



January 17, 2017

Legislative and Regulatory Activities Division  
Office of the Comptroller of the Currency  
Attention: 1557-0319  
400 7<sup>th</sup> Street, SW  
Suite 3E-218  
Mail Stop 9W-11  
Washington, DC 20219

Re: Company-Run Annual Stress Test Reporting Template and Documentation for  
Covered Institutions with Total Consolidated Assets of \$50 Billion or More Under  
the Dodd-Frank Wall Street Reform and Consumer Protection Act

Dear Sir or Madam:

The Financial Services Roundtable (FSR)<sup>1</sup> appreciates the opportunity to submit these comments to the Office of the Comptroller of the Currency (OCC) on the changes proposed by the OCC to the reporting templates associated with the annual company-run stress test required for national banks and federal savings associations with \$50 billion or more in total consolidated assets.<sup>2</sup>

Our comments are divided into three sections. The first section addresses timing for the effective date of changes in the reporting templates, and discusses the relationship between the reporting templates and technical instructions. The second section discusses the new changes proposed by the OCC. In the third section we list some additional changes to the reporting templates that we support.

#### I. Timing for Changes in Reporting Templates and Technical Instructions

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<sup>1</sup> As *advocates for a strong financial future*<sup>™</sup>, the Financial Services Roundtable (FSR) represents nearly 100 integrated financial services companies providing banking, insurance, and investment products and services to the American consumer. Member companies participate through the Chief Executive Officer and other senior executives nominated by the CEO. FSR member companies provide fuel for America's economic engine, accounting directly for \$54 trillion in managed assets, \$1 trillion in revenue, and 2 million jobs.

<sup>2</sup> 81 Fed. Reg. 80717 (Nov. 16, 2016).

*The effective date for a change in an OCC reporting template and the Board's FR Y-14 form should be aligned.*

FSR supports the OCC's efforts to ensure consistency between its reporting templates and the FR Y-14A form used by the Board of Governors of the Federal Reserve System (Board). This goal should include alignment of the effective date associated with any change. Alignment of the effective date for changes in these reporting requirements enables covered institutions to respond to a change more efficiently, and reduces the potential for unnecessary and unwanted reporting errors.

*There should be a minimum of six months between the publication of final changes to the reporting templates and the effective date of the changes.*

The members of FSR and the OCC have a common interest in ensuring that the data submitted in connection with this reporting requirement is of high quality and accurate. Toward that end, we recommend that the OCC establish a minimum of six months between the finalization of any changes to the reporting templates, including all instructions, and the effective date of the changes. We have made the same recommendation to the Board.

The accuracy of data submissions is enhanced when covered institutions are able to establish governance structures, policies, processes and software systems for capturing, reviewing, validating, and then reporting the data. In most cases, a six-month period following the finalization of any changes in the reporting templates would allow covered institutions sufficient time to adhere to standard software development life cycles.<sup>3</sup> In some cases, however, even longer compliance periods may be necessary. To be clear, in those cases in which the OCC is proposing to remove a reporting schedule, or sub-schedule, we have no objection to a shorter implementation period since the effect of the change would be to reduce a reporting burden.

The accuracy of data submissions can be jeopardized when covered institutions are required to submit data without sufficient lead time to make appropriate adjustments to systems, protocols, and procedures. In such cases, covered institutions must develop a "work-around" to existing systems or collect and manipulate the data manually. Such ad hoc, short-term fixes can pose problems for operational risk management and can impair the integrity of the data. A minimum period of six months between the issuance of a final rule and the effective date of the changes would avoid this problem. A six-month minimum implementation time also would help to ensure the quality of the data received by the OCC, while reducing the potential for inadvertent and unintentional filing problems.

*The effective date for changes also should be aligned with the release of the technical instructions related to the changes.*

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<sup>3</sup> These cycles include writing requirements, establishing project timelines, updating coding, mapping, validation, scheduling releases to production, testing, and making adjustments to affected reporting structures.

The effective date for changes should be aligned with the release of the technical instructions related to any changes in the templates. Covered institutions cannot make the systems and process changes needed to comply with a change in a template until after all of the technical requirements are finalized. The technical instructions dictate the manner in which data is captured, transported, validated, and assessed. Therefore, the six-month period described above should start when both the final changes *and* the technical instructions have been published in final form. This timing also would give both covered institutions and the OCC the ability to reconcile any potential discrepancies between the templates and the technical instructions.

*Clarifying questions should be addressed before the effective date of a change.*

We also recommend that changes to reporting templates not be effective until all questions surrounding the changes have been resolved. In other words, in setting the effective date for changes, the OCC should factor in time for resolving questions related to the changes. Unresolved questions complicate the reporting challenges for covered institutions and increase the risk of errors in data.

*The technical instructions accompanying any proposed changes in the reporting templates should be subject to public notice and comment.*

In addition to publishing proposed changes in the reporting templates for public comment, we urge the OCC to publish the technical instructions for public comment. We believe that publication of the technical instructions is consistent with the spirit of the Paperwork Reduction Act (PRA).

The PRA requires the OCC to publish a notice and specifically solicit comment to:

- Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;
- Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;
- Enhance the quality, utility, and clarity of the information to be collected; and
- Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of

information technology, e.g., permitting electronic submission of responses.<sup>4</sup>

As noted above, the technical instructions contain critical information needed to evaluate the reporting templates. Therefore, without the simultaneous publication of the proposed changes and the technical instructions to the changes it is not possible to fully to assess the impact and burden of the proposed changes.

## II. FSR's Comments on the Proposed Changes to the Reporting Templates

*We support the changes that would align with the Board's FR Y-14A Form, and urge the OCC to reconsider the proposed Supplemental Schedule.*

As noted above, FSR supports the OCC's efforts to ensure consistency between these reporting templates and the FR Y-14A form used by the Board. Ensuring the consistency of reported data between the bank regulatory agencies has been and remains a high priority of the FSR and should be a high priority of the OCC and other agencies as well. Thus, we support the changes in the reporting templates that would align with the recent changes to the FR Y-14A form proposed by the Board.<sup>5</sup>

The proposed supplemental schedule, however, is not consistent with the current FR Y-14A reporting requirements. This presents several challenges to covered institutions. Covered institutions would have little time between the final publication of the schedule and the effective date of the change; far less than the six month time period recommended above. This change also would be finalized during the reporting cycle of the newly requested data. Additionally, while covered institutions collect some of this data currently, they do not collect it in the format proposed by the OCC, and have not incorporated such data into their projection models. Moreover, some of the data is not readily available to covered institutions and would have to be approximated. This includes:

- Losses and balances by NAICS codes (investment firms, securities firms, oil & gas lending);
- Losses and balances split between property type (retail, office, industrial, and apartment);
- Losses and balances by corporate location (Brazil, China, Italy, and UK...)
- Loan to Value at the requested level of granularity;
- Portfolio vacancy rate at the requested level of granularity; and
- Counterpart FVA losses.

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<sup>4</sup> 5 C.F.R. § 1320.8(d)(1).

<sup>5</sup> As noted above, we support the alignment of the effective dates for changes in the OCC template and the FR Y-14 forms, and we support a six month compliance period before the effective date of change. In this case, we recognize that these two goals may not be achieved since the Board's recently proposed changes to the FR Y-14 reports may become effective before the OCC could give covered institutions six months to implement corresponding changes in the OCC's reporting templates. Therefore, we recommend that the effective date for the corresponding changes in the OCC's reporting templates be aligned with the effective date for the changes in the Board's FR Y-14 form.

Given these reporting challenges, and since the Federal Register notice provides little explanation, and no justification, for the proposed supplemental schedule, we respectfully urge the OCC to reconsider the need for this new schedule and not require the schedule in the April 5, 2017 filing. Alternatively, if the OCC decides to require this new schedule, we request that the effective date for the schedule be delayed at least one year. Delaying the effective date for the supplemental schedule would give covered institutions sufficient lead time to follow standard governance and control procedures needed to produce the schedule. We further recommend that during that time, the Office of Financial Research, which has a statutory obligation to standardize data among agencies, conduct an assessment of the need for, and consistency of, the supplemental schedule in light of current reporting requirements.

#### *Schedule A.2.c ASC 310-30*

We note that the OCC's reporting instructions omit Schedule A.2.c ASC 310-30 in alignment with the Board's elimination of this sub-schedule after the 2016 CCAR cycle. We support the elimination of this sub-schedule by the OCC. However, the Federal Register notice accompanying the proposed change does not mention the elimination of this sub-schedule. We point out this inconsistency between the draft reporting instructions and the Federal Register notice to confirm the OCC's intent and to provide our support for the elimination of this sub-schedule, which would reduce the reporting burden on those firms supervised by the OCC and maintain alignment and consistency in reporting between the OCC and the Board.

### III. Additional Proposed Changes

In our recent submission to the Board regarding its proposed changes to the FR Y-14A form, we recommended that the Board make certain additional changes to that form. We urge the OCC to discuss these proposed changes with the Board. Our additional changes are as follows:

- *Remove A.7c PPNR Metrics Worksheet and A.2.a.Retail Balance & Loss Projections from the FR Y-14 A Summary.* The PPNR Metrics Worksheet covers data, such as staffing levels, that are not material to the balance sheet. The Retail Balance & Loss Projections provide little incremental information beyond what is currently provided in the balance sheets and income statement. We recommend that these schedules be eliminated.
- *Remove G. Retail Repurchase Exposures Schedule from the FR Y-14A.* Removing this schedule would be consistent with the Board's proposal to remove the Retail Repurchase Projections Worksheet from the FR Y-14A Summary.

- *Eliminate the FR Y-14A Schedule D. Regulatory Capital Transitions template.* This template provides a five year forecast that reflects the revised regulatory capital rules on a fully phased-in basis. However, the 2017 CCAR traditional nine-quarter projection period will include the first quarter of 2019, by which time the transition provisions will be fully phased in for CET 1. Thus, we recommend that this template be eliminated for the 2017 CCAR. If the Board finds the template beneficial for the enhanced supplementary leverage ratio, or the supplementary leverage ratio, then we propose that the template apply only to those companies subject to those ratios.

Finally, we also have urged the Board to conduct a full assessment of the FR Y-14 data requirements every three years and to eliminate schedules or data elements that are no longer needed. Respectfully, we urge the OCC to undertake a similar exercise. Given that the schedules evolve and some components may become obsolete, we believe that under such a review the OCC might identify other schedules and data elements that could be eliminated because they have become of little, if any, value to the stress testing requirements. In other words, we believe that data that is not clearly related to credit, market, and operational risks should not be part of this reporting process. Similarly, data that is no longer used by OCC should be removed from future data collections. We appreciate the need to submit data that the OCC deems necessary for supervisory purposes, but eliminating fields that are not being utilized for stress testing purposes will remove an undue burden on covered institutions and allow them to better prioritize their data governance.

Respectfully submitted,



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