



THE CLEARING HOUSE
Advancing Payment Solutions Worldwide

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October 20, 2003

Communications Division
Office of the Comptroller
of the Currency
Public Information Room
Mailstop 1-5
250 E Street, S.W.
Washington, D.C. 20219
Attention: Docket No. 03-10

Robert E. Feldman
Executive Secretary
Federal Deposit Insurance
Corporation.
550 17th Street, N.W.
Washington, D.C. 20249
Attention: Comments/Legal

Jennifer J. Johnson
Secretary
Board of Governors of the
Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551
Attention: Docket No. R-1151

Information Collection
Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, N.W.
Washington, D.C. 20552
Attention: No. 2003-20

Re: Regulatory Publication and Review Under the Economic Growth
and Regulatory Paperwork Reduction Act of 1996

Ladies and Gentlemen:

The New York Clearing House Association L.L.C. ("The Clearing House")¹, an association of major commercial banks, appreciates the opportunity to comment on the proposal issued by the Office of the Comptroller of the Currency, (the "OCC"), the Board of Governors of the Federal Reserve System (the "Board"), the Federal Deposit Insurance Corporation (the "FDIC"), and the Office of the Thrift Supervision (the "OTS"; together with the OCC, the Board, and the FDIC, the "Agencies") to consider reducing the regulatory burden imposed on insured

¹ The members of The Clearing House are Bank of America, National Association, The Bank of New York, Bank One, National Association, Citibank, N.A., Deutsche Bank Trust Company Americas, Fleet National Bank, HSBC Bank USA, JPMorgan Chase Bank, LaSalle Bank National Association, Wachovia Bank, National Association, and Wells Fargo Bank, National Association.

depository institutions. We strongly support the Agencies' objective to reduce regulatory burden and would like to assist the Agencies in their efforts on this matter. Our specific suggestions to reduce the regulatory reporting burden incurred by our members are presented below.

I. Frequency and Volume of Reporting

The Clearing House members are all major commercial banks with offices throughout the United States and other countries. Therefore, the majority of the regulatory reporting burden in this country is borne by our members. We understand that regulatory agencies have legitimate needs for data to monitor the safety and soundness of the financial system. However, we believe that our recommendations below would help ease the regulatory burden without compromising the Agencies ability to supervise our institutions.

A. Report of U.S. Ownership of Foreign Securities Including Selected Money Market Instruments (Treasury Department Forms SHC and SHCA)

Historically the reporting frequency of the Report of U.S. Ownership of Foreign Securities Including Selected Money Market Instruments was once every five years; however, beginning in 2003, the reporting frequency was accelerated to annual. Due to the large number of data items and volume of records reported, we would like to gain a better understanding as to why these data are needed at this accelerated frequency. We would also like to discuss with the Agencies other options, which might ease the filing burden.

B. Quarterly Reports for Lower Tier Bank Holding Companies (FRY-9C and FRY-9LP)

Our members believe that quarterly reporting for lower-tier bank holding companies is of minimal value. We would recommend that the frequency of reporting the financial data of lower-tier bank holding companies on the FRY-9C report form should either be decreased or eliminated entirely. If that is not possible, we would suggest that the level of detail be decreased and encourage the Agencies to look at the FRY-11 reports as a model.

C. TIC BC, BL-1 and BL-2 Monthly and Semiannual Reports

Monthly and semiannual reports are filed in June and December for the TIC BC, BL-1, and BL-2. The reports are essentially the same except that the semiannual reports breakout the detail for the "other" categories (i.e. Other Europe, Other Africa). Thus, we recommend that only one report should be required in June and December. This could be done by either expanding the "other" categories on the monthly report for June and December and simultaneously discontinuing the semiannual report or by requiring only the semiannual report for June and December.

D. Prior Period Revisions.

The Agencies do not appear to apply a materiality threshold consistently across the different regulatory reports when making requests for prior period restatements. Our member banks have experienced requests for revisions for many past reporting periods. Therefore, we recommend that a materiality threshold similar to the ones applied to GAAP financial statements be utilized by the Federal Agencies to determine whether prior period restatement should be required.

II. Clarification of Data

We respectfully request that the Agencies review the reports to determine whether certain instructions should be revised as a result of recently passed legislation and also to ensure consistency among definitions among the reports. In addition, we would like to understand why certain data are collected. Specifically, our members would appreciate a review of the following items:

A. Summary of Deposits

We believe that the instructions and definitions of several branch types are unclear and outdated since the emergence of interstate banking. Therefore, we recommend that revised instructions be issued to reflect the type of branches that have come into use since interstate banking has emerged.

B. Inconsistencies Between Reports

Inconsistencies between reports (primarily the Call Report and the FR-Y9C), either in formats or definitions, continue to cause unnecessary burden, because the same financial data must be formatted and/or calculated in different ways for different reports. For example there are also inconsistencies between the Call Report and FR Y-9C with regard to the Income Statement, Interest Sensitivity data on various schedules (e.g., including loans, securities, deposits), Past due & nonaccruals, and various memoranda items. We recommend that the Call Report Schedules be made more consistent with the FR Y-9C schedules. There are also inconsistencies between the data definitions of the Call Report and the FR2416 that, if reconciled, would decrease reporting burden.

III. Data Reduction

Several regulatory reports require excessively detailed itemizations that are not used for management or external reporting purposes and for which the supervisory purpose is unclear. Our members would like to make the following recommendations to assist in alleviating this problem:

A. Call Report and FR Y-9C

The Call Report and FR Y-9C require that overdrafts be classified as "planned" or "unplanned" which is not a distinction that is made in our member banks' internal and other external reporting. In addition, classification of overdrafts is inconsistent in the regulatory reports. For example, unplanned overdrafts are reported in other loans, except when made to a depository institution, a foreign government or an official institution in which case they are classified in the respective line. Therefore, in order to have consistent treatment of overdrafts, we recommend that all overdrafts be classified with the appropriate loan category on Schedule C or that all overdrafts be classified as "all other loans", thereby easing the reporting burden.

B. Call Report

We believe that the level of detail required in the loans, securities, and deposits Schedules on the Call Report could be reduced without compromising the ability of the federal agencies to monitor financial condition. There are also disclosures in the Call Report that we believe may be of limited usefulness, such as the disclosures of tax-exempt income in the Income Statement memoranda items and, for large, complex banking organizations that use other instruments, like derivatives, to manage interest rate risk, repricing. Lastly, we would appreciate a justification for continued relevance of the detail of the disclosures on Schedule RC-O, given that the current level of FDIC assessments is zero.

C. FR2028A Survey of Terms of Business Lending and FR2028B Survey of Terms of Lending to Farmers

Our members would like to understand how the information in the FR2028A and FR2028B is used since these reports are costly to complete and the information in them is not employed for any management or external reporting purposes.

IV. Signature Requirements


Given the electronic filing of Call Reports, we suggest that the requirement that three directors of the bank sign the Call Report should be reviewed. In addition, since the FRY-8 incorporates all banks under a common bank holding company, but requires an officer signature for each bank, a consolidated sign-off by one officer of the bank holding company should suffice.

V. Regulatory Report Review Process

As our members understand the current process for regulatory report review and approval, under the Paperwork Reduction Act of 1995 (the Act), the Agencies must obtain Office of Management and Budget (OMB) approval for revisions to existing reports and for requests of new data collections. With regard to certain of the data collections, the OMB has from time to time delegated the authority to approve these requests to the Agencies. This situation gives the appearance that the process might be biased in favor of the needs of the Agencies since the Agencies are in the position to make the request, consider the comments from the public and then decide whether the burden is justified. We would appreciate a review of this process to ensure that the intention of the Act has not been compromised.

The Clearing House appreciates your consideration of our comments. If you have any questions or are in need of any further information, please contact Norman R. Nelson at (212) 612-9205.

Sincerely yours,

A handwritten signature in black ink, appearing to read "N. Nelson", written in a cursive style.