



# **G-SIB Resolution – Making Bankruptcy Work**

---

**December 6, 2018**

**Title I:**  
**Progress Since Previous SRAC**  
**(April 2016)**

# U.S. G-SIB Feedback Letters

1) April 2016: FDIC and FRB announced findings of previous Title I plan review

- Individual feedback letters
  - Firms with deficiencies → October 2016
  - Firms with shortcomings → July 2017
- Letters included description of findings and proposed remediation
- After letters, agency staff held regular “office hours” to address firm questions
- Majority single-point-of-entry (SPOE) strategies

# U.S. G-SIBs: Framework Document

## Resolution Plan Assessment Framework and Firm Determinations (2016)

Board of Governors of the Federal Reserve System  
Federal Deposit Insurance Corporation



WASHINGTON, D.C. • APRIL 13, 2016

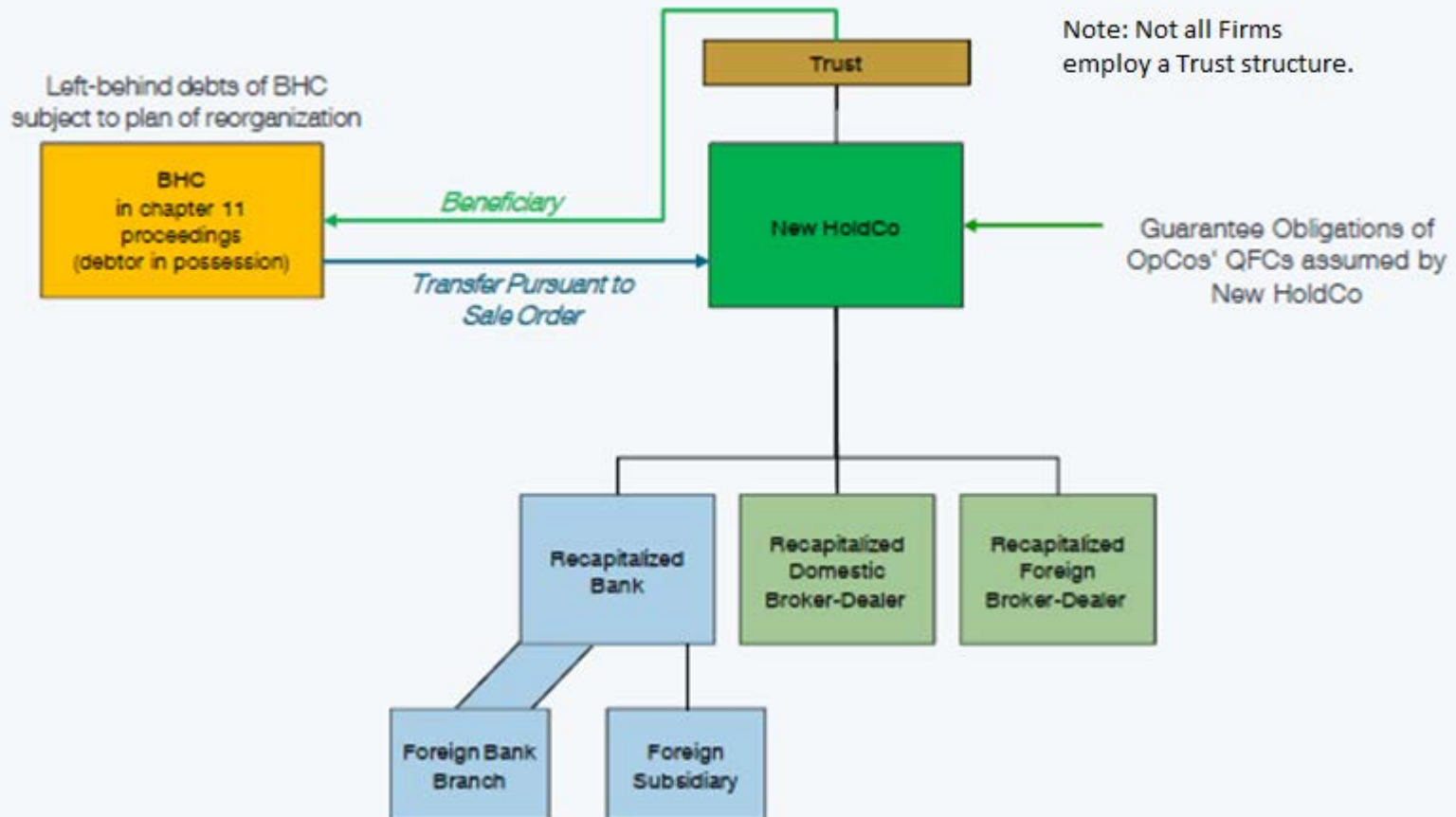
# U.S. G-SIBs: Framework Document

2) April 2016: FDIC and FRB issued an accompanying Narrative Framework Document

- Title I statutory standard described: orderly resolution in bankruptcy
- Description of plan review framework and summary of findings included
- Explained review process
- Letters, Guidance, and Framework Document all made public

# Single Point of Entry in Bankruptcy

Recapitalized OpCos transferred to New HoldCo owned by Resolution Trust for benefit of BHC's bankruptcy estate



# U.S. G-SIB Guidance

Federal Deposit Insurance Corporation  
Board of Governors of the Federal Reserve System

Guidance for 2017  
§165(d) Annual Resolution Plan Submissions  
By Domestic Covered Companies that  
Submitted Resolution Plans in July 2015

1

- I. Introduction*
- II. Capital*
  - a. Resolution Capital Adequacy and Positioning*
  - b. Resolution Capital Execution Need (RCEN)*
- III. Liquidity*
  - a. Resolution Adequacy and Positioning (RLAP)*
  - b. Resolution Liquidity Execution Need (RLEN)*
- IV. Governance Mechanisms*
  - a. Playbooks and Triggers*
  - b. Pre-Bankruptcy Parent Support*
- V. Operational*
  - a. Payment, Clearing and Settlement Activities*
  - b. Managing, Identifying, and Valuing Collateral*
  - c. Management Information Systems*
  - d. Shared and Outsourced Services*
  - e. Legal Obstacles Associated with Emergency Motions*
- VI. Legal Entity Rationalization and Separability*
  - a. Legal Entity Rationalization Criteria (LER Criteria)*
  - b. Separability*
- VII. Derivatives and Trading Activities*
  - a. Capabilities*
  - b. Stabilization*
  - c. Passive Wind-Down Analysis*
  - d. Active Wind-Down Analysis*
  - e. Residual Derivatives Portfolio*
- VIII. Public Section*

2

# U.S. G-SIB Guidance for 2017 Plan Filings

## 3) FDIC and FRB Issue Title I Guidance for U.S. G-SIBs

- Focus on Key Vulnerabilities in Resolution
  - Capital; Liquidity; Governance Mechanisms; Legal; Shared Services; Legal Entity Rationalization; Payments, Clearing, and Settlement; Derivatives and Trading Activities
- Title I public sections
- 2017 Review: Joint agency training, review teams, firm engagement, and Board level coordination



# U.S. G-SIB 2017 Plan Review Findings

- Significant progress made by firms in financial, structural, and operational capabilities
- No deficiencies; fewer shortcomings identified compared to 2015 Plans
- Common areas of continued work
  - Intra-group liquidity; internal loss-absorbing capacity; derivatives; and payment, clearing, and settlement activities
- Capabilities testing
- 2018 Agencies Updated Guidance for Public Comment

# Large Foreign Bank Organizations

- Agencies' Title I Guidance for FBOs Issued April 2017 and made public
  - Joint Agency Engagement, Vetting, Review Process
- FBO Guidance and Reviews Specific to FBO firms' U.S. operations
- Plans Received July 1, 2018
- Staffs completing reviews

**Title I:**  
**Bankruptcy**

# Bankruptcy

- Lessons and Experiences from Lehman
  - Complex claims litigation
  - Importance of bankruptcy preparedness
- Outreach events
  - Wharton: December 7, 2016
  - Wharton and NYU: October 2017
  - Federal Judicial Center
- Next Steps

# **Complementary Regulatory Developments**

# Complementary Regulatory Developments

- External Total Loss-Absorbing Capacity(TLAC)/ Clean Holding Company
- International Swaps and Derivatives Association (ISDA) Rules and U.S. Protocol

# Next Steps

- Title I U.S. GSIB Final Guidance
- Title I FBO Findings (July 2018 Plans)
- Resolution Plan Rule Tailoring
- U.S. GSIB Title I Plans – July 2019