August 20, 2024

Via Electronic Mail

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
Mailstop M–4775, 2001 C St. NW
Washington, D.C. 20551

Re: Capital Assessments and Stress Testing Reports, FR Y-14 A/Q/M Revisions (OMB Control Number: 7100-0341)

To Whom It May Concern:

The Bank Policy Institute[1] and the Institute of International Bankers[2] appreciate the opportunity to comment on the proposal[3] issued by the Board of Governors of the Federal Reserve System that would amend the FR Y-14A, FR Y-14Q and FR Y-14M reports (the "FR Y-14 Reports"). The proposal includes a broad range of revisions to the FR Y-14 Reports that would significantly increase the amount and granularity of information required, as well as the time and effort that banks[4] would need to expend to report this information.

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[1] The Bank Policy Institute is a nonpartisan public policy, research and advocacy group that represents universal banks, regional banks, and the major foreign banks doing business in the United States. The Institute produces academic research and analysis on regulatory and monetary policy topics, analyzes and comments on proposed regulations, and represents the financial services industry with respect to cybersecurity, fraud, and other information security issues.

[2] The Institute of International Bankers (IIB) represents the U.S. operations of internationally headquartered financial institutions from more than 35 countries around the world. The membership consists principally of international banks that operate branches, agencies, bank subsidiaries, and broker-dealer subsidiaries in the United States. The IIB works to ensure a level playing field for these institutions, which are an important source of credit for U.S. borrowers and comprise the majority of U.S. primary dealers. These institutions also enhance the depth and liquidity of U.S. financial markets and contribute significantly to the U.S. economy through direct employment of U.S. citizens, as well as through other operating and capital expenditures.

[3] Federal Reserve, *Proposed Agency Information Collection Activities; Comment Request*, 89 Fed. Reg. 52042 (June 21, 2024) [hereinafter *FR Y-14 Proposal*].

[4] In this letter, the term "banks" includes all bank holding companies, U.S. intermediate holding companies and covered savings and loan holding companies required to submit the FR Y-14 Reports.

I. The FR Y-14 Reports should be consistent with other reporting forms and U.S. GAAP reporting, and the effective date of the revisions to the FR Y-14 Reports should be harmonized with the FR Y-9C and Call Report revisions.

There are several areas in the proposed revisions to the FR Y-14 Reports that would result in deviations from other reporting forms, including the FR Y-9C and Call Report, as well as misalignment with U.S. GAAP reporting. It is critical to have consistency among these reporting forms to mitigate operational burdens and reduce the risk of potential errors. Inconsistencies with respect to the reporting forms would result in unnecessary duplication of expensive and burdensome processes.

The Federal Reserve must resolve the reporting inconsistencies among the FR Y-14 Reports, the FR Y-9C, the Call Report and U.S. GAAP. In particular, to avoid discrepancies in effective dates of particular reporting items, the final revisions to the FR Y-14 Reports should be effective December 31, 2024 with respect to reporting of (i) loan modifications to borrowers experiencing financial difficulty ("MBEFD") and (ii) non-purpose margin loans. For reporting of information with respect to nondepository financial institutions ("NDFIs"), as reflected in several BPI comment letters,[5] the effective date for revisions to the FR Y-14 Reports should be June 30, 2025, with an option to early adopt these revisions as of December 31, 2024. Timing discrepancies between these submissions would impose substantial burdens on banks because differences among these reports would require banks to implement separate processes. Additionally, differences in reporting timelines impose significant risk for unintentional reporting errors.

A. MBEFD reporting under the FR Y-14 Reports should be consistent with U.S. GAAP.

As reflected in the proposal, ASU No. 2022-02 eliminated the recognition of troubled debt restructurings ("TDRs") and introduced accounting disclosures for MBEFDs.[6] Under the proposal, a bank would be required to indicate whether a facility has been modified due to the borrower experiencing financial difficulty and continue to report a facility as modified for a minimum period of 12 months and until a bank performs a current, well-documented credit evaluation to support that the borrower is no longer experiencing financial difficulty, unless the facility is paid off, charged-off, sold or otherwise settled.[7]

The requirement to conduct a well-documented credit evaluation is inconsistent with the Federal Reserve's recent proposal to revise the FR Y-9C, which would require banks to report MBEFDs only in respect of modifications that occurred in the previous 12 months. We support the proposed revisions to the FR Y-9C, which the Federal Reserve described as aligning with "the definition of loan modifications to borrowers experiencing financial difficulty, as described in Accounting Standards Update 2022-02."[8] The

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5 Bank Pol'y Inst., *BPI Comments to FR Y-9 OMB No. 7100-0128 Revisions; FR 2886b OMB No. 7100-0086 Revisions* (Aug. 6, 2024), *available at* https://bpi.com/wp-content/uploads/2024/08/BPI-Comments-on-Reporting-Requirement-Changes-for-Holding-Companies-and-Edge-and-Agreement-Corporations.pdf; Bank Pol'y Inst., *BPI Comments to Call Report and FFIEC 002 Revisions*, OCC 1557-0081 (June 18, 2024), *available at* https://bpi.com/wp-content/uploads/2024/07/BPI-Responds-to-Banking-Regulators-Call-Report-Revisions.pdf; Bank Pol'y Inst., *BPI Comments to Call Report and FFIEC 002 Revisions* (Feb. 26, 2024), *available at* https://bpi.com/wp-content/uploads/2024/02/BPI-Comment-Letter-Call-Report-and-FFIEC-002-Revisions.pdf.

6 *FR Y-14 Proposal* at 52047.

7 *FR Y-14 Proposal* at 52047–48.

8 Federal Reserve, *Proposed Agency Information Collection Activities; Comment Request*, 89 Fed. Reg. 48637, 48639 (June 7, 2024); Bank Pol'y Inst., *BPI Comments to FR Y-9 OMB No. 7100-0128 Revisions; FR 2886b OMB*

reporting for MBEFDs for purposes of the FR Y-14 Reports must also be consistent with both the FR Y-9C and U.S. GAAP. Additionally, in light of the December 31, 2024 effective date for these revisions to the FR Y-9C, the related revisions to the FR Y-14 Reports also should have an effective date of December 31, 2024 to avoid inconsistent reporting processes and related operational burdens.

B. The reporting of non-purpose margin loans under the FR Y-14 Reports should be revised so that it is consistent with the Call Report.

The recent Call Report revisions would include all non-purpose margin loans if they are secured predominantly by securities with readily determinable fair value in Schedule RC-C, Line item 9.b.(1), effective December 31, 2024. On the other hand, the FR Y-14Q, Schedule H.1 instructions provide that loans reported on Schedule HC-C, Line 9.b.(1) of the FR Y-9C (corresponding to loans for purchasing or carrying securities) would be excluded from Schedule H.1.[9] The FR Y-14Q instructions also provide that non-purpose loans reportable in the relevant FR Y-9C, Schedule HC-C categories would be reported, regardless of whether those loans are "graded."[10]

As reflected in prior BPI comment letters, we broadly support reporting all non-purpose loans and loans for purchasing or carrying securities in Item 9.b.(1) of Schedule RC-C of the Call Report (including non-purpose loans secured by securities), which simplifies loan reporting practices for banks and increases transparency and consistency in reporting these items.[11] The FR Y-14Q instructions should be revised such that, in Schedule H.1, all non-purpose margin loans are not reported to be consistent with our comments on the related Call Report changes, effective December 31, 2024. Additionally, the Federal Reserve should revise Schedule HC-C of the FR Y-9C also to be consistent with the Call Report effective December 31, 2024, which would reduce operational burdens.

C. The reporting of information with respect to NDFIs should be harmonized with proposed revisions to the Call Report.

The proposal would require banks to report a large volume of financial information with respect to exposures to NDFIs on the FR Y-14Q. Notably, as reflected in the proposal, the Federal Reserve would "require the reporting of fields 52 through 82 on Schedule H.1, the 'Obligor Financial Data Section,' for NDFIs."[12] The proposal also requires reporting field 120, NDFI Obligor Type. The proposal notes that "bank exposures to NDFIs have grown rapidly over the past five years" and that "data on exposures to NDFIs are limited on the FR Y-14, as banks reports minimal information about these obligors, relative to other

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No. 7100-0086 Revisions (Aug. 6, 2024), *available at* https://bpi.com/wp-content/uploads/2024/08/BPI-Comments-on-Reporting-Requirement-Changes-for-Holding-Companies-and-Edge-and-Agreement-Corporations.pdf.

9 Federal Reserve, *Draft Reporting Instructions for the Capital Assessments and Stress Testing Information Collection (Reporting Form FR Y-14Q)*, at 165–68 [hereinafter *FR Y-14Q Instructions*], *available at* https://www.federalreserve.gov/apps/reportingforms/Download/DownloadAttachment?guid=A01DBC1A-4555-4B05-B2D0-EE64B19BDF2A.

10 *FR Y-14Q Instructions* at 166.

11 *See, e.g.,* Bank Pol'y Inst., *BPI Comments to Call Report and FFIEC 002 Revisions*, at 2–3 (Feb. 26, 2024), *available at* https://bpi.com/wp-content/uploads/2024/02/BPI-Comment-Letter-Call-Report-and-FFIEC-002-Revisions.pdf.

12 *FR Y-14 Proposal* at 52046.

corporate borrowers."[13]

We broadly support efforts to improve the consistency of reporting of NDFI exposures and enhance the understanding of these exposures and related risks. However, the proposal would introduce significant disparities between the level and granularity of reporting of NDFI exposures in respect of the FR Y-14 Reports, on the one hand, and the Call Report, on the other hand. This would result in substantial operational burdens for banks.

Notably, the proposal would include 22 separate types of NDFIs for which information would be provided, with no definitions and little guidance regarding these NDFI classifications. This approach would result in inconsistent application of NDFI reporting among banks. In comparison, the Call Report revisions include five broad buckets for NDFI reporting, with formulations that would be significantly easier for banks to implement than the proposed NDFI reporting for the FR Y-14 Reports.

Accordingly, the proposed reporting options for NDFIs in the FR Y-14 Reports should be aligned with the proposed revisions to the Call Report, taking into account our comments on the Call Report proposal. Additionally, the Federal Reserve should revise the FR Y-9C to be consistent with the Call Report in order to reduce undue operational burdens. As discussed in a recent BPI comment letter, the effective date of the NDFI revisions to the Call Report should be June 30, 2025, with an option for firms to early adopt the new standards as of December 31, 2024.[14] Similarly, the FR Y-14 Reports should be harmonized with the Call Report with respect to the NDFI buckets and the effective date of the revisions to NDFI reporting.

D. The reporting for unfunded off-balance sheet credit exposures under the FR Y-14A should be internally consistent and harmonized with FR Y-9C reporting.

The proposed revisions to Line item 36 of Schedule A.7 (PPNR – Sum of net interest income and noninterest income net of noninterest expense, with adjustments to reconcile with FR Y-9C) of the FR Y-14A would refer to the provision for credit losses on off-balance sheet credit exposures normally reported as defined in FR Y-9C, Schedule HI-B, Part II, Item M7 (Provisions for credit losses on off-balance sheet credit exposures). This proposed approach would result in banks reporting the provision for unfunded off-balance sheet credit exposures as part of non-interest expense in the PPNR schedules of the FR Y-14A and FR Y-14Q, as well as in the Income Statement (A.1.a) of the FR Y-14A, and would result in differences in presentation between the FR Y-14A/Y-14Q and the FR Y-9C. In addition, the proposal would not update Line item 36 of Schedule G.1, which still refers to Schedule HI, item 4 of FR Y-9C.

Accordingly, the Federal Reserve should harmonize reporting across the FR Y-14A, FR Y-14Q and the FR Y-9C with respect to the provision for unfunded off-balance sheet credit exposure and update Line item 36 of Schedule G.1.

II. The proposed effective dates for the revised FR Y-14 Reports should generally be at least four quarters from the date the revisions are issued.

In light of the significant number of proposed revisions to the FR Y-14 Reports, the proposed

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13 *FR Y-14 Proposal* at 52046.

14 Bank Pol'y Inst., *BPI Comments to Call Report and FFIEC 002 Revisions*, OCC 1557-0081 (June 18, 2024), *available at* https://bpi.com/wp-content/uploads/2024/07/BPI-Responds-to-Banking-Regulators-Call-Report-Revisions.pdf.

effective date of September 30, 2024 for the FR Y-14Q report and FR Y-14M report and of December 31, 2024 for the FR Y-14A report (except to the extent addressed in Section I) is unreasonable given the substantial technological and operational changes that a bank will need to implement to address the revisions. This is particularly the case for the proposed instructions with a comment period ending August 20, 2024. Unrealistic implementation dates could lead to the misallocation of resources, which may increase the risk of reporting errors.

More broadly, the proposed September 30, 2024 effective date for changes to FR Y-14Q and FR Y-14M reports would impose a significant operational burden on banks. Implementing these changes would require substantial investment to build additional systems and system feeds, map new attributes, and revise existing reporting structures to accommodate more granular data requirements. As we have previously noted,[15] the proposed exploratory market shocks will require significant planning, redistribution of internal resources, and potentially, engagement of external resources—all of which require more time than the proposed timeframe would permit. Accordingly, the effective dates for the revised FR Y-14 Reports should be at least four quarters from the date the final version of the revisions are issued (with the exceptions of the items addressed in Section I).

Moreover, for particular items, including financial sponsor reporting, additional time beyond four quarters from the final publication date will be needed given the significant systems changes that will be required to implement the reporting requirements. In particular, the proposed reporting requirements with respect to financial sponsors would introduce significant complexity and operational burdens, as described in Section I.B of Appendix I. Banks will need significant time—more than four quarters from the final publication date—to address these complexities. Additionally, as discussed in Section III of this letter, several proposed reporting fields should be removed from the FR Y-14. To the extent any of those reporting fields would be retained, these fields also would require more than four quarters from the final publication date to implement. Relatedly, the Federal Reserve must publish updated technical instructions and schema, and provide sufficient time for banks to implement these updates into their reporting processes.

We acknowledge that the Federal Reserve has proposed (i) to remove the Interest Income Tax Status field in Line item 43 of Schedule H.1 of the FR Y-14Q and the Troubled Debt Restructuring field in Line item 49 of Schedule H.2 of the FR Y-14Q and (ii) to remove LIBOR as a value for the Interest Rate Spread fields in Line item 40 of Schedule H.1 and Line item 29 of Schedule H.2. A bank should have the option to apply a September 30, 2024 effective date for these revisions.

III. Several of the proposed reporting fields should be removed from the FR Y-14 Reports given the substantial burdens associated with reporting these items.

A. The proposed reporting of fee information should not be adopted due to the significant operational burdens with minimal benefits.

The proposal would add five reporting fields with respect to fee information in Schedule H.1 Fields 114 through 118 and Schedule H.2 Fields 73 through 77 that would require highly granular

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[15] Bank Pol'y Inst., *Request for Additional Clarity Regarding Exploratory Scenarios and 2024 Stress Testing Cycles* (Nov. 15, 2023).

information regarding fees from banks.[16]

The required information regarding fees would impose significant burdens. First, the applicable data sets are very large and would require significant effort to produce the required information at the loan level. Reporting this information would result in significant operational burdens and would be inconsistent with how items generally are reported on the FR Y-14. Among other things, banks would be required to undergo substantial systems changes to track and produce reports in respect of this type of fee information, which to date is not captured in the manner contemplated by the proposal. We also are concerned that these requirements would result in inconsistent reporting given that the structure of these fees may vary significantly within and across banks, such that banks may apply different definitions with respect to fees. Lack of consistency and comparability would provide a distorted view that may not provide the Federal Reserve with the right pricing characteristics of each loan. Moreover, there does not appear to be a supervisory benefit to reporting fee information for purposes of stress testing.

Additionally, reporting fee information with respect to fees that have been collected, on a cash basis, would impose unique burdens. In general, banks may not independently track fees collected on a cash and loan-by-loan basis. Instead, a bank may keep track of fees on an accrual basis, and a bank's systems may be designed to track fees at a level of aggregation greater than loan-by-loan. Moreover, in some cases a bank may not have a standalone cash receipt in respect of a fee but may instead subtract the fee from the amount the bank disburses to the borrower. Complexities also would arise with respect to allocating and reporting fees at the loan level when the fee pricing provided to a borrower reflects a broader commercial relationship between the bank and the borrower (i.e., the fact that a borrower has multiple relationships with the bank might result in the borrower paying lower aggregate fees). In sum, collecting and tracking fee information for reporting purposes on a cash basis and at the loan level would raise significant challenges.

Accordingly, the proposed revisions to the FR Y-14 Reports to implement fee reporting should be removed.

B. The proposed reporting of loan covenant violations should not be adopted.

The proposal would require a bank to report the violation and type of covenant if the obligor is in violation of a covenant with respect to at least one loan within the facility.[17]

Banks would be required to make substantial systems changes to implement the proposed reporting of loan covenant violations that would be highly burdensome with minimal benefits. Information regarding financial covenants may not be reflected in bank financial systems and non-financial covenants, in particular, are not generally tracked in a bank's books and records. These non-financial covenants would be particularly tough to report within the short window allowed for FR Y-14 reporting. Additionally, ambiguities regarding the definitions of loan covenant violations could result in a risk of misinterpretations and lack of uniformity in reporting loan covenant violations across banks.

Accordingly, loan covenant violation reporting should not be required.

[16] *FR Y-14Q Instructions* at 224–25.

[17] *FR Y-14Q Instructions* at 228.

C. The proposed reporting of loan amortization should be removed.

Under the proposal, Field 119 (Amortization) would require banks to report information with respect to loans with monthly or non-standard amortization schedules.[18]

The proposed reporting requirements for loan amortization would require banks to integrate data from different systems, build additional system logic and feeds, and map the new attributes, which is not feasible under the proposed timelines. Furthermore, loan amortization reporting may not be appropriate for many types of corporate and industrial loans—this feature is more common in commercial real estate loans and related products.

Accordingly, the Federal Reserve should eliminate this proposed reporting with respect to loan amortization.

IV. The proposal to require an additional unstressed Schedule L submission should be eliminated.

As noted in the proposal, unstressed submissions of Schedule L of the FR Y-14Q currently are collected four times per year. In particular, there are three submissions with "as-of" dates corresponding to the last calendar days of the first, second and third quarters; the fourth submission is based on an "as of" date provided by the Federal Reserve for the global market shock component of the supervisory stress test, which must fall between October 1 of the prior calendar year and March 1 of the year of the supervisory stress test.[19] In order to address a "timing gap between the unstressed submissions for the first and third quarters of up to 6 months," the proposal would require an additional unstressed Schedule L submission as of the last calendar day of the fourth quarter, which would be due 52 days after calendar quarter-end.[20]

The proposed requirement for banks to produce an additional unstressed Schedule L submission as of the last calendar day of the fourth quarter that would be due 52 days after quarter-end would pose significant challenges and conflicts with existing reporting priorities. Specifically, this additional reporting requirement would interfere with the already demanding schedule of producing stress filings and other critical regulatory filings, including the FR Y-9C and Call Report, as well as the annual Form 10-K submission required for publicly traded firms. Additionally, banks already provide a Schedule L submission as of a specific date during the fourth quarter of a calendar year. There is no meaningful regulatory or supervisory benefit to requiring an additional unstressed Schedule L submission given the minimal difference in incremental information available as of December 31st in comparison to the GMS date.

Accordingly, the Federal Reserve should remove the requirement for banks to produce an additional unstressed Schedule L submission. Additional clarifications regarding the proposed changes to Schedule L are provided in Section I.G of Appendix I.

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[18] *FR Y-14Q Instructions* at 226.

[19] *FR Y-14 Proposal* at 52044.

[20] *FR Y-14 Proposal* at 52044.

V. The introduction of exploratory market shocks under the proposal is both unclear and overly burdensome.

Under the proposal, the Federal Reserve would "revise the FR Y-14 instructions to require firms to submit relevant data with respect to all market shocks that the Board may conduct in a given year, including any exploratory market shocks."[21] The proposal further notes that the Federal Reserve "estimates that it would conduct two exploratory market shocks per year," although "the number of exploratory market shocks conducted may vary from year to year."[22]

The proposed revised instructions to the FR Y-14 Reports do not specify precisely how exploratory market shocks would be incorporated into the FR Y-14 Reports. The Federal Reserve should make the following changes and clarifications with respect to the exploratory market shocks.

First, the Federal Reserve should confirm that the scope of the exploratory market shocks and related specifications will be consistent with the special data collection that banks were required to submit on April 5, 2024. It also will be important that the "as of" date for the single exploratory market shock scenario be consistent with the GMS date for the FR Y-14Q Schedule L and FR Y-14A Schedule A.5 to reduce operational inefficiencies.

Second, the Federal Reserve should limit the scope to two exploratory market shock scenarios per year. Given the substantial operational burdens and related processes required to produce this information, it would be unreasonable to require information for more than two of these scenarios. The Federal Reserve should also provide additional time for banks to provide the requested data, in particular until April 30, particularly with respect to Schedule L.

Finally, under the proposal, banks would apply market shocks to Line item 62 (Total trading and counterparty losses) from Schedule A.1.a of FR Y-14A.[23] Line item 62 is the sum of Lines 58, 59, 60 and 61, which primarily source information from Schedule A.4 Trading and Schedule A.5 Counterparty Credit Risk (CCR), which are dependent on Schedule F (Trading) and Schedule L (Counterparty) of FR Y-14Q.[24] Because banks are not required to apply exploratory market shocks to Schedule F, it will be difficult to apply market shocks to Line item 62 to the extent the information relates to trading activity. Accordingly, banks should not be required to apply market shocks to Line item 62 in respect of trading activity.

VI. The Q&A system with respect to the FR Y-14 Reports requires significant enhancements and clarifications.

The proposal acknowledges several issues regarding the current Q&A system with respect to questions from banks on the FR Y-14 Reports, including that the Federal Reserve is "limited in its ability to address all submitted questions, and firms occasionally do not receive responses in a timely manner" and

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21 *FR Y-14 Proposal* at 52044.

22 *FR Y-14 Proposal* at 52044.

23 Federal Reserve, *Draft Reporting Instructions for the Capital Assessments and Stress Testing (Reporting Form FR Y-14A)*, at 13, 20 [hereinafter *FR Y-14A Instructions*], *available at* https://www.federalreserve.gov/apps/reportingforms/Download/DownloadAttachment?guid=A01DBC1A-4555-4B05-B2D0-EE64B19BDF2A.

24 *FR Y-14A Instructions* at 20.

that certain unanswered questions "may become obsolete."[25] The proposal provides that the Federal Reserve "intends to answer relevant unaddressed questions and retire unanswered questions in the system submitted prior to publication of the initial notice."[26]

In general, the process that the Federal Reserve envisions with respect to each of (i) historical Q&As, (ii) outstanding Q&As that have not been answered and (iii) future Q&As is not clear under the proposal. In order for banks to provide meaningful comments on these areas, further guidance is needed on the Q&A process more broadly.

We have included as Appendix II a list of outstanding relevant questions regarding the FR Y-14 Reports that BPI and IIB have received from members.[27] In general, in light of the substantial number of outstanding questions and the significance of the questions for reporting and related processes, there should be an opportunity for banks and other stakeholders to provide comments on the proposed implementation of the answers to these questions in the FR Y-14 Reports. Relatedly, the Federal Reserve should provide additional detail on how it anticipates incorporating historical Q&As into future versions of the instructions to the FR Y-14 Reports.

Going forward, it will continue to be critical for banks to have the opportunity to submit questions to the Federal Reserve regarding the FR Y-14 Reports. Questions often arise on an ongoing basis, including as a result of banks issuing new products or engaging in new or different business activities. Although banks seek to provide comments on potential ambiguities and other interpretive questions when revisions to the FR Y-14 Reports are proposed, many ambiguities or other interpretive questions do not arise until revisions are finalized and banks commence the related systems changes. Accordingly, a framework in which banks' questions are addressed only in the context of formal Paperwork Reduction Act proposals would be unworkable. There could be quarters, or years, between the identification of an issue and guidance in response from the Federal Reserve.

The FR Y-14 Reports are due throughout the year, and it is essential that banks receive timely responses to these questions from the Federal Reserve—ideally within 90 days[28]—both to enhance bank reporting processes and improve the information the Federal Reserve receives. In light of the fact that banks often have outstanding questions as they prepare the FR Y-14 Reports, as the Federal Reserve evaluates banks' reporting practices, the Federal Reserve should be cognizant that the application of the Reports to particular transactions or activities can be ambiguous and should take into account banks' efforts to use their best judgment to complete the forms in light of that ambiguity.

VII. The level of historical data required under the proposal is appropriately calibrated.

The proposal would limit the historical FR Y-14Q data required to be provided by banks newly reporting FR Y-14Q or that must begin filing a retail schedule to five years of historical information. BPI and IIB broadly support reducing the requirement to submit historical data once a retail schedule becomes

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25 *FR Y-14 Proposal* at 52043.

26 *FR Y-14 Proposal* at 52043.

27 Appendix II is not exhaustive, and members may have additional questions that they may decide to submit in their own comment letters or otherwise bilaterally with the Federal Reserve.

28 Responses earlier than within 90 days, if feasible, would be particularly useful with respect to questions regarding the FR Y-14M given its monthly reporting cadence.

eligible for reporting on the basis that this level of historical data generally is a reasonable period for purposes of the Federal Reserve's supervisory assessments.

VIII. Technical Comments

We have included a list of technical comments on the Proposal in Appendix I.

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The Bank Policy Institute and the Institute of International Banks appreciate the opportunity to comment on the Proposal. If you have any questions, please contact Brett Waxman by email at Brett.Waxman@bpi.com, or Stephanie Webster by email at swebster@iib.org.

Respectfully submitted,

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cc: Michael Gibson
Mark Van Der Weide
Board of Governors of the Federal Reserve System

Appendix I – Technical Comments

I. FR Y-14Q

A. The changes associated with the reporting of NDFIs are both unclear and overly broad.

The proposal provides that "to understand the financial conditions of NDFI borrowers, the Federal Reserve proposes to require the reporting of fields 52 through 82 on Schedule H.1, the 'Obligor Financial Data Section,' for NDFIs."

1. Additional clarifications are needed regarding the reporting of NDFIs.

As described in Section I.C of the letter, NDFI reporting should be aligned with the revisions to the Call Report. At a minimum, there must be definitions and clear guidance for each of the NDFI entity type options in Field 120 of Schedule H.1 to avoid misclassification and inconsistent reporting.

Additionally, the Federal Reserve should specify how a bank would report an obligor that has an affiliation of more than one type (for example as both a consumer lender and real estate lender, or as a business development company and other categories of private equity or investment management funds). It also should be specified whether there is a difference between a Special Purpose Entity for purposes of Field 83 and Field 120 given that, although one of the NDFI obligor types would be a special purpose entity, there would relatedly be a separate field (Field 83) identifying a special purpose entity.

2. Exclusions are needed with respect to the reporting of NDFIs.

Additionally, any proposed NDFI reporting must exclude the following facilities and obligors:

- *Fronting Risk Facilities*: Fronting risk facilities should not be required to be reported because, in these circumstances, the bank generally does not have a direct credit relationship with the NDFI.

- *Special Purpose Entities and Special Purpose Vehicles*: Reporting information with respect to Special Purpose Entities and Special Purpose Vehicles should not be included because this information would impose significant burdens with minimal benefits.

B. The changes associated with the reporting of Financial Sponsors require clarifications.

As described in Section II of the letter, the proposed reporting requirements with respect to financial sponsors require significant clarifications, including the following:

- The Federal Reserve should clarify whether the reporting of information with respect to financial sponsors is required for all obligors with a financial sponsor, or alternatively only when the NDFI Obligor Type is a non-NDFI in Field 120.

- Certain of the proposed information would diverge from instructions with respect to the Shared National Credit report, which requires reporting of financial sponsors only with ownership greater than 25 percent and permits reporting up to four financial sponsors per facility. Accordingly, the Federal Reserve should specify whether there is a minimum percentage ownership interest for reporting a financial sponsor and which

financial sponsor should be reported if the obligor has more than one financial sponsor.

- The Federal Reserve should provide guidance regarding reporting situations in which an obligor is controlled by more than one financial sponsor, including how to report each sponsor's information. Additional guidance is also required for cases where the financial sponsor of an obligor changed within the reporting period.

- Field 123 (Financial Sponsor Control) would require reporting if the obligor is controlled by a financial sponsor, in particular "where Financial Sponsor is any Person, including any Subsidiary of such Person."[29] The meaning of "Person" in this context should be clarified given that financial sponsors generally are not individuals.

C. The Federal Reserve should provide definitions of the new security types in Field 36 of Schedule H.1.

Field 36 of Schedule H.1 (Security Type) would include 12 new security types without corresponding definitions. Definitions with respect to each of the new security types should be provided in the final instructions to the FR Y-14 Reports.

D. The Federal Reserve should remove certain fields that were retired in Q124.

Certain fields that had been retired for March 31, 2024 reporting would nonetheless remain in the FR Y-14Q based on the new instructions. Accordingly, for consistency, the following fields from the FR Y-14Q should be removed:

- ASC 310-10 (H.1 Field 30; H.2 Field 46);
- ASC 310-30 (H.1 Field 31; H.2 Field 47);
- Cumulative Interim Loan Losses (Schedule M Line item 6a; 6b);
- OTTI Taken (Schedule B); and
- Cumulative Lifetime Purchase Impairments and Fair Value Adjustments (Schedule K Column C).

E. Unused commitments should be reported consistent with the FR Y-9C.

The proposal provides that Schedule H would be amended to capture all unused commitments where the bank has extended terms that the borrower has accepted and are either in writing or otherwise legally binding and that, "[t]o ensure consistent reporting across firms and to eliminate ambiguity, the Board proposes to update the Schedule H language to be clear about which commitments must be reported."[30]

BPI has indicated in a prior comment letter that the unused portion of credit facilities structured

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29 *FR Y-14Q Instructions* at 228.

30 *FR Y-14 Proposal* at 52047.

and documented such that the lender is not under any legal obligation to extend credit or purchase assets ("Defined Facilities") should not be reported as an unused commitment for purposes of the FR Y-9C given that a lender's legal and economic risk with respect to Defined Facilities is meaningfully less than with respect to an unused commitment.[31] For similar reasons, the FR Y-14Q Schedule H instructions should be updated to exclude reporting of the unused portion of Defined Facilities.[32]

F. The changes associated with the reporting of collateral market value are both unclear and overly broad.

The Federal Reserve would modify the instructions for Field 93 of Schedule H.1 (Collateral Market Value) to require the reporting of collateral valuations for all facilities with commitments based on collateral.

The proposal would not include sufficient information regarding the required reporting with respect to collateral market value. The revised instructions should provide a clear definition and further guidance regarding the scope of "the commitments based on a collateral base."[33]

Additionally, further clarification is needed regarding whether the inclusion of any collateral type under the FR Y-14Q, Schedule H.1, Field 36 "Security type" category except category "6. Unsecured" would require a bank to populate the collateral value field. Without precise definitions, banks may face inconsistencies and confusion in reporting.

Furthermore, facilities secured by collateral that do not require periodic and ongoing valuations should not require reporting of the Collateral Market Value field. There is no regulatory or supervisory benefit to require collateral valuation reporting for facilities that do not require periodic revaluation of collateral—in these instances, the collateral value would have been assessed only at origination.

G. The proposed change to Schedule L should be revised.

1. Reporting of counterparties under the firm-generated scenario should not be duplicative of current reporting obligations.

The proposed instructions to FR Y-14Q, Schedule L.5 (Derivatives and Securities Financing Transactions (SFT) Profile) would require a new ranking methodology to be reported on Schedule L.5 under which a bank ranks its top 25 counterparties by stressed net current exposure (net CE) under the firm-generated scenario and reports the related exposures on sub-schedules L.5.2-L.5.4. Currently, if a counterparty is captured in both ranking methodologies (1 & 2), the information for that counterparty must only be reported once, under the ranking methodology 1.

The Federal Reserve should confirm that, if a counterparty is captured in either ranking methodologies (1 or 2) and in the new ranking methodology (3), then the information for that

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31 Bank Pol'y Inst., *BPI Comments to Reporting of Certain Credit Facilities in the FR Y-9C* (Mar. 27, 2020), *available at* https://www.federalreserve.gov/SECRS/2022/May/20220503/ICP-202208/ICP-202208_050222_141802_341018370106_1.pdf (attached as Appendix B).

32 Bank Pol'y Inst., *BPI Comments to Capital Assessments and Stress Testing Reports (FR Y-14A/Q/M; OMB No. 7100-0341)* (May 2, 2022), *available at* https://www.federalreserve.gov/SECRS/2022/May/20220503/ICP-202208/ICP-202208_050222_141802_341018370106_1.pdf.

33 *FR Y-14Q Instructions* at 212.

counterparty must only be reported once (in particular, under ranking methodology 1 or 2). In other words, the number of reported counterparties for any ranking methodology may be less than 25 counterparties if a bank does not have 25 unique counterparties with reportable stressed net current exposure amounts.

2. Q&A #Y140001627 should be published.

The proposal provides that "[t]o clarify the reporting of net CE in Schedule L, the Board proposes to revise the instructions to describe how a firm can net exposures when calculating net CE for SFTs. This revision would address questions and issues raised in FR Y-14 Reports Q&As #Y140001627 and #Y140001614."[34]

The Q&A #Y140001627 that is referenced in the proposal is not publicly available. Accordingly, this Q&A must be published so that banks may verify the extent to which any issues raised by the Q&A have been clearly addressed.

3. The reporting requirements with respect to CVA sensitivities require additional clarification and time to implement.

The proposal provides that the data should be reported "using the Board-provided scenario and specifications (i.e., margin period of risk of 10 business days, keeping CSA thresholds flat, no gains from netting, and no credit downgrade triggers)."[35]

The Federal Reserve should clarify the definitions for these specifications "keeping CSA thresholds flat" and "no gains from netting", for purposes of this calculation, and should provide an illustrative example. Additionally, clarification is needed regarding whether "no gains from netting" refers to excluding the impact of CVA hedges. Given the potential effects to stress testing as a result of changes to these reporting elements, the Federal Reserve should include these clarifications in a separate proposal to permit an appropriate opportunity for banks to review and provide feedback.

Implementation of the proposed specifications will significantly increase the time required to produce Schedule L and would require significant additional resources to produce Schedule L, as well as to conduct extensive testing for accuracy, reliability, and compliance. As discussed in Section II of the letter, at least four quarters from the publication date of the final revisions will be needed to make these changes.

H. Detailed instructions are needed with respect to the new data column for reporting variable payoff of CDS.

On page 33 of the proposed FR Y-14Q Schedule L Form, the Federal Reserve introduces new data columns for "Variable Payoff of CDS", "Variable Payoff of CDS FR Scenario (Severely Adverse)" and "Variable Payoff of CDS BHC or IHC or SLHC Scenario." This would require granular information that is not currently required. Further, there are no accompanying instructions for the proposed data columns—the columns appear only on the form itself without additional context in the instructions.

Accordingly, the Federal Reserve should provide detailed instructions on these new data columns

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34 *FR Y-14 Proposal* at 52045.

35 *FR Y-14 Proposal* at 52045.

so that banks may meaningfully comment on these reporting fields.

I. The new Schedule M.4 should not be adopted.

The Federal Reserve has proposed to introduce a new Schedule M.4 that would collect information on loans and leases covered by Loss Sharing Agreements (LSAs) with the FDIC.[36] This new sub-schedule would require significant time to implement and should not be adopted.

If the sub-schedule is adopted, the Federal Reserve should provide additional guidance on how to report unfunded commitments covered by LSAs.

J. The apparent duplication of Line item 7d of Schedule K should be fixed, or further explained.

The proposed revisions to Supplemental Schedule K of the FR Y-14Q appear to duplicate reporting with respect to Line item 7d relating to owner-occupied loans. Owner-occupied loans are currently reportable in Column F of Line "No loan category specific" in Schedule K. Reporting these loans in Line 7.d.1 Column F would be duplicative.

Accordingly, the Federal Reserve should remove this duplication, or further explain the proposed changes to Schedule K.

K. The proposal to include scored/delinquency managed owner-occupied nonfarm nonresidential loans is both burdensome and duplicative.

The Federal Reserve has proposed to include scored/delinquency managed owner-occupied non-farm non-residential ("NFNR") loans in Schedule A.9 – U.S. Small Business.[37] It would require significant time and effort to update the current automated reporting processes to be able to report this information accurately and in a timely manner going forward. Accordingly, at a minimum, the effective date of the revisions to the FR Y-14Q must be extended as discussed above.

In addition to the significant work required to add this in Schedule A.9, the reporting of the delinquency managed loans on line 1.e(1) of the FR Y-9C would be added in both Schedule A.9 and Schedule K-Supplemental of the FR Y-14Q. This approach would be duplicative because Schedule K of the FR Y-14Q is intended to capture data collection gaps between the FR Y-14 and the FR Y-9C; there would not be a gap if the data would otherwise be reported in Schedule A.9. Accordingly, these loans should not be required to be reported on Schedule K. Additionally, both scored and delinquency managed owner-occupied NFNR loans should be reported in the aggregate on Schedule A.9. This approach would align with the language in the proposal that "scored or delinquency managed owner-occupied NFNR loans, as reported in the FR Y–9C, Schedule HC–C, line item 1.e.1, should be reported on Schedule A.9."[38]

L. The reporting language for the reporting of Obligor Financial Data on Schedule H.1 of FR Y-14Q requires clarifying language.

The reporting requirements with respect to obligor financial data that would be required in Schedule H.1 of the FR Y-14Q would be overly broad. There may be instances where obligor financial data

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36 *FR Y-14Q Instructions* at 323.

37 *FR Y-14Q Instructions* at 45.

38 *FR Y-14 Proposal* at 52048.

is irrelevant for underwriting and subsequent credit risk monitoring for certain of these borrowers, including with respect to obligors that are startup companies with limited or no financial statements or professional sport leagues that would be more qualitatively underwritten. This information also is not relevant when the loans are fully secured by marketable securities or letters of credit, or investments are classified as loans under U.S. GAAP but the credit risk is not based on obligor repayment. In these circumstances, financial data generally is not considered in the underwriting decision and therefore is not captured in the financial spreading system, nor is the obligor required to provide the bank with financial information on an ongoing basis, as the credit risk is mitigated by collateral or other features of the instrument.

Accordingly, in each of these circumstances, there should not be a requirement to report financial data with respect to the obligor in Section H.1.

II. FR Y-14M

A. The requirements for the ARM index (Schedule A.1 (Loan Level Table), Line Item 32) are cumbersome and unclear.

The FR Y-14M proposed instructions would require a bank to report the index used as the basis for determining the monthly interest rate and specify that all of the adjustable-rate mortgage ("ARM") interest rate and payment variables would be populated with the origination values.[39] This construct raises several concerns, in particular with respect to loans originally based on LIBOR.

The Federal Reserve should clarify how banks would report the ARM Index with respect to loans originally based on LIBOR that have been modified to reference a different index (in particular, whether a bank should report the current index that the loan references).

The Federal Reserve should also clarify how banks would report the ARM Index with respect to loans originally based on LIBOR but have since been modified to a fixed rate and therefore there is no need to select a different index as LIBOR was the last known index.

B. The changes to the Workout Type Started (Schedule A.1 (Loan Level Table), Line Item 143) reporting line item require additional clarification.

The Workout Type Started reporting line item would require a bank to report the workout type started, which would be coded for any loan where a loss mitigation effort has started or is in progress for the current month.[40]

The Federal Reserve should clarify the difference between reporting "0" and reporting "NULL" for this line item, including whether "0" would be reported for loans for which there was a previous loss mitigation effort and "NULL" would be reported when a loan has not been subject to loss mitigation. The ability to distinguish between whether a loan has never been in loss mitigation or if it was and is no longer in loss mitigation status will require additional tracking by banks. The Federal Reserve should therefore

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[39] Federal Reserve., *Draft Reporting Instructions for the Capital Assessments and Stress Testing (Reporting Form FR Y-14M)*, at 25–26 [hereinafter *FR Y-14M Instructions*], *available at* https://www.federalreserve.gov/apps/reportingforms/Download/DownloadAttachment?guid=0218612C-6FBA-444C-A6F6-C07014D0A42B.

[40] *FR Y-14M Instructions* at 71–73.

continue to allow "0" to represent "No Active Workout Plan."

C. The Loan Modification to Borrower Experiencing Financial Difficulty Flag (Schedule A.1 (Loan Level Table), Line Item 145) requires additional clarification.

The "Loan Modification to Borrower Experiencing Financial Difficulty Flag" would report whether a loan was modified due to the borrower experiencing financial difficulty as defined in ASU 2022-02.[41]

The Federal Reserve should clarify for how long a bank would report this item in respect of a loan. For example, the FR Y-14Q would incorporate a 12-month period for certain corporate and commercial real estate loans.

Additionally, the Federal Reserve should clarify how a bank should report a loan that had been reported "Yes" during the prior calendar year but for which the borrower has not experienced financial difficulty during the prior 12 months.

D. The Federal Reserve should address the potential discrepancy in the reporting of involuntary terminations in Schedule A and Schedule A.2.

The proposed instructions to Schedule A (Loan Level) provide that, "[i]n the case of involuntary terminations, loans should be reported for up to 24 months following termination" until data in specified fields are available to report.[42] On the other hand, the proposed instructions to Schedule A.2 (Portfolio Level) provide that a bank should report with respect to activity or transactions that occurred in the reporting month.

The Federal Reserve should address the potential divergence between the information a bank reports in Schedule A and Schedule A.2. Specifically in the Loan Population section related to real estate owned ("REO") loans, balances should not be included in the Portfolio Level Table. The Federal Reserve should clarify if real REO loans are to be included in the three Involuntary Terminations fields in Schedule A.2.

The Federal Reserve also should resolve an apparent conflict with respect to the proposed instructions to Schedule A (Loan Level) and to Schedule A.2 (Portfolio Level), in that Schedule A would require loans to be reported for up to 24 months following termination, whereas Schedule A.2 would require reporting with respect to activity or transactions that occurred in the reporting month.[43]

E. The changes to Revenue and Loss Sharing Agreements require additional clarification.

The proposal indicates that "the Board proposes to formalize the supplemental collection by requiring the reporting of all revenue and loss sharing agreements (RLSAs) on FR Y-14M, Schedule D (Domestic Credit Card)."[44]

The Federal Reserve should clarify whether Line item 70 (Loss sharing) on Schedule D.1 is intended

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41 *FR Y-14M Instructions* at 73.

42 *FR Y-14M Instructions* at 9.

43 *FR Y-14M Instructions* at 9–10.

44 *FR Y-14 Proposal* at 52048.

only for the reporting of accounts that are part of loss sharing agreements. Relatedly, the description for Line item 70 should provide for the bank to report the appropriate code for the type of loss sharing agreement to which the account is subject. The Federal Reserve also should clarify Code #2 for Line item 70, in particular whether Code #2 is intended to include profit sharing agreements that include losses as a component of the profits shared.

In addition, the proposed instructions for Schedule D.2 have new Line items 47 (FDIC Loss Share Credits) and 48 (Other Loss Share Credits) to collect information on the dollar amount received or credited for credit losses associated with loss sharing agreements. The Federal Reserve should clarify where revenue and pre-provision net revenue ("PPNR") associated with revenue sharing agreements should be reported, in particular whether revenue should be reported in Line item 45 (All Other Non-Interest Income). Clarification also is needed regarding whether shared revenue or PPNR should be reported in Line item 45 of Schedule D.2. Additionally, the Federal Reserve should clarify whether dollar amounts reported in Line item 48 of Schedule D.2 are to include credit losses associated with both loss sharing agreements and profit sharing agreements for which losses are included as part of the calculated profit. There should be a new line item in Schedule D.2 used for purposes of reporting the dollar amount paid or received in respect of PPNR associated with revenue or profit-sharing agreements separate from existing Line item 45 of Schedule D.2.

In addition, the proposed instructions for Line items 47 and 48 on Schedule D.2 state that only items included on FR Y-9C Schedule HI, item 4 should be included.[45] This is not included in the instructions for Line item 70 on Schedule D.1. The Federal Reserve should clarify whether banks would only include items found on FR Y-9C Schedule HI, item 4 for this field as well so it is consistent with the information that would be reported on Schedule D.2. It should also be clarified whether the reference to only including items included on FR Y-9C Schedule HI, item 4 is intended to mean that the amount reported is gross, not net, of sharing credits or payments received.

F. The address matching loan level data collection in Schedule C raises privacy concerns and should be retired.

There are customer privacy and related concerns related to the existing requirements to report certain customer address information, in particular Mailing Street Address, Mailing City, Mailing State and Mailing Zip Code.[46]

Accordingly, these Line items should be removed.

G. The reference to Unpaid Principal Balance (Net) equaling book value should be removed.

The instructions to Line item 95 of Schedule B.1 (Unpaid Principal Balance (Net)) provide that this value "should equal the book value on regulatory filings." However, the Federal Reserve had previously indicated in an FAQ that this reference to Unpaid Principal Balance (Net) equaling book value would be deleted.

Accordingly, this reference to Unpaid Principal Balance (Net) equaling book value should be deleted.

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45 *FR Y-14M Instructions* at 192.

46 *FR Y-14M Instructions* at 129–30.

H. Clarification is needed regarding the reporting of residential loans with property located outside the United States.

The proposal provides that "to avoid ambiguity, the Board proposes to revise the FR Y–14Q retail schedule instructions to clarify that only loans held in foreign offices should be reported on the international sub-schedules. Additionally, to avoid a reporting gap or confusion in the 'Geography' field, the Board proposes to add 'United States' to Region 1 for all international retail sub-schedules."[47] The proposal further notes that the revisions "would be consistent with the proposed revision that would provide that international loans are classified as such based on the location of the office that holds the loan balance."[48]

On the other hand, the proposed FR Y-14M instructions do not specifically address the reporting of loans with respect to property located outside of the United States. Instead, Line item 4 of Schedule A of the FR Y-14M would require a bank to report the state in which the property is located, which presumes the property is located within the United States. Accordingly, the FR Y-14M instructions should be revised to address loans with respect to property located outside of the United States.

III. FR Y-14A

A. Clarifications are needed with respect to the reporting of Capital Action Plans Under Schedule C.

The proposal would require that banks "provide a[n] incremental submission even if that change is not reflected on Schedule C, such as for non-captured coupons or other payments."[49]

The Federal Reserve should clarify the scope of "other payments" that would be required to be reported and the process the Federal Reserve envisions for an "incremental submission."

In addition, the proposal references a Q&A relating to coupon payments on trust preferred securities ("TruPS") and subordinated debt, which are not disclosed on Schedule C, and provides that if these payments are capital distributions under the capital plan rule in Regulation Y and exceed planned capital distributions, notification to the Federal Reserve would be required.

There would be a significant burden associated with banks tracking interest expense or other payments that are immaterial for these incremental amounts, as well as establishing a basis for comparing and preparing a notification outside of the FR Y-14A, Schedule C. Changes to payment amounts as a result of a movement in interest rates or contractual terms should not require notification given that changes affecting regulatory capital are already captured for redemptions and issuance. In contrast, changes in coupon payment amounts might not directly affect regulatory capital. Accordingly, these amounts should not be required to be reported on Schedule C.

IV. Prior Comments

We have included in this section items that we have raised with respect to other Federal Reserve

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47 *FR Y-14 Proposal* at 52048.

48 *FR Y-14 Proposal* at 52048.

49 *FR Y-14A Instructions* at 113.

publications and that remain relevant as the Federal Reserve considers the proposed updates to the FR Y-14 Reports.

A. The Federal Reserve should exclude non-fair value private equity investments as well as mutual fund and ETF seed capital investments from the private equity schedule.

In December 2019, the Federal Reserve addressed comments received related to reporting of non-fair value private equity investments ("PEIs") in FR Y-14Q Schedule F and agreed to "assess whether the macro scenario is more appropriate than the global market shock for non-fair value PEI exposures. If the macro scenario is more appropriate, then the Federal Reserve will propose an alternative treatment in a future notice."[50] In addition, the Federal Reserve stated in FAQ # Y140001106 that banks could exclude tax oriented investments (TOIs) held under equity method accounting from the Other Fair Value Assets worksheet of Schedule F.[51]

We appreciate the Federal Reserve's acknowledgement and consideration of this issue. The Federal Reserve should similarly exclude non-fair value PEIs from the Private Equity worksheet of Schedule F. Each of non-fair value PEIs and tax oriented investments experiences changes in investment value over a longer horizon that would be more appropriately measured under the macro scenario.

Relatedly, Schedule F of the FR Y-14Q instructions requires banks to report seed capital invested in mutual funds and ETFs in the Private Equity sub-schedule. Classifying these investments as private equity may subject banks to stress losses that are not appropriate given that these funds generally invest in liquid marketable securities.

Accordingly, the instructions should not require mutual fund and ETF seed capital investments to be classified as private equity. Instead, these seed capital investments should be decomposed and classified within the respective worksheets in Schedule F.

B. Client-cleared derivative exposures should remain out of scope for sub-schedules L.1-L.4 of FR Y-14Q.

On March 4, 2022, BPI submitted a letter to request that the Federal Reserve confirm that banks are not required to report client-cleared derivative exposures in FR Y-14Q sub-schedules L.1 -L.4. FAQ Y140001503 has created conflicting guidance regarding the treatment of client-cleared derivative exposures in sub-schedules L.1-L.4 of the FR Y-14Q. US GAAP does not require banks to report client-cleared derivatives on the balance sheet, and banks do not compute CVA on client-cleared derivatives. Including these exposures would result in significant operational challenges. Moreover, implementing this type of change through an FAQ is inconsistent with the Paperwork Reduction Act and prior Federal Reserve practices with respect to revisions to the FR Y-14 Reports reporting requirements.

Therefore, client-cleared derivatives should remain out of scope for sub-schedules L.1-L.4 of FR Y-14Q. Any requirement to report client-cleared derivative exposures outside of sub-schedule L.5 of FR Y-14Q should be subject to the public notice and comment process. A formal notice and comment process, including any proposed instructional changes to sub-schedules L.1-L.4, would provide banks with the

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[50] Federal Reserve, *Agency Information Collection Activities: Announcement of Board Approval under Delegated Authority and Submission to OMB*, 84 Fed. Reg. 70529, 70534 (Dec. 23, 2019).

[51] See also Federal Reserve, *Agency Information Collection Activities: Announcement of Board Approval under Delegated Authority and Submission to OMB*, 85 Fed. Reg. 86560, 86565 (Dec. 30, 2020).

opportunity to evaluate the potential effects of the changes and to seek any necessary clarifications.

Appendix II – FR Y-14 Questions

Report	Schedule	Question Details
Y-14A	A.3 & A.5	**Question:** In September, the Federal Reserve advised firms how to report fields on the FR Y-14 in response to the implementation of Accounting Standards Update (ASU) 2016-01, “Recognition and Measurement of Financial Assets and Financial Liabilities,” which was incorporated into the FR Y-9C for the March 31, 2018, as of date. In the response, the Federal Reserve advises firms to report in the following manner until applicable changes are proposed and implemented: • FR Y-14A, Schedule A.1.c.1 (Standardized RWA): Report in item 2.b (Securities (excluding securitizations): Available-for-sale) equity securities with readily determinable fair values not held for trading reported in the FR Y-9C, Schedule HC, item 2.c. • FR Y-14A, Schedule A.3.d (Projected OCI and Fair Value for AFS and Impaired HTM): Continue to report the Total Actual Fair Market Value, Beginning Fair Market Value, and Fair Value Rate of Change fields for equity securities in this schedule. However, all Projected OCI fields in this schedule for equity securities should be left blank. • With regards to the updated guidance provided by the Federal Reserve on equity (common stock, mutual fund, preferred stock) securities, how would the Federal Reserve expect banks to handle the CCAR projections of these equity position for Beginning Fair Market Value and Fair Value Rate of Change since these fields are a byproduct of the projections? The actuals are currently submitted as part of the A.3.d securities schedule and as per the updated guidance, are not getting stressed in that schedule. Should the actuals continue to be reported on A.3.d schedule since they are not AFS? How should these securities be stressed and in which schedule should those projected losses be reported on for the Supervisory stress and Internal Stress Scenarios?
Y-14A	A	**Question**: "FR Y-14A Summary Schedule A.1.a – Income Statement lines 44-57 “Losses Associated with Held for Sale loans and loans Accounted for under Fair Value Option”, please advise whether below items should be included in these line items: • initial mark-down (i.e., day one mark-down taken on mark-to-market and lower-of-cost-or market loans); • day one hedge costs (i.e., premium paid for hedges on day one); and • running hedge costs (i.e., premium paid for hedges that amortized overtime)"
Y-14A	A	**Question**: This question pertains to the FR Y-14A summary Schedule A.1.d capital “maximum payout ratios and amounts” section (line items 133 to 136). When calculating the maximum payout ratios and amounts, we intend to use four decimal points for the relevant ratios, e.g., if a firm’s SLR requirement inclusive of buffer was 5.0% (3.0% minimum requirement plus 2.0% buffer), 5.0001% would be considered as above the requirement inclusive of buffer hence no payout restrictions, but 5.00004% (rounds to 5.0000%) would be at the requirement inclusive of buffer hence subject to payout restriction at 60% ERI. The four decimal point rounding convention is consistent with the FR Y-9C instructions. Could the Federal Reserve please advise if there is any concern with this approach?
Y-14A	A	**Question:** How should the Firm report the P&L for derivatives in FR Y-14A Schedule A.1.a –Income Statement which are used to hedge accrual loans that qualify as cash flow hedges under US GAAP Accounting Standard Codification (ASC) 815 - "Derivatives and Hedging"?

Report	Schedule	Question Details
		Viewpoint: Per ASC 815, all changes in the fair value of the cash flow hedge derivative are recorded in Other Comprehensive Income (OCI) on the balance sheet. The Firm reclassifies the amounts recorded in OCI into earnings as the hedged transaction (accrual loans) affects earnings. The amount reclassified is recognized in an income account consistent with the interest income earned on the hedged transaction i.e. accrual loan. Therefore, the reclassified portion of the OCI is presented in the same line item on the income statement as the earnings effect of the hedged item. The FR Y-9C is consistent with US GAAP for reporting the impact of cash flow hedge in the income statement, specifically FR Y-9C schedule HI Line Item 1a, "Interest and fee income on loans". Since the FR Y-14A is consistent with FR Y-9C, the P&L amounts that are recorded in earnings, for Cash Flow Hedges, as described above, should be reported in FR Y-14A Schedule A.1.a, Line item 117 Net interest income. Per FR Y-14 Q&A Y14001465, firms should report the P&L impact from accrual loan hedges in Line 65 "Other Losses" of the FR Y-14A, Schedule A.1.a –Income Statement. However, that is inconsistent with the FR Y-9C and US GAAP presentations. The Firm views that the reporting of the P&L from Cash Flow hedges on FR Y-14A Schedule A.1.a should be consistent with US GAAP and be shown net of interest income on Line item 117. That will be the Firm's practice for reporting the P&L associated with cash flow hedges of accrual loans in FR Y-14A Schedule A.1.a till the regulator clarifies otherwise.
Y-14A	A	**Question:** Per our reading of the CCAR instructions, we understand that for all supervisory scenarios, all market risk losses resulting from the global market shock need to be taken in the 1st period of the forecast horizon. For the BHC scenario, do firms have the flexibility to distribute some components of the losses arising from the global market shock in a quarter other than the 1st period of the forecast horizon? This would enable, for the BHC scenario, certain components of the market risk loss calculations to be more closely linked to the 9-quarter macroeconomic scenario.
Y-14A	A	**Question:** The Firm is planning a series of divestitures, some of which have signed and others which will sign in the CCAR projection horizon. The deal signing triggers an accounting reclassification of the divesting assets from Held for Investment (HFI) to Held for Sale (HFS) and a reclassification of Loan Losses to Other Revenues. The accounting reclassification has no economic impact. For purposes of Y14A reporting, the Firm would like to confirm that it is acceptable to report the divesting assets and the associated losses based on the classification at the time of the 12/31 jump off, and not change any classifications during the projection period.
Y-14M	A.1	**Question:** The instructions for FR Y-14M Schedule A.1 line item 28 state that “recourse on a loan refers to terms in the mortgage contract that give the owner of the note the right to pursue additional claims against the borrower beyond possession of the property.” If the reporting institution is reporting a loan post sale where only servicing is retained, should the recourse flag relate to the claims against the servicer/reporting institution rather than the borrower?
Y-14M	A.1	**Question:** The instructions for FR Y-14M Schedule A.1 line item 94 state that Net Recovery Amount should “report the sales price net of costs of sales (e.g., sales commissions and buyer concessions).” If a loan was involuntarily terminated and proceeds relate to insurance claims, would this amount be reported in line item 94 as well or should it be 0 as this line strictly apply to sales transactions?
Y-14M	A.1	**Question:** The instructions for FR Y-14M Schedule A state that “In the case of involuntary terminations, loans should be reported for up to 24 months following termination, until the data on the specified fields: Line item #93 (Total Debt at Time of any Involuntary

Report	Schedule	Question Details
		Termination), Line item #94 (Net Recovery Amount), Line item # 95 (Credit Enhanced Amount), and Line item #121 (Sales Price of Property) are available to report." However, the instructions also state that, "Inactive inventory that was paid off in one manner or another (servicing transfer, involuntary liquidation or paid-in-full by borrower) before the beginning of the reporting month should not be included." Is there a distinction between involuntary terminations versus liquidations? Specifically, we would like to clarify which inactive positions should continue to be reported on the FR Y-14M as involuntary terminations. Two examples are below. Please advise how each loan should be reported for the month-ends specified as well as the subsequent month. • Example 1: Loan A was held through January, foreclosure process began in February, post foreclosure the Firm holds the deed/REO as of March, and REO is ultimately sold to a third party in April. • Example 2: Loan B was held through January, borrower files for bankruptcy in February, and loan is fully charged-off in March.
Y-14M	A	**Question**: Banks can and do purchase first-loss or other subordinated credit protection from third parties referencing an on balance sheet portfolio of loans (e.g. residential mortgage loans) via credit default swap, an issued credit linked note (CLN) or a consolidated securitization transaction. This purchased protection can result in reduced losses on the senior risk retained in the underlying loans. Currently the FR Y-14M report does not collect all data necessary to allow the supervisory models to capture the benefit of this tranched purchased credit protection on modeled losses for the underlying portfolio. More specifically, the FR Y-14M collects Total Loan Population in sub-schedule A.1 but does not collect data to allow the Federal Reserve to identify (a) loan portfolios with tranched credit protection; (b) amount and nature of non-pro rata protection purchased; (c) whether securitization capital treatment has been applied; and (d) the amount of subordination (i.e., attachment & detachment point.). The Federal Reserve's Stress Testing Methodology provides that the Federal Reserve calculates the quarterly P&L on hedges of Fair Value Option ("FVO") loans and loans measured at amortized cost using firm-reported P&L sensitivities to spread widening scenarios and BBB spreads. The Corporate Credit sub-schedule of the FR Y-14Q Schedule F Accrual Loan and FVO Hedge submissions is the only place where P&L sensitivities are reported. Please clarify where hedges of retail loans should be reported to provide the same P&L sensitivities such that the Federal Reserve can calculate the benefit of such hedges when determining a bank's stress capital buffer. Additionally, we request the Federal Reserve to allow Category I banks to provide additional granular information about the different types of credit protection purchased, as described above, along with the associated on balance sheet loans which are reported on FR Y-14M Schedule A. That would allow the supervisory models to capture the benefit of the first-loss or other subordinated credit protection and ensure that projected losses on the retained risk from on-balance sheet loans can be accurately reflected.
Y-14M	A	**Question:** Q&A Y140000981 response states that in the month of liquidation the foreclosure status should be "2" (Post Sale Foreclosure). The BHC is requesting additional guidance on this topic to confirm if that rule would also apply to other methods of liquidation. Specifically, if an account that is in foreclosure is paid off by the customer (voluntary liquidation) should the foreclosure status still reflect as post sale foreclosure, or some other value?

Report	Schedule	Question Details
Y-14M	B.1	**Question:** With respect to Q&A A (Y140001197) provided by the Federal Reserve for Field 77 "Modification Type", Federal Reserve guidance is to report "14 - HELOC Line Renewal (loss mitigation strategy)" defined as, "any lines that have been renewed and contract terms have changed and the borrower does not meet the current BHC or IHC credit standards". Typically, as part of loss mitigation strategies for borrowers in stressed situations, HELOCs are modified with access to existing lines permanently discontinued. However, Federal Reserve Q&A may be interpreted to imply that affected loans should be reported as "14 – HELOC Line renewal" although lines are not renewed. Please confirm whether this approach is acceptable or whether a reporting change is required and FRY-14M instructions will be modified.
Y-14M	A & B	**Question 1**: Should loans processed with recapitalization and other types of modifications, excluding term extension, be reported as value 25 (Recapitalization) and loans with recapitalization, term extension and other types of modifications be reported as value 34 (Term Extension+ Recapitalization) in Schedule A, line item 74, and in Schedule B, line item 77? **Question 2**: Please advise what value should be used to report loans in Schedule A, line item 74, and in Schedule B, line item 77 which are processed with multiple types of modifications but there is no allowable value which matches the exact combination of modifications provided. Which code we should default to for multiple types? **Question 3:** Please advise if the Firm should report a value of 21 Principal Deferral) or 24 (Principal Forgiveness) in Schedule A, line item 74, and in Schedule B, line item 77 if the customer was given deferment and write down (forgiveness) at the same time as part of a single modification agreement. **Viewpoint**: Question 1: In the new instructions effective September 30, 2022, there are 14 new values which were added to Schedule A line item 74 and Schedule B line item 77 – Modification Type. Based on the Firm's business practice, 90% of modifications are processed with recapitalization. However, only values, 25 and 34, have Recapitalization as a component of the modification type. As a result, it's unclear how to report in those cases where loan modifications involve recapitalization and other types of modifications excluding term extension, and loan modifications which involve recapitalization, term extension and other types of modifications. The instructions do not specify whether recapitalization and term extension should take priority over other types of modifications and the loans be reported as value 25 and 34 respectively. Based on the new instructions, the Firm will assign the new values regardless of whether recapitalization modification has also been processed for a loan. Example: Modification processed with Recapitalization + Principal Deferral+ Term Extension will report as 28 = Principal deferral+ Term extension. The Firm will keep this reporting logic unchanged till we hear otherwise from the Federal Reserve. Question 2: There are cases when the modification can be processed with, for example, recapitalization + principal deferred + principal forgiveness + rate reduction + term extension. Based on the new instructions for Schedule A line item 74 and Schedule B line item 77, there is no available value which would capture all 5 elements of modification. In such cases when there is no value available which reflects the exact combination of elements of modification processed, the Firm will report the modification type as value 99 (Other). The Firm will keep this reporting logic unchanged till we hear otherwise from the Federal Reserve.

<table>
<tr><th>Report</th><th>Schedule</th><th>Question Details</th></tr>
<tr><td></td><td></td><td>Question 3: There are two new values – 21 (Principal Deferral) and 24 (Principal Forgiveness) which were added in Schedule A line item 74 and Schedule B line item 77 in the new instructions effective September 30, 2022. The definition of value 21 requires the Firm to do the following – “Code this line item if the modification results in deferred principal. This should also include principal write-downs.” In addition, principal forgiveness modifications should be reported as value 24 (Principal Forgiveness). These instructions suggest that principal write-down is a different type of modification from principal forgiveness. However, that contradicts the following instructions for Schedule A, line item 89, Principal Write-Down Amount– “Report the principal write-down amount for the loans where the principal was forgiven through loss mitigation.” - which describe that principal write-down is a result of principal forgiveness and are therefore not different types of modifications. Therefore, the Firm is seeking clarity in the scope for reporting certain loan modifications in value 21 as compared to value 24.

The Firm will report the loans with write down and deferment as part of one modification agreement to value 21 (Principal Deferral) or the applicable combination value. Example: The value 21 – will be reported if modification completed with Principal deferment and principal forgiveness and no other components are listed.

Basically, what we are coding is if loan has deferment and forgiveness – they will be reported under deferment – 21 or any other available values based on the mod agreement. The Firm will keep this reporting logic unchanged till we hear otherwise from the Federal Reserve. The value 24 – will be reported if loan has principal forgiveness only (no deferment).</td></tr>
<tr><td>Y-14M</td><td>C</td><td>Question: Per the Federal Reserve’s instructions, Firms are required to submit MDRM CCAM9110 (Mailing Street Address), CCAMF206 (Mailing City), CCAMF207 (Mailing State), CCAMF208 (Mailing Zip Code). The Firm has identified customer privacy/risk concerns related to these line items specifically. As such, the Firm would like to understand the Federal Reserve’s use of these line items. If these line items are not being actively used by the Federal Reserve, the Firm would like to recommend retiring these line items and updating the instructions.</td></tr>
<tr><td>Y-14M</td><td>D.1</td><td>Question: Please clarify what should be reported as Option 1 – Yes in Schedule D.1 Line Item 108, “Fraud in the Current Month”:
• Should firms report Option 1 if the account has fraud identified but was not frozen?
• Should firms continue to report Option 1 until the fraud investigation has been closed or charged off?
Viewpoint: The Line Item Name for Schedule D.1 “Fraud in the Current Month”, suggests that firms should report Option 1 when there is a fraud in the reporting month. However, the detailed description states that firms should report Option 1 when the account is currently frozen due to a potential fraud or has been closed for cause at the conclusion of a fraud investigation month. Therefore, it’s unclear whether the requirement is to report when there is a fraud or when there is a fraud and the account has been frozen.

The instructions for Schedule D.1 Line Item 1, “Reference Number” requires firms to report a unique identifier which identifies the account or account relationship for its entire life. We interpret that to mean an account reference number (ARN) assigned to the credit line provided to each customer. One ARN may have multiple 16-digit credit card accounts within it as these are linked to a specific physical credit card associated to that line of credit. In most cases, customers are likely to have a fraudulent transaction on</td></tr>
</table>

Report	Schedule	Question Details
		a specific 16-digit credit card account. Subsequently, that 16-digit credit card account is frozen and customers usually receive a replacement card with a new 16-digit credit card account number soon after the incident. The ARN which is associated to that customer's credit line will still be open. It's rare for fraud to occur on an ARN. The firm is currently reporting Option 1 when a fraudulent transaction is identified on a 16-digit credit card account within an ARN during the current month. In the subsequent month the fraudulent transaction may remain on the account if it has not been charged off from the account, however, that ARN is reported as Option 2 - No in subsequent months. We will continue to report this way until we receive further clarification.
Y-14M	D.2	**Question**: Should interest and fees charge-off/reversal amount be reported net of recoveries or gross (without recoveries)? Our current practice is to report as net of recoveries. Additionally, what is the definition of "fee waiver"?
Y-14M	D.2	Line 28, Interest expense, is the sum of lines 30-34, where line 31 requires us to report rewards/rebates expenses associated with reward and rebate programs for credit cards. **Question:** Should revenue share expense be reported in line item 31? Alternately, should this expense be reported in line 45 - Other noninterest income (consistent with FR Y-14Q classification) or on line 34 - Other Noninterest expense? **Viewpoint**: Our current practice is to report it in this line item 29 in the FR Y-14M. However, in the FR Y-14Q rewards/rebates expense and revenue share expenses are reported as noninterest revenue in the PPNR schedule and recognized on the income statement as contra-revenue.
Y-14Q	B.1	**Question**: Should firms report currency code CNH or CNY when reporting offshore traded RMB bonds when reporting Currency denomination on FR Y-14Q Schedule B.1 – Securities 1? **Viewpoint**: The currency code CNH was introduced to differentiate between the Renminbi (RMB – China) bonds traded offshore from those traded onshore, currency code CNY, in mainland China as the FX spot rates and yield curves are different. Although not currently an ISO 4217 currency code, CNH is widely used for offshore RMB bonds. However, per the FR Y-14Q Schedule B.1 instructions, "Currency" should be reported as, "the currency denomination of contractual payments on the security, or for an equity security, the currency in which it trades in its principal exchange, using the standard ISO 4217 three-letter currency code (e.g., USD, EUR, GBP, CAD, etc.)." For RMB bonds traded offshore, the Firm currently uses CNH as the currency code when reporting "Currency" on FR Y-14Q Schedule B.1 and will continue to do so unless instructed otherwise.
Y-14Q	B.1	**Question**: FR Y-14Q Schedule B.1 instructions for the Purchase Date field includes the following: "The purchase date should be the date associated with the amortized cost and book yield of the security (exclude for equity and mutual fund securities)." Please confirm that this instruction allows us to leave this field blank for equity securities and mutual funds reported in Schedule B.1. Additionally, under ASU 2016-01, all marketable equities are measured at fair value through net income and accordingly the Amortized Cost, Current Face Value and Original Face Value are not applicable amounts for the equity securities in scope for inclusion in FR Y-14Q Schedule B. Please revise the instructions to confirm that these fields can be left blank for equity securities. **Viewpoint:** Purchase date for equity securities should be reported as blank. Additionally, amortized cost, current face value, and original face value should be reported as blank as these are not applicable amounts for equity securities.

Report	Schedule	Question Details
Y-14Q	B.1	**Question**: FR Y-14Q Schedule B.1 collects individual security-level data. A unique identifier must be included to identify each unique record. The Board provided guidance in FAQ Y1400000221 that "it is permissible to report new sub-holdings under distinct Unique IDs in the new FR Y-14Q filing." Payment-In-Kind (PIK) bonds pay interest to investors through additional bond issuances. Is it permissible to report these new issuances under the same Unique ID as the original PIK bond or must each "payment" (issuances of additional bonds) result in a new Unique ID? Additionally, each Unique ID requires reporting of the Current Face Value which is to be the nominal dollar amount of the security as of the reporting date, and the Original Face Value which is to be the nominal dollar amount originally assigned to the security by the issuer. If it is permissible to report a PIK bond and subsequent "payments" under one Unique ID, how should the required data fields Current Face Value and Original Face Value in Schedule B.1 be populated? For example, a PIK bond with an original face value in agreement documents of $3,000, has over time had interest paid in the form of issuances of additional bonds of $500. Should we populate the Current Face Value data field with $3,500 and the Original Face Value with $3,000? **Viewpoint:** Report PIK bonds and subsequent "payments" under one Unique ID, populating the Current Face Value and Original Face Value with the original value of the PIK bond plus the value of subsequent "payments" for both data fields.
Y-14Q	B.2	**Question**: Please clarify how the portfolio layer hedge basis adjustment, upon adoption of Accounting Standards Update (ASU) 2022-01 Fair Value Hedging—Portfolio Layer Method (PLM), should be reported in the FR Y-14Q Schedule B.2, Investment Securities with Designated Accounting Hedges. **Viewpoint**: Post implementation of ASU 2022-01 effective January 1, 2023, the current instructions for FR Y-14Q Schedule B.2 will result in the submission of incomplete information about the results of the PLM hedging activity, and provide mismatched details of the gains and losses from the hedging instrument vis-a-vis the amortized cost basis of the associated hedged securities. The related instructions for Schedule B.2 are recommended to be updated to reflect changes as a result of ASU 2022-01. The definition of Amortized Cost in current FR Y-14Q Schedule B.1 is consistent with the FR Y-9C Schedule HC-B (consistent with US GAAP). Prior to ASU 2022-01, gains and losses attributable to the hedged risk would be recognized as an adjustment of the amortized cost basis of the hedged item. Such basis adjustments would be reflected consistently in the amortized cost reported by security category in the FR Y-9C Schedule HC-B, lines 1-6 and in the FR Y-14Q Schedule B.1. Under ASU 2022-01, a firm is explicitly prohibited from adjusting the amortized cost basis for the gains and losses attributable to the hedged risk of the individual securities which are included in the closed portfolio of hedged items. The Firm that applies PLM to a closed portfolio of securities should not allocate the portfolio layer fair value hedge basis adjustments (PLFVHBA) to an individual security. PLFVHBA should be reported in the FR Y-9C Schedule HC-B, line item 7, Unallocated portfolio layer fair value hedge basis adjustments in Column C. The current instructions for FR Y-14Q Schedules B.1 and B.2. have not been updated to reflect ASU 2022-01 implementation. Therefore, it's reasonable to expect that FR Y-14Q Schedule B.1 Amortized Cost should exclude unallocated PLFVHBA, consistently with FR Y-9C Schedule HC-B, lines 1-6. Since FR Y-14Q Schedule B.2 instructions requires that the Amortized Cost amount reported in Field 3 for each hedged security be equal to the

Report	Schedule	Question Details
		Amortized Cost amount reported in Schedule B.1. it's expected that Amortized Cost reported in Schedule B.2, Field 3 Amortized Cost should also exclude PLFVHBA. However, this would create conflicts within FR Y-14Q Schedule B.2 between Field 3 Amortized Cost and Field 14 Effective Portion of Cumulative Gains and Losses, which is expected to include gains and losses from the hedging instrument. If the Firm were to report the gains and losses from the hedging instrument in Field, 14, disaggregated by individual securities, but not the corresponding losses and gains on the hedged risk in Field 3, Amortized Cost this may potentially result in firms reporting outsized gains and losses from the hedging instrument vis-a-vis the amortized cost basis of the associated hedged securities. This may in turn potentially skew the assessment of the Firm's potential total net loss from securities hedged under PLM in the CCAR projection scenarios. We therefore seek clarity in how to report the PLFVHBA in Schedule B.2 attributed to the hedged risk on the individual securities which are included in the closed portfolio of hedged items. Meanwhile we plan to continue to exclude the PLFVHBA from the FR Y-14Q Schedules B.2 till the Federal Reserve clarifies the reporting.
Y-14Q	B.2	**Question 1**: In case where re-designation of hedges happens multiple times during a quarter (e.g., daily re-designation of FX hedge) on a single investment security, how should we report the effective and ineffective portions of cumulative gains and losses of the hedging instruments in Data Field #14 and #15? • Report only the effective and ineffective portion of gains and losses from the last hedge relationship in the quarter, or • Report the effective and ineffective portions from ALL hedge relationships during the quarter. **Question 2**: If the answer to the above is "b," should we trace all hedge relationships and identify the effective and ineffective portions for summation or we can use an estimation approach (e.g., allocating cumulative gains/losses from derivatives used for hedges to the hedged securities existing at a quarter-end)?
Y-14Q	B	**Question:** Effective May 2019, Firms will have the option to exchange their current Fannie Mae MBS and Freddie Mac MBS securities for Universal Mortgage Backed Securities (UMBS). We would like to know what the correct reportable value is for the purchase date in FRY-14Q Schedule B. Do we disclose the purchase date of the original Fannie/Freddie CUSIP or the date of the exchange of the UMBS CUSIP?
Y-14Q	C.2 & C.3	**Question**: Per the FR Y-14Q, Schedule C instructions, increases and decreases in APIC resulting from employee stock compensation-related drivers should not be captured in C.2 and C.3. Should increases in and decreases in APIC related to employee stock purchase plans (ESPP) also be excluded? Should increases and decreases in Treasury Stock resulting from employee stock compensation-related drivers and ESPP also be excluded? If yes, we note the instructions allow for "Common Stock - Employee Stock Compensation" as an option for Column C - Instrument Type in both sub-schedules C.2 and C.3 – when would this selection be applicable?
Y-14Q	C.2 & C.3	**Question**: Please clarify if employee stock-compensation related drivers, including treasury stock re-issuances and changes in APIC, should or should not be captured in Schedule C.3? **Viewpoint**: In December 2017, the general instructions for Schedule C.3, Regulatory Capital and Subordinated Debt Instruments Issuances During Quarter, were revised in the following manner:

Report	Schedule	Question Details
		• Deleted: "Issuances of common stock associated with employee compensation plans should be reported on this worksheet as well. This includes de novo issuances of common stock associated with employee compensation plans as well as treasury stock re-issuances associated with employee compensation plans. Please note in the comments whether the issuance is de novo or from treasury stock." • Added: "Increases in APIC resulting from employee stock compensation-related drivers should not be captured in sub-schedule C.3." From these revisions we understood that the issuances of common stock and increases in APIC resulting from employee stock compensation-related drivers should not be included in Schedule C.3. However, the instructions for Schedule C.3, Column C, Instrument type, were also revised as follows "This item should also indicate where common stock is related to employee compensation (Common Stock - Employee Stock Compensation) ...." This new instruction contradicts the revision in the general instructions for Schedule C.3. Our current practice is to capture net changes in total Shareholder's Equity due to the issuance of treasury stock associated with employee compensation plans and the increases and decreases in APIC as a result of employee stock compensation related drivers such as amortization of employee rewards, payroll taxes on employee benefits, etc.
Y-14Q	C	Column S calls for reporting the fair value adjustment at the quarter end for the subordinated debt instrument if it is carried at fair value. This item is meant to capture the quarterly fair value adjustment made to the security that flows through the bank's income statement as interest expense on subordinated debt. In several of the subordinated debt columns like J,K,O,S we are not clear as to the signage conventions. **Question 1:** Can you please clarify for example, column K "FV of Swaps" is a balance sheet account. If the swap is an asset should we report a positive number? **Question 2:** Column O, "All Other Changes" appears to be a balance sheet account. If it increases the value of the subordinated debt should we report a positive number? **Question 3:** Column S "FV Adjustment for sub debt appears to be a P/L account so if a gain should we report as a positive number?
Y-14Q	C	**Question:** Carrying Value as of Quarter End (CQCNR629) – Subordinated Debt Instruments Our question relates to edit #24 which states - If CQCNR629 <> null and CQCNQ744 ='Subordinated Debt', then CQCNR629 = (CQCNQ748 - CQCNR630 + CQCNR631 + CQCNPG84) +/- 1%. Translated the Edit requirement reads: If CQCNQ744 (Instrument Type) is equal to 'Subordinated Debt', CQCNR629 (Carrying Value) must be equal to the sum of CQCNQ748 (Notional Amount), CQCNR630 (Unamortized discounts / premiums, fees and FX translation impacts as of quarter-end) and CQCNR631 (Fair Value of the associated swaps) +/- 1%. We are questioning why the edit condition requirement includes CQCNR631 (Fair Value of associated swaps) ?

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		Our reported Subordinated Debt carrying value is equal to the Notional amount minus unamortized OID/OIP and fees plus Long Haul interest rate basis adjustment. As per Schedule C.1 our Carrying Value can be derived by taking CQCNQ748 (Notional Amount) minus CQCNR630 (unamortized discounts / premiums, fees and foreign exchange translation impacts at quarter-end) + CQCNPG84 (All other changes that affect the carrying value of an instrument). Please confirm that Subordinated Debt Carrying Value can be derived as we laid out above, without including fair value of associated swaps.
Y-14Q	C	**Question:** Per the FR Y-14Q Schedule C instructions, Carrying value, as of quarter-end should report the carrying value of the instrument. This number should match the value that enters in FR Y-9C line item BHCK4062. The FR Y-14Q technical instructions FR Y-14Q Schedule C contains edit check 24, that states, for Subordinated Debt: Column I (Carrying Value) = Column F (Notional Amount) - Column J (Unamortized discount / premium) + Column K (Fair Value of associated swaps) + Column O (Any other adjustments) The carrying value of a subordinated debt instrument is the value of the instrument reported on the Firm's balance sheet, which is reported in the FR Y-9C line item 19.a. (BHCK4062) "Subordinated notes and debentures" in Schedule HC "Balance Sheet. Fair value of swaps, as of quarter end reported in column K should report the dollar value of swaps associated with the instrument that enter FR Y-9C line item BHCK4062. FV of swaps (or other derivatives) associated with these instruments, however, are reported on FR Y-9C Schedule HC as trading assets/liabilities if the derivative is held for trading purposes, or as other assets/liabilities if held for purposes other than trading. There is no established relationship between the carrying value of a subordinated debt instrument with the value of a swap associated with the instrument. Therefore, it may trigger as it's inconsistent with the instructions for Column K. Can you clarify how FV of swaps should be reported in C1?
Y-14Q	C	**Question**: The firm would like to request additional clarification on the exclusion of TRUPS instruments in FR Y-14Q Schedule C Regulatory Capital Instruments filing. Trust Preferred Securities (TRUPS) has been fully phased out from Tier 2 capital and is considered to be a non-qualifying capital instrument. Should this security be excluded from the FRY-14Q Schedule C.1 quarterly submission?
Y-14Q	C	**Question**: When the bank issues or repurchases common stock under employee plan, it will be recorded into APIC. These transactions will cause APIC to increase or decrease. What do the instructions mean by "employee stock compensation-related drivers"? Should the bank not report the issuance or repurchase of common stock under employee plan recorded in APIC? It is not clear how the reported amounts will tie to the capital plan if APIC is to be excluded.
Y-14Q	C & D	**Question**: Our Capital Plan captures approved own share repurchases. When we repurchase our own shares we report the repurchases in Schedule C.2 (Regulatory Capital and Subordinated Debt Instrument Repurchases / Redemptions During Quarter), as well as in Schedule D (Regulatory Capital) line 30 "Repurchases of Common Stock. " Under the Inflation Reduction Act, effective January 1, 2023 we are now required to accrue an excise tax equal to 1% of the FMV of stock repurchases less stock issued during the year. The question is whether we should include the excise tax in our reported amount of share repurchases in Schedule C.2 and Schedule D line 30.
Y-14Q	E.1	**Question:** The Firm would like to obtain further clarification on the treatment of negative values within the gross loss amount. The FR Y-14Q Operational Risk Schedule E.1 instructions state that the Gross Loss Amount cannot be reported as a negative value, except cases where it represents a decrease in reserve. Based on this instruction, the Firm is unsure of how to report the negative values that are not related to decreases in reserves. Below is an illustrative example of a negative loss that is not related to a decrease in reserve:

<table>
<tr><th>Report</th><th>Schedule</th><th>Question Details</th></tr>
<tr><td></td><td></td><td>Trading error gain: Due to an issue with the trading system, 2 trades were executed incorrectly. Once the trades were corrected the next day, one trade resulted in a loss of $100,000 while the other trade resulted in a gain of $30,000. For this event, there will be 2 transactions, one for $100,000 loss and one for $30,000 gain (or negative loss).
The total negative losses that are not related to decreases in reserves is less than 0.1% of overall losses within the E.1 submission. However, the Firm would like to better understand how these negative losses should be reported for the FR Y-14Q Operational Risk Schedule E.1 submissions to ensure full compliance with the instructions.

Can the Firm exclude Gross Loss Amounts with a negative value not related to reserves from future FR Y-14Q Operational Risk Schedule E.1 submissions?</td></tr>
<tr><td>Y-14Q</td><td>E</td><td>Question: Instructions for Schedule E.1 Operational Loss History state the following:
The Gross Loss Amount should include all expenses associated with an operational loss event except for opportunity costs, forgone revenue, provision and provision write backs, and costs related to risk management and control enhancements implemented to prevent future operational losses.
Operational losses should be included in the Schedule from the quarter when the loss is settled and/or realized.
For legal loss events, when should the Firm begin to report impacts in the FR Y-14Q – E.1 Operational Loss History Schedule and what accounting dates should be attached to each? As an example, please describe how the below events should be reported:

Event A – Adverse legal ruling:
January 2014: Legal proceeding launched against the Firm for a specific incident.
January 2015: $100,000 in legal fees paid to external counsel for work related to the incident.
January 2016: $50,000 reserve specific to event established.
January 2017: $1,000,000 reserve specific to event added.
January 2018: Event settled against the Firm for $2,000,000, completely depleting the reserve
Event B – Favorable legal ruling:
January 2014: Legal proceeding launched against the Firm for a specific incident.
January 2015: $100,000 in legal fees paid to external counsel for work related to the incident.
January 2016: $50,000 reserve specific to event established.
January 2017: $1,000,000 reserve specific to event added.
January 2018: Event settled in favor of the Firm. Reserve released back to P&L.</td></tr>
<tr><td>Y-14Q</td><td>E</td><td>Question: Should the Firm report uncollected revenue in FR Y-14Q Schedule E.1 as part of the Gross Loss Amount (GLA) calculation?

FR Y14Q Schedule E.1 instructions require GLA to be reported.

FR Y-14Q instructions state that “the GLA should include all expenses associated with an operational loss event except for opportunity costs, forgone revenue, provision and provision write backs, and costs related to risk management and control enhancements implemented to prevent future operational losses.”</td></tr>
</table>

Report	Schedule	Question Details
		Viewpoint: Industry standards as defined in "Operational Risk Reporting Standards (ORRS)" Edition 2017 dated Dec 2016 by ORX ("the document") consider uncollected revenue to be part of Gross Loss. Specifically, "uncollected revenue associated with contractual obligations" is listed as a specific example in the Gross Loss definition in the ORRS 2017 edition. Further, the document considers uncollected revenue as revenue that has been earned and should have been collected from a client but due to an operational error, the Firm decided not to collect. Conversely, the document considers Forgone Revenue (which is prohibited to be considered as part of GLA as noted in the instructions above) as revenue that could not be earned due to an operational error. Therefore, industry standards as described in the document do not consider uncollected revenue to be the same as foregone revenue.
Y-14Q	E	**Question:** Guidance and confirmation is respectfully requested on the treatment of how new Operational risk events for divested businesses should be treated for regulatory reporting purposes on the Y-14Q Operational Risk Schedule E. Should new operational risk events for divested businesses be reported, or should divested businesses be excluded from Schedule E reporting?
Y-14Q	E	**Question**: The current instructions require operational losses be included on Schedule E.1 "when the loss is settled and/or realized." Can the Federal Reserve confirm that legal fees and expenses related to litigation should only be reported once the cases have settled or are otherwise resolved (e.g., penalties, fines, dismissals without payment)?
Y-14Q	E	**Question 1**: For the purposes of when to report operational losses on the FR Y-14Q, will the term "settled" mean settlement in principle, or at the time payment is made, or when the matter is closed (appeals exhausted, court approval obtained, all payments made)? **Question 2:** What if there is no settlement or monetary payment made other than Legal Fees (e.g., success on dispositive motion or at trial; loan modification without cash settlement)? In those circumstances, are you considering it an operational loss?
Y-14Q	F	Please clarify how a derivative instrument with an agency debenture underlier, such as a forward purchase agreement with an underlying agency debenture, should be reported in sub-schedule F.6 – Rates DV01. Should this type of transaction be reported in the Agencies line based on the type of underlying or is the Agencies line only intended for Agency Debenture cash products? **Viewpoint:** Report such derivative instruments with agency debenture underliers in the Agencies line, aligning like risks in the same line item.
Y-14Q	F	**Question:** The Federal Reserve instructions state "Report on-shore and off-shore currency sensitivities separately" in Section F.4—FX Spot Sensitivities and Section F.5—FX Vega of the Instructions for the Capital Assessments and Stress Testing information collection (Reporting Form FR Y-14Q). To the extent that the Firm is using non-ISO currency codes to differentiate between onshore and offshore currencies, is there a standard that the Firm can leverage for non-ISO currency codes for offshore currencies?
Y-14Q	F	**Question**: How should firms report CLNs through which tranched credit risk protection is purchased on accrual loans? Should firms report these exposures as a decomposed credit basket under Loan CDS on sub-schedule F.18 (Corporate Credit-Advanced)? Or should Firms report these exposures as 'Other' CLO on sub-schedule F.18 (securitized Products)?
Y-14Q	F	**Question**: How should Firms to report mortgage bonds backed by Non-Qualified Mortgage collateral on sub-schedule F.14 (Securitized Products), where the FICO of the

Report	Schedule	Question Details
		underlying borrower is predominantly > 720? Should Firms report these exposures under RMBS Alt-A (conservative approach)? Or should Firms report these exposures under RMBS-Prime?
Y-14Q	F	**Question**: On the equity by geography tab, where the Firm has an exotic option with multiple underlyers that are not in the same country, P&L for shocking all underlying names simultaneously, as reported on the Spot-Vol grid tab, = [Sum of P&L from shocking underlyers individually] + [cross effect]. While the P&L from shocking the underlyers individually can easily be allocated to an appropriate country, should the Firm allocate the cross effect, which would be an approximation, or report it in the cross-country indices or other bucket?
Y-14Q	F	**Question**: When it comes to categorizing exposure on the Y14-Q schedule F, can rating agencies other than S&P, Moody's or Fitch be used for the determination of the Public Credit Rating leveraged for Market Risk Stress Loss calculations, e.g. ratings from European rating agencies?
Y-14Q	G.1	**Question:** "Given the most recent updates to FR Y-14A A.1.a. Summary Schedule Income Statement Worksheet as shown below (newly added line item 127b - Unrealized holding gains (losses) on equity securities not held for trading), it seems to imply that the Y-14Q PPNR Schedule G.1. should begin to exclude unrealized holding gains (losses) on equity securities not held for trading, so as to avoid double counting this amount to reconcile to the FR Y-9C Net income. Currently, unlike gains (losses) on AFS and HTM securities (which PPNR specifically excludes), the Y-14Q instructions do not include guidance on the equities and have been included in the PPNR submissions. We request confirmation whether "Unrealized holding gains (losses) on equity securities not held for trading" should be included or excluded in future Y-14Q PPNR submissions?"
Y-14Q	G.3	**Question**: Should derivatives entered into with clients in the prime brokerage business be reported in FR Y-14Q Schedule G.3 - PPNR Metrics in Line 33 – Average Client Balances – Prime Brokerage? If yes, should the Firm report notional or mark-to-market amounts on Lines 33? **Viewpoint**: Our firm generates income in the Prime Brokerage business primarily by providing financing and lending securities to help clients to manage their portfolios. Clients may wish to gain exposure to the risks and rewards of certain securities through synthetic exposures via Total Return Swaps (TRS) and other derivatives without owning the securities outright. This question is related to the TRS and other derivatives with customers. The instructions for FR Y-14Q Schedule G.3 – PPNR Metrics do not clearly state if such derivative exposures should be reported in Lines 33 and if firms should report derivatives notional amounts or average mark-to-market value of the derivatives, which leaves room for interpretation and therefore diversity in practice. Although our revenues from derivatives are driven by notional amounts, we believe that reporting notional amounts on Line 33 will inflate the numbers reported and that mark-to-market values will provide more meaningful information to the Federal Reserve if it is determined that derivatives should be reported in Lines 33 Furthermore, the instructions for Line 33 ask to report gross client balances by adding debits, credit and shorts. We view debits and credits as terms indicating movements in the balance sheet, which for derivatives is market value of the receivables and payables and not notional value.
Y-14Q	G.3	Excerpts from the instructions for FR Y-14Q Schedule G.3 Line 54-67 provide: "The Weighted Average Life (WAL) should reflect the current position, the impact of new business activity, as well as the impact of behavioral assumptions such as prepayments

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		or defaults, based on the expected remaining lives, inclusive of behavioral assumptions. It should reflect the weighted average of time to principal actual repayment (as modeled) for all positions in that portfolio, rounded to the nearest monthly term. For revolving products, the WAL should reflect the underlying repayment behavior assumptions assumed by the institution, which would include contractual repayments, any assumed excess payments or prepayments, and defaults. The WAL for the FR Y-14Q disclosures should reflect the spot balance sheet position for each time period. The WAL should be reflective of the timing assumed by the institutions for those assets/liabilities trading portfolios to be held on the balance sheet and not at the individual position level." We believe the instructions as described leave ambiguity as to whether the WAL calculations should reflect the expected time on the balance sheet for all assets and liabilities, or only those in trading portfolios. **Question**: If a non-trading loan portfolio has a weighted average life of 60 months based on expected remaining life and inclusive of behavioral assumptions such as prepayments, but is now currently held-for-sale (HFS) as the Firm expects to sell that portfolio within the next 5 months, should the Firm report the Weighted Average Life as • Option 1 – 60 months, based solely on the expected pay-off of the loan or • Option 2 – 5 months, considering the held-for-sale accounting treatment and expected time on the balance sheet?
Y-14Q	G	**Question**: For FR Y-14Q Schedule G.3 - PPNR Metrics Line Items 35 Assets Under Management, 37 Fee Earning Client Assets, and 40 Assets Under Custody/Administration, where the same client asset generates revenue in two of the three categories (corresponding FR Y-14Q Schedule G.1 PPNR Submission Worksheet Line Items 19A Asset Management, 19B Wealth Management/Private Banking, and 20A Investment Servicing), should the same client asset be reported: • In each category the same client asset generates revenue (i.e. two categories, e.g. Schedule G.3/G.1 Line Item 35/19A and Line Items 40/20A)? • In the Line Item that is considered the key drivers for revenues being reported on the PPNR schedule? **Viewpoint**: FR Y-14Q, Schedule G.3 instructions state that ""Metrics by Business Segment/Line" correspond to Business Segments/Lines on Schedule G.1 PPNR Submission Worksheet. Per the instructions, "this means that each metric is reflective of revenues reported on Schedule G.1 PPNR Submission Worksheet for a given Business Segment/Line, unless explicitly stated otherwise." To arrive at accurate metrics on the "PPNR Metrics" Schedule G.3, client asset reporting should mirror the revenue category reporting. For example, where the same client asset generates material revenue in two categories, the same client asset should be reported in both categories (once in each category). Otherwise if the client asset is only reported in one of the categories, the metric would be misstated with inaccurate returns in the second category where the client asset also generated revenue. Currently, the Firm reports such client assets in each category the client asset generates revenue. The Firm will continue this current reporting practice until a response is received indicating otherwise.
Y-14Q	G	We would like to get more clarification on PPNR Metrics Line 40 - Assets under Custody and Administration.

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		Question 1: What is the definition of assets under administration? Is this different than assets under management as reported in lines 35 and Fee earning client assets in line 37? **Question 2:** The non-interest income reported under Investment Services in Submission Worksheet Line 20 includes income earned on client assets reported in Metrics Line 35 and 37 and will be inclusive of Assets under custody, which partially inclusive of assets under custody that generates income. If we disclose assets under custody, will we count those assets in this line (Line 40) also? Will there be an overstatement of assets when compared to P/L? **Question 3:** The Line 40 is grouped under "Investment Services Segment" In this case will this metrics be specific to this segment or a firm-wide metric. If it is segment wise, what is the definition of "Investment Services Segment"?
Y-14Q	H.1	**Question**: Should loans with an interest rate index (field 39 on FR Y-14Q Sch. H.1) of Refinitiv USD IBOR Cash Fallback be categorized with a value of 4. Other or 7. SOFR?
Y-14Q	H.1	In FR Y-14Q Schedule H.1 we report certain financing leases that do not have stated contractual interest rates defined within the lease agreement, as only the lease payments are defined in the agreement. A fixed interest rate or yield implied by the payment terms of the lease is recorded in systems of record to appropriately recognize income over the life of the lease, which is reported in Field 38. In response to FAQ Y140000373, guidance was provided to report Field 38 Interest Rate as 'NULL' for leveraged leases with no stated contractual interest rate. Based on this FAQ guidance, should financing leases and other types of facilities where there is no stated contractual interest rate be reported as 'NULL' for Field 38 Interest Rate, or should we report the implied interest rate used to recognize income over the life of the facility? **Viewpoint:** Guidance on leveraged leases should be extended more broadly to report 'NULL' for any credit facility with no stated contractual interest rate.
Y-14Q	H.1	Report instructions for FR Y-14Q Schedule H.1/H.2 Field 18/10 Origination Date state: "Report the origination date. The origination date is the contractual date of the credit agreement. (In most cases, this is the date the commitment to lend becomes a legally binding commitment)." Report instructions and published FAQ guidance do not provide clear expectations for scenarios where the contractual date of the credit agreement does not align with the date a commitment to lend becomes a legally binding commitment. This may occur when a credit agreement is dated March 11th, but on March 25th all conditions to the effectiveness of the credit agreement have been met and the agreement has been signed by all parties. Our approach for this scenario has been to report the Origination Date based on the date of the credit agreement (March 11th). Please clarify whether this approach aligns with the Federal Reserve's expectations for reporting the Origination Date field in Schedule H.1/H.2, or whether either date may be considered acceptable. **Viewpoint:** For most credit facilities, the time period between the contractual date of a credit agreement and the date a commitment to lend becomes legally binding is less than one month. Given the small difference in timing at a credit facility level and the fact that the timing difference is attributable to actions that need to take place for the extension of credit to become effective, either date should be considered acceptable.
Y-14Q	H.1	Per the FR Y-14Q H.1 Corporate instructions, the financials provided should be from the legal entity that provides the primary source of repayment. When there are multiple

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		entities that are responsible for payment and there is no clear predominant borrower that serves as the primary source of repayment, the Obligor Financial Data Section should reflect the financial information of the singular entity that best represents the credit repayment capacity for the credit facility. Do not report combined financials. FR Y-14Q, Schedule H.1, Instructions states that the Obligor Financial Data Section relates to the legal entity that provides the primary source of repayment for the credit facility identified in Field 15. If the legal entity used by underwriting as the primary source of repayment is different from the legal entity actually making the payment, report the Obligor Financial Data Section for the entity used by underwriting. Note, the legal entity that provides the primary source of repayment will generally be different from the guarantor, which provides secondary support for repayment. Information related to the guarantor should be reported in Fields 44 through 48 of the Loan and Obligor Description section. **Question**: Please confirm that no financials should be reported in the obligor financial data section for primary source of repayment (PSR) where financial information from the individual entity identified as the PSR is not collected. **Viewpoint**: For business scenarios where combined financials are used in the underwriting process and in the ongoing credit review process and financial statements are not available for the individual contributing entities, we are not able to provide financial information on an individual entity identified as the PSR. These scenarios arise where the credit agreement or operating model for facilities with multiple borrowers or multiple guarantors do not require financial statements for each of the entities contributing to the credit worthiness of the borrowing group (e.g., co-borrowers or guarantors). Our financial spreading and risk grading processes and policies only require evaluation of the combined financials and our systems only contain financial data for the combined borrowing group. As a result, financials are not collected for the PSR and, per FAQ Y140000784, we do “not report combined financials.”
Y-14Q	H.1	**Question**: How should firms report “Credit Facility Purpose” in Field 22 on Schedule H.1 for facilities with more than one purpose documented and no predominant purpose explicitly indicated? **Viewpoint**: The Schedule H.1 Field 22 instruction requires the firms to report the credit facility purpose from the listed credit purpose description. FAQ Y140000595 and FAQ Y140000594 state that "Credit Facility Purpose (Field 22) should be reported based on the facility’s predominant purpose. However, the Firm believes its current practice of reporting “General Corporate Purpose” when the facilities with more than one purpose documented and no predominant purpose explicitly stated is proper. For example, credit agreement, credit memo and other documents for a facility indicate its purpose as share repurchase, refinance, fee/expense management, acquisition, working capital, and general corporate purposes with no primary purpose documented. In this case, selecting one of the purposes listed and reporting it as a primary purpose would provide misleading information as the actual use of the loan proceed may not be for the purpose selected. In this case, reporting the purpose as “General Corporate Purpose” would more accurately fit the actual purpose of the facility.
Y-14Q	H.1	**Question**: For the purposes of reporting Credit Facility Purpose in Field 22 on Schedule H.1, how should firms differentiate between the 2 options below? • 21 REAL ESTATE INVESTMENT/PERMANENT FINANCING - RESIDENTIAL

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		• 22 REAL ESTATE INVESTMENT/PERMANENT FINANCING - COMMERCIAL AND INDUSTRIAL **Viewpoint**: The Schedule H.1 Field 22 instruction requires firms to report credit facility purpose based on the 30 listed credit purpose descriptions. Absent definitions for the purpose codes, including "21 – Real Estate Investment/Permanent Financing – Residential" and "22 - Real Estate Investment/Permanent Financing - Commercial and Industrial ("C&I"), one can use either property type or credit risk considerations in order to distinguish between the two reporting options. The Firm differentiates between these options based on credit risk considerations. For example, a loan to finance a purchase of multifamily property (i.e., 5 or more unit residential building) is underwritten like a commercial loan, as opposed to residential mortgage. Underwriting evaluates future income and projected cash flows in order to assess credit risk for this type of credit facilities. Therefore, the Firm currently reports facilities financing purchases of multifamily buildings as "22 - Real Estate Investment/Permanent Financing - Commercial and Industrial."
Y-14Q	H.1	**Question**: For the purposes of reporting Credit Facility Purpose in Field 22 on Schedule H.1, should the firms use purpose code 28 NON-PURPOSE LOAN COLLATERALIZED BY SECURITIES to report a non-purpose loan that is collateralized by cash? **Viewpoint**: The Schedule H.1 Field 22 instruction requires firms to report credit facility purpose based on the 34 listed credit purpose descriptions. General instructions for Schedule H1 state that for purposes of this schedule, non-purpose loans are loans collateralized by securities made for any purpose other than purchasing or carrying securities. However, according to FAQ Y140000264 related to Schedule M of FR Y-14Q, a loan is considered to be a non-purpose loan if it is 100% collateralized by cash or securities. Also, there is FAQ Y140000349 that suggests to report non-purpose loans secured by foreign currency in FR Y-14Q Schedule M line 5.e -'Other commercial loans' where other commercial non-purpose loans are reported. Given the same non-purpose loan definition is used for Schedule H and Schedule M of FR Y-14Q, the Firm believes that non-purpose loans may also include loans collateralized by cash (e.g., foreign currency) based on the two FAQs.
Y-14Q	H.1	**Question 1**: For what types of facilities should the firms use facility type "2 - Revolving Credit Converting to Term Loan" for Schedule H.1, Field 20, Credit Facility Type? More specifically, the Firm has the following questions: • Does this type of facility include only those lines of credit that start as a revolving line of credit and must be converted to a term loan later in its life? • Should this include revolving credit facilities with contractual terms that permit conversion of the revolving line into a term loan but don't require conversion? • Should the revolving credit facilities with contractual terms that require or permit conversion of the revolving line into a term loan be reported as the Facility Type 2 throughout the entire term of the loan or only during the revolving period? o For example, with respect to a 5 year credit facility that will be a revolving line credit for the first three years and will become a term loan at year 4, should this facility be reported as Facility Type 2 for all five years or only for the first three years?

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The Firm currently utilize Facility Type 1- Revolving credit for the first three years and then utilize Facility Type 7 - Term Loan for the year 4-5 that the facility is converted to a term loan in the example above.
The Firm's current practice of reporting the facility as Type 7 after the conversion is based on an instruction from the Federal Reserve resulting from the recent examination.

Question 2: How should the Firm determine the primary credit facility type? For the revolving credit facilities with contractual terms that permit or require conversion of the revolving line into a term loan but also contain the features of other facility types, such as Facility Type - 3 Revolving Credit -Asset Based or Facility Type - 4 Revolving Credit - DIP, how should the Firm determine the primary credit facility type?
For example, if the revolving credit facility permits conversion to a term loan and is also an Asset-Based facility (i.e., secured by specific assets pledged as collateral where the amount of financing is determined by the quality or value of the assets), should this facility be reported as Facility Type 2 or Facility Type 3, or just Facility Type 1?
The Firm would currently report the facility in the example above as Facility Type 3 because the Firm does not utilize Facility Type 2 for the reason stated in Question #1.

Viewpoint: The Schedule H.1 Field 20 instruction requires firms to report credit facility type which the descriptions and codes mirror the requirements for Shared National Credit reporting. However, there is no definition on descriptions and codes for credit facility types.
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<tr><td>Y-14Q</td><td>H.1</td><td>
Question: For FR Y-14Q, Schedule H.1, Field Number 37 – "Interest Rate Variability", the Firm is required to distinguish whether a facility is charging interest or is entirely fee-based. The Firm has the following questions in relation to standby letters of credit and other types of letters of credit (hereafter referred to as LOCs).
Should the Firm take LOC default provisions into consideration in determining whether a LOC is entirely-fee based?
The Firm issues standby LOCs or other types of LOCs for a LOC fee. However, the LOC terms allow the Firm to charge an obligor interest only when the obligor fails to repay the funded letter of credit, in the event of default. According to Q&A Y140001337, facilities that have the potential for interest to be collected should not be reported as entirely fee-based facilities.
Should the Firm report an LOC facility as entirely fee-based in the following scenario?
In all instances of LOC defaults, the Firm enters into a loan agreement with the obligor to replace the funded LOC. Therefore, the Firm's current practice is to not charge the obligor interest during the term of the LOC. That is, interest would only be charged under the loan agreement replacing the defaulted LOC. Should the Firm take this practice into consideration for determining whether a LOC is entirely fee based when no interest is charged, even in cases where the default clause of the LOC allows the Firm to charge interest?

Viewpoint: It is common for standby LOCs or other types of LOCs to have a default clause in the terms and conditions that allow the guarantor (the Firm) to charge the obligor of letter credit a rate of interest in the event of default.
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		Per Federal Reserve Q&A Y140001337, facilities that have the potential for interest to be collected should not be reported as fee-based facilities. However, it is not clear if that potential for interest includes contingencies such as defaults. In addition, Q&A Y140001506 indicates a standby LOC is a product that does not include the potential for interest to be collected and may only accrue fees. Therefore, it would be reported as entirely fee-based. These Q&As do not provide guidance as to whether standby, or other types of LOCs that have the default clause allowing charging of interest, should be reported as entirely fee-based. The Firm currently reports standby LOCs and other LOCs with default clauses as "4. Entirely fee based" in FR Y-14Q Schedule H.1 Field 37. We believe this practice is appropriate because the LOC is only allowed to charge interest in the event of default. In the event of default, the Firm would not charge interest on the LOC, however interest would be charged on the new loan agreement replacing the LOC. Additionally, if the Firm were to report an interest rate (Fields 37-42) for LOCs, as if they were funded, this would be misleading since LOC defaults have been very rare for the Firm historically and have not generated interest income.
Y-14Q	H.1	**Question:** In regards to the reporting of interest rates for fully unfunded facilities on the FR Y-14Q H.1 Wholesale Corporate Loan Schedule, the BHC is requesting guidance as to the approach for cases with multiple interest rates. According to the instructions for Field 38. Interest Rate, a dollar weighted average interest rate is to be reported. To calculate a dollar weighted average interest rate, the following parameters are required; 1. All in rate (interest rate + spread) and 2. Utilized Exposure under each pricing option. However, the future funding proportion of unfunded facilities for each pricing option as well as the interest rate at which the borrower would consent to draw the loan cannot be determined upfront. Alternatively, the BHC applies the most conservative approach by reporting the highest interest rate as of origination until the facility is funded. Is it acceptable to report the most conservative highest value, (i.e. spread) as is the current practice?
Y-14Q	H.1	**Question:** Wholesale Schedule H.1 requires firms to report potential exposures from the syndicated loan pipeline including exposures where the BHC has signed a commitment letter and has extended terms to the borrower, even if the borrower has not countersigned the commitment letter. We need clarification on reporting of "Obligor Financial Data Section" for the aforementioned exposures. Not closed or recently closed deals with loans extended to Obligors will usually not have reported financial data close after origination as in the case of new companies/obligors being formed (through a buyout, merger or other means) there is no "actual" or historical obligor financial data existing and the obligors are required to provide us with their first set of financial data only 2-3 quarters after the closing date as per the Credit Agreements. While these cases are not covered in the instructions directly is there a way to get further regulatory guidance on how to report the obligor financial for these type of exposures?
Y-14Q	H.1	Field 44 Guarantor Flag: In certain cases the BHC will take guaranties from Subsidiaries of the Borrower that do not add financial/repayment support. In these instances, the Guarantee is neither the primary nor secondary source of repayment, and the financial capacity of the Guarantor(s) is not independently assessed to determine sufficiency of cash flow or assets to meet any repayment obligation.

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		Question: The BHC is asking for clarification regarding whether a guarantee that does not add financial/repayment support should still be reported as a full/partial guarantee; i.e., in these situations should the BHC report value 4 (No Guaranty) or value 1 or 2 (depending on the guaranty type)?
Y-14Q	H.1 & H.2	**Question 1**: Unfunded interest rate information is not available for some facilities (e.g. commitments to issue a commitment), should the Interest Rate Variability (Field 37 / Field 26) be reported as "4" Fee Based? **Question 2**: Based on business practice, interest rate information may not be available on an unfunded facility until the point a client requests a draw. In those instances when the facility is fully undrawn, should a representative and most conservative estimate be used to report interest rate elements (Fields 37-42/ Fields 26-32)? **Question 3**: For fully undrawn credit facilities, how should firms report interest rate index (Field 39/Field 28) when an Index Floor calculates the highest interest rate, "4 – Other" or report the Index associated with the floor?
Y-14Q	H.2	FR Y-14Q Schedule H.2 report instructions define cross-collateralized loans as follows: "For purposes of this schedule, cross-collateralized loans are those in which the collateral securing one loan is also used as collateral for other loans, even if that loan has less than $1 million committed balance." Field 44 Cross Collateralized Loan Numbers instructions state: "In this field, only report loans that share properties in the collateral pool." Additionally, a prior response to FAQ WSC0055 stated: "Field 44 (Cross Collateralized Loan Numbers) should include all loans which share the same collateral, regardless of lien position." Report instructions require the values for certain fields to be the same for loans that are cross-collateralized. For example, Field 12 Net Operating Income at Origination instructions state: "For cross-collateralized loans, the NOI provided should represent the total NOI from the underlying collateral pool. Therefore, the same NOI value should be reported for each of the cross-collateralized loans." This instruction also applies to Field 40 Net Operating Income Current. We are requesting guidance on how to report scenarios where multiple loans share the same collateral, but the loans do not share an identical collateral pool. For example: • Loan A is secured by Properties 1 and 2. Loan B is secured by Properties 1, 2, and 3. • Property 1 has Current NOI $100, Property 2 has Current NOI $200, Property 3 has Current NOI $300 **Question 1**: Since Loan A and Loan B "share properties in the collateral pool" should they be reported as cross-collateralized within Field 44, or are cross-collateralized loans only loans that share an identical collateral pool? **Question 2**: Based on the response to question 1, how should Field 40 Net Operating Income Current be reported for Loan A and Loan B? **Viewpoint:** Only report loans as cross-collateralized when they share an identical collateral pool, such that loans reported as "cross-collateralized in Field 44 will have the same value for Field 40 Net Operating Income Current.
Y-14Q	H.2	In FAQ Y140000887, the Federal Reserve clarified that in Schedule H.2 fronting obligations should be reported as separate credit facilities to each of the lending group

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		participants. As a follow-up to this response, we would appreciate the Federal Reserve's assistance with the following questions to clarify expectations for reporting separate fronting credit facilities in Schedule H.2: **Question 1**: In Schedule H.1, Fronting Exposures are identified as such in the "Credit Facility Type" field but in Schedule H.2, there is no comparable field to distinguish fronting exposures from other Commercial Real Estate exposures. How should firms identify fronting exposures in Schedule H.2? **Question 2**: Multiple Schedule H.1 fields include instructions specific to fronting exposures, and comparable Schedule H.2 fields do not include such instructions (i.e. Credit Facility Purpose/Loan Purpose, Cumulative Charge-offs, Participation Interest, etc.). Should firms apply all fronting-related instructions from Schedule H.1 to comparable fields within Schedule H.2? **Question 3**: Schedule H.2 contains multiple fields related to property/collateral, such as Property Type, Current Occupancy, Anchor Tenant, etc. For fronting exposures, should all such fields be reported consistent with the primary credit facility, or should those fields be left blank? **Viewpoint:** Fronting exposures are not prevalent for syndicated commercial real estate credit facilities in scope for Schedule H.2 reporting. As a result, reporting a single credit facility facing the obligor appropriately reflects the predominant risk of commercial real estate loans and fronting exposures should be excluded from Schedule H.2.
Y-14Q	H	**Question**: On Schedule H.1, Field 35 and Schedule H.2, Field 8, which are both "Lien Position", and in cases where the Firm has a security interest in underlying collateral supporting the facility, should the Firm' report values of "Second Lien" for H.1 and "Subordinated Lien" for H.2 only when another unrelated party holds the first lien interest in the collateral? **Viewpoint**: The Firm sometimes originates supplemental facilities that are collateralized by the same property collateralizing a primary loan. These supplemental originations occur after the primary origination, and only where the value of the collateral supports the additional indebtedness. The Firm perfects its interest in the collateral for the supplemental loan through recorded instruments (i.e., mortgages) as it would for the original/primary loan. Because the mortgages of these supplemental loans are recorded with the applicable county recorder's office (i.e., the real estate records) after the primary mortgage records, they are legally in second position. However, both the first and second liens are held by the Firm. From the lender's perspective, the Firm is not subordinate to another lender. From a credit risk perspective, both facilities are cross-defaulted/cross-collateralized and are underwritten utilizing a combined DSCR/LTV. As a result, the Firm reports "First-Lien Senior" on H.1 and "First Lien" on H.2, for both primary and secondary facilities.
Y-14Q	H	**Question**: FR Y-14Q, Schedule H.1, Field No. 37 – "Interest Rate Variability" requires the Firm to report whether a credit facility is charging interest or is entirely fee-based. The Firm offers commercial charge cards whose revenue is derived from various types of fee income. One of those fees is a late/delinquency fee, which is reported as interest income on FR Y-9C. Given that the late/delinquency fee is only one of many types of fees charged and that it is incident based rather than accruing over the term of the facility like regular interest

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		income, is it appropriate to classify commercial charge card facilities as entirely fee-based in Field No. 37 and other related fields in Schedule H.1? **Viewpoint**: The Firm issues commercial charge cards to corporate cardholders. The Firm's income for such cards is derived from various fees including interchange fees, late/delinquency fees, return check fees, international charge fees, etc. The majority of these fees are reported in FR Y-9C Schedule HI, as non-interest income, with the exception of late/delinquency fees, which are reported in Line item 1.a, Interest and fee income on loans. Line item 1.a instructions specifically state to include "past-due charges" in Line item 1.a. The Firm charges cardholders late/delinquency fees if payments are not received in full by the due date at the end of each billing cycle. These fees are calculated based on a percentage of the past due balance. If the past due balance is fully paid in subsequent billing cycles, the late payment fee is no longer charged. The instructions for FR Y-14Q Schedule H.1, Field No. 37 – "Interest Rate Variability" require the Firm to describe the type of interest rate variability related to the credit facility balances reported. According to the instructions, the Firm may only classify such balances as "Entirely fee based" if revenue is entirely fee based and no interest is or ever will be collected. Per FAQ Y140001337, it was reiterated that if there is any potential for interest to be collected, even if the likelihood was <1%, the facility would not meet the definition laid out in the FR Y-14Q instructions as a fee-based facility. Furthermore, as described in FAQ Y140001506 if a facility meets the definition as being "entirely fee based, it should be reported as such, regardless of whether the fees are fixed or accruing, within the respective field numbers. However, the instructions nor the published FAQs are explicit as to what types of fees and charges may be excluded from being classified as interest. The Firm currently reports commercial charge card balances in FR Y-14Q Schedule H.1 Field No. 37 - Interest Rate Variability as "4. Entirely fee-based". Accordingly, these balances are also reported as "Entirely fee based" in other similar FR Y-14Q Schedule H.1 fields (i.e., Field 38 Interest Rate, Field 39 Interest Rate Index, Field 40 Interest Rate Spread, Field 41 Interest Rate Ceiling, and Field 42 Interest Rate Floor). We believe this is appropriate because the primary source of revenue for the commercial charge cards is interchange fees which is reported as Other non-interest income. In terms of "late/delinquency fees", such fees are collected for commercial charge cards as an incident-based fee depending on the payment status of the commercial charge card as of its due date. Therefore, it has a characteristic of fee income. It is not a recurring fee that the Firm can expect to collect over a specified period of time, nor is it accrued. To illustrate this, suppose the commercial charge card was both originated and fully funded as of the reporting date. As it is currently structured, there would be no interest income accrued at that date since there is no contractual interest rate specified to be charged on a periodic basis for these commercial charge cards. Therefore, it would be misleading, to report an interest rate and interest related details for the respective fields in Schedule H.1 as of the reporting date. Furthermore, the late/delinquency fee is only collected under specific circumstances. If the outstanding balance is fully paid each billing cycle, then no fee is charged. Indicating that commercial charge card balances are not entirely fee based in the FR Y-14Q Schedule H.1 fields mentioned above, would be a misrepresentation of their income

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		generation profiles as Schedule H.1 doesn't allow the Firm to indicate such late/delinquency fees would be charged only when the balances are past due. For example, for a commercial charge card line with a committed amount of $100MM, of which the entire amount is funded and outstanding, the Firm would report 0% interest in Field 38 as long as the outstanding amount was current. On the other hand, if we were to have the same set of circumstances with $100MM fully funded and past due, we would report 2% interest in Field 38. This 2% interest rate would be charged on the entire outstanding balance for concurrent billing cycles, so long as the balance remains past due. However, once the past due balance is fully paid off the 2% interest rate is no longer applied. Therefore, if the Federal Reserve desires to capture income generation characteristics of these types of facilities, there should be an additional option in Field 20, Credit Facility Type, for charge cards, and the Federal Reserve should allow reporting the charge cards as entirely fee-based.
Y-14Q	H	**Question 1**: Is it appropriate to report the current occupancy based on number of units rather than square footage for multifamily residential properties? If not appropriate, how should the Firm report it in cases where the current occupancy is not provided in square footage for multifamily residential properties? **Question 2**: In case of a single mixed-use property (e.g., multifamily residential property with retail space), how should the occupancy be reported if the measurement unit is different between residential area and retail area? Is it appropriate to report the occupancy for the area of the predominant type? **Question 3**: Certain credit facilities are secured by multiple real estate properties. In case where the properties securing the facilities use different measurement units for occupancy (e.g., collateral includes multifamily residential properties (number of units) and warehouses (square footage), how should the occupancy be reported? Is it appropriate to use weighted average of occupancy using appraisal amounts as the weight? **Question 4**: For facility secured by multiple properties of the same use type in the same measurement unit (e.g., square footage), is it appropriate to use weighted average of occupancy based on their appraisal values? **Viewpoint**: Question 1: Given the following points, reporting the occupancy based on number of units seems appropriate. • The instructions allow reporting the occupancy using # of units in case for a facility financing condo construction • For multifamily properties it is the industry practice for the borrowers to provide the occupancy levels based on # of units as opposed to square footage • This is consistent with reporting of Field 39, Property Size Question 2: In case of a mixed-use single property, the measurement unit used for residential area (# of units) is often different from the one for retail space (square footage). Thus, it is difficult to calculate an occupancy for the entire property. In this case, reporting the occupancy for the predominant area seems reasonable. Question 3: The instructions are silent with regards to facilities secured by multiple properties. In cases where different types of properties use different measurement

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		types, a simple rate calculation cannot be used since they cannot be directly compared. Thus, a weighted average should be used and using the current appraised values as the weight is the most appropriate. Question 4: In cases where the property types use the same measurement types but the economics of the different properties drastically vary (e.g., retail property vs. warehouse), it is not appropriate to directly compare them. Thus, applying the weighted average using the current appraisal value across facilities secured by multiple properties is more appropriate.
Y-14Q	H	Federal Reserve guidelines state "If there has been a major modification to the loan such that the obligor executes a new or amended and restated credit agreement, use the revised contractual date of the credit agreement as the origination date." **Question:** Specifically for this guideline, we wanted to understand what type of changes/examples in a loan can be considered as major modifications impacting the origination date. In most of the FAQs provided earlier on origination date, major modification examples are not explicitly mentioned and hence we are requesting your assistance to provide the same, which will make it clearer to understand what kind of amendments fit within the major modification category.
Y-14Q	H	**Question:** Per the FR Y-14Q instructions, field 102 in H.1 and field 63 in H.2 requires banks to report the allowance for credit losses per ASC 326-20 at the credit facility level. Can you please clarify if this should include the reserve on only the funded portion of the facility or should include the reserve on both the funded and unfunded portions of the facility.
Y-14Q	H	Instructions for the Field 95 - Entity Industry Code state that if the entity identified in Field 49 – Entity Internal ID is an individual, the industry code should be consistent with the industry in which the commercial purpose of the loan operates. For the Non-Purpose Securities Based Lending (SBL) portfolio the primary source of repayment is the underlying eligible collateral that is pledged by the Obligor to the Lender. Therefore, the industry of the counter-party is not a material factor in the assessment of lender’s credit risk in SBL transactions. From a risk management perspective, the credit risk of SBL transactions is mitigated through lender’s first priority security interest in the eligible collateral. According to a previously published FAQ, for non-purpose margin lending to individuals report null in field #8 and #9. **Question:** For non-purpose security based lending transactions to any counter-party would it be appropriate to report null in fields 8 and 9 given that the primary source of repayment is the underlying eligible collateral that is pledged by the borrower to the Lender and therefore, the industry of the borrower is not a material factor in the assessment of the credit risk on the transaction?
Y-14Q	H	**Question:** The instructions for the Field 7 (Zip Code) state “Report the five-digit zip code for locations within the 50 US states, Washington DC, Puerto Rico, the US Virgin Islands, Guam, Palau, Micronesia, the Northern Marianas, or the Marshall Islands. For all other locations report the foreign mailing code of the physical location of the obligor’s headquarters.” There are certain countries that do not use a zip code i.e. Honk Kong, UAE etc. What is the allowable value to report for these locations?
Y-14Q	H	**Question:** Field 33 - Non-Accrual Date instructions require to report non-accrual date as 9999-12-31 for fully undrawn facilities. But for our books and records purposes the concept of non-accrual is not just related to interest or funding. From a credit risk perspective, we think the client is troubled and we may not receive all our money in the end, but we still have a legal obligation to fund them. This is important from a revolver standpoint because the funding level can change consistently.

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		For Example: Deal is $100mm unfunded revolver that Credit has put on non-accrual: • 3/31/17 reporting: deal is unfunded and shown as on accrual • 6/30/17 reporting: deal has funded $10mm during the quarter and now shows non-accrual $10mm funded and $90mm unfunded • 9/30/17 reporting: deal is now fully unfunded again so you report $100mm unfunded on accrual Our question is, is the Federal Reserve expecting us to report the nonaccrual date as 9999-12-31 as long as the revolver undrawn and report the date that revolver put on nonaccrual once it is funded?
Y-14Q	H	**Question:** We are seeking clarifications as to how Collateral Market Value (Field 93) should be reported on the FR Y-14Q Schedule H.1 under the below scenario, assuming that the market value of the collateral is updated in the internal risk management systems as of the reporting date. For a credit facility which includes fronting exposures, per the example below, should we report (i) $200MM under CMV for both the BHC's share as well as for each of the fronting facilities (i.e., the total collateral pool of the syndication), (ii) $40MM for each facility($200MM x 20%), representing the BHC and each lending group participant's share of the CMV for each of the fronting facilities, or (iii) report $200MM under CMV for the BHC's share and report NA for each of the fronting facilities? Assume that there is a $100MM committed credit facility where the BHC is the fronting bank and there are 4 other lending group participants. The BHC's pro-rata share of the committed facility is 20% or $20MM. The BHC has an obligation to advance on behalf of lending group participants (20% or $20MM each). Based on the instructions, the BHC would report its $20MM pro-rata commitment as one facility to the borrower. The BHC would also report the $80MM fronting obligation as separate credit facilities to each of the lending group participants ($20MM each). The borrower provides a collateral with a market value of $200 MM.
Y-14Q	H	**Question:** We are seeking clarifications as to how Collateral Market Value (Field 93) should be reported on the FR Y-14Q Schedule H.1 under the below scenario, assuming that the market value of the collateral is updated in the internal risk management systems as of the reporting date. If credit facilities under separate credit agreements are secured by the same collateral item(s), should the same collateral market values be reported for these cross collateralized facilities, or should the collateral market value be allocated to cross collateralized facilities (e.g., based on Committed Exposure Global , Utilized Exposure), per below example? Assume that BHC has a $60MM revolver and a $40MM term loan to the same borrower under separate credit agreements. The revolver is not utilized and the term loan is fully funded. If the borrower pledges a $100MM pool of cash and marketable securities for the two facilities, should we report $100MM (i.e., the same collateral market values) for both the revolver and the term loan (this would mean that the Collateral Market Value would be duplicated) or allocate the collateral market value to cross collateralized facilities? If the latter, one option would be to allocate $60MM to revolver and $40MM to term loan (i.e., based on Committed Exposure Global). The other option would be to allocate $100MM to the term loan as it is fully funded, and report $0 under Collateral Market Value for the revolver, which is unfunded. If second allocation methodology is to be used, how should we report Collateral Market Value if both facilities are not utilized?

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Y-14Q	H	**Question:** We are seeking further clarification on the reporting requirements of Field 5 "City", Field 6 "Country" and Field 7 "Zip Code" on the FR Y-14Q Schedule H.1. Effective with the March 31, 2021 reporting, the Schedule H.1 instructions for the above Fields were updated to indicate that the domicile of the obligor is as defined in the FR Y-9C Glossary entry for "domicile". Per the FR Y-9C Glossary, "domicile is determined by the principal residence address of an individual or the principal business address of a corporation, partnership, or sole proprietorship". Our understanding is that "the domicile of a corporation should be the location where it was legally established, regardless of the actual center of economic activity of the entity". The country of the head office or primary operations (i.e., the actual center of economic activity of the obligors) is the most impactful geography to the financial performance of the obligors. The country of incorporation may be different from the county of primary operations, due to tax or legal reasons and tends to be concentrated in tax havens. During stress periods, the economy of the country of incorporation may not have correlation with the performance of the obligors. For example, a company headquartered in the U.S. may be incorporated in the Cayman Islands. The U.S. economy will drive the company performance during stress rather than the Cayman Islands. As the FR Y-14 schedule data are used to assess the capital adequacy of large firms using forward-looking projections of revenue and losses, and to support supervisory stress test models, we would like to confirm whether the clarification that we have received for the FR Y-9C (to report based on the country of incorporation instead of the country of primary operations) should be applied to the FR Y-14 Schedule H.1. The definition of domicile will also impact Fields 52 through 82 (Obligor Financial Data section).
Y-14Q	H	**Question**: Banks can and do purchase first-loss or other types of credit protection from third parties referencing an on balance sheet portfolio of loans (e.g. corporate, commercial real estate, commercial and industrial loans) via a credit default swap (CDS), an issued credit linked note ("CLN") or a consolidated securitization transaction. This purchased protection can result in reduced losses on the senior risk retained in the underlying loans. Currently the FR Y-14Q report does not collect all data necessary to allow the supervisory models to capture the benefit of this tranched purchased credit protection on modeled losses for the underlying portfolio. More specifically, the FR Y-14Q collects Total Loan Population in sub-schedules H.1/H.2 but does not collect data to allow the Federal Reserve to identify (a) loan portfolios with tranched credit protection; (b) amount and nature of non-pro rata protection purchased; (c) whether securitization capital treatment has been applied; and (d) the amount of subordination (i.e., attachment & detachment point). The Federal Reserve's Stress Testing Methodology provides that the Federal Reserve calculates the quarterly P&L on hedges of Fair Value Option ("FVO") loans and loans measured at amortized cost using firm-reported P&L sensitivities to spread widening scenarios and BBB spreads. The Corporate Credit sub-schedule of the FR Y-14Q Schedule F Accrual Loan and FVO Hedge submissions is the only place where P&L sensitivities are reported. However, we request the Federal Reserve to allow Category I banks to provide additional granular information about the different types of credit protection purchased, as described above, along with the associated on balance sheet funded facilities which are

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		reported on FR Y-14Q Schedules H.1/H.2. That would allow the supervisory models to capture the benefit of the first-loss or other subordinated credit protection and ensure that projected losses on the retained risk from on-balance sheet loans can be accurately reflected.
Y-14Q	J	Reverse mortgage GNMA HECM Securities: Borrowers draw on their HECMs and the Bank purchases those draws out of the trust, classifies them as HFS/FVO and subsequently securitizes the draws and issues GNMA HECM securities. These draws are insured by FHA. We do not have a forward contract with GNMA to securitize these draws, nor are we contractually obligated to securitize in a GNMA security; however it is our unilateral practice to do so. **Question 1**: Based on the above fact pattern above, which line item should these repurchased subsequent draws be reported? **Question 2**: Do we consider these new draws repurchases? We aren't repurchasing the issued balance, just the incremental draw. • If the draws are considered repurchases, then would we include them on line 2 – as they are insured by FHA? • If they are not considered repurchases, should we include in line 3 – 'all other' or do we interpret our practice of securitizing these draws as qualifying for inclusion in line 1?
Y-14Q	L	**Question:** The Federal Reserve's instructions for L.1-L.5 state that Netting Set ID should map to ISDA master netting agreements. "Netting Set ID (CACVM902) Report the unique identifier (for example, alphanumeric) assigned to the netting set. Netting sets should map to ISDA master netting agreements. If a netting set ID is not applicable (for example, given no netting agreement in place) this field must be populated with "NA". This ID must be unique and consistent across all sub-schedules L. for FR Y-14M Schedule A.1 line 1-L.5." Please clarify if we should only report ISDA agreements or report both ISDA and non-ISDA master netting agreements.
Y-14Q	L	In certain cases a shelf legal entity issues a series of SPV notes with each series of notes being backed by bankruptcy remote assets specific to that series, i.e. a claim on any single issuance has no access to the assets linked to another issuance. The derivative trades used to hedge the payoff for each note series only have recourse to the bankruptcy remote assets of that issuance, however each series is not a separate legal entity. In this case the only legal entity the Firm faces is the shelf and the only Legal Entity Identifier (LEI) is for the shelf. **Question:** For this situation what rules should apply for the fields Counterparty Legal Entity Name (CACS9017), Counterparty Legal Entity Identifier (LEI) (CACN922), should they be populated with something representing the SPV series (which is not a legal entity), or the counterparty legal entity as the current instructions imply? Similarly in the instructions, Internal Rating (CACNM906), External Rating (CACNM907), CDS Reference Entity Type (CACNR546) and 5Y CDS Spread (bp) (CACNR547) must be consistent for the same counterparty legal entity, so can the Federal Reserve specify what should be meant by counterparty legal entity in this context as well?
Y-14Q	L	**Question**: Given the guidance on L5.1 effective 6/30/21 to report separate lines for each CSA within a netting set, could the Federal Reserve confirm for Uncleared Margin Requirement CSAs whether they want the collateral terms for the exchange of Initial

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		Margin to be reported on a separate line, in addition to the collateral terms for the exchange of variation margin, or should only the variation margin collateral terms be reported?
Y-14Q	L	**Question**: In the case of tri-party lending, could the Federal Reserve clarify for the field Counterparty Legal Entity Name (CACN9017) whether it should contain both the counterparty legal entity name and the agent lenders name, or just the counterparty name? Noting in such case the agent lender often executes the netting agreement on behalf of the counterparty.
Y-14Q	L	**Question**: Per the instructions, for cases where there are multiple CSAs for one netting set, the Firm may report certain margin agreement details at the margin agreement level. Please confirm that only the margin agreement details listed should be reported at the margin agreement level and that all other details (e.g. Net CE, Gross CE) should only be reported once for the netting set.
Y-14Q	L	**Question**: Regarding pre-allocation entities such as Agent Trading in Bulk counterparties used in agency lending trading, what is the guidance on designating such entities to an ultimate parent counterparty? Considering that in agency trading the actual principal may not be known on a given day for trades in a pre-allocation entity for a particular agent, where should the exposure map to at the ultimate parent level?
Y-14Q		**Question:** On the materiality threshold in the Y-14Q instructions, the instructions state "Material portfolios are defined as those with asset balances greater than $5 billion or asset balances greater than five percent of Tier 1 capital on average for the four quarters preceding the reporting quarter." Can you confirm the test is: • Asset balances greater than $5 billion on average for the four quarters preceding, or • Asset balances greater than 5% of Tier 1 capital on average for the four quarters preceding The Firm wants to ensure that the intent is for both tests to be applied on a four-quarter average basis, not just the Tier 1 capital test.
Y-14Q		**Question**: The Firm, as a result of consolidation or through direct issuance, holds fair value non-recourse debt ("NRD") which finances certain pools of loans (accounted for as both accrual and fair value). Such NRD has an embedded, not bifurcatable put option which acts as a hedge against the Firm's downside risk. The true exposure to the Firm for these investments is therefore the assets net of the NRD. The consolidation of the assets creates an accounting gross up, increasing the exposure reflected as loans in inventory and on Y14 templates. For example, a $20 investment may need to be reflected as a $100 loan and an $80 liability/NRD. To avoid a material misstatement of stress losses on the net exposure truly at risk, can the Firm use the Federal Reserve's response to FAQ Y140001339 as precedent, allowing the assets in Y14 templates to be netted down for investments with direct NRD? If netting is not appropriate in this circumstance, should the Firm submit the economic sensitivities of the fair value NRD in the corresponding Schedule F Hedges template (accrual and/or fair value depending on the underlying assets)?
Y-14Q		**Question**: Prior FAQs (see background section below) state that Retail accounts with partial charge-offs that have remaining UPB balances are not to be reported within the # of accounts and $ outstanding summary variables within Schedule A Retail sub-schedules. However, the remaining UPB balances are still reportable within the FR Y-9C (schedule HC & HC-C). Thus, the existing FAQ guidance below would cause a reconciling

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<tr><td></td><td></td><td>difference between Y-14Q Schedule A and the FR Y-9C. Please confirm that this is in fact the Federal Reserve's Y-14Q schedule A reporting expectation? If so, is it your expectation that these remaining UPB balances excluded from Y-14Q schedule A be reported within Schedule K Supplemental as immaterial balances (column A)?

RTO0046 (excerpt): Q: Should accounts with remaining book balances after the processing of a partial charge-off be included in the N_ACCT and D_OS Summary Variables? A: Accounts with remaining book balances after the processing of partial charge-off activity should not be included in the calculation of the "N_ACCT" or "D_OS" summary variable

RTO0065: Q: For repossessed automobiles that are reported on the FR Y-9C as Other Assets HC-F, rather than as Loans on HC-C, if most of these loans have a partial charge off should the dollar amount be included in Summary Variable #10 on the US Auto template but excluded from Summary Variables #1 - # Accounts and #2 - $ Outstandings? A: Per FR Y-14Q instructions, when calculating account numbers or balances, do not include accounts which have been fully or partially charged off as of month-end unless otherwise specified

RTO0074: Q: Instructions state that when calculating account numbers or balances, do not include accounts which have been fully or partially charged off as of month-end unless otherwise specified. D_Commitment by definition is not a balance field but is a contractual limit applied to the loan. Should banks consider D_Commitment as a balance and exclude chargeoff records from it or not consider it as a balance and include all selection eligible accounts? A: Include all accounts for which the BHC has an outstanding commitment when calculating the value for D_Commitment, even if the account has been partially charged off.

Viewpoint: After a partial charge-off, there is still a balance we expect to be paid associated with the loan. That balance would still be reportable in the Y-9C line items and are then still reported on 14Q Retail schedules, if that does not align with expectations provide clarity if they should be reported on Schedule K and not Schedules A.</td></tr>
<tr><td>Y-14Q</td><td></td><td>Question: Various FR Y-14Q Retail Schedules require reporting $ Commitments as Summary Variables. For example, Schedule A.9 (US Small Business) Summary Variable #5 requires reporting, "the total dollar amount of commitments for the segment as of month-end." The loan population that is applicable for Schedule A.9 reporting includes scored/delinquency managed loans as reporting in FR Y-9C, Schedule HC-C with no further instructions on the scope of reportable commitment amounts. Should the reporting of $ commitments
Include commitment amounts only for arrangements that have funded amounts as reported in FR Y-9C, Schedule HC-C;
Include commitment amounts for all arrangements that involve executed credit agreements as of the report date (i.e., include commitment amounts for all arrangements regardless of current funding status or recognition on FR Y-9C, Schedule HC-C); or
Include all commitment amounts as reportable in FR Y-9C, Schedule HC-L inclusive of commitments-to-commit?
Viewpoint: Based on our understanding of current instructions, reporting omits CTCs from reporting on 14Q retail schedules. The instructions do not reference off-balance</td></tr>
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		sheet commitments and thus are excluded, if this is not consistent with expectations please clarify within instructions.