31, 2011 Call Report, The Clearing House is concerned that its members would need to

2 Proposed Accounting Standards Update, Receivables (Topic 310), Clarifications to Accounting for Troubled Debt Restructurings by Creditors issued on October 12, 2010 (the "Proposed ASU").

3 ASU 310-40-65-1.

make changes in their data collections to implement the changes under the Proposal for the March 31, 2011 Call Report and then perhaps again for June 30, 2011 reporting in the event that the FASB modifies the U.S. GAAP standard regarding TDRs. Accordingly, The Clearing House strongly recommends that the Agencies defer issuance of the proposed change on TDRs in final form until the FASB has finalized its accounting for TDRs under U.S. GAAP.

B. Nonbrokered Deposits Obtained Through the Use of Deposit Listing Service Companies

The Clearing House does not support the Proposal insofar as it requires the collection of data on the balance of nonbrokered deposits obtained through the use of "deposit listing service" companies. Unlike brokered deposits for which a bank obtains an identifiable population of deposits from a specific broker, deposits made by a customer after consideration of information provided by a nonbrokered "deposit listing service", including those on internet sites, is not available to the depository bank. The Proposal requires identification of deposits for which either a customer or a bank pays a fee to the "listing service" for information on bank deposit rates or other product features. Information to identify deposits for which customers or banks may have paid a fee to access deposit rates and product information is not available. Accordingly, The Clearing House recommends that the Agencies not include in the final regulations the request for data on the balance of nonbrokered deposits obtained through the use of "deposit listing service" companies.

C. Deposits of Individuals, Partnerships and Corporations

The Proposal would require Schedule RC-E, item 1, "Individuals, partnerships and corporations," to be split into item 1.a, "Individuals," and item 1.b, "Partnerships and corporations," for the March 31, 2011 Call Report. As discussed below, this type of information is not readily available or not available at all. For deposits for which the information is available, members would need to review their customer files to obtain the required information and develop reporting to accommodate this request, which would be a very intensive process. There is not sufficient time to collect this information and ensure its accuracy by March 31, 2011 reporting. Although the Agencies generally permit estimates to be provided for the first quarter of implementation for new regulations, the members of The Clearing House believe that estimates of such information would be very difficult to provide with any meaningful accuracy. In addition, after initially gathering the information, our members would then need to work with their respective technology and infrastructure teams to arrange for resources to program this information. Because of the significant changes to the systems required and the granularity of the data, The Clearing House requests that this proposal be delayed until March 31, 2012 reporting in order to allow sufficient time to implement these required systems changes and test within their internal control systems.

In addition, for certain deposits, such as brokered deposits, mortgage escrows, and uninvested trust funds, members are not able to distinguish whether they are held by corporations/partnerships or individuals. For example, for brokered deposits, this information may not be accessible and, even if it is accessible, members would need to rely on the information provided to them by independent third-party brokers. Therefore, The Clearing House recommends that the Agencies treat brokered deposits as corporate/partnership accounts since the majority of these deposits are received from partnerships and corporations. The Clearing House also recommends that the Agencies expand the classification of deposits of individuals to include mortgage escrows, and expand the classification of partnerships and corporations to include uninvested trust funds for similar reasons as stated above for brokered deposits.

Schedule RC–E, item 1, also includes all certified and official checks. The proposal states, "To limit reporting burden of the proposed change, official checks in the form of money orders and travelers checks would be reported as deposits of individuals. Certified checks and all other official checks would be reported as deposits of partnerships and corporations." However, internal deposit systems generally do not distinguish between types of official checks. This proposed change would require significant deposit system enhancements. In aggregate, the amount of certified and official checks is insignificant in relation to total deposits. The Clearing House believes the significant costs are outweighed by the perceived benefit of this proposed change. Accordingly, The Clearing House recommends that all money orders/travelers checks and certified checks/other official checks should not be separated, but reported in the same category either as corporations or individuals.

D. Variable Interest Entities

The final Call Report changes will not be published in the Federal Register until at the earliest in mid-to-late December. Since Schedule RC-V, Variable Interest Entities, would be a new schedule, collection of data to populate it will be mostly a manual process, which includes inputting data into spreadsheets, until systems modifications can be implemented. Therefore, The Clearing House recommends that the Agencies delay implementation of this proposed revision.

E. Maturity and Repricing Data for Assets and Liabilities at Contractual Ceilings and Floors

The Clearing House does not support the Agencies' proposed revision to the Instructions for maturity and repricing data for assets and liabilities at contractual ceilings and floors. The Clearing House does not believe that the benefits of this proposed revision have been sufficiently and clearly articulated, since the information requested would be commingled within the maturity and repricing information for loans, securities and deposits. Further, this proposed change would be extremely burdensome to implement since reports from multiple systems (i.e., loans, securities and deposits) would need to be revised to incorporate these changes. The Clearing House believes that any perceived benefit of this proposed change must be balanced against what we believe are significant costs, and we believe that these costs outweigh any perceived benefit of the proposed change. Accordingly, The Clearing House recommends that this proposed change not be included in the final regulations.

F. Additional Notice of Future Significant Call Report Changes

The Clearing House recognizes the need for the Agencies to request additional information for supervision and oversight purposes. However, with significant proposed reporting changes such as those included in this Proposal, earlier notification of proposed changes would be very helpful to our members to better enable them to collect the requested data and ensure its accuracy prior to the proposed implementation dates. The Clearing House respectfully requests that the Agencies prospectively provide notice of proposed changes earlier in the year, together with draft forms and instructions. The Clearing House recommends that the Agencies publish proposed Call Report revisions (including proposed revisions to the forms) for the quarter ending March 31st by July 1st of the prior year, with final rules published by the Agencies well in advance of year-end.

G. Other

The Clearing House appreciates that the Agencies included in the Proposal our prior recommendation from our June 16, 2010 letter to the Federal Reserve Bank of New York to provide explicit instructional guidance that all 1–4 family residential mortgage banking activities, whether held for sale or trading purposes, are reportable on Schedule RC–P. The Clearing House also had recommended in the June 16, 2010 letter that the reporting of repurchases and indemnifications should be revisited. We had suggested separate reporting of loan repurchases from indemnifications for all sub-items of Line 6, and requested that the Call Report explicitly state what balance should be reported for loan repurchases versus indemnifications on Line 6.c.(2) – unpaid principal balance versus loss amount paid. The Clearing House recommends that the Agencies consider these comments in finalizing the proposed Call Report revisions.

We greatly appreciate your consideration of our comments and would welcome the opportunity to discuss them further with you at your convenience. We also would appreciate the opportunity to discuss with you a comprehensive review of the Call Report, in a collaborative effort to determine whether any information requested is duplicative or no longer necessary.[4] If we can facilitate arranging for those discussions, or if you have any questions or need further information, please contact me at 212.613.9883 (email: David.Wagner@theclearinghouse.org) or Gail Haas at 212.612.9233 (email: Gail.Haas@theclearinghouse.org).

Sincerely yours,

David Wagner
Senior Vice President,
Financial and Tax Affairs

cc: Arthur Lindo
Associate Director and Chief Accountant of Banking Supervision and Regulation
Federal Reserve Board

Kathy Murphy
Chief Accountant
Comptroller of the Currency

Robert Storch
Chief Accountant
FDIC

Kenneth Lamar
Senior Vice President
Federal Reserve Bank of New York

Philip Jasienczyk
Director, Reporting and Reserves Statistics
Federal Reserve Bank of San Francisco

4 We would appreciate the opportunity to work with you to avoid duplication or unnecessary overlap between the Call Reports and other information to be requested pursuant to various provisions of H.R. 4173, the Dodd-Frank Wall Street Reform and Consumer Protection Act, including but not limited to information to be requested by the Office of Financial Research.

Mary Gottlieb
OCC Clearance Officer
Comptroller of the Currency

Michelle Shore
Federal Reserve Board Clearance Officer
Federal Reserve Board

Karen Nelson, *Wells Fargo Bank, N.A.*
Chairperson, Regulatory Reporting Committee
The Clearing House Association L.L.C.

Gail Haas
Financial Specialist
The Clearing House Association L.L.C.