January 23, 2023

Via Electronic Mail

Ann E. Misback
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave., N.W.
Washington, D.C. 20551

James P. Sheesley
Assistant Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

Re: Advance Notice of Proposed Rulemaking on Resolution-Related Resource Requirements for Large Banking Organizations. Docket No. R–1786; RIN 7100-AG44; RIN 3064-AF86.

Dear Ms. Misback and Mr. Sheesley:

The PNC Financial Services Group, Inc. ("PNC") appreciates the opportunity to comment on the Advance Notice of Proposed Rulemaking (the "ANPR") on Resolution-Related Resource Requirements for Large Banking Organizations ("LBOs") published by the Board of Governors of the Federal Reserve System (the "Federal Reserve") and the Federal Deposit Insurance Corporation (the "FDIC" and together with the Federal Reserve, the "Agencies").[1]

The ANPR solicits comments on how "appropriately-adapted" elements of the resolution-related standards applicable to global systemically important banks ("GSIBs") could be applied to enhance the resolvability of non-GSIB LBOs and address financial stability risks posed by the material financial distress or failure of a non-GSIB LBO. The potential imposition of a long-

[1] Agencies, Advance Notice of Proposed Rulemaking, *Resolution-Related Resource Requirements for Large Banking Organizations*, 87 Fed. Reg. 64170 (Oct. 24, 2022) (hereinafter *ANPR*). For purposes of the ANPR, the Agencies have defined LBO as "a domestic bank holding company, or domestic savings and loan holding company that has $100 billion or more in total consolidated assets but is not a [global systemically important bank]" ("non-GSIB LBOs"). Id. at 64171, note 4. The ANPR provides that the "[t]he total populations of [non-GSIB LBOs] corresponds to Category II through IV firms under the [Federal Reserve's] tiering framework for enhanced prudential standards." Id.

term debt ("LTD") requirement on non-GSIB LBOs, at the holding company or insured depository institution ("IDI") level, is the principal focus of the ANPR.

I. Introduction

PNC is a Main Street banking organization focused on traditional banking activities, including retail banking, consumer and residential mortgage lending, corporate and institutional banking, and asset management. Our business model is focused on serving the needs of our customers and the communities in which our customers and employees work and live. We work to become embedded in the local communities we serve, with Regional Presidents in each of our major markets who are responsible for delivering the whole bank locally and ensuring PNC understands—and supports—the local development and banking needs of our communities.

PNC is financially strong and resilient. As of September 30, 2022, our Common Equity Tier 1 ratio was 9.3% and our Supplementary Leverage Ratio was 7.3%, in each case more than twice the regulatory minimum. The Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR") for PNC and PNC Bank also exceeded the 100% regulatory requirement as of September 30, 2022, respectively. In addition, PNC consistently performs well through the Federal Reserve's supervisory stress tests, reflecting the strength of our balance sheet and conservative, through-the-cycle approach to credit risk management.[2]

PNC has limited capital markets, derivative and foreign operations, and the vast majority of PNC's operations are conducted through our single IDI subsidiary, PNC Bank, National Association ("PNC Bank"). As of September 30, 2022, PNC Bank had total consolidated assets of $554.4 billion, representing approximately 99% (before consolidating entries) of the total consolidated assets of PNC.

As a result of PNC's simple organizational structure and Main Street bank focus, PNC's balance sheet and risk profile are significantly less complex than that of the GSIBs. Our simplicity and low systemic risk profile is illustrated by our estimated Method 1 GSIB score of only 36 as of December 31, 2021, far below the 130-point minimum score necessary to be classified as a GSIB. Furthermore, PNC can be resolved without creating financial stability risks as evidenced by our resolution plans that include multiple options for PNC and PNC Bank to be separated into multiple components and sold to multiple purchasers. The Agencies have consistently found our resolution plans to be credible.

In light of PNC's resiliency and resolvability, as well as the significant differences in business model, complexity and risks between PNC and the GSIBs, we believe LTD and other GSIB-related resolution requirements are unnecessary and inappropriate for PNC. Any limited, incremental benefit of such requirements is likely to be greatly outweighed by the resulting costs

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[2] *See* 2022 Federal Reserve Stress Test Results, p. 47 (June 2022), available at https://www.federalreserve.gov/publications/files/2022-dfast-results-20220623.pdf.

and potential unintended consequences to non-GSIB LBOs and the U.S. economy, and we urge the Agencies to conduct a careful cost-benefit analysis before moving forward with any proposed rule.

We were actively involved in the development of other comment letters on the ANPR and in particular support the comments of the Regional Bank Group, [3] the American Bankers Association,[4] and the Bank Policy Institute.[5] The comments and recommendations in this letter are intended to supplement the comments contained in those letters.

II. PNC is Resolvable Without New LTD or Other Resolution-Related Requirements

a. PNC Is a Simple, Bank-Centric Organization that Does not Pose Systemic Risk.

Unlike the GSIBs, PNC Bank does not have any operations the failure of which would pose a threat to financial stability. PNC has a simple organizational structure with only one material entity—PNC Bank. As of September 30, 2022, PNC had total consolidated assets of \$559.5 billion. PNC Bank had total consolidated assets of \$554.4 billion, representing approximately 99% (before consolidating entries) of the total consolidated assets of PNC. In contrast, the consolidated depository institution assets for the six largest GSIBs represent, on average, only approximately 75% of total consolidated assets. We have limited capital markets, derivative and foreign operations. Accordingly, the vast majority of PNC's assets would be subject to the well-established resolution processes under the Federal Deposit Insurance Act ("FDI Act"), and, thus, there is no risk of conflicting resolution regimes materially affecting PNC's resolution.

As a result of our simple structure and Main Street bank focus, PNC is not a GSIB under the Federal Reserve's GSIB framework.[6] This framework evaluates a banking organization's systemic importance on the basis of its attributes in five broad categories: size, interconnectedness (such as securities outstanding), cross-jurisdictional activity, substitutability (such as payment activity, assets under custody, underwritings), and complexity (such as over-the-counter derivatives, available-for-sale securities). The GSIB framework provides a dynamic tool for identifying as systemically important those banking organizations that now or in the future pose elevated risks.

As shown in Figure 1, the U.S. GSIBs had estimated Method 1 scores ranging from 146 to 436 as of December 31, 2021. As of December 31, 2021, PNC's estimated Method 1 GSIB

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[3] *See* Letter to the Agencies from PNC, Capital One Financial Corporation, The Charles Schwab Corporation, Truist Financial Corporation and U.S. Bancorp (Jan. 23, 2023).

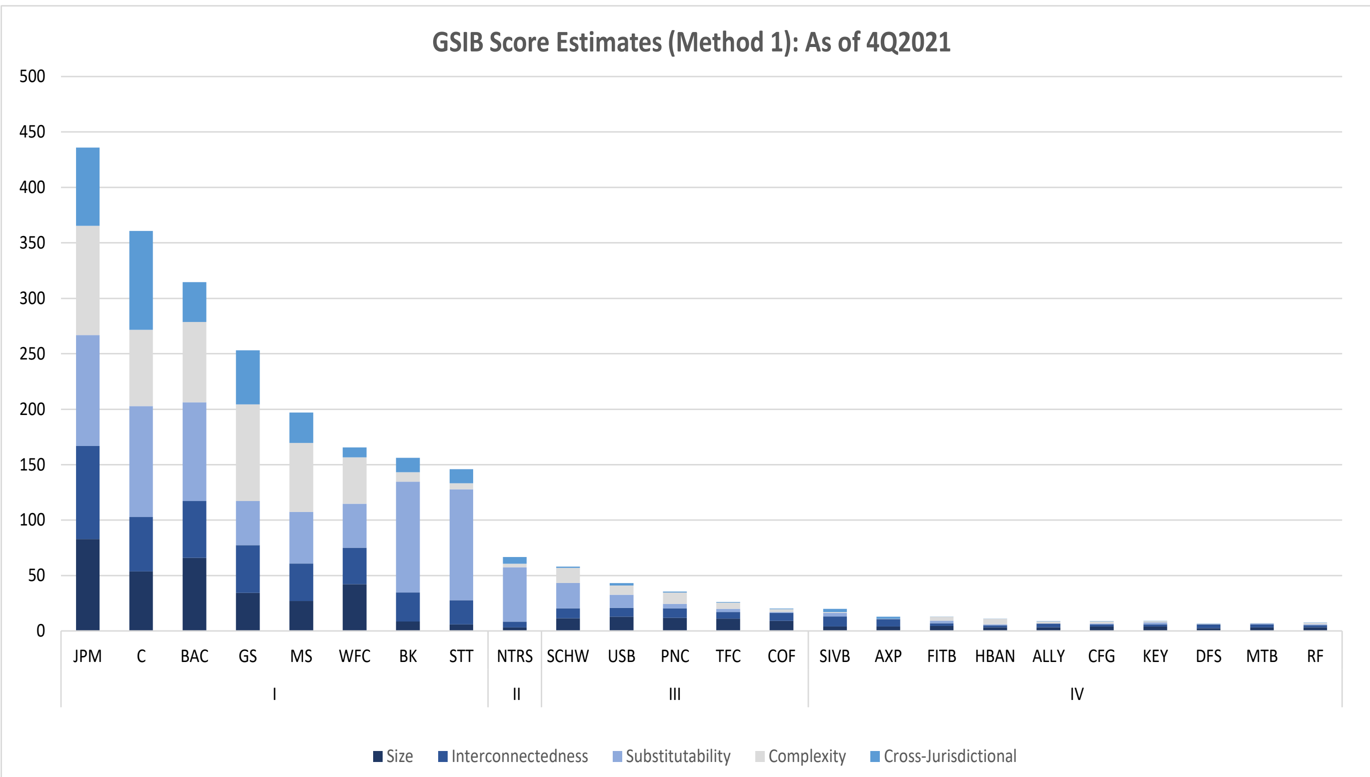
[4] *See* Letter to the Agencies from the Bank Policy Institute (Jan. 20, 2023).

[5] *See* Letter to the Agencies from the American Bankers Association (Jan. 4, 2023).

[6] *See* 80 Fed. Reg. 49106 (Aug. 14, 2015).

score was only 36, far below the 130-point minimum necessary to be classified as a GSIB under the GSIB framework.[7] In fact, PNC's GSIB score is less than 15% of the average score of the U.S. GSIBs and even 50% less than the score of the highest GSIB score for a non-GSIB LBO. Figure 1 compares PNC's estimated GSIB score and underlying systemic risk scores to those of the GSIBs and other LBOs, as of December 31, 2021. Based on these metrics, PNC's systemic risk profile (size aside) is more similar to Category IV banking organizations than the GSIBs.

Figure 1: Estimated Method 1 GSIB Scores as of December 31, 2021



b. PNC Can Be Resolved in Ways that Do Not Involve a Sale of PNC to a GSIB.

The ANPR suggests that the size and complexity of non-GSIB LBOs, combined with the extent of their uninsured deposit funding, may limit the FDIC's options for resolving a non-GSIB LBO to a sale of the entire institution to a GSIB or another LBO.[8] This is not correct.

Bank holding companies with $250 billion or more in total assets or that are otherwise in Categories I - III, including PNC, are required to submit to the Agencies plans for their orderly

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[7] *See* 12 C.F.R. § 217.402.

[8] ANPR, supra note 1, at 64172 ("These additional resources could also be useful in keeping various resolution options open for the FDIC to resolve a subsidiary depository institution in a way that minimizes the long term risk to financial stability; availability of such resources could help preserve optionality for resolving large IDIs across a range of scenarios in a manner that is least costly to the [Deposit Insurance Fund] without resorting to the sale of the firm being resolved to another large banking organization or GSIB.")

resolution under the U.S. Bankruptcy Code.[9] Similarly, IDIs with $50 billion or more in total assets, including PNC Bank, must submit to the FDIC plans for the resolution of the IDI under the FDI Act.[10] These plans must demonstrate that the institution could be resolved at the holding company level without creating systemic risk and could be resolved at the bank level under the FDI Act in a manner that (i) ensures depositors receive access to their insured deposits within one business day of the institution's failure (two business days if the failure occurs on a day other than Friday), (ii) maximizes the net present value return from the sale or disposition of its assets, and (iii) minimizes the amount of any loss realized by the creditors in the resolution.[11] The Agencies must review resolution plans and make a determination of whether a plan is not credible or would not facilitate an orderly resolution of the firm under the U.S. Bankruptcy Code or the FDI Act, as applicable.

PNC's current multiple point of entry ("MPOE") resolution strategy assumes that, following failure of PNC Bank, the FDIC would place PNC Bank in receivership and transfer certain assets and liabilities to a bridge bank for resolution. [12] PNC would subsequently file for bankruptcy, and PNC's non-bank subsidiaries—all of which are immaterial – would be resolved and likely dissolved. PNC's resolution plans include a viable option through which PNC Bank can be separated into various components based on markets, lines of business and loan portfolios and sold in a series of strategic sales of PNC Bank's assets and deposits to multiple potential purchasers without creating risks to the U.S financial system.[13]

Potential third-party purchasers of PNC Bank, or a geographic portion of its business, would include a range of financial institutions, including foreign and domestic traditional banks, asset managers, non-bank lenders, specialized loan management firms and private equity firms. Importantly, potential purchasers would include banks that would not have more than $550 billion in total consolidated assets (PNC's current size) after completion of any such acquisition.

The feasibility of this market-based resolution strategy is bolstered by PNC Bank's regional president model. This operating model is managed by PNC Bank's Regional President organization and composed of 54 regional markets. Regional Presidents are accountable for the total performance of their markets, supporting the business lines in achieving their respective revenue and other performance goals, and making introductions and closing business. They help

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[9] 12 U.S.C. § 5365(d); 12 C.F.R. §§ 243 and 381.

[10] 12 C.F.R. § 360.10.

[11] 12 C.F.R. § 360.10(a).

[12] *See* The PNC Financial Services Group, Inc. 2021 Resolution Plan: Public Executive Summary, p. 27, available at https://www.federalreserve.gov/supervisionreg/resolution-plans/pnc-fncl-svc-3g-20211217.pdf. Category III firms, such as PNC, are required to submit resolution plans on a triennial cycle, alternating between submission of full and targeted resolution plans. PNC last submitted a targeted resolution plan on December 17, 2021 and will be required to submit a full resolution plan on or before July 1, 2024.

[13] Id.

drive and execute line-of-business strategies and initiatives, providing leadership across all lines of business.

While this operating structure was not developed for purposes of simplifying resolution, it does, in fact, allow for a geographic regional banking market-based approach during a resolution. The geographic regional banking market-based resolution approach would provide a better opportunity for clients to maintain all accounts (loans, deposits, investments and business accounts) at one institution post-resolution, potentially resulting in lower customer attrition and a higher loan-to-deposit ratio for the business being sold. PNC Bank's management information systems ("MIS") would also support the feasibility of a separate, regional-based marketing of PNC Bank, as they are equipped to report financial and other data regarding the loans and deposits aligned to each of PNC Bank's regional markets.[14]

To date, the resolution plans of PNC and PNC Bank have not been found to be "not credible" by the Federal Reserve or the FDIC. Thus, there is no evidence indicating that issuance of LTD or imposition of other GSIB-like resolution requirements is necessary for PNC to avoid systemic consequences or facilitate a resolution of PNC or PNC Bank.

c. PNC Bank's Uninsured Deposits Do Not Pose Risks to Orderly Resolution or Financial Stability.

The ANPR states "some [LBOs] have increased their reliance on large uninsured deposits to fund their operations over the past decade" and suggests that an LTD requirement for such organizations may "address financial stability by limiting contagion risk through the reduction in the likelihood of uninsured depositors suffering loss."[15] As of September 30, 2022, approximately 45% of PNC Bank's total deposits were uninsured. As illustrated in Figure 2, PNC Bank's total uninsured deposits have traditionally been in the mid-to-high 30% range with a few notable exceptions:

- During 2008-2012, PNC Bank's uninsured deposits decreased substantially as a result of Congress's decision to temporarily raise the standard maximum deposit insurance amount to $250,000 in October 2008 and to make the increase permanent as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act in 2010.

- In 2014, PNC Bank's levels of uninsured deposits increased largely due to new regulatory liquidity standards—namely the LCR—that incentivized banking organizations with $250 billion or more in total consolidated assets, including PNC and PNC Bank, to shift funding away from short-term, wholesale sources to

[14] Certain of PNC Bank's consumer loan portfolios are centrally managed and not aligned to any particularly regional market. These consumer portfolios could be included in separate loan portfolio sales as contemplated in PNC's resolution plan.

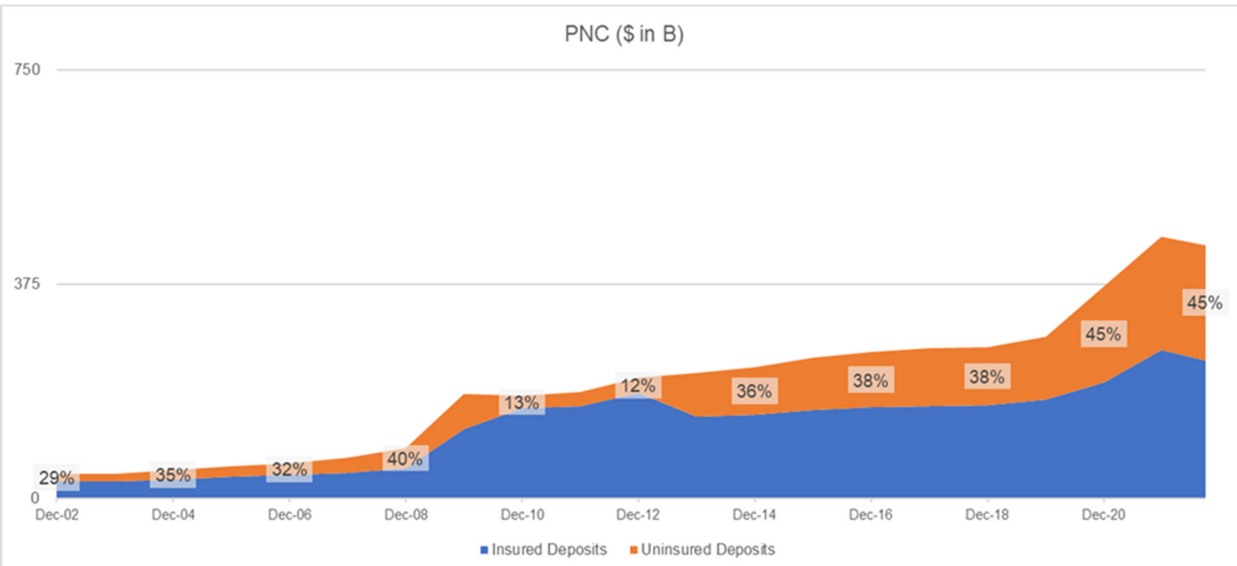
[15] ANPR, supra note 1, at 64170.

longer-term funding and liabilities that receive more favorable treatment under the LCR calculation, such as uninsured deposits.

- PNC Bank's uninsured deposits increased slightly during 2020 and 2021 due to the expansive monetary policy and macroeconomic factors resulting from the COVID-19 pandemic. Since the beginning of 2022, PNC Bank's uninsured deposits have been trending down towards pre-pandemic levels, and we expect this trend to continue as the Federal Reserve continues to tighten monetary policy, removing excess liquidity in the banking system.[16]

Setting aside these macroeconomic and regulatory driven fluctuations, PNC Bank's proportion of uninsured deposits to total deposits has remained relatively stable since 2004.

<u>Figure 2: PNC's Proportion of Uninsured Deposits to Total Deposits</u>



Notably, a significant portion of PNC Bank's uninsured deposits stem from the treasury management services PNC Bank provides to mid-sized and large corporations as well as government and not-for-profit entities. A significant portion of these deposits qualify as "operational deposits" that receive a lower outflow rate under LCR rules in recognition of the fact that the operational services related to the deposits make them more stable.[17] Many of these commercial depositors have deep relationships with PNC that span across its business lines. For example, PNC Bank Treasury Management customers compose a significant portion of the commercial and institutional banking ("C&IB") line of business's lending and capital markets

[16] *See also* "Remarks by FDIC Acting Chairman Martin Gruenberg on Third Quarter 2022 Quarterly Banking Profile" (Dec. 1, 2022) (noting that deposits declined driven by a reduction in uninsured deposits over past three consecutive quarters, offsetting the growth in deposits reported during the pandemic), available at https://www.fdic.gov/news/speeches/2022/spdec0122.html.

[17] 12 C.F.R. § 360.

customers, as C&IB focuses on delivering a comprehensive set of products and services to its customers. These deposits are, therefore, very stable and unlikely to leave PNC Bank simply because other uninsured depositors have suffered losses at a failed bank. In a PNC Bank resolution scenario, the risk is extremely low that these depositors would suffer significant losses, as one or more PNC Bank purchasers would likely want to assume all these uninsured deposits and maintain the valuable relationships with these customers.

III. LTD is Unnecessary for Banking Organizations, such as PNC, that Have Only One Material Subsidiary that is an IDI

An additional layer of loss absorbing capacity is not necessary to resolve an IDI under the FDI Act. Equity and debt are equally loss absorbing; therefore, LTD is not necessary if there is sufficient equity in resolution. This is evidenced by the fact that the Financial Stability Board ("FSB") did not impose a separate LTD requirement in its final Total Loss-Absorbing Capacity Principles and Term Sheet.[18]

For the GSIBs, the Federal Reserve ultimately imposed a separate LTD requirement to ensure that there would be a known amount of loss-absorbing capacity to execute a single-point-of-entry ("SPOE") resolution.[19] As noted in the ANPR, the GSIBs have adopted an SPOE resolution strategy in which only the top-tier holding company would enter resolution proceedings.[20] SPOE is, in large part, designed to (i) maintain significant nonbank operations of a systemically important financial institution where failure of those operations would pose a threat to financial stability, and (ii) solve for the risk that multiple, competing insolvencies under different insolvency regimes would raise risk of discontinuity of critical operations and uncertain outcomes.

In an SPOE resolution approach, LTD is issued at the top-tier holding company level to support a "bail-in" recapitalization strategy, where the LTD is converted to capital to support the continuous operation of material subsidiaries of the banking organization. The Federal Reserve deemed it necessary to impose an LTD requirement on the GSIBs because it was concerned there would be insufficient equity remaining to accomplish an SPOE resolution where a regulator is dependent upon the top-tier holding company declaring bankruptcy when the company still has enough loss absorbing capacity.[21] LTD exits to ensure there will always be sufficient gone-

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[18] While the FSB standard did not include minimum LTD requirements, there is an "expectation" regarding LTD. However, jurisdictions may comply—and have complied with – the FSB standard without imposing a separate LTD requirement. *See* Financial Stability Board, Principles of Loss-Absorbing and Recapitalisation Capacity of G-SIBs in Resolution, p. 12 (Nov. 9, 2015), available at https://www.fsb.org/wp-content/uploads/TLAC-Principles-and-Term-Sheet-for-publication-final.pdf.

[19] *See* 82 Fed. Reg. 8266, 8274-75 (Jan. 24, 2017).

[20] ANPR, supra note 1, at 64172.

[21] *See* 82 Fed. Reg. 8266, 8267 (Jan. 24, 2017) (stating that a firm's capital is likely to be significantly or completely depleted in the lead up to a bankruptcy or resolution).

concern loss absorbing capacity regardless of when the company declares bankruptcy or how much equity is there when it does.

However, these concerns are not present where, as in the case of PNC, the only material subsidiary to be resolved is an IDI. In the case of an IDI, the banking agencies themselves can pull the receivership trigger. PNC Bank's primary regulator, the Office of the Comptroller of the Currency (the "OCC"), has broad authority to place PNC Bank into receivership under Section 11(c)(5) of the FDI Act[22] and would not need to—and would be unlikely to—wait until PNC Bank became "critically undercapitalized" under the Prompt Corrective Action ("PCA") framework.[23] For example, the OCC could place PNC Bank into receivership if there was potential for PNC Bank to have insufficient loss absorbing capacity.[24]

Moreover, the capital level needed to resolve an IDI under the FDI Act should be significantly less than the capital needed to fully recapitalize material subsidiaries of a failed GSIB. The GSIB LTD requirement is based on a "capital refill" framework that helps to ensure a GSIB's material subsidiaries could be effectively fully recapitalized in the event that all or most of its capital were depleted.[25] This approach was deemed appropriate because the gone-concern material subsidiaries of a GSIB would need sufficient capital and liquidity to instill market confidence, reduce the likelihood of funding runs by creditors and counterparties and mitigate the potential for ring-fencing by foreign regulators. An IDI in receivership would not have these same capital needs and, thus, does not require a layer of LTD beyond the capital that is likely to exist at the time the IDI is placed into receivership.

IV. The Agencies Should Carefully Evaluate Costs and Benefits and Impact on Safety & Soundness

The ANPR acknowledges that an LTD requirement "could impact the cost and availability of credit."[26] To the extent PNC and other non-GSIB LBOs would be required to carry unnecessary LTD, as opposed to funding through deposits, it could indirectly increase the cost of credit to "Main Street," particularly during this delicate and uncertain period for the U.S.

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[22] *See* 12 U.S.C. § 1821(c)(5).

[23] A national bank is "critically undercapitalized" if its ratio of tangible equity to total assets is less than or equal to 2.0%. For these purposes, tangible equity is tier 1 capital *plus* the amount of outstanding perpetual preferred stock (including related surplus) not included in tier 1 capital. *See* 12 C.F.R. §§ 6.2 and 6.4(b)(5). The PCA requires the FDIC to take mandatory actions for critically undercapitalized institutions. The intent of this provision is to require distressed banks to be closed before they have zero capital. As a result, median capital ratios for failed IDIs have been well-above 2% since the passage of the FDI Act.

[24] *See* 12 U.S.C. § 1821(c)(5)(G) (providing that an IDI may be placed into receivership if "[t]he institution has incurred or is likely to incur losses that will deplete all or substantially all of its capital, and there is no reasonable prospect for the institution to become adequately capitalized . . . .").

[25] *See* 82 Fed. Reg. at 8270 and 8274-75.

[26] ANPR, supra note 1, at 64172.

economy.[27] Moreover, these direct costs to PNC and indirect costs to Main Street could be more significant than the costs related to the GSIB LTD requirement because non-GSIB LBOs have traditionally (even before the GSIB LTD requirement was imposed) relied, and continue to rely, less on market-based funding than the GSIBs. For example, PNC has a core deposits-to-total-assets ratio of 79%, compared to an average of 61% for the GSIBs, as of September 30, 2022.

An LTD requirement for LBOs would also require PNC Bank to shift a portion of its funding from stable deposits to credit- and market-sensitive debt. This increased reliance on a more volatile funding source would weaken the safety and soundness of PNC Bank and other large IDIs and could exacerbate the concerns noted in the ANPR by making non-GSIB LBOs more susceptible to failure caused by a lack of liquidity, particularly in a stressed economic environment.[28]

We urge the Agencies to carefully weigh these costs and potential unintended consequences against the limited—if any—benefits that an LTD requirement for PNC and other non-GSIB LBOs would provide, particularly in light of the numerous legal, regulatory and practical steps already taken by regulators and non-GSIB LBOs to improve resiliency and resolvability of non-GSIB LBOs (e.g., enhanced capital, liquidity and other prudential requirements; resolution planning requirements; and recordkeeping requirements for deposit accounts).

V. Any New Resolution-Related Requirements Should Provide Resolution Optionality and Should Be Appropriately Tailored

As noted above, PNC does not have any material subsidiaries other than PNC Bank. PNC and PNC Bank are capable of being resolved in an orderly way under the U.S. Bankruptcy Code and the FDI Act, respectively. PNC's MPOE resolution strategy is supported by its organizational structure, business model, funding profile, and MIS. For all the reasons discussed above, neither LTD nor any other GSIB resolution-related requirement is necessary to execute PNC's preferred resolution strategy in an orderly manner without creating risks to the U.S. financial system.

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[27] Requiring an extra lawyer of loss-absorbing capacity would effectively raise the total capital requirement for PNC and other non-GSIB LBOs. Raising capital requirements now would be inconsistent with the Dodd-Frank Act, which expressly directed the financial regulatory agencies to make bank capital "requirements countercyclical." *See* Dodd-Frank Wall Street Reform and Consumer Protection (Dodd-Frank) Act, Pub. L. No.111-203, § 616(a)(2), 124 Stat. 1376, 1615 (2010) (stating that bank capital requirements should "decrease[] in times of economic contraction"). The Basel III international capital standards include similar directives. *See* Basel Committee on Banking Supervision, Basel III: A Global Regulatory Framework for More Resilient Banks and Banking Systems, 57–60 (2010), available at https://www.bis.org/publ/bcbs189.pdf.

[28] *See, e.g.,* Martin J. Gruenberg, Vice Chair, FDIC, *An Underappreciated Risk: The Resolution of Large Regional Banks in the United States*, Remarks at the Brookings Institution, p. 5 (Oct. 16, 2019) (stating that banks' reliance on credit sensitive market funding makes them "susceptible to a rapid failure caused by a lack of liquidity, greatly complicating an orderly resolution"), available at https://www.brookings.edu/wp-content/uploads/2019/09/Gruenberg-Remarks.pdf.

If the Agencies, nevertheless, determine to move forward with proposing an LTD requirement for all non-GSIB LBOs, the Agencies should not prescribe a one-size-fits-all approach. Even among non-GSIB LBOs, there could be significant differences in complexity and resolution capabilities. Accordingly, any proposed LTD requirement should be appropriately calibrated and sufficiently tailored consistent with Congressional directives to tailor the application of enhanced prudential standards that apply to LBOs. [29]

In light of the significant differences in complexity, organizational structures, systemic risk profiles, and preferred resolution strategies between non-GSIBs and GSIBs, any LTD requirements for PNC and other non-GSIB LBOs also should be calibrated at levels substantially lower than the LTD minimums applicable to GSIBs and should not include any buffer requirement. For the reasons discussed in Section III above, the calibration for non-GSIB LBOs should not be based on the capital refill model that applies to GSIBs.

Any new LTD requirement for non-GSIB LBOs should also be tailored based on the resolvability of each individual firm, taking into account the firm's unique risk profile, capital structure, funding profile, complexity and preferred resolution strategy. For example, the Agencies should include an exemption for any non-GSIB LBO, such as PNC, that includes a feasible option in its resolution plans to separate its business and sell it to multiple purchasers in a reasonable period of time without creating financial stability risks.

In addition, firms with simple, bank-centric organizational structures, like PNC, should have the option to satisfy any LTD requirement at the IDI-level through internally or externally issued debt or an internal deposit liability of the holding company so long as that approach is consistent with the firm's resolution strategy. As noted, this would be appropriate because the IDI is the only material entity in the organizational structure and these institutions do not have significant nonbanking organizations that would need to continue operations or be resolved outside of the FDI Act.

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[29] *See*, e.g., Economic Growth, Regulatory Relief, and Consumer Protection Act, Pub L. No. 115-174, § 401(a)(1)(B)(i) (requiring that the Federal Reserve, in prescribing enhanced prudential standards, differentiate among bank holding companies "on an individual basis or by category," taking into consideration their capital structure, riskiness, complexity, financial activities, size, and "any other risk-related factors that the [Federal Reserve] deems appropriate").

PNC appreciates the opportunity to comment on the ANPR. If you have any questions regarding this letter or would like more information, please do not hesitate to contact me.

Sincerely,

[redacted]

David Kahn
Treasurer
The PNC Financial Services Group, Inc.

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