

Statement by Jelena McWilliams, Chairman, Federal Deposit Insurance Corporation, Final Rule: Amendments to 12 C.F.R. Part 381

October 15, 2019

The FDIC is responsible for resolving failed banks and, if called upon, large bank holding companies or other systemically important financial institutions. To support this mandate, the largest bank holding companies are required by law to submit resolution plans outlining how they could be resolved in an orderly way under the Bankruptcy Code. Resolution plans are a valuable tool for ensuring that the largest institutions are able to fail without taxpayer bailouts and without destabilizing the broader market.

Consistent with the Economic Growth, Regulatory Relief, and Consumer Protection Act (the “Act”), the final rule before us today streamlines, clarifies, and improves the Dodd-Frank resolution plan processes and timelines, taking into consideration the relative risks to U.S. financial stability that a firm’s failure may pose.

Under the final rule, the underlying standards for reviewing resolution plans from the largest, most systemically important firms will not change. Category I institutions would be required to submit plans every two years, alternating between full plans and targeted plans. Category II and Category III firms would also be subject to the same standards for review as they are today, and would submit alternating plans every three years.

Targeted plans will focus on the most material topics identified by the FDIC and the Federal Reserve (the “agencies”), including capital and liquidity, and any material changes to the firm that have occurred since the last plan submission. The agencies would also retain authority to require interim updates between plans. The final rule strikes an appropriate balance that ensures the largest banks provide the

agencies with rigorous resolution plans on a timely basis, gives the firms and the agencies sufficient time to prepare and review plans, and reduces the substantial burden institutions face in developing plans.

Firms with less than \$250 billion in total consolidated assets that do not meet certain risk criteria would no longer be subject to the rule, consistent with Congressional intent. These firms may still be subject to resolution planning requirements subject to the FDIC's forthcoming amendments to the "IDI Rule" for large insured depository institutions (IDIs). Additionally, a number of these firms are subject to the FDIC's Part 370 recordkeeping rule to enable the FDIC to make prompt deposit insurance determinations for banks with at least 2 million deposit accounts.

In response to comments received on the proposal, the agencies made several changes. For example, the final rule would require the agencies to take certain actions at least one year before a plan submission deadline so that firms can adequately plan ahead. The final rule also makes changes to the firm-initiated waiver process, which would allow firms to request waivers for information that may not be needed for an upcoming submission. Under the final rule, Category I institutions – the largest, most systemically important firms – will no longer be permitted to submit formal waiver requests. All informational content requirements for their resolution plans will apply unless the agencies grant a waiver on their own initiative, consistent with the existing rule.

For the remaining firms, under the final rule, waivers will be granted only if both agencies approve. Under the proposal, a waiver request would have been automatically approved if the agencies did not jointly deny it before a certain date. The final rule reverses the presumption, requiring the affirmative approval of both agencies.

The final rule ensures that resolution plans will remain subject to rigorous review by both agencies. I am pleased to support the recommendation being presented to the Board. Overall, the final rule improves the efficiency and effectiveness of the resolution planning process based on multiple rounds of plan reviews and engagement with firms over a seven-year period.

I would like to thank the staff of both agencies and, in particular, I would like to thank the staff of the FDIC for all of their hard work.