



RESCINDED

OCC 2001-14

Subject: Working Group on Public Disclosure
Date: March 23, 2001

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

Description: Enhancements to Public Disclosure

Any attachments to this document are rescinded only as they relate to national banks and federal savings associations.

recommendations as they develop enhanced disclosures.

In addition to the broad principles contained in the Working Group's January 2001 report, a number of specific recommendations were put forth. These include quarterly disclosure of some market risk information now disclosed annually, and enhanced, quarterly disclosures about credit concentrations and credit quality of portfolios. In particular, the Working Group recommended that firms disclose:

1. Aggregate high-, average-, and low-trading value at risk (VAR) over the quarter.
2. High-, average-, and low-trading VAR by major risk category (e.g., fixed income, currency, commodity, and equity) over the quarter, including diversification effects.
3. Quantification of how well market risk models performed (e.g., histograms of daily trading revenues compared to average VAR over the quarter).
4. Current credit exposures by internal rating, reflecting the effects of netting, collateral, and other credit protection, including explanatory information on their ratings, with comparisons, if appropriate, to external ratings. Recognizing that it might be inappropriate or not feasible to include certain credit products in this disclosure (e.g., debt securities in trading inventory), firms should make it clear which products are included. Distinguishing between loan and other credit exposures also would be helpful.
5. Information about the maturity profile of transactions giving rise to material credit exposures.
6. Insight into credit concentrations (e.g., industry sector and country risk).

Some of the enhanced disclosures recommended by the Working Group may be best incorporated in quarterly and annual financial reports, which will generally be issued by publicly held holding companies, while other information may be more effectively communicated via alternative media such as public Web sites.

The Agencies will continue to discuss the Working Group's report within the regulatory community and with financial institutions to explore additional ways of enhancing disclosures. In this regard, the Agencies will consider the recommendations of the Working Group in other efforts to improve public disclosures, such as the ongoing project to revise the Basel Capital Accord.

If you have any questions or comments, please contact Zane Blackburn, Chief Accountant, at (202) 874-5180.

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¹ In April 2000, the Federal Reserve Board established the Working Group on Public Disclosure with the participation of the OCC and the Securities and Exchange Commission (collectively as "Agencies"). The Working Group's members were senior executives from domestic and foreign banking organizations and securities firms, and the group was chaired by Walter Shipley, retired chairman of Chase Manhattan Bank. Its objective was to recommend improvements in public disclosures by large financial institutions. This objective was fulfilled by developing various recommendations in a letter to the federal agencies, sent on January 11, 2001. The report is available on the OCC's Web site at <http://www.occ.gov/static/news-issuances/news-releases/2001/01-ja-01-11ltr-wg.pdf>.

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