



**Federal Deposit Insurance Corporation**  
550 17th Street NW, Washington, D.C.

**Financial Institution Letter**  
**FIL-26-2010**  
**May 12, 2010**

## **SPECIAL REPORTING, ANALYSIS AND CONTINGENT RESOLUTION PLANS AT CERTAIN LARGE INSURED DEPOSITORY INSTITUTIONS NOTICE OF PROPOSED RULEMAKING**

**Summary:** The FDIC has issued the attached proposed rule that would require certain identified insured depository institutions that are affiliates of large and complex financial companies to submit to the FDIC analysis, information and plans that address and demonstrate the insured institution's ability to be separated from its parent structure, and to be wound down or resolved in an orderly fashion. Following standards set forth in the proposed rule, and subject to the FDIC's review and validation, covered insured depository institutions would submit information and contingent resolution plans that would allow the FDIC to assess the risks posed to the deposit insurance fund and to develop effective resolution strategies and conduct contingency planning for a period of severe financial distress.

### **Distribution:**

FDIC-Insured Banks (Commercial and Savings)

### **Suggested Routing:**

Chief Executive Officer  
Chief Risk Officer  
Compliance Officer

### **Related Topics:**

Complex Financial Institutions  
Resolutions  
Receiverships  
Recovery and Resolution Plans

### **Attachment:**

Notice of Proposed Rulemaking

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### **Note:**

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### **Highlights:**

- The proposed rule would apply only to "covered insured depository institutions" (covered IDIs), defined as insured depository institutions with greater than \$10 billion in total assets that are owned or controlled by parent companies with more than \$100 billion in total assets.
- The proposed rule sets forth information-reporting requirements intended to provide the FDIC with key information concerning the operations, management, financial aspects, affiliate relationships and other aspects of covered IDIs.
- Covered IDIs would be required to prepare and submit to the FDIC a contingent resolution plan describing the means by which the IDI could be effectively separated from the rest of the conglomerate enterprise in the event of failure of the IDI or the bankruptcy of the parent company or any key affiliate of the IDI.
- The proposed rule calls for the contingent resolution plan to be submitted within six months of the rule's effective date.
- The FDIC would review the plan in consultation with appropriate primary federal regulator(s) and the institution to ensure the plan is effective, workable and satisfactory.
- The plan should be updated not less than annually, and material information elements should be updated more frequently as reasonable and necessary, given the risk profile and structure of the institution relative to its affiliates, and should demonstrate the capacity to provide specific information when needed (e.g., deposit flows, intra-group funding flows, short-term funding, derivatives transactions, or material changes to capital structure or sources).

