

Fact Sheet on Proposed Guidance to Enhance Resolution Planning at Large Banks

Background

The Federal Deposit Insurance Corporation and the Federal Reserve Board invited public comment on proposed guidance to help certain large bank holding companies further develop their Dodd-Frank Act Title I resolution plans.

These resolution plans, also known as “living wills,” describe a bank holding company’s strategy for rapid and orderly resolution under bankruptcy in the event of material financial distress or failure.

Applicability

The guidance would generally apply to bank holding companies and foreign banking organizations with more than \$250 billion in total assets but that are not the largest and most complex companies, which are already subject to guidance on resolution planning. The guidance would address the specific characteristics of, and risks posed by, this group of companies.

Proposal

The guidance is organized around key areas of potential vulnerability to resolvability. The elements of the guidance are:

1. Scope of application
2. Capital
3. Liquidity
4. Governance mechanisms
5. Operational capabilities
6. Legal entity rationalization and separability
7. Derivatives and trading activities
8. Insured depository institution resolution guidance (multiple point of entry strategy only)
9. Branches (for foreign banks)
10. Group resolution plan (for foreign banks)
11. Format and structure of plans; assumptions

Distinct from the guidance to the largest and most complex companies, the proposal would provide agency expectations for both single point of entry and multiple point of entry strategy needs, which are different strategies companies may adopt for their rapid and orderly resolution. It also would propose that foreign banking organizations develop their U.S. resolution strategies to be complementary to their global resolution plans.

The proposed guidance will be published in the *Federal Register*, with comments due by November 30, 2023.