

December 21, 2015

Mr. Joseph Tracy  
Chairman  
FSB Data Requirements Workstream  
Financial Stability Board  
Centralbahnplatz, 2  
Basel, Switzerland

Re: Guidelines for reporting institution-to-aggregate granular data on assets and liabilities on an immediate counterparty basis

Dear Mr. Tracy:

The Clearing House Association L.L.C. (“**The Clearing House**”)<sup>1</sup> appreciates the opportunity to comment on the proposed revisions (the “**Proposal**”) by the FSB Data Requirement Working Group to the Guidelines for reporting institution-to-aggregate (“**I-A**”) granular data on assets and liabilities on an immediate counterparty basis (the “**Phase 3 Data Collection**” or the “**Report**”).<sup>2</sup> The Proposal will be applicable to all U.S. Global Systemically Important Banks (“**GSIBs**”) and the I-A data will cover the total positions crossed by instrument, currency, maturity and detailed positions for the top 35 countries of exposure, crossed by instrument and counterparty sector and with limited crossing by maturity and currency. The Clearing House appreciates the discussion surrounding our August 21, 2015 submission to the FSB Data Requirements Workstream on the templates for the Phase 3 Data Collections.<sup>3</sup> While we appreciate many of the changes that have been made in the Proposal, there are still a few points of

---

<sup>1</sup> 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](http://www.theclearinghouse.org).

<sup>2</sup> *Guidelines for reporting institution-to-aggregate granular data on assets and liabilities on an immediate counterparty basis*, BIS International Data Hub Monetary and Economic Department (November 2015).

<sup>3</sup> See, The Clearing House comment letter dated August 21, 2015. Available at [www.theclearinghouse.org](http://www.theclearinghouse.org).

clarification we would like to raise, particularly regarding how the Proposal will be implemented in the U.S. by the U.S. Banking Agencies (the “**Agencies**”):

I. Timing.

Section B.1 of the Proposal indicates that the submission date of the Report to the Home Country Supervisor (“**HCS**”) should be within 50 calendar days after quarter-end. In the U.S., the Country Exposure Report (the “**FFIEC 009**”), from which much of the data in the Report will be sourced, is due within 45 calendar days after quarter-end with the exception of the year-end submission which is due within 50 calendar days. In an effort to provide the requisite time for a proper reconciliation and to align the Report with the due date of the FFIEC 009 for all quarters, we request that the Agencies allow for an additional 5 calendar days for year-end reporting (i.e., the Report would be required to be submitted within 55 calendar days of year-end for the December 31 as-of date).

II. Definitional Clarifications and Inconsistencies with U.S. Reporting Definitions.

The definitions in the Proposal for certain data elements are similar to but not identical to definitions used in other U.S. regulatory reports, namely the FFIEC 009 and the Consolidated Financial Statements for Holding Companies (the “**FR Y-9C**”). We request that the Agencies conform these definitions to those used in the FFIEC 009 and FR Y-9C reports for the U.S. implementation of the Phase 3 Data Collection. Even small inconsistencies in defined terms can lead to issues with sourcing required data that may require extensive and costly operational build-outs.

A. The I-A Immediate Counterparty (“**I-A IC**”) Template – Table 1 and 2 (Section C)

1. Country Reporting

Section C.3.1 of the Proposal sets forth the methodology for determining which countries should be reported on Table 2 of the I-A IC Template, which would include each reporting entity’s top 35 countries subject to a materiality threshold of \$2B. The Proposal also states that ultimately, determinations for additions and removals to the list of countries will be left to the HCS’s discretion. The Proposal is not prescriptive in its methodology but provides in relevant part that the \$2B threshold will be measured as the “total exposure on the basis of Immediate Counterparty claims (excluding financial derivatives) vis-à-vis the respective country”<sup>4</sup> and that to prevent volatility, the requirement must be satisfied during the trailing four quarters. We request that the Agencies provide additional detail on the process for adding and removing reportable countries and that in no case a reporting bank be responsible for reporting more than 35 countries on Table 2.

2. Counterparty Sectors

Section C.3.2 of the Proposal sets forth the definitions for the various counterparty sectors for which reporting entities are required to break down their total positions on a

---

<sup>4</sup> See, the Proposal at page 8.

country-by-country basis on Table 2 of the I-A IC Template. While the definitions of these sectors are very similar to the counterparty sector definitions used in related U.S. regulatory reports (FFIEC 009 and FR Y-9C), we request that for purposes of the U.S. implementation, the definitions of these sectors be made identical to those set forth in the FFIEC 009. In particular, we request that definitions for “Banks”, “Households” and “Non-Bank Financial Institutions” match the “Sector Definitions” provided in section II.D.3 of the FFIEC 009 instructions.<sup>5</sup> Furthermore, there is no sector definition in the FFIEC 009 for the “General Government” category provided in the Proposal. We request that when defining this sector for purposes of U.S. implementation, the Agencies provide explicit reference to the line items on the FR Y-9C that this category should reconcile to.

### 3. Instruments

Section C.4 of the proposal sets forth definitions for the various instruments for which reporting banks are required to report total consolidated positions on the various crossings discussed above. Similar to our concerns set forth above with regard to sector definitions, the descriptions of several instruments in the Proposal are not consistent with how they are described in existing U.S. regulatory reports. In particular, for the Asset side of the I-A IC Template, we request that Item 1 “Cash and balances due from banks” and Item 11 “Intangible assets” mirror their counterparts that appear as Items 1 and 10 respectively on Schedule HC (Consolidated Balance Sheet) of the FR Y-9C. For the Liability side of the I-A IC Template, we similarly request that Item 2 “Repos” and Item 6.a “Subordinated Debt Securities” mirror what is reported as Items 14.b and 19.a, respectively on Schedule HC of the FR Y-9C.

## B. Financial Derivatives Template (Section D)

### 1. Instruments

Section D.3 of the Proposal defines the various instruments which are to be reported on the Derivatives template. As previously mentioned, we request that the definitions used for the U.S. implementation of the Report conform to definitions currently set forth in existing U.S. reports. For this section, we ask that the U.S. instructions use the definition for “Interest Rate Contracts” that is included within the FR Y-9C’s instructions<sup>6</sup> for interest rate exposures (Item M9.a) on Schedule HI.

Furthermore, Section D.3 of the Proposal indicates that gold contracts would be required to be reported as part of foreign exchange contracts. This reporting treatment is inconsistent with the treatment of gold contracts on Schedule HC-L of the FR Y-9C. For Schedule HC-L, gold is included as an example of precious metals and these contracts are reported as Commodity contracts. However, for the FR Y-9C, Schedule HC-R, and the Semiannual Report of Derivatives Activity (“**FR 2436**”), gold is reported

---

<sup>5</sup> Available at <https://www.ffiec.gov/forms009a.htm>.

<sup>6</sup> Available at <http://www.federalreserve.gov/apps/reportforms/reportdetail>.

together with Foreign Exchange. Having consistency in the classification will facilitate reconciliation across different reports.

Lastly, the Proposal also provides in relevant part that only one side of a foreign currency transaction is to be reported and addresses those transactions where the non-home country currency is bought or sold against the home country currency of the reporting bank. However, the Proposal does not discuss those transactions where non-home country currency is bought or sold against another non-home country currency. FR Y-9C instructions provide that in cross currency transactions which involve the purchase and sale of two non-U.S. currencies, only the purchase side is to be reported. Guidance conforming to the FR Y-9C reporting should be provided for purposes of the U.S. implementation of the Report (i.e., purchase side of the non-home country currency is to be reported).

### C. Glossary

In addition to those items referenced above, we request that the definitions in the Glossary of the Proposal for "Foreign Currency" and "Local Currency" correspond to the definitions provided for these terms in Section II.E.3 of the FFIEC 009 instructions.

### III. Accounting

Section B.4 of the Proposal states that a reporting bank should apply the accounting standards required by the top entity's consolidated bank supervisor. While it is clear that for purposes of U.S. implementation of the Report generally accepted accounting principles ("**U.S. GAAP**") should be used, certain items that we would expect to conform to FFIEC 009 definitions may conflict with U.S. GAAP (e.g., netting of derivative contracts and netting of trading assets). We request that the instructions for U.S. implementation of the Report conform to FFIEC 009 reporting definitions for any specific items that may conflict with U.S. GAAP.

### IV. Other

As provided previously by the Agencies for other similar reports, we respectfully request that the Agencies provide a mapping of all data elements for the Phase 3 Data Collection to where they appear on existing U.S. regulatory reports. Such a mapping would enhance consistency of the data, allowing for more comparable, decision-useful information.

\* \* \*

The Clearing House appreciates this opportunity to share our views with you regarding the Proposal. Please do not hesitate to contact me at 212.613.9883 (email: david.wagner@theclearinghouse.org) if we can be of further assistance in this matter.

Respectfully submitted,



David Wagner  
Executive Managing Director, Head of Finance, Risk  
and Audit Affairs and Senior Associate General  
Counsel  
The Clearing House Association L.L.C.

cc: Svein Andresen  
*Financial Stability Board*

Pietro Franchini  
*Financial Stability Board*

Patrick McGuire  
*Bank of International Settlements*

William Treacy  
*Board of Governors of the Federal Reserve System*

Sally Davies  
*Board of Governors of the Federal Reserve System*

Martin Pfinsgraff  
*Office of the Comptroller of the Currency*

Oliver Taft  
*Office of the Comptroller of the Currency*

Ken Lamar  
*Federal Reserve Bank of New York*

Anthony Cirillo  
*Federal Reserve Bank of New York*

Alex Santana

*Federal Reserve Bank of New York*

Henry Castillo  
*Federal Reserve Bank of New York*

Ryan Pozin  
*The Clearing House Association L.L.C.*