



October 15, 2012

Ms. Michele Meyer
Assistant Director, Legislative and Regulatory
Activities Division
Office of the Comptroller of the Currency
250 E Street SW.
Washington, DC 20219

Re: Agency Information Collection Activities: Proposed Information Collection
(OMB control number 1557-NEW)

Dear Ms. Meyer:

The Clearing House Association L.L.C. (“**The Clearing House**”)¹ and the Financial Services Roundtable² (together, the “**Associations**”) appreciate the opportunity to comment on the above-referenced proposed information collection (the “**Proposal**”)³ related to the Dodd-Frank Wall Street Reform and Consumer Protection Act’s (“**Dodd-Frank**”)⁴ Section 165(i)(2) concerning annual stress test requirements.

¹ Established in 1853, The Clearing House is the oldest banking association and payments company in the U.S. It is owned by the world’s largest commercial banks, which collectively employ over 2 million people and hold more than half of all U.S. deposits. The Clearing House Association L.L.C. is a nonpartisan advocacy organization representing—through regulatory comment letters, amicus briefs and white papers—the interests of its owner banks on a variety of systemically important banking issues. Its affiliate, The Clearing House Payments Company L.L.C., provides payment, clearing, and settlement services to its member banks and other financial institutions, clearing almost \$2 trillion daily and representing nearly half of the automated-clearing-house, funds-transfer, and check-image payments made in the U.S. See The Clearing House’s web page at www.theclearinghouse.org.

² The Roundtable represents 100 of the largest integrated financial services companies providing banking, insurance, and investment products to the American consumer. Member companies participate through the Chief Executive Officer and other senior executives nominated by the CEO. Roundtable member companies provide fuel for America’s economic engine and account directly for \$92.7 trillion in managed assets, \$1.1 trillion in revenue, and 2.3 million jobs.

³ 77 F.R. 49,485 (August 16, 2012).

⁴ Public Law 111-203, 124 Stat. 1376, July 2010.

The Associations have consistently voiced strong support for ongoing regulatory reform efforts that aim to make financial systems safer and more robust. We support the efforts of the Office of the Comptroller of the Currency (the “OCC”) to help ensure that banks have appropriate risk measurement and management processes supporting their internal assessment of capital adequacy. Moreover, we acknowledge that the OCC has worked to make its rules and information collection practices regarding stress testing consistent and comparable with those of other banking agencies in order to avoid potential duplicative efforts by banks, as evidenced in the final Annual Stress Test Rule (“**Stress Test Rule**”).⁵ However, there are certain aspects of the Proposal that we believe would benefit from modification or enhancement as discussed below.

I. The current Proposal lacks transparency on how the data collected will be used by the OCC.

The Proposal focuses on specific aspects of the reporting templates. However, while the Proposal explains what data will be collected, it does not describe how the OCC intends to use the data provided. For example, there is no indication in the Proposal as to how the OCC will assess the reasonableness of an institution’s stress test results, use the data to provide forward-looking information regarding capital adequacy, and ultimately what the threshold is against which banks will be measured.

It appears that since the data requested by the Proposal represents projections only (that is, no financial information for the third quarter of 2012 will be collected), the OCC does not intend to conduct its own supervisory stress test and will not use its own models to evaluate capital plans. As a result, we believe that several of the data collection templates in the Proposal represent an unnecessary burden for banks to produce and should be eliminated. For example, the Retail Repurchase Risk and the Pre-Provision Net Revenue Metrics templates, among others, are designed to support modeling efforts and therefore appear to provide limited benefit to the OCC which is outweighed by the burden on the banks to produce such information.

II. The OCC should conform its Basel III data collection templates to those of the other Agencies.

The Proposal states that the DFAST-14A Basel III template collects projections for Basel III components for each of the baseline, adverse, and severely adverse scenarios, based on the Basel III framework promulgated by the Basel Committee on Banking Supervision (“**BCBS**”). The Associations do not support this requirement for several reasons. First, banks currently subject to Section 225.8 of Regulation Y (the “**Capital Plan Rule**”) are not required to provide Basel III estimates under either an adverse or a severely adverse basis, and thus understandably, many have not built the capabilities to do so.

⁵ 12 C.F.R. Part 46.

Second, we note that the Board of Governors of the Federal Reserve System (the “**Federal Reserve**”) has revised its instructions for the Basel III/Dodd-Frank schedule of both its Form FR Y-14A and Form FR Y-14Q to require banks to use the Basel III NPR and Advanced Approaches NPR⁶ to prepare these schedules, instead of the BCBS framework which was used during the prior Comprehensive Capital Analysis and Review process. In its revised guidance, the Federal Reserve noted that the publication of the initial Forms FR Y-14A and FR Y-14Q was prior to the publication of the three NPRs. Accordingly, the Associations urge the OCC to confirm that mandatory Basel II⁷ advanced approaches bank holding companies should complete the Basel III Capital Template for the baseline scenario and prepare their capital plans for 2013 based on the Proposed Capital Rules as contained in the Basel III NPR and the Advanced Approaches NPR. Moreover, we believe that banks should be focused on their individual compliance with the Proposed Capital Rules as they would come into effect in the United States given that the Proposed Capital Rules reflect the OCC’s most recent view of how the Basel III capital framework is to be applied domestically.

For those banks that are considered a non-mandatory advanced approach bank or opted-in voluntarily, we advocate the use of an alternate worksheet for the baseline scenario that is based upon the existing Basel I⁸ framework with adjustments for counterparty credit risk, but does not take into account the Proposed Capital Rules in the Standardized Approach NPR. While we note that there is a unique Basel III template provided for these banks, the instructions provided on how to prepare the credit section are insufficient.

III. The industry requests more detailed instructions for the schedules as well as a formal process for clarifying uncertainties.

The Associations urge the OCC to provide meaningful instructions along with a process for coordinated communication with banks. Despite the complexity and magnitude of information collected, the Proposal contains few instructions as to the manner in which the OCC expects the relevant schedules to be completed. For example, we would particularly appreciate instructions for the Summary Schedule as the level of supporting documentation is quite unclear, other than what was briefly described in Section II.E of the Preamble to the Stress Test Rule.⁹ Clear, specific and consistent instructions are also crucial to the OCC’s

⁶ Agencies, *Regulatory Capital Rules: Regulatory Capital, Implementation of Basel III – Minimum Regulatory Capital Ratios, Capital Adequacy, Transition Provisions, and Prompt Corrective Action*, 77 F.R. 52792 (Aug. 30, 2012) (the “**Basel III NPR**”); Agencies, *Regulatory Capital Rules – Standardized Approach for Risk-Weighted Assets; Market Discipline and Disclosure Requirements*, 77 F.R. 52888 (Aug. 30, 2012) (the “**Standardized Approach NPR**”); Agencies, *Regulatory Capital Rule: Advanced Approaches Risk-Based Capital Rules; Market Risk Capital Rule*, 77 F.R. 52978 (Aug. 30, 2012) (the “**Advanced Approaches NPR**”). These notices of proposed rulemaking (the “**NPRs**”) would revise the Agencies’ capital rules to create an integrated set of rules. References in this letter to the “**Proposed Capital Rules**” are to that integrated set of rules.

⁷ Agencies, *Risk-Based Capital Standards: Advanced Capital Adequacy Framework-Basel II; Final Rule*, 72 F.R. 69288 (December 7, 2007).

⁸ See generally, 12 C.F.R. Part 3, Appendix A, Section III.

⁹ 12 C.F.R. Part 46.

laudable goal of avoiding duplicative efforts by banks – if banks are required to complete similar forms for different agencies in the absence of clear and common instructions, it is quite possible that they will ultimately be subject to differing supervisory views and expectations as to how the same types of information should be provided.

In addition, we would welcome the availability of a secure mailbox to which banks are able to send questions and receive guidance to clarify uncertainties with respect to proper reporting. As the proposed DFAST-14 schedules have not been finalized and the instructions are insufficient, ongoing dialogue and communication will help to avoid misunderstandings and mistakes.

* * * *

We thank you for considering the comments provided in this letter. If you have any questions or are in need of any further information, please contact me at (212) 612-9211 (email: brett.waxman@theclearinghouse.org) or Richard Whiting at (202) 589-2413 (email: Rich@fsround.org).

Respectfully submitted,

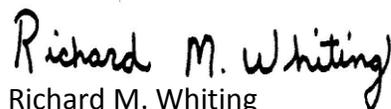


Brett Waxman

Vice President and

Associate General Counsel

The Clearing House Association



Richard M. Whiting

Executive Director and General Counsel

Financial Services Roundtable

cc: Michael Brosnan
Office of the Comptroller of the Currency

Mark Levonian
Office of the Comptroller of the Currency

Charles Taylor
Office of the Comptroller of the Currency

Darrin Benhart
Office of the Comptroller of the Currency

Robert Scavotto
Office of the Comptroller of the Currency

William Russell
Office of the Comptroller of the Currency

Akhtarur Siddique
Office of the Comptroller of the Currency

Ron Shimabukuro
Office of the Comptroller of the Currency

Scott Alvarez
Board of Governors of the Federal Reserve System

Michael S. Gibson
Board of Governors of the Federal Reserve System

Lisa H. Ryu
Board of Governors of the Federal Reserve System

Andrew Felton
Board of Governors of the Federal Reserve System

Benjamin W. McDonough
Board of Governors of the Federal Reserve System

George French
Federal Deposit Insurance Corporation

Mark G. Flanigan
Federal Deposit Insurance Corporation

David Wagner
The Clearing House Association

Michelle Hubertus
The Clearing House Association