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Via Electronic Mail

Robert deV. Frierson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551
regs.comments@federalreserve.gov
OMB #7100-0341

In Re: Proposed Changes to FR Y-14A/Q/M Templates

SunTrust Banks, Inc. ("SunTrust") appreciates the opportunity to comment on the proposed rule promulgated by the Board of Governors of the Federal Reserve (the "Board") relating to changes in the FR Y-14A, Q and M templates (the "Proposed Templates"). Specifically, SunTrust is concerned about the proposed timeframe for implementing the Proposed Rule, the Board's expectations regarding implementation of policies and procedures to gather the data required in the Proposed Templates, and some specific requests for clarification about particular information to be provided in the Proposed Templates.

Timing of Proposed Templates

SunTrust's primary concern is the aggressive time schedule from when a final rule may be published and the expected first reporting date using the Proposed Templates. Given the number and significance of requests for clarification regarding the instructions and specificity of the Proposed Templates, the instructions may not be published in sufficient time to change the underlying processes and procedures to correspond with the exacting requirements of Federal Deposit Insurance Act of 1991 ("FDICIA") for complete, accurate and auditable data. While SunTrust appreciates the Board's desire for more granular data, the level of granularity set forth in the Proposed Templates will require substantial time to change fundamental reporting processes and procedures that would result in data that meets the FDICIA standards. SunTrust requests that the Board be sensitive to the timing of implementing the significant changes for reporting purposes and the desire that the implementation of those changes also meet SunTrust and the Board's exacting standards for accuracy and completeness.

SunTrust offers the following recommendations, in order of preference, to address our concerns with the Proposed Templates:

- The most straightforward resolution would be for the Board to delay the inclusion of all Basel III requirements in the Proposed Template until September 30, 2014, which SunTrust believes would be a reasonable timeframe for implementation. This course of action would provide

sufficient time to digest the instructions for the Proposed Templates after the final rule is published and make the necessary changes to procedures and processes to ensure all data reported meets FDICIA standards.

- Alternatively, the Board could specify that the FR Y-14 submissions using data derived based on the final rule implementing Basel III adopted by the board on July 9, 2013 (“Final Basel Rule”) would be provided on a best efforts basis and not subject to the FDICIA requirements.¹ While this solution is less ideal, at least the relaxed criteria would afford institutions and those officers certifying to the accuracy and completeness of the numbers some comfort absent the requisite time needed to build processes and collect data otherwise needed to submit complete, accurate and auditable data to the Board.

Board Expectations for Implementation

Our second overall concern is that the granularity of data requests in the Final Basel Rule is similar to data that is derived using processes and procedures implemented by many advanced-approach banks as part of their adoption of Basel II. On the other hand, non-advanced approach banks would have implemented similar processes and procedures to derive the same data only after the proposed rule to implement Basel III was published. Consequently, the processes and procedures of non-advanced approach banks are not likely to be as mature and robust as those of advanced approach banks by virtue of past practice and prior regulatory expectation (including past regulatory input during the parallel run period). Our recommendation to resolve this disparity for the non-advanced approach banks is to have separate reporting requirements that are more appropriate for a banks size and complexity. The one-size-fits-all format does not easily align to the current US capital rules that has and continues to distinguish between advanced, globally active banks and the remainder of the banking system. Creating separate reporting requirements, in terms of Board expectations in judging how robust data reporting processes and procedures are, which accounts for the disparity in time to develop such processes and procedures and that are more applicable to the non advanced-approach banks, would address these differences. Such a regulatory approach would afford non advanced-approach banks the opportunity to catch up to the more refined reporting processes and procedures already implemented by advanced-approach banks or more easily adopted by advanced-approach banks because of their adoption of Basel II.

Requests for Clarification

Since SunTrust is a non-advanced approach bank, the following technical questions will be based on that capital treatment perspective and includes topics beyond the scope of the Proposed Templates:

General

- **Forecast Horizon** – The Proposed Templates introduce a 6-year Basel III forecast requirement. Currently, the Board provides economic variables for 13 quarters. If the Board wants to meaningfully compare data forecasted out six (6) years across institutions, the Board would need to provide variables that would be applied to an extended forecast.

¹ SunTrust notes that when new reporting processes and procedures are required to be applied to all assets, rather than on an on-going basis, regulatory agencies have permitted a “best efforts” approach recognizing that new reporting requirements had not been implemented at the origination of assets or transactions in the past when it would have been ideal to capture such data, particularly when the data is very specific and granular. *E.g. Assessments, Large Bank Pricing*, 77 FR 66000, 66002 (2012).

Otherwise, if each institution created their own macroeconomic assumptions for a 6th year, any comparison of such results across institutions with disparate economic variable assumptions is not likely to yield comparable or meaningful data. SunTrust also questions the reliability of such an extended forecast and notes that the utility of forecasts diminishes the farther out it extends. SunTrust appreciates guidance given by the Board that institutions should carry out the macroeconomic assumptions from the last economic variable given; however, given the length the forecast, SunTrust would appreciate the Board's consideration of whether giving macroeconomic variables for the full period would provide more meaningful data for the Board to evaluate.

Capital

- **Election of the OCI Exemption** – A new schedule titled “Securities AFS OCI by Portfolio” addresses the allocation of OCI by product within the AFS portfolio. Non advanced-approach financial institutions may opt to be exempt from the OCI treatment under the standardized approach. For banks that elect to take the one-time OCI exemption, the market changes resulting in a gain or loss are excluded from capital and will be accounted for under the current regulatory and US GAAP rules. For banks that elect the OCI exemption, SunTrust requests the Board's confirmation that this schedule will not be required.

Risk Weighted Assets

- **Product Definitions Needed** – Since current product reporting is not as detailed as what is being requested in the Proposed Templates, SunTrust requests that the Board provide product-specific definitions of what should be included in the 23 rows identified for product risk weighting. For example, while RWA is currently reported on the FR Y-9C by summary balance sheet category (e.g., Loans, AFS Securities, etc.), which includes a significant amount of reporting instruction, the proposed reporting methodology under the Standardized Approach requires RWA to be reported based on product / exposure type, including products not currently reported separately on the FR Y-9C. Accordingly, SunTrust requests that the Board explicitly outline the specific data that should be reported in each of the 23 rows requested for Credit RWA balances, preferably with the same specificity as what is provided for other, similar reports such as the FR Y-9C or, as may be applicable, distinctions or reconciliations to data otherwise provided in the FR Y-9C.
- **Past Due Exposures** –The General RWA tab in the Proposed Templates has identified line item 29 for Past Due Exposures. The Final Basel Rule excludes past due sovereign debt and residential mortgage debt for the general definition of past due exposures that receive 150% risk weight. Could you please confirm that SunTrust should not report past due sovereign debt and residential mortgage debt in item 29, but report that data elsewhere.
- **Exposures Conditionally Guaranteed by the U.S. Government, its Central Bank, or U.S. Government Agency** – Item 20 on the proposed General RWA tab appears to require RWAs for all exposures conditionally guaranteed by the U.S. government, its central bank, or a U.S. government agency. Could you please confirm that the balances reported in this field should be excluded from the “underlying” exposure type through the remainder of the Standardized Approach section of the General RWA tab (i.e., should guaranteed residential mortgage exposures only be reported in line 20, and thus excluded from line 28, “1-4

family residential mortgage loans?).

- **Securitization Exposures** – Securitization exposures, as explained in the Basel III final rule, may include exposures backed by financial collateral that would also be considered commercial loans or corporate exposures. In order to avoid double counting any exposure, SunTrust requests clarification on where these loans should be reported. Also, it would be helpful for the Board to provide some close examples of commercial loans or corporate exposures that should be reported under securitizations as opposed to under commercial loans to better appreciate the fine distinctions and accurately report the required data.
- **Basel III Risk-weight Items** - Could you please provide explicit guidance on what should be reported in line 33, “Basel III risk-weight items?”
- **Memoranda for Derivative Contracts** – Line items 61 – 69 of the General RWA tab also appears to be directed at the advanced-approach banks and the market concentration and interconnectedness of their derivative portfolios. Non-advanced approach banks, by comparison, have small derivative portfolios that also collectively do not represent the same market share as the advanced-approach banks.² SunTrust proposes that the Board set a minimum asset threshold level at which derivative portfolio falls must be reported, thereby eliminating a significant burden for relatively nominal participants in the market without materially impacting the analysis of systemic risk.

Conclusion

SunTrust appreciates this opportunity to comment on this proposal and are hopeful that the Board will appreciate the concern SunTrust has in both quickly implementing the many significant and substantial changes to reporting procedures and processes and maintaining FDICIA level standards for data accuracy, completeness and audit-ability in the compressed time frame from when the Board will publish final rules to the first reporting date using the Proposed Templates. SunTrust believes that a delay in FR Y-14 reporting to September 30, 2014 would permit not only SunTrust, but the industry and the Board to fully digest the final rules and provide, with greater confidence, the data that the Board expects to be reported on each line of the Proposed Templates. SunTrust would also request that the Board be sensitive to fact that the leap from Basel II to Basel III is shorter than the leap from Basel I to Basel III and this consideration be kept in mind when evaluating processes and procedures across institutions.

SunTrust also respectfully request that the Board provide the additional information and instructions that we have outlined for the various schedules. This will provide greater clarity on the type of information, forecast assumptions and parameters needed to complete them.

² Using the sample size of JP Morgan, Goldman Sachs, Bank of America, Morgan Stanley, Citigroup, Wells Fargo, BONY, PNC, SunTrust, US Bank and BB&T, as of 1Q 2013, the total derivatives notional value was nearly \$289.6 bln with \$236.9 bln or 82% of the market controlled by JP Morgan, Goldman Sachs, Bank of America and Citigroup. SunTrust's market share was \$276 billion or 0.1 %.

Please do not hesitate to contact me directly with any questions or comments you may have about this letter.

Regards,

A handwritten signature in blue ink, appearing to read "Mark Hane". The signature is fluid and cursive, with a long horizontal stroke at the end.

Cc: Jim Sproull
Paul Burdiss
Al Kolesar
Tim Schmidt