RESCINDED

OCC 2004-57

Subject: Shared National Credit Program
Date: December 20, 2004

To: Chief Executive Officers of All National Banks, Federal Branches and Agencies, Department and Division Heads, and All Examining Personnel

Description: Proposed Data Collection Modernization

Federal Register on December 20, 2004 (attached). Concurrently, the FRB is publishing a separate Request for Information to gather information from prospective contractors pertaining to system integration services to develop a common system solution for supporting the program.

The agencies are proposing to standardize and expand the data collection process to create a streamlined, risk-focused program that recognizes and takes advantage of the significant advances in bank risk management practices; leverages current technology; facilitates the application of advanced credit risk analytics and benchmarking techniques; and enables the production of meaningful credit risk information for the agencies and reporting banks.

The agencies are proposing to implement the data collection changes beginning with the 2007 SNC examination cycle, employing data as of December 31, 2006.

Comments on the proposal will be accepted through February 15, 2005. Feedback from this request will be used to develop a more detailed notice for comment prior to any final implementation of the proposed changes. This more detailed notice will, to the extent necessary, formally propose a new data collection process and request comment on burden estimates pursuant to the Paperwork Reduction Act.

For further information, contact Lou Ann Francis, Shared National Credit Program coordinator or Larry Winter, director for Large Bank Supervision at (202) 874-4610.

Douglas W. Roeder
Senior Deputy Comptroller for Large Bank Supervision

Related Links

- 69 FR 76034

Management and Budget (''OMB''). Prior to submission of the extension request, FinCEN is soliciting comment on those information collections 31 CFR 103.177.

DATES: Written comments should be received on or before February 18, 2005.

ADDRESSES: You may submit comments, identified by 1505–AA87, by any of the following methods:

• Federal e-rulemaking portal: *http://www.regulations.gov.* Follow the instructions for submitting comments.

• E-mail: *regcomments@fincen.treas.gov.* Include RIN 1505–AA87 in the subject line of the message.

• Mail: FinCEN, P.O. Box 39, Vienna, VA 22183. Include RIN 1505–AA87 in the body of the text.

Instructions: It is preferable for comments to be submitted by electronic mail because paper mail in the Washington, DC, area may be delayed. Please submit comments by one method only. All submissions received must include the agency name and the Regulatory Information Number (RIN) for this rulemaking. All comments received will be posted without change to *http://www.fincen.gov*, including any personal information provided. Comments may be inspected at FinCEN between 10 a.m. and 4 p.m., in the FinCEN reading room in Washington, DC. Persons wishing to inspect the comments submitted must request an appointment by telephoning (202) 354–6400 (not a toll-free number).

FOR FURTHER INFORMATION CONTACT: Office of Regulatory Programs, FinCEN, (202) 354–6400; and Office of Chief Counsel, FinCEN, at (703) 905–3590 (not toll-free numbers).

SUPPLEMENTARY INFORMATION: The Bank Secrecy Act (''BSA''), Titles I and II of Public Law 91–508, as amended, codified at 12 U.S.C. 1829(b), 12 U.S.C. 1951–1959, and 31 U.S.C. *et seq.*, authorizes the Secretary of the Treasury, *inter alia*, to issue regulations requiring records and reports that are determined to have a high degree of usefulness in criminal, tax and regulatory matters. Title III of the USA PATRIOT Act of 2001, Pub. L. 107–56, included certain amendments to the anti-money laundering provisions of Title II of the BSA, 31 U.S.C. 5311 *et seq.*, which are intended to aid in the prevention, detection and prosecution of international money laundering and terrorist financing. Regulations implementing Title II of the BSA appear at 31 CFR part 103. The authority of the Secretary of the Treasury to administer Title II of the BSA has been delegated to the Director of FinCEN.

The information collected and retained under the regulation addressed in this notice assist federal, state, and local law enforcement as well as regulatory authorities in the identification, investigation and prosecution of money laundering and other matters. In accordance with the requirements of the Paperwork Reduction Act of 1995, 44 U.S.C. 3506(c)(2)(A), and its implementing regulations, the following information is presented concerning the information collection below.[1]

Title: Correspondent Accounts for Foreign Shell Banks; Recordkeeping and Termination of Correspondent Accounts for Foreign Banks (31 CFR 103.177).

OMB Number: 1505–AA87.

Abstract: Covered financial institutions are prohibited from maintaining correspondent accounts for foreign shell banks (31 CFR 103.177(a)(1)). Covered financial institutions that maintain correspondent accounts for foreign banks must maintain records of owner(s) of the foreign bank and the names and address of a person residing in the United States who is authorized to accept service of legal process for the foreign bank. (31 CFR 103.177(a)(2)). Covered financial institutions may satisfy these requirements by using the sample certification and re-certification forms contained in Appendices A and B of this regulation. Records of documents relied upon by a financial institution for purposes of this regulation must be maintained for at least five years after the date that the financial institution no longer maintains a correspondent account for such foreign bank (31 CFR 103.177(e)).

Current Action: There is no change to the existing regulations.

Type of Review: Extension of a currently approved collection notice.

Affected Public: Businesses or for profit institutions, and non-profit institutions.

Burden: The estimated average annual reporting burden associated with Appendix A is 20 hours per respondent; the estimated average annual reporting burden associated with Appendix B is 5 hours per respondent; and the estimated average recordkeeping burden associated with section 103.177(e) is 9 hours per recordkeeper.

The following paragraph applies to the collection of information addressed in this notice. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Records required to be retained under the BSA must be retained for five years. Generally, information collected pursuant to the BSA is confidential, but may be shared as provided by law with regulatory and law enforcement authorities.

Request for Comments: Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval. All comments will become a matter of public record. Comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology; and (e) estimates of capital or start-up costs and costs of operation, maintenance and purchase of services to provide information.

William J. Fox,

Director.

[FR Doc. 04–27747 Filed 12–17–04; 8:45 am]

BILLING CODE 4810–02–P

[1] OMB Control Number 1505–AA87 currently covers the information collection addressed in this notice. FinCEN intends to ask OMB to re-assign the control number in this collection to the 1506 series consistent with other rules issued under Title II of the Bank Secrecy Act.

DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

[Docket No. 04–25]

FEDERAL RESERVE SYSTEM

[Docket No. OP–1218]

FEDERAL DEPOSIT INSURANCE CORPORATION

DEPARTMENT OF THE TREASURY

Office of Thrift Supervision

[No. 2004–57]

Shared National Credit Data Collection Modernization

AGENCIES: Office of the Comptroller of the Currency, Treasury (OCC); Board of Governors of the Federal Reserve System (Board), the Federal Deposit Insurance Corporation (FDIC); and the Office of Thrift Supervision (OTS) as an assisting agency.

ACTION: Notice for public comment.

SUMMARY: The Federal Banking Agencies (Board, FDIC, OCC, and OTS, collectively referred to as ''the Agencies'') are seeking comment on proposed changes to the examination data collected in support of the Shared National Credit Program (Program). The Agencies propose to standardize and expand the data collection to improve the efficiency and effectiveness of Shared National Credit (SNC) examinations. By standardizing and expanding the collection of data, the Agencies will be able to use advanced credit risk analytics that will be beneficial to the reporting banks and the Agencies. The proposed changes are warranted based on the increasing sophistication of banks' risk management practices and the complexity of credit markets. Going forward, the Program also plans to take advantage of current information technologies. The Agencies plan to implement the changes beginning with the 2007 SNC examinations, employing data as of December 31, 2006.

DATES: Comments must be submitted on or before February 15, 2005.

ADDRESSES: Because the Agencies will jointly review all of the comments submitted, interested parties may send comments to any one of the Agencies without the need to send comments (or copies) to all of the Agencies. Postal service in the Washington, DC area and at the Agencies is subject to delay, so please consider submitting your comments by e-mail or fax. Commenters are encouraged to use the title ''SNC Program Modernization'' to facilitate the organization and distribution of comments among the Agencies. Interested parties may submit comments to:

OCC: You should include OCC and Docket Number 04–25 in your comment. You may submit comments by any of the following methods:

- *Federal eRulemaking Portal: http://www.regulations.gov*. Follow the instructions for submitting comments.
- *OCC Web site: http://www.occ.treas.gov.* Click on ''Contact the OCC,'' scroll down and click on ''Comments on Proposed Regulations.''
- *E-mail address: regs.comments@occ.treas.gov.*
- *Fax:* (202) 874–4448.
- *Mail:* Office of the Comptroller of the Currency, 250 E Street, SW., Mail Stop 1–5, Washington, DC 20219.
- *Hand Delivery/Courier:* 250 E Street, SW., Attn: Public Information Room, Mail Stop 1–5, Washington, DC 20219.

Instructions: All submissions received must include the agency name (OCC) and docket number or Regulatory Information Number (RIN) for this notice of proposed rulemaking. In general, OCC will enter all comments received into the docket without change, including any business or personal information that you provide. You may review comments and other related materials by any of the following methods:

- *Viewing Comments Personally:* You may personally inspect and photocopy comments at the OCC's Public Information Room, 250 E Street, SW., Washington, DC. You can make an appointment to inspect comments by calling (202) 874–5043.
- *Viewing Comments Electronically:* You may request e-mail or CD-ROM copies of comments that the OCC has received by contacting the OCC's Public Information Room at *regs.comments@occ.treas.gov.*
- *Docket:* You may also request available background documents and project summaries using the methods described above.

Board: You may submit comments, identified by Docket No. OP–1218 by any of the following methods:

- Agency Web site: *http://www.federalreserve.gov.* Follow the instructions for submitting comments at *http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm.*
- Federal eRulemaking Portal: *http://www.regulations.gov.* Follow the instructions for submitting comments.
- *E-mail: regs.comments@federalreserve.gov.* Include the docket number in the subject line of the message.
- *Fax:* (202) 452–3819 or (202) 452–3102.
- *Mail:* Jennifer J. Johnson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW., Washington, DC 20551.

All public comments are available from the Board's Web site at *http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm* as submitted, except as necessary for technical reasons. Accordingly, your comments will not be edited to remove any identifying or contact information. Public comments may also be viewed in electronic or paper form in Room MP–500 of the Board's Martin Building (20th and C Streets, NW.) between 9 a.m. and 5 p.m. on weekdays.

FDIC: You may submit comments by any of the following methods:

- *Agency Web site: http://www.FDIC.gov/regulations/laws/federal/propose.html*.Follow the instructions for submitting comments.
- *E-mail*: *comments@FDIC.gov.*
- *Mail:* Robert E. Feldman, Executive Secretary, Attention: Comments/Legal ESS, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429.
- *Hand Delivered/Courier:* The guard station at the rear of the 550 17th Street Building (located on F Street), on business days between 7 a.m. and 5 p.m.
- *Public Inspection*: Comments may be inspected and photocopied in the FDIC Public Information Center, Room 100, 801 17th Street, NW., Washington, DC, between 9 a.m. and 4:30 p.m. on business days.

Instructions: Comments received will be posted without change to *http://www.FDIC.gov/regulations/laws/federal/propose.html,* including any personal information provided.

OTS: You may submit comments, identified by No. 2004–57, by any of the following methods:

- *Federal eRulemaking Portal*: *http://www.regulations.gov.* Follow the instructions for submitting comments.
- *E-mail address*: *regs.comments@ots.treas.gov.* Please include No. 2004–57 in the subject line of the message and include your name and telephone number in the message.
- *Fax*: (202) 906–6518.
- *Mail*: Regulation Comments, Chief Counsel's Office, Office of Thrift Supervision, 1700 G Street, NW., Washington, DC 20552, Attention: No. 2004–57.
- *Hand Delivery/Courier*: Guard's Desk, East Lobby Entrance, 1700 G Street, NW., from 9 a.m. to 4 p.m. on business days, Attention: Regulation Comments, Chief Counsel's Office, Attention: No. 2004–57.

Instructions: All submissions received must include the agency name and No. 2004–57 for this *request for comment.* All comments received will be posted without change to the OTS Internet Site at *http://www.ots.treas.gov/pagehtml.cfm?catNumber=67&an=1,* including any personal information provided.

Docket: For access to the docket to read background documents or comments received, go to *http://www.ots.treas.gov/pagehtml.cfm?catNumber=67&an=1.*

In addition, you may inspect comments at the Public Reading Room, 1700 G Street, NW., by appointment. To make an appointment for access, call (202) 906–5922, send an e-mail to *public.info@ots.treas.gov,* or send a facsimile transmission to (202) 906–7755. (Prior notice identifying the materials you will be requesting will assist us in serving you.) We schedule appointments on business days between 10 a.m. and 4 p.m. In most cases,

appointments will be available the next business day following the date we receive a request.

FOR FURTHER INFORMATION CONTACT:

OCC: MaryAnn Nash, Counsel, Legislative and Regulatory Affairs Division (202) 874–5753; or Louise Francis, National Bank Examiner, Large Bank Supervision, (202) 874–1306; or Kevin Satterfield, Public Reference Room Assistant, Communications Division, 202–874–4700.

Board: Elaine Boutilier, Managing Senior Counsel, or Alye Foster, Senior Counsel, (202) 452–5289; or John T. Colwell, Senior Project Manager, Division of Bank Supervision and Regulation, (202) 728–5885. For users of Telecommunications Device for the Deaf (''TDD'') only, contact (202) 263–4869.

FDIC: William R. Baxter, Chief, Large Bank Section, Division of Supervision and Consumer Protection, (202) 898–8514 or *wbaxter@fdic.gov;* Cecilia L. Barry, Senior Financial Analyst, Large Bank Section, Division of Supervision and Consumer Protection, (202) 898–3506 or *cbarry@fdic.gov;* Rodney D. Ray, Counsel, Legal Division, (202) 898–3556 or *rray@fdic.gov;* or Leneta G. Gregorie, Counsel, Legal Division, (202) 898–3719 or *lgregorie@fdic.gov.*

OTS: David W. Tate, Manager, Examination Quality Review, (202) 906–5717.

SUPPLEMENTARY INFORMATION:

I. Introduction

The SNC Program is a cooperative initiative through which the Agencies examine and supervise shared national credits. A shared national credit is a lending commitment of $20 million or more that is held by three or more regulated lenders.

For the reasons explained in the discussion that follows, the Agencies have determined that their administration of the SNC Program could be improved, and the quality of the feedback we provide to banks in the SNC Program enhanced, by creating a single, shared SNC database and by standardizing and expanding the set of data we collect from certain banks that currently report data pursuant to the Program. Accordingly, this notice describes the changes to the reporting system that the Agencies contemplate and identifies the new data elements that the Agencies propose to collect. The proposed data elements are included in a chart appended to the notice. Immediately preceding the chart, the Agencies present a series of questions designed to elicit comment on the expanded program. Commenters' responses will help refine our thinking about the ultimate design of the expanded data collection process. Toward that end, the questions focus on the feasibility of providing the expanded information and on the effects and consequences of including particular new elements in the SNC reporting system. Commenters also are invited to suggest alternatives where appropriate.

Concurrently with this notice, the Board is publishing a separate Request for Information (RFI) to gather information from prospective contractors pertaining to system integration services to develop a common system solution for supporting the SNC Program.

Following our evaluation of the comments received in response to this notice and the RFI, the Agencies expect to develop a more detailed description of the new data collection process and to publish that description for additional comment. At that time, the Agencies will also solicit comment on burden estimates pursuant to the Paperwork Reduction Act. We anticipate that final changes to the SNC data collection process will be implemented through an interagency statement or similar issuance.

II. Background

The SNC Program has been an effective supervisory tool for over twenty-five years. In 2004, it covered approximately 7,500 facilities [1] to nearly 5,000 borrowers and represented committed exposure in excess of $1.5 trillion. The current objectives are to:

- Provide uniformity in approach and credit rating determinations,
- Gain efficiencies in risk analysis,
- Provide timely results to the reporting banks and Agencies, and
- Gather and analyze reporting bank and industry credit data.

Advancements in credit risk management and information technology have created an opportunity to improve the Agencies' ability to achieve these objectives going forward. In that regard, the Agencies propose to:

- *Standardize the SNC data collection system so that all Agencies collect the same data using the same data definitions,*
- *Expand SNC data collected from the banks that agent a significant volume of SNCs,*
- *Apply advanced credit risk analytics and benchmarking* [2] *techniques to common SNC borrowers, facilities, and reporting bank portfolios, and*
- *Provide reporting banks with feedback on their commonly held SNC portfolios across those metrics.*

The creation of a shared SNC database will improve the efficiency and accuracy of data submission by the reporting banks. Currently, the Federal Reserve and the OCC maintain separate SNC databases with slightly different data collection processes (the OCC also processes SNC data for the FDIC and OTS). A shared database and a common set of data definitions will allow for increased use of electronic data collection and will make the collection, reconciliation, and maintenance of SNC data more effective.

By expanding the data collected from the banks that agent a significant volume of SNCs, the Agencies will be able to develop and share useful credit risk information with them. Over time and as credit risk management techniques continue to evolve, reporting banks will want additional feedback from their primary Federal regulator on how their SNC portfolios compare with their peers. SNC benchmarking information will provide a unique reference point because comparable peer ratios on the internal credit risk estimates are currently not available.

III. Proposed Enhancements

The Agencies intend to standardize the SNC data collected from the reporting banks that serve as agent for at least 100 SNC facilities *and* have been identified as likely mandatory or opt-in Basel II banks [3] (*i.e.*, ''Expanded Reporters''). Banks that do not meet this criterion, but are able to provide the credit risk management data outlined in this proposal, could also voluntarily choose to participate as Expanded Reporters. All other reporting banks (*i.e.*, ''Basic Reporters'') would continue to submit data similar to the existing SNC reporting requirements. The Agencies also propose to clarify the data definitions and standardize the submission format to reduce ambiguity and automate the data collection process for those banks that are able to submit data electronically.

III.A. Basic Reporters

- Basic Reporters should see few changes outside of improved software and feedback reports from the Agencies.
- Basic Reporters would continue to provide data annually prior to the SNC

[1] The borrower receives funds from the lender by initiating a facility under the credit agreement. Essentially a loan, a facility might consist of a revolving, term, or other type of loan.

[2] Benchmarking references a standardized problem or test that serves as a basis for evaluation or comparison.

[3] See Risk-Based Capital Guidelines; Implementation of New Basel Capital Accord, 68 FR 45900 (Aug. 4, 2003).

examination period only on SNC facilities they agent.

• The data elements provided by Basic Reporters in the existing SNC Program would remain substantially unchanged. However, they would be subject to a common set of detailed definitions (*e.g.*, five or six digit NAICS codes would be required rather than the four (FRB) or five (OCC, FDIC, and OTS) that are currently requested).

• The Agencies would provide user-friendly software to the Basic Reporters to electronically transmit data.

• The Agencies would distribute identifiers (IDs) for borrowers and facilities agented by Basic Reporters (see the section on Regulatory IDs).

• A Basic Reporter would have the option to become an Expanded Reporter and receive benchmark comparisons as well.

III.B. Expanded Reporters

The following points highlight the primary changes that would affect Expanded Reporters.

• Expanded Reporters would report data on a quarterly basis instead of annually. Quarterly data submission will allow each Agency to provide more frequent feedback on the risk characteristics of SNC portfolios to the Expanded Reporters.

• Data would be collected on all Program borrowers and facilities (*i.e.*, agented and participated facilities) held by the Expanded Reporters.

• Expanded Reporters would report additional data elements.

The tables in Appendix I and II list the set of data elements required by the proposed changes to the Program.

III.C Regulatory IDs

Collecting and matching expanded data on the commonly held SNCs from agent reporting banks and participant reporting banks presents challenges. To ensure borrowers and facilities are uniformly identified, common identifiers (*i.e.*, Regulatory IDs) will need to be assigned. The Agencies are requesting assistance in the design, implementation, and administration of the Regulatory ID system.

The Agencies propose to create Regulatory IDs that the Expanded Reporters would distribute to participant reporting banks. The Regulatory IDs would accompany the data elements with each data submission by all Expanded Reporters that participate in the facility. Agencies would assign Regulatory IDs to current SNC borrowers and credits and provide those IDs to Expanded Reporters as they transition to the new system. Going forward, Expanded Reporters would request Regulatory IDs, as needed, on a post-origination basis.

The Agencies intend to distribute Regulatory IDs to Basic Reporters on an annual basis, following their annual data collection. The Agencies have not determined how an Expanded Reporter would provide data on facilities agented by Basic Reporters.

IV. Technology and Data Exchange

The Agencies propose to provide all reporting banks with a common set of detailed data element definitions that specify data quality standards as well as provide data validation and edit checks as part of the collection process. In addition, the new technologies will support seamless and secure electronic data exchanges between reporting banks and the Agencies. The Agencies also plan to use technologies for enhanced electronic reporting and feedback to reporting banks. Technologies and techniques to collect and distribute SNC data and reports are currently under investigation and include XML and XBRL taxonomies. The Agencies intend to implement an efficient data transmission process for each organization (*i.e.*, holding company level and all subsidiaries and affiliates) that prefers to submit and receive data centrally. Results could be mailed to one location, and data would be broken down by legal entity. These enhancements should improve the quality of information and the efficiency of the program.

V. Benefits of the Proposed Enhancements

The benefits of the proposed enhancements discussed in this notice would be significant to both reporting banks and the Agencies. The ability to quantify and compare institutional risk across the same syndicated exposure or portfolio of commonly held exposures (*i.e.*, ''benchmark'') is one important benefit of the proposed changes. With improved data, the Agencies will be able to benchmark the quality of broadly held credits in the banking industry and in individual reporting bank portfolios, and assist in the evaluation of credit risk metrics across commonly held portfolios of risk. Where appropriate, supervisors will be able to provide peer information on such items as capital intensity (*i.e.*, capital per dollar of exposure), weighted average Probability of Default (PD), weighted average Loss Given Default (LGD), and many other metrics on a reporting bank's total SNC portfolio (or by industry) versus peer basis. Analysis and benchmark comparisons may prompt examinations by the Agencies, particularly when reporting banks begin identifying emerging risks that other reporting banks have not. This information could also alert both the Agencies and reporting bank management to emerging trends or other pertinent factors.

Feedback relating to the range of risk metrics (*e.g.*, PDs, LGDs, and Exposures at Default) assigned by peer reporting banks to various industry sector exposures could help reporting banks evaluate and improve their internal risk systems. Such information could also improve the Agencies' understanding of internal risk assessment methodologies. Examples of this feedback might include:

• Feedback grouped by risk grade categories that would show median PDs, LGDs, or EADs for various industry segments.

• Borrower to borrower comparisons that would show a reporting bank how its PDs compared to the range of scores assigned to the same borrower by other banks.

• Credit comparisons, possibly grouped by facility type, size, industry, collateral, etc. that would help reporting banks compare their EAD and LGD values to the range of scores assigned by other banks to the same exposures.

• Accumulated actual credit loss measured over time, which could prove to be a valuable source of empirical information relating to LGD estimates.

The Agencies realize that there are various methods used to evaluate risk. Consequently, multiple conclusions could be drawn from the same information, yet still arrive at a sound and consistent risk assessment.

As supervisors and reporting banks gain experience with benchmarking and other data, the Agencies anticipate that the SNC on-site examination process will become more efficient. In the past, the Program has relied heavily upon examination of individual credit transactions. Going forward, examiners would continue to examine credits; however, they could focus their on-site examination on credits where portfolio analysis, market data and risk metrics indicate an increased risk or concentration. Moreover, with the expanded examination data, examiners should have a better understanding of a reporting bank's credit portfolio and macro credit trends.

VI. Conclusion

The benefits of the proposed changes to the Program discussed in this notice support the Agencies' goals to improve the data collection system, the efficiency and effectiveness of SNC examinations, and to provide the ability to perform and share advanced risk

analytics on the data. The effective implementation of a portfolio approach to credit risk is dependent on a timely and reliable flow of useful and relevant data in conjunction with benchmarking commonly held exposures and risk-focused examinations. These changes call for the reporting banks and Agencies to share more credit risk information than in the past. The ultimate goal of the proposed changes is to create a streamlined, risk-focused Program that recognizes and takes advantage of the significant advances in bank risk management practices, leverages current technology, and enables the production of meaningful credit risk information for the Agencies and reporting banks.

The questions in the next section address specific aspects of the proposal as well as request feedback on obstacles that the Agencies may not have anticipated.

The Agencies intend to use feedback from this preliminary proposal to develop a more detailed notice for comment prior to any final implementation of the proposed changes. This more detailed notice will, to the extent necessary, formally propose a new data collection and request comment on burden estimates.

VII. Questions

Feasibility of Reporting Banks Providing the Data and Establishing Which Reporting Banks Would Provide That Data

1. To perform benchmark analysis and provide meaningful feedback to the reporting banks, what data elements should the Agencies add, delete, or change from the Expanded Reporter list?

2. What are the effects on Expanded Reporters of providing data on credit participations?

a. Are there data elements that reporting banks would not be able to compile electronically without manual intervention?

b. Are there equivalent data elements that would be easier to provide?

3. For Basic Reporters, the Agencies anticipate that the effects of the proposal will be minimal. What effects, if any, do reporting banks see from the proposed changes?

a. The main change for Basic Reporters is improved data software. Are there changes to the current software that would be particularly helpful?

b. Which, if any, additional data items would be useful for the Agencies to collect, either to improve their understanding of the underlying transactions or to provide better feedback to the reporting banks?

c. What, if any, effects would the use of a common set of detailed definitions have on Basic Reporters? Are there other alternatives that could achieve the goals of reducing ambiguity and automating the data collection process?

4. Are the criteria ''agents 100 or more facilities *and* is a mandatory or opt-in Basel II bank'' reasonable to separate Expanded Reporters from Basic Reporters? If not, please provide an alternative.

5. Since more banks are using credit derivatives to manage their exposures, should the Program begin to collect data on credit derivatives in order to provide benchmarking feedback? Should the data files include credit derivative positions used to manage portfolio risk, along with the same risk metrics used for loans and other credit exposures?

Assignment and Maintenance of Unique Facility and Borrower Identifiers

6. Are there obstacles to the Agencies' proposal to assign, distribute, and maintain Regulatory IDs and, if so, what are they?

a. Should the Agencies distribute Regulatory IDs directly to participants instead of relying on the Expanded Reporter Agent banks to do so?

b. Should Basic Reporters also distribute Regulatory IDs to their participants? Are credit participations held by Basic Reporters' numerous enough to provide useful, relevant feedback?

c. Are there existing or planned commercial systems that might help uniquely identify facilities and borrowers in place of the process proposed here?

d. Would quarterly batch submission and Regulatory ID feedback for Expanded Reporters be preferable or would those banks prefer to request the Regulatory IDs throughout the year as deals are completed?

7. Which technologies would best support the reporting banks in requesting Regulatory IDs?

Feasibility of Data Exchange, Data Definitions, and Selecting Data Exchange Technologies

8. For both Basic and Expanded Reporters, the Agencies propose to define standard data requirements to support the secure file exchanges, and utilize web-based data exchanges, such as XML and XBRL taxonomies and related secure technologies, to exchange SNC examination data.

a. Is there an alternative to XML and XBRL taxonomies and related secure technologies to collect SNC examination data that would be superior?

b. Would it be feasible to extend existing data exchange technologies, conduits, and processes, such as those used for the FFIEC Call Reporting, to collect SNC data?

9. Do reporting banks store sufficient information in their databases to electronically identify a SNC according to the current criteria—$20 million or more with three or more lenders regulated by the Agencies?

a. Would reporting banks need a resource to determine if the Agencies regulate a lender?

b. Would other criteria help reporting banks identify SNCs and submit data electronically?

c. Would a larger data feed to the Agencies, which the Agencies would then screen for SNC criteria and then extract SNC facilities, be easier for reporting banks to administer?

Additional Issues Related to the Delivery of Reports and Data to Reporting Banks

10. Assuming that the proposed list of data elements is adopted, how could that data be best presented to provide value to Basic and Expanded Reporters (*i.e.*, what views would be most advantageous)?

a. Alternatively, should the Agencies simply provide raw data tables to support bank-generated reports?

b. Will your reporting bank be able to receive the feedback data and reports electronically by the proposed 2007 implementation date?

11. Are there any unintended consequences that might arise from the use of this comparative information?

Additional Questions

12. The Agencies currently ask reporting banks to provide the name, city, and state for SNC borrowers. This has often not been enough information to clearly identify borrowers in the SNC database. The Agencies are looking for additional data that reporting banks might provide to help identify their borrowers more clearly (*e.g.*, stock tickers, taxpayer identification numbers, CUSIP numbers, MKMV's PIDs, etc).

a. Which of these additional data elements would be most useful for this project?

b. What are the minimum data required to clearly identify borrowers and facilities?

c. Which, if any, of these items do reporting banks store electronically?

d. Is the proposal to require submission of at least one of these items reasonable?

13. Over the past two decades, some of the industry's largest losses involved credits extended to groups of related borrowers.

a. How are reporting banks identifying groups of related borrowers in their own systems?

b. What data could participating reporting banks provide to help identify related borrowers in SNC credits?

c. Could reporting banks electronically transmit data on guarantors for credits, sponsors, or other related and relevant parties?

14. Could the reporting banks provide entries tracking the resolution of credits over time, such as amounts charged off or sales of assets since the last data submission?

15. The data submission software currently in use (OSCAR and SNC Reporting Application) does not easily support aggregated reporting of SNC information for all of a reporting bank's related entities. Should the Agencies design software to permit aggregate, single-point, reporting of SNC data for a reporting bank? Should electronic data file submission also allow this type of reporting?

Appendix I

DATA ELEMENTS FOR EXPANDED REPORTERS

Data element ("N" denotes data that is not collected in the current program)	Comments	A/P* (Agent/participant)
Name and address of Borrower and Agent Bank ...	Full, legal name as it appears in the corporate charter, and State, ZIP, and country.	AP
Name and address of the Review Bank, if any	A "review" bank is designated in two situations: by the agent when it wishes to identify a location other than its headquarters for examination of the credit files by Agency supervisors, or by the supervisors when the agent is a non-regulated bank and the supervisors wish to examine the transaction. In the latter case, the supervisors will designate one of the regulated participant banks as the "review" bank.	A
RegIDs of the Borrower and Agent Bank	The Regulatory IDs ("RegIDs") of the Borrower and the Agent bank are currently referred to as the borrower's and agent bank's "RSSD#". This document proposes to expand the use of "RegIDs" to facilitate linkage of agent bank and participant bank information, and the RSSD system may, or may not, be used in the future for this purpose.	AP
RegID of the Review Bank, if any	The "RegID" of the Review Bank is currently referred to as the review bank's "RSSD#." The RSSD system may, or may not, be used in the future for this purpose.	A
Industry Code (NAICS)	2002 North American Industrial Classification System (NAICS) code number reflecting the borrower's business activity. Note that although this data element is currently provided, this document proposed to increase the number of digits required to five or six (from four required by the FRB and five requested by the OCC/FDIC/OTS), which is consistent with the industry code requirements for filers of Form FR Y–10.	A
Parent Identification (N)	Name, Address, and Industry information for Parent Organization. If the reporting bank does not store the legal parent, or better yet the ultimate parent company in a multi-tier structure, then reporting banks would provide the name that they use to aggregate related exposures.	AP
Reporting bank's internal Facility ID	Reporting bank's internal facility number. Helps examiners identify facilities in bank records.	AP
RegID of the Facility	The "RegID" of the facility is currently referred to as the "Credit Number" and is assigned by the Agencies. The "Credit Number" identifier would be replaced by the proposed "RegID" system, which would facilitate linkage of agent bank and participant bank information.	AP
Facility Origination Date	Date the facility originated. Permits analysis of facilities by "vintage" to identify underwriting trends.	A
Most Recent Renewal Date	Currently provided by FRB reporting banks only. Date the facility was last renewed or reviewed to confirm the risk rating.	A
Facility Maturity Date	Date by which all utilizations must be repaid (*i.e.*, not the latest drawdown date, but the date by which all drawings must be repaid).	A
Facility Committed Exposure	Total facility availability legally committed to the borrower as of the date of the data submission. Includes the *total* facility amount, not just the portion retained by the agent reporting bank (if any)—the agent bank's portion of the total exposure would be reported in "Participant bank Share of Committed Exposure" below.	A
Facility Utilized Exposure	Total utilized amount, including off-balance sheet instruments (*e.g.*, LCs), as of the date of the data submission. Includes the *total* facility utilization, not just the portion retained by the agent bank (if any)— the agent bank's portion of the total utilization is a new data element that would be reported in "Participant bank Share of Utilized Exposure" below.	A
Borrower Risk Rating (N)	Risk rating assigned to the borrower	AP
Borrower PD—Probability of Default (Reg) (N)	PD used for regulatory capital purposes (after any guarantor effect)	AP
Facility EAD—Exposure at Default (Reg) (N)	EAD used for regulatory capital purposes	AP
Facility LGD—Loss Given Default (Reg) (N)	LGD used for regulatory capital purposes (after any guarantor effect)	AP
Facility EL—Expected Loss (Reg) (N)	EL using the PD, EAD, and LGD for regulatory capital purposes (after any guarantor impact).	AP
Facility Capital (Reg) (N)	Regulatory capital applicable to the facility (after any guarantor effect)	AP
Guarantor Name and stand alone PD, and guaranty amount (N).	To be submitted *only* if the guarantor's attributes are modifying the stand-alone characteristics of the borrower's PD or facility LGD. The parameter that was mitigated (*i.e.*, PD or LGD) will also be provided.	AP

DATA ELEMENTS FOR EXPANDED REPORTERS—Continued

Data element (''N'' denotes data that is not collected in the current program)	Comments	A/P* (Agent/participant)
At least one of the following (N): Taxpayer ID# (TIN), CUSIP (borrower), Stock Ticker, MKMV's ''PID'', LPC's Loan ID# (LIN).	A corroborating variable to identify the borrower in the event of ambiguity in the other data elements.	AP
Participant bank Share of Utilized Exposure	In the current Program, the agent bank submits the committed exposure for each participant bank. As a new data element, the Agent bank would also be asked to provide the utilized exposure for each participant bank. Additionally, each participant bank would be asked to submit its utilized exposure, which would be linked to the data provided by the agent bank using the proposed RegID# system.	AP
Cumulative Facility Charge offs (N)	Supports reconciliation and analysis of risk exposures over time	AP
Facility collateral type (*e.g.*, A/R, Equip) (N)	Supports LGD analysis	A
# Days Principal or Interest Past Due (N)	Distress indicator/nonaccrual trigger	A
Reportable SNC Flag (N)	Identifies the current quarter as that in which a borrower no longer qualifies as a SNC, and notifies users that the facility will not appear in future data submissions.	A
Participant bank names and addresses	In the current Program, the agent reporting bank submits the full, legal name of each participant bank, and its State, Zip, and country, and would continue to do so under this proposal. Each participant bank would also provide its name and address (in addition to other data elements as noted), which would be used to supplement linkage of agent bank and participant bank information through the new RegID system.	AP
RegID of each Participant bank	The ''RegID'' of a participant bank is currently referred to as the participant bank's ''RSSD''#. Currently the agent bank submits the RegID (RSSD#) of each participant bank, and would continue to do so under this proposal. Each participant bank would also provide its RegID# (in addition to other data elements as noted), which would be used to link agent bank and participant bank information. If the agent bank is also a participant bank, it would use the same RegID to report both its agency and its participation.	AP
Participant bank Share of Committed Exposure	In the current Program, the agent bank submits the committed exposure for each participant bank. Additionally, each participant bank would be asked to submit its committed exposure, which would be linked to the data provided by the agent bank using the proposed RegID system.	AP
Facility Type	Generic description of the facility (*e.g.*, revolver, term)	A
Facility Purpose	Generic description of purpose (*e.g.*, purchase equipment, provide operating funds).	A
Facility Risk Rating	Facility rating using the reporting bank's risk rating system	AP
% Pass	% of committed exposure rated Pass (*i.e.*, translation of the reporting bank's risk rating into the regulatory risk rating system). Under the current Program, this is reported by the agent bank and covers the entire facility amount (''Facility Committed Exposure'') using the agent bank's credit evaluation. Under this proposal, each participant bank (including the agent bank) would report the ''% Pass'' but only for their ''Participant bank Share of Committed Exposure'' (see above).	AP
% Special Mention	% of committed exposure rated Special Mention—see ''% Pass'' above for a more detailed explanation of expected reporting.	AP
% Substandard	% of committed exposure rated Substandard—see ''% Pass'' above for a more detailed explanation of expected reporting.	AP
% Doubtful	% of committed exposure rated Doubtful—see ''% Pass'' above for a more detailed explanation of expected reporting.	AP
% Loss	% of committed exposure rated Loss—see ''% Pass'' above for a more detailed explanation of expected reporting.	AP
Nonaccrual Indicator	Yes/No	AP
Nonaccrual Date	First day for which interest was no longer accrued as income	AP
Internal Watch Indicator	Currently provided only by FRB reporting banks. On the bank's watch list—Yes/No.	AP
Name of Responsible Account Officer	Account officer that examiners could contact to discuss the credit	A
Phone Number of Responsible Account Officer	Account officer's external phone number	A
Department Handling Account	Currently provided only by OCC reporting banks. Name of the business unit that is responsible for monitoring the borrower's performance and credit quality.	A

* *Data to be provided for Agented (A) and/or Participated (P) facilities. Readers should also note that, for purposes of this document, an agent reporting bank is also a participant reporting bank if the agent reporting bank retains credit exposure.*

Appendix II

DATA ELEMENTS FOR BASIC REPORTERS

Data element ("N" denotes data that is not collected in the current program)	Comments
Name and address of Borrower and Agent reporting bank.	Full, legal name as it appears in the corporate charter, and State, ZIP, and country.
Name and address of the Review Bank, if any	Normally the same as the agent bank, a "review" bank differs from the agent bank in two situations: when the agent bank wishes to identify a location other than its headquarters for examination of the credit files by Agencies, or by the Agencies when the agent bank is a non-regulated bank and the Agencies wish to examine the transaction. In the latter case, the Agencies will designate one of the regulated participant banks as the "review" bank.
RegID of the Borrower and the Agent Bank	The "RegIDs" of the Borrower and the Agent bank are currently referred to as the borrower's and the agent bank's "RSSD#." This document proposed to expand the use of "RegIDs" to facilitate linkage of agent bank and participant bank information, and the RSSD system may, or may not, be used in the future for this purpose.
RegID of the Review Bank, if any	The "RegID" of the Review Bank is currently referred to as the review bank's "RSSD#." The RSSD system may, or may not, be used in the future for this purpose.
Industry Code	2002 North American Industrial Classification System (NAICS) code number reflecting the borrower's business activity. Note that although this data element is currently provided, this document proposed to increase the number of digits required to five or six (from four required by the FRB and five requested by the OCC/FDIC/OTS), which is consistent with the industry code requirements for filers of Form FR Y–10.
Bank's internal Facility ID	Bank's internal facility number. Helps examiners identify facilities in bank records.
Facility Origination Date	Date the facility originated. Permits analysis of facilities by "vintage" to identify underwriting trends.
Most Recent Renewal Date	Currently provided by FRB banks only. Date the facility was last renewed or reviewed to confirm the risk rating.
Facility Maturity Date	Date by which all utilizations must be repaid (*i.e.*, not the latest drawdown date, but the date by which all drawings must be repaid).
Facility Committed Exposure	Total facility availability legally committed to the borrower as of the date of the data submission. Includes the total facility amount, not just the portion retained by the agent bank (if any).
Facility Utilized Exposure	Total utilized amount, including off-balance sheet instruments (*e.g.*, LCs), as of the date of the data submission. Includes the total facility utilization, not just the portion retained by the agent bank (if any).
# Days Principal or Interest Past Due (N)	Distress indicator/nonaccrual trigger.
Participant bank Names and Addresses	The agent bank submits the full, legal name of each participant bank, and its State, Zip, and Country.
Participant Bank's Share of Committed Exposure.	The agent bank submits the committed exposure for each participant bank.
Facility Type	Generic description of the facility (*e.g.*, revolver, term).
Facility Purpose	Generic description of purpose (*e.g.*, purchase equipment, provide operating funds).
Facility Risk Rating	Facility rating using the reporting bank's risk rating system.
% Pass	% of committed exposure rated Pass (*i.e.*, translation of the bank's risk rating into the regulatory risk rating system).
% Special Mention	% of committed exposure rated Special Mention (*i.e.*, translation of the bank's risk rating into the regulatory risk rating system).
% Substandard	% of committed exposure rated Substandard (*i.e.*, translation of the bank's risk rating into the regulatory risk rating system).
% Doubtful	% of committed exposure rated Doubtful (*i.e.*, translation of the bank's risk rating into the regulatory risk rating system).
% Loss	% of committed exposure rated Loss (*i.e.*, translation of the bank's risk rating into the regulatory risk rating system).
Nonaccrual Indicator	Yes / No
Nonaccrual Date	First day for which interest was no longer accrued as income.
Internal Watch Indicator	Currently provided only by FRB reporting banks. On the reporting bank's watch list—Yes / No.
Name of Responsible Account Officer	Account officer name.
Phone Number of Responsible Account Officer	Account officer's external phone number.
Department Handling Account	Currently provided only by OCC reporting banks. Name of the business unit that is responsible for monitoring the borrower's performance and credit quality.

Dated: December 14, 2004.

Julie L. Williams,

Acting Comptroller of the Currency.

By order of the Board of Governors of the Federal Reserve System, December 14, 2004.

Jennifer J. Johnson,

Secretary of the Board.

Dated at Washington, DC, the 7th day of December, 2004.

By order of the Federal Deposit Insurance Corporation.

Robert E. Feldman,

Executive Secretary.

Dated: December 9, 2004.

By the Office of Thrift Supervision.

James E. Gilleran,

Director.

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