

**Statement by Martin J. Gruenberg, Chairman, FDIC on the Issuance of Joint
Letters to the First-Wave Resolution Plan Filers**

August 5, 2014

Title I of the Dodd-Frank Act gave the FDIC new joint authority with the Federal Reserve to require all companies covered under it to prepare resolution plans to demonstrate how they would be resolved in a rapid and orderly manner under the U.S. Bankruptcy Code in the event of material financial distress or failure. The Federal Reserve and FDIC have been working diligently to implement this new authority and have taken a number of important steps to do so, including the issuance of a joint rule in 2011 and joint guidance in 2013.

Today, the FDIC and Federal Reserve have taken the most important step to date in this process by issuing joint letters to the eleven largest, most complex banking organizations, directing them to make specific substantive changes to facilitate their orderly resolution in bankruptcy. The actions the firms are being directed to take include changes to simplify their legal structures, amendments to their derivative contracts to prevent disorderly terminations during resolution, and actions to ensure the continuation of critical services throughout the resolution process. These letters provide a set of changes for the firms to implement which will make a meaningful difference in the ability to resolve these firms in an orderly manner in bankruptcy, and reduce the risk they pose to the financial system.