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# Operational Planning

April 14, 2016

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# Systemic Resolution Framework

- **The FDIC has established a comprehensive operational framework for responding to the threat of a failing SIFI and executing our systemic resolution authorities**
- **Actions and processes that need to be carried out from the time contingency planning begins through exit from resolution**
- **Designed to be flexible and responsive to different types of institutions and scenarios**
  - Heightened attention when recovery or bankruptcy resolution is more likely
  - Processes adapted to the unique facts and circumstances of any SIFI's failure

# Operational Exercises

- **The FDIC has been conducting an ongoing series of operational exercises to evaluate and test our processes**
- **Builds on inter-agency exercises and other work with domestic and foreign authorities**
- **Program of operational exercises will continue on a regular basis going forward**
  - Test alternate scenarios and resolution strategies
  - Familiarize new personnel with operational processes

# Systemic Resolution Phases

| Phase  | Summary   |
|--|---|
| <p><b>Planning Phase</b></p>                                   | <ul style="list-style-type: none"> <li>• Risk monitoring and supervision</li> <li>• Advanced resolution planning: internal, domestic, international</li> <li>• Early recovery actions</li> </ul>  |
| <p><b><i>Contingency Resolution Planning Initiated</i></b></p> |   |
| <p><b>Determination Phase</b></p>                              | <ul style="list-style-type: none"> <li>• Activation of resolution management infrastructure: internal, domestic, international</li> <li>• Information requests for SIFI and authorities</li> <li>• Resolution strategy, capital, and liquidity analysis</li> <li>• Identification of new management</li> <li>• Legal document preparation, board case, appointment process (“key turning”)</li> </ul> |
| <p><b><i>FDIC Appointed Receiver</i></b></p>                   |   |

# Systemic Resolution Phases (cont.)

| <i>FDIC Appointed Receiver</i>                  |   |
|---|---|
| <b>Immediate Stabilization Phase</b>            | <ul style="list-style-type: none"><li>• Receivership and Bridge formation</li><li>• Appointment of new Board and senior officers</li><li>• Capital and funding stabilization</li><li>• Communications: public, regulators (including host authorities) and policy makers, firm personnel, and customers and service providers</li></ul> |
| <i>Bridge Institution Stabilized</i>            |   |
| <b>Orderly Liquidation Phase</b>                | <ul style="list-style-type: none"><li>• Bridge oversight</li><li>• Valuation, fairness opinion, and new financials</li><li>• Liquidation actions and restructuring plan</li><li>• Fulfillment of regulatory requirements needed to exit resolution, if applicable</li><li>• Claims process and distribution to creditors</li></ul>      |
| <i>Bridge Terminated / Exit From Resolution</i> |   |
| <b>Post-Exit Phase</b>                          | <ul style="list-style-type: none"><li>• Completion of restructuring plan</li><li>• Ongoing receivership management</li><li>• Post-exit communications and reporting</li></ul>   |