

Statement by Vice Chairman Travis Hill on the Proposed Guidance for Title I Resolution Plans

August 29, 2023

I plan to vote against the proposed Title I guidance for domestic and foreign triennial full filers. Given the agencies' highly ambitious regulatory agenda for large banks over the coming months, I am skeptical that this is a worthwhile use of our collective time and resources.

I am doubtful that this guidance would meaningfully improve our resolution preparedness or the likelihood of a successful, orderly resolution. The most significant pieces of the guidance for multiple point of entry (MPOE) firms, which includes all of the domestic firms in scope, appear to be the IDI resolution section related to least-cost analysis and expectations related to projecting liquidity needs in resolution. The proposed changes to the IDI resolution planning rule (IDI rule) also before the Board today include similar requirements,¹ and I am skeptical these additional expectations in the proposed Title I guidance would add material value to our preparedness to resolve these firms.

In addition, while the proposals explicitly state that the agencies do not favor single point of entry (SPOE) over MPOE,² most of the provisions are focused on SPOE firms. At the same time, we are also proposing a rule that would require long-term debt to be issued from the holding company at each of these firms. Given that not a single domestic firm in scope has adopted an SPOE strategy, it would be natural to wonder if the agencies intend to push Category II and III firms to an SPOE strategy. After more than a decade into resolution planning, it is worth considering whether the FDIC, as the entity ultimately responsible for determining how a bank will be resolved, along with the Federal Reserve, should decide in a clear and transparent manner whether and when institutions need to adopt an SPOE strategy.³ Conversely, what the agencies should not do is spend more than a decade approving an MPOE strategy for each of

¹ See, e.g., Federal Deposit Insurance Corporation, Proposed Rule: Resolution Plans Required for Insured Depository Institutions with \$100 Billion or More in Total Assets; Informational Filings Required for Insured Depository Institutions with At Least \$50 Billion but Less Than \$100 Billion in Total Assets, at sections 360.10(d)(12) and 360.10(d)(17)(i).

² See Proposed Guidance for Resolution Plan Submissions of Domestic Triennial Full Filers, at section I. C. (“The specified firms have adopted one of two resolution strategies: a single point of entry (SPOE) or multiple point of entry (MPOE) strategy. The SPOE and MPOE resolution plan strategies require firms to consider different risks and require different types of planning and development of capabilities for the execution of the respective strategies. The agencies do not prescribe a specific resolution strategy for any covered company, nor do the agencies identify a preferred strategy. The proposed guidance is not intended to favor one strategy or another.”). The guidance for foreign banks includes nearly identical language.

³ Such criteria could also be used to determine when to apply a long-term debt requirement at the holding company. See, e.g., [Statement by FDIC Vice Chairman Travis Hill on the Proposed Long-term Debt Requirements for Large Banks](#) (August 29, 2023), note 3.

these firms, put out guidance that expressly states the agencies do not have a preferred strategy, and then without warning find the plans not credible because of doubts about the MPOE strategy.

Finally, the proposals note that the next round of plans is expected to be due sooner than one year after the guidance is finalized.⁴ In the 2019 resolution planning rule, the agencies indicated that any future guidance would be finalized more than a year before plans were due. It is continually embarrassing that the agencies demand that banks complete their work in a timely manner yet are repeatedly unable to do so themselves.⁵

Thank you to the staff for their work on these proposals and on resolution readiness in general. I look forward to the comments.

⁴ See *supra* note 2, at section II. A. (“In light of the timing of this proposal, the agencies are considering providing a short extension of the next resolution plan submission date for the specified firms, with the expectation that these plan submissions would be due sooner than one year after the proposed guidance is published in final form.”)

⁵ After I was first sworn in, I made the point several times internally that any proposed guidance needed to be issued as soon as possible to maintain the agencies’ timelines – which still would have been in advance of the March failures.