

Resolution Planning for Broker-Dealers and CCPs

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- Unique challenges: lack of direct supervisory authorities and access to key data, and Title I resolution plans (in certain cases).
- Strategies:
 - Develop strong partnerships with supervisors and other relevant stakeholders, both domestic and international
 - Manage and update data sharing arrangements
 - Develop resolution strategies matching activity/institution type
 - Monitor market events internally and with stakeholders

Orderly Resolution of a Broker-Dealer

- The Federal Reserve and SEC are authorized to issue a recommendation to the Secretary of the Treasury for the resolution of a broker-dealer under Title II, after consulting the FDIC.
 - Outside of Title II, the liquidation of a broker-dealer typically would be subject to the Securities Investor Protection Act of 1970 (SIPA).
- The orderly resolution of a broker-dealer under Title II would seek to:
 - Avoid or mitigate the serious adverse effects on financial stability in the U.S. that would result from the failure of the broker-dealer and its liquidation under SIPA.
 - Ensure that all customer claims relating to, or net equity claims based upon, customer property or customer name securities are satisfied in a manner and in an amount at least as beneficial to customers as would have been the case if the broker-dealer were liquidated under SIPA.
- The FDIC and SEC collaborated closely to jointly issue a final rule governing the resolution of a broker-dealer under Title II.

Orderly Resolution of a CCP

- The Federal Reserve and the FDIC are authorized to issue a recommendation to the Secretary of the Treasury for the resolution of a systemically important CCP under Title II.
- The orderly resolution of a CCP under Title II would seek to:
 - Avoid or mitigate the serious adverse effects on U.S. financial stability that could result from the failure of the CCP
 - Maintain the provision of critical clearing functions
- Key challenges to CCP resolution under Title II may include:
 - Potentially short runway for placing a CCP in resolution
 - Potential challenges in identifying sufficient resources and tradeoffs in using those resources
 - Potentially limited resolution options

CCP Resolution Planning

FDIC planning work focuses on identifying and mitigating key challenges to CCP resolution, including through internal workstreams and collaboration with other U.S. agencies, foreign authorities, and multilateral international organizations.

- **Institution-specific:** Co-hosts Crisis Management Groups (CMGs) with U.S. oversight authorities and participates in CMGs for foreign CCPs.
- **Bilateral:** Engages with U.S. oversight authorities and foreign CCP resolution authorities on areas of mutual interest.
- **Multilateral:** Participates in the Financial Stability Board (FSB) Resolution Steering Group (ReSG) and co-Chairs the FSB's Cross-Border Crisis Management Group for Financial Market Infrastructures (fmiCBCM).