



Building Cooperation for Orderly Cross-Border Resolution

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Key Message

- **Resolution preparedness for global financial institutions needs international cooperation.**
 - Outreach is multifaceted (institution-specific, bilateral and multilateral).
 - Home and host authorities need to have confidence in official processes as well as the firms' processes and capabilities.
 - Information sharing through formal arrangements supports mutual trust.
 - Transparency and mutual understanding of resolution planning will serve as a stabilizing force in times of stress.

Building Cooperation: International Engagement

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| Institution-Specific | <ul style="list-style-type: none">▪ Crisis Management Groups (CMGs)<ul style="list-style-type: none">○ Cooperation Agreements (CoAg)▪ Institution-Specific Strategic Plans |
| Bilateral | <ul style="list-style-type: none">▪ FDIC-European Commission (EC) Working Group▪ U.S.-European Union (EU) Financial Regulatory Forum▪ U.S.-UK Financial Regulatory Working Group |
| Multilateral | <ul style="list-style-type: none">▪ Trilateral Principal Level Exercise (TPLE)▪ Financial Stability Board (FSB)<ul style="list-style-type: none">○ Resolution Steering Group (ReSG)○ Effects of Reform Review▪ International Monetary Fund |

Building Cooperation: Strategy, Resources & Information

- Understanding home resolution strategies and firms' resources and capabilities increases hosts' confidence to cooperate.
- Sharing information supports home-host cooperation.

 Reducing likelihood of ring-fencing

Building Cooperation: Balancing Resources Cross-Border

“To enable cooperation and avoid a destabilizing seizure of assets by host regulators, I would submit that all jurisdictions must find a balance of **flexibility** for the parent bank and **certainty** for local stakeholders. Flexibility, or the ability to allocate capital and liquidity to different parts of the group on an as-needed basis, helps to meet unexpected demands on resources and reduces the risk of misallocation and inefficient use of resources. Certainty, or the local prepositioning of capital and liquidity to ensure a firm can satisfy local claimants under stressful conditions, helps to promote cooperation in the context of a cross-border resolution and avoid incentives for more drastic action by host authorities.”

Source: Quarles, Randal K, Vice Chairman for Supervision of the Board of Governors of the Federal Reserve System. “Trust Everyone--But Brand Your Cattle: Finding the Right Balance in Cross-Border Resolution.” Remarks at the Harvard Law School Program on International Financial Systems. Cambridge, Massachusetts. May 16, 2018.

New Developments Ahead

- **Multilateral efforts to promote cooperation**
 - FSB Annual Report to G-20
 - Effects of Reforms: 2020 review of Too Big To Fail Policies
 - Cross-country reviews of technical implementation of TLAC standard and resolution planning
 - Ongoing FSB country peer reviews of resolution frameworks
 - IMF Financial Sector Assessment Program (U.S. 2020 review)
- **Transparency Developments**
 - Other jurisdictions' initiatives on resolution plan transparency
 - FSB industry and stakeholder outreach events
 - Public consultations and publications