

June 8, 2015

Mr. Robert deV. Frierson
Secretary
Board of Governors of the Federal Reserve System
20th Street & Constitution Avenue, N.W.
Washington, D.C. 20551

Re: Request for Comment on Information Collection Proposal: Revisions to the Report of Selected Money Market Rates (FR 2420). (OMB Control Number: 7100-0357).

Mr. Frierson:

The Clearing House Association L.L.C.¹ (“**The Clearing House**”) appreciates the opportunity to comment on the Board of Governors of the Federal Reserve System’s (the “**Federal Reserve**”) proposed revisions (the “**Proposal**”) to the *Report of Selected Money Market Rates* (the “**FR 2420**” or the “**Report**”). The proposed changes to the Report include altering reporting entity criteria and collecting additional data elements to facilitate the Federal Reserve’s ability to carry out its monetary policy and supervisory responsibilities.²

The Clearing House is very supportive generally of the Proposal as a means of improving the Federal Reserve’s ability to analyze the unsecured money market and providing more detailed data for purposes of calculating the Federal Funds Effective Rate. Moreover, we have several suggestions we would like to see addressed in the final rule.

We believe that there are several interpretative questions that should be clarified in the final rule. For example, providing clear definitions for the seven counterparty types in the Proposal would

¹ Established in 1853, The Clearing House is the oldest banking association and payments company in the United States. It is owned by the world’s largest commercial banks, which collectively hold more than half of all U.S. deposits and which employ over one million people in the United States and more than two million people worldwide. The Clearing House Association L.L.C. is a nonpartisan advocacy organization that represents the interests of its owner banks by developing and promoting policies to support a safe, sound and competitive banking system that serves customers and communities. Its affiliate, The Clearing House Payments Company L.L.C., which is regulated as a systemically important financial market utility, owns and operates payments technology infrastructure that provides safe and efficient payment, clearing and settlement services to financial institutions, and leads innovation and thought leadership activities for the next generation of payments. It clears almost \$2 trillion each day, representing nearly half of all automated clearing house, funds transfer and check-image payments made in the United States. See The Clearing House’s web page at www.theclearinghouse.org.

² 80 Fed. Reg. 18620 (April 7, 2015).

facilitate not only the necessary internal communications with various lines of business that are responsible for providing the data, but also would serve to ensure that all reporters are using the correct counterparty designations for similar transactions. A list of additional interpretive questions requiring clarifications, while not exhaustive, is attached hereto as Annex A. We would be pleased to discuss these interpretive matters further with the Federal Reserve.

In addition, a more formalized FAQ process, similar to the processes that exist for other regulatory reports such as the Call Report and FR Y-14, would enhance the consistency of the data provided, thus making the Report more useful to the Federal Reserve. A more formal FAQ process also would allow all reporters to see the responses to all FAQs posed to the Federal Reserve, thereby enhancing greater consistency in reporting across reporting entities. Finally, implementing a more formal FAQ process could allow the Federal Reserve to more easily identify open issues that may need to be addressed in future rule updates.

Further, we respectfully request that the Federal Reserve open the testing portal for the revised Report and provide the final specifications for submission files as soon as possible. Often, the reporting institutions are not receiving the final submission files until well after a final rule is issued which makes it very difficult to implement changes, particularly in view of the quick turnaround time involved here. While we understand the Federal Reserve's desire to implement the Proposal by September 9, to ensure proper functionality of the revised Report with the requisite quality of data that the Federal Reserve expects and that is required by the internal controls of the reporting entities, reporting institutions will need to begin building out systems and processes as early as possible. This process cannot begin in earnest until the final submission files are provided to the reporters.³

³ In general, whenever the Federal Reserve implements a new report or revises an existing one, we respectfully suggest that reporting entities be given additional time in advance of the effective date and following their receipt of the final specifications of the submission files and any related materials to make the necessary changes and perform the proper testing.

The Clearing House appreciates the opportunity to provide comments on the Proposal. We greatly appreciate your consideration of our comments and would welcome the opportunity to discuss them further with you at your convenience. 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).

Respectfully Submitted,



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ANNEX A

1. Part VI.C of the Proposal states: “CDs with embedded options would be identified under the proposal with an additional field that would capture the type of option, specifically ‘callable,’ ‘puttable,’ ‘extendable,’ and ‘other,’ or indicate ‘NA’ for CDs without embedded options.” Additional guidance here would be helpful in terms of the required reporting. For example, should a penalty-free withdrawal from an account be reported as an embedded option?
2. Are unsecured borrowings from GSEs and Home Loan banks still considered under the Proposal within the scope of Part A “Federal Funds” or would they now be included in Part AA “Wholesale Borrowings”?
3. Should direct deposits received from non-financial corporations be included on Schedule AA?
4. Regarding the addition of an “office identifier” on Part B, should the branch at which the deposit is taken or the office location of the traders executing the trade be reported?