



FBO Resolution Plan Actions and FBO Guidance – FDIC & FRB

December 2020

Table of Contents

Executive summary	3
Finalized resolution planning guidance - Summary	4
Implications of finalized guidance	5-11
Targeted Information Requests (TIRs)	12
Upcoming resolution plan submissions for domestic and foreign banks	13
Expected filing groups by bank	14
Resolution plan filing groups criteria and requirements	15
Contacts	16



Executive summary

On December 9, 2020, the Federal Deposit Insurance Corporation (FDIC) and the Federal Reserve Board (FRB) announced certain resolution planning actions, including providing finalized guidance for the resolution plans of large FBOs



Key highlights

- 1) Four large foreign banking organizations (FBOs) remediated shortcomings previously found in their 2018 Plans:** The 2018 Plans for FBOs did not find any deficiencies, however the agencies (i.e., FDIC and FRB) previously found shortcomings in the resolution plans of four banks, to be remediated by September 2020. All four banks had shortcomings with their governance mechanisms. One bank also had shortcomings in their liquidity and shared and outsourced services capabilities.
- 2) Finalized guidance (proposed in March 2020) for Large Foreign Banks:** The agencies finalized guidance on their expectations around resolution capital and liquidity, derivatives & trading activity, as well as payment, clearing, & settlement (PCS) activities. The guidance was adapted and is similar to the guidance issued to the domestic globally significant bank holding companies (BHCs). It applies to the 2021 Plans for category II foreign banks, except one bank for their 2024 Plan.
- 3) Deadline for category II/III banks moved to December 17, 2021 and added Targeted Information Request (Large Domestic and Foreign Banks):** The agencies extended the deadline for category II and III banks (see page 11 for applicable banks) for their next Targeted Plans. The agencies are also expecting banks to provide information addressing their Targeted Information Request (TIR), similar to the request made to the category I banks in July 2020, but with some nuances.



Next steps

- In 2021, two major filing groups are required to prepare and submit their **first ever Targeted Plans**:
 - Category I** (Domestic globally significant BHCs) – July 1, 2021
 - Categories II and III** (Large US and foreign banks) – December 17, 2021
- The Targeted Resolution Plans will need to address the elements of the **Targeted Information Requests** tailored to the bank's specific filing group
- Below are **activities for banks to focus on** in their planning and preparing of their next submission:

Gather info on core elements (capital, liquidity, recapitalization strategies)

Identify resources involved in coronavirus response

Determine potential coronavirus impacts and resolution planning dependencies to capital, liquidity, triggers, reporting/escalation & infrastructure related processes

Gather financial challenges and coronavirus impact analysis (i.e., mitigations and KPIs to measure success of mitigations)

Identify plans and playbooks activated (or should have been activated) and evaluate effectiveness of recovery options taken

Gather operational and technical challenges (e.g., changes to operations, real estate, etc.) and coronavirus impact analysis

Update resolution planning timeline to incorporate TIR impacts

Determine Plan reviewers and impacts to review timeline

Finalized resolution planning guidance - Summary

FRB and FDIC provided guidance to the Category II foreign banking organizations (FBOs) for their 2021 plans

Introduction

On December 9th, the **Federal Deposit Insurance Corporation (FDIC)** and the **Federal Reserve Board (FRB)** adopted the final [Guidance for Resolution Plan Submissions of Certain Foreign-Based Covered Companies](#) for the 2021 and subsequent resolution plan submissions by certain FBOs. The final guidance supersedes previous guidance and is meant to assist these firms in developing their resolution plans, which are required to be submitted pursuant to Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act).

Scope of Application

The **final guidance applies to FBOs that are Category II firms** according to their combined U.S. operations under the Board's tailoring rule and are required to have a U.S. intermediate holding company (IHC) under the Board's Regulation YY (the Specified FBOs). **This guidance applies to Barclays, Credit Suisse, and Deutsche Bank starting in 2021 and to MUFG in 2024.** *Category III FBOs were included in the proposed guidance but removed following the comment period.*



Key takeaways

- The recently published final guidance **consolidates several existing prior sets of guidance** over the years provided to the FBOs and US resolution plan filers
- The final guidance provides the FBOs with some **relief from the existing 2018 Guidance** and represents some further **softening of the expectations** from the proposed guidance released for comments in March 2020
 - Proposed changes come from the agencies review of the specified FBOs' 2019 revisions, the FBO Tailoring Rule, and the experiences of the US G-SIBs during July 2020 submissions
 - The guidance is less burdensome from a content and timing perspective for the impacted FBOs (MUFG being the exception – as they are now category II)
 - Much of the anticipated work has been completed or nearly completed, as noted by the regulators that previously identified weaknesses have been remediated
- The final guidance **modifies the capital and liquidity guidance** by excluding expectations for RCAP, RLAP, and certain liquidity capabilities, but **retains proposed expectations for Resolution Liquidity Execution Need (RLEN)**
- There is a continued expectation that resolution plans should highlight firms' **booking model framework**
 - The booking framework and its components should provide transparency with respect to (i) what is being booked, (ii) where it is being originated and booked, (iii) by whom it is originated and booked, (iv) why it is booked that way, and (v) what controls the firm has in place to monitor and manage those practices.
 - Booking model documentation should include: (i) mapping of trade flows based on multiple trade characteristics as decision points that determine on which entity a trade is directly booked and applicability of risk transfer arrangements; (ii) description of end-to-end booking and reporting processes including scope of automation (e.g., flows and controls); and (iii) explanation of why the firm believes its current (or planned) scope of automation is sufficient for managing its U.S. derivatives and trading activities.

Implications of finalized guidance (1/7)

The following table illustrates a comparison of the previous (2018 FBO Guidance) and recently proposed guidance (March 2020) to the final guidance released in December 2020.

Sections										
Scope of application	Transition period	Consolidated guidance	Capital & liquidity	Governance mechanisms	Operational	Branches	Group resolution plan	Legal entity rationalization & Separability	Derivatives & trading	Additional comments
Changes – Thematic Overview	Previous Guidance (Prior years and proposed)					Recent Finalized Guidance				
Submission Time Frame	<ul style="list-style-type: none"> The 2019 Rule revisions required all triennial full filers to submit a targeted resolution plan on or before July 1, 2021, followed by a full resolution plan in 2024. In addition, the agencies indicated in the 2019 Rule revisions that they would strive to provide final general guidance at least a year before the next resolution plan submission date of firms to which the general guidance is directed 					<ul style="list-style-type: none"> The category II FBOs will be triennial full filer and will be required to submit a resolution plan every three years, alternating between a full resolution plan and a targeted resolution plan. 				
Extension of 2021 Submission Date	<ul style="list-style-type: none"> Per the 2019 Rule revision, triennial full filers were required to submit on or before July 1, 2021 In May 2020, the agencies extended the 2021 resolution plan submission date from July 1 to September 29 					<ul style="list-style-type: none"> Agencies further extended the 2021 resolution plan submission deadline to December 17, 2021. 				
International Cooperation on Resolution Planning	<ul style="list-style-type: none"> The 2018 feedback letters also noted the importance of the agencies’ engagement with non-U.S. regulators. The Specified FBOs are subject to their home country resolvability frameworks, in addition to section 165(d) of the Dodd-Frank Act and the Rule. Resolution of the U.S. operations of a firm domiciled outside the United States with significant global activities (e.g., the Specified FBOs) will require substantial coordination between home and host country authorities, just as resolution of the foreign operations of a U.S. G-SIB would. The agencies identified three areas in the 2018 feedback letters (legal entity rationalization, PCS, and derivatives booking practices) where enhanced cooperation between the agencies and each firm’s home country regulatory authorities would maximize resolvability under both the U.S. and home country resolution strategies. 					<ul style="list-style-type: none"> The agencies will continue to coordinate with non-U.S. authorities regarding these and other resolution matters (e.g., resources in resolution, communications), including developments in the U.S. and home country resolution capabilities of the Specified FBOs. 				

Source: [Guidance for Resolution Plan Submissions of Certain Foreign-Based Covered Companies \(federalreserve.gov\)](https://www.federalreserve.gov)

Note: Red text reflects sections eliminated and green represents requirements added/clarification received per the final guidance in comparison with the previous and proposed guidance.

Implications of finalized guidance (2/7)

Changes – Thematic Overview	Previous Guidance (Prior years and proposed)	Recent Finalized Guidance
<p>Elimination of Sections</p>	<ul style="list-style-type: none"> • Previous guidance included sections related to group resolution plan and subsections like management information systems, qualified financial contracts (QFCs), and mapping of branch activities. • 2018 FBO Guidance included some expectations related to capital, liquidity, governance mechanisms, PCS, and derivatives and trading activities. 	<ul style="list-style-type: none"> • Group resolution plan, and sub-sections such as management information systems, qualified financial contracts (QFCs), and mapping of branch activities, were determined to be duplicative of existing regulatory requirements and accordingly, have been eliminated from the guidance • The agencies are also eliminating expectations that relate to information that, in the agencies’ experience, may be obtained through other existing and effective mechanisms, such as home/host coordination and supervisory information sharing. • The final guidance does not contain certain expectations in the proposed guidance and in the 2018 FBO guidance, including certain expectations relating to capital, liquidity, governance mechanisms, PCS, and derivatives and trading activities.
<p>Scope of Application</p>	<ul style="list-style-type: none"> • The proposed guidance applied to category II and III FBOs. 	<ul style="list-style-type: none"> • The agencies believe that the risk-based indicators identified in the Board’s tailoring rule¹ are an effective means of dividing firms into groups for the purposes of determining the frequency and informational content of resolution plans. The indicators-based approach for application of Category II, III, and IV standards provides a simple framework that supports the objectives of risk sensitivity and transparency and thus is an appropriate mechanism for scoping the application of the final guidance. • Consistent with the Rule, the final guidance takes into account a Specified FBO’s entire U.S. operations, including branches and agencies (i.e., combined U.S. operations), when determining scope of applicability. • The final guidance only applies to the category II FBOs.
<p>Capital and Liquidity</p>	<ul style="list-style-type: none"> • Proposed guidance maintained substantially all of the expectations in the capital and liquidity sections that were included in the 2018 FBO guidance. 	<ul style="list-style-type: none"> • The final guidance, in contrast to the proposal, does not include expectations for RCAP, RLAP, and certain liquidity capabilities. • The final guidance retains proposed expectations for resolution capital execution need (RCEN) and for resolution liquidity execution need (RLEN). Specified FBOs’ relatively simple U.S. legal entity structures and reduced risk profiles, the final guidance does not include RLAP and RCAP expectations concerning the appropriate positioning of capital and liquidity among the U.S. IHC and its subsidiaries.

¹- Prudential Standards for Large Bank Holding Companies, Savings and Loan Holding Companies, and Foreign Banking Organizations, 84 FR 59032 (November 1, 2019)

Source: [Guidance for Resolution Plan Submissions of Certain Foreign-Based Covered Companies \(federalreserve.gov\)](https://www.federalreserve.gov/guidance/guidance-for-resolution-plan-submissions-of-certain-foreign-based-covered-companies)

Note: Red text reflects sections eliminated and green represents requirements added/clarification received per the final guidance in comparison with the previous and proposed guidance.

Implications of finalized guidance (3/7)

Changes – Thematic Overview	Previous Guidance (Prior years and proposed)	Recent Finalized Guidance
<p>Governance Mechanism - Playbooks</p>	<ul style="list-style-type: none"> The proposed guidance outlined an expectation for category II FBOs to develop governance playbooks that detail specific actions that the board of directors and senior management of U.S. non-branch material entities would take under the firm’s U.S. resolution strategy. 	<ul style="list-style-type: none"> The agencies finalized this aspect of the guidance as proposed as the agencies believe that the suggested additional information would have important value in a resolution scenario.
<p>Governance Mechanism - Triggers</p>	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> Recognizing that the preferred resolution outcome for the Specified FBOs is a successful home country resolution, the final guidance does not include expectations regarding triggers or escalation protocols based on the U.S. IHC’s financial condition. The final guidance, however, retains the broader expectation that firms have in place mechanisms to ensure that timely communication and coordination occurs between and among the boards of the U.S. IHC, U.S. IHC subsidiaries, and the foreign parent to facilitate the provision of financial support.
<p>Governance - Potential mechanisms for parent support</p>	<ul style="list-style-type: none"> Under the proposal, firms would have been expected to (i) develop a mechanism for planned foreign parent support of U.S. non-branch material entities to meet those entities’ liquidity needs and (ii) include in their resolution plan submissions analysis of potential challenges to planned foreign parent support and associated mitigants. To date, some Specified FBOs have relied on Contractually Binding Mechanisms (CBMs) for the timely provision of capital and liquidity from a U.S. material entity (e.g., the U.S. IHC) to its U.S. affiliates prior to the U.S. IHC commencing a bankruptcy case. 	<ul style="list-style-type: none"> The agencies are finalizing the guidance without including additional expectations regarding the use and structure of CBMs. Additionally, no revisions have been made in response to a comment that urged the agencies to describe, ex ante, a particular threshold for what constitutes an effective CBM. In addition, the final guidance removes the expectation for the resolution plan to include an analysis of the potential challenges to the planned foreign parent support to U.S. non-branch material entities, and the planned provision of capital and liquidity by a U.S. material entity to its U.S. affiliates prior to the U.S. IHC’s bankruptcy filing.
<p>Payment, Clearing and Settlement Activities</p>	<ul style="list-style-type: none"> The proposed guidance was consistent with the Rule and Title I of the Dodd-Frank Act. 	<ul style="list-style-type: none"> The agencies note that the Rule requires full resolution plan submissions by foreign-based covered companies to include information on “the interconnections and interdependencies among the U.S. subsidiaries, branches, and agencies, and between those entities and...any foreign-based affiliate.”

Source: [Guidance for Resolution Plan Submissions of Certain Foreign-Based Covered Companies \(federalreserve.gov\)](https://www.federalreserve.gov)

Note: Red text reflects sections eliminated and green represents requirements added/clarification received per the final guidance in comparison with the previous and proposed guidance.

Implications of finalized guidance (4/7)

Changes – Thematic Overview	Previous Guidance (Prior years and proposed)	Recent Finalized Guidance
<p>Payment, Clearing and Settlement Activities (Continued)</p>	<ul style="list-style-type: none"> Clarified the agencies’ expectations with respect to the Specified FBOs’ capabilities to maintain continued access to PCS services. First, the guidance stated that firms should develop frameworks that articulate their strategies for continued access to PCS services to focus the firms’ consideration of this issue. Second, the proposed guidance provided clarity regarding firms’ playbooks for retaining access to PCS Finally, the guidance distinguished between expectations related to users and providers of PCS services, to reflect the different financial and operational considerations associated with each activity. 	<ul style="list-style-type: none"> The guidance provides the agencies the authority to set forth the expectation that a firm’s PCS framework address its indirect access to PCS services through non-U.S. affiliates. The final guidance does not include expectations that firms provide information regarding indirect access to key financial market utilities (FMUs) and agent banks provided by non-U.S. branches and affiliates The final guidance does not include additional clarification or examples for the term ‘provider of PCS services’ as the agencies do not intend the guidance to be prescriptive. To clarify that many FMUs and agent banks do not implement bilateral SLAs for core clearing and custody services, the agencies have clarified the final guidance by adding ‘as applicable’ to the relevant capability in the guidance text.
<p>Payment, Clearing and Settlement Activities - Playbooks for Continued Access</p>	<ul style="list-style-type: none"> The proposed guidance contained expectations for firms to engage with key external stakeholders and reflect any feedback received during such ongoing outreach. 	<ul style="list-style-type: none"> The expectations in the final guidance call for playbooks that address specifically how firms would maintain access to PCS services but that do not necessarily include a discussion of FMU rules around a member firm’s default. The final guidance aims to provide firms flexibility in determining how they would best maintain access to PCS services in a stress scenario and to clarify that playbooks are not expected to include a scenario in which the firm loses access to an agent bank or FMU. The final guidance is retaining expectations for firms to engage with key external stakeholders and reflect any feedback received during such ongoing outreach. To the extent that certain playbook information may be addressed in other sections of the firm’s submission, the firm may include a specific cross-reference to that content in the appropriate playbook. Firms are expected to consider operational and financial resources that would be needed to respond to adverse actions and execute any contingency arrangement. Given the joint nature of the resolution plan process, The final guidance provides for incorporation of previously submitted resolution plan information by reference.

Source: [Guidance for Resolution Plan Submissions of Certain Foreign-Based Covered Companies \(federalreserve.gov\)](https://www.federalreserve.gov)

Note: Red text reflects sections eliminated and green represents requirements added/clarification received per the final guidance in comparison with the previous and proposed guidance.

Implications of finalized guidance (5/7)

Changes – Thematic Overview	Previous Guidance (Prior years and proposed)	Recent Finalized Guidance
<p>Payment, Clearing and Settlement Activities</p> <p>-</p> <p>Playbooks for Continued Access (Continued)</p>	<ul style="list-style-type: none"> The playbook should describe intraday credit arrangements (e.g., facilities of the key FMU, agent bank, or a central bank) and any similar custodial arrangements that allow ready access to a firm’s funds for PCS-related key FMU and key agent bank obligations (e.g., margin requirements) in various currencies, including placements of firm liquidity at central banks, key FMUs, and key agent banks. 	<ul style="list-style-type: none"> The final guidance has revised the term “various currencies” under PCS Liquidity Services to “all currencies relevant to banks’ participation” in FMUs, to be consistent with international expectations.
<p>Key Client Contingency Arrangements</p>	<ul style="list-style-type: none"> Individual key FMU and key agent bank playbooks should include: <ol style="list-style-type: none"> Identification and mapping of PCS services to the firm’s U.S. material entities, identified critical operations, and core business lines that provide those PCS services; Discussion of the potential range of firm contingency arrangements available to minimize disruption to the provision of PCS services; Descriptions of the range of contingency actions the firm may take concerning provision of intraday credit to clients of the firm’s U.S. operations; and Descriptions of how the firm will communicate to key clients of the firm’s U.S. operations the potential impacts of implementation of any contingency arrangements or alternatives. 	<ul style="list-style-type: none"> The final guidance contains expectations that firms maintain continuity of access to PCS services for key clients in the United States The final guidance is not prescriptive, and each firm is expected to determine the relevant contingency actions and arrangements that are specific to maintaining continuity of access to its PCS activities. Firms have the discretion to tailor the discussion to client impacts specific to the PCS services provided by such firms. The agencies are not modifying provisions related to the identification and mapping of PCS services to key clients as this information helps the agencies understand the ecosystem of provision of PCS services
<p>Loss of Access</p>	<ul style="list-style-type: none"> It is expected that a firm would provide a playbook for each key FMU and key agent bank, whether there is a direct relationship or an indirect relationship between the firm and each key FMU and key agent bank. A Specified FBO also would be expected to provide a playbook for each key FMU and key agent bank that, among other things, includes financial and operational detail that would support continued access to PCS services for the firm and key clients of its U.S. operations under the firm’s U.S. resolution strategy. 	<ul style="list-style-type: none"> The agencies are finalizing the guidance as proposed. The final guidance specifies that a firm is not expected to incorporate a scenario in which it loses FMU or agent bank access into its U.S. resolution strategy. However, in support of maintaining continuity of access to PCS services, playbooks should provide analysis of the financial and operational impacts to the firm’s material entities and key clients due to adverse actions that may be taken by an FMU or agent bank, and the contingency actions that may be taken by the filer.

Source: [Guidance for Resolution Plan Submissions of Certain Foreign-Based Covered Companies \(federalreserve.gov\)](https://www.federalreserve.gov)

Note: Red text reflects sections eliminated and green represents requirements added/clarification received per the final guidance in comparison with the previous and proposed guidance.

Implications of finalized guidance (6/7)

Changes – Thematic Overview	Previous Guidance (Prior years and proposed)	Recent Finalized Guidance
Management Information System	<ul style="list-style-type: none"> The expectations contained in the proposed guidance articulate general expectations for firms to have the requisite MIS capabilities to produce timely, accurate financial and risk data on a U.S. legal entity basis. 	<ul style="list-style-type: none"> The agencies determined that the expectations and capabilities are addressed in the Rule (See 12 CFR 243.5(f); 12 CFR 381.5(f)) and thus the final guidance does not include a section on MIS
Qualified Financial Contracts	<ul style="list-style-type: none"> Sets forth expectations for firms to articulate their progress in implementing requirements regarding contractual stays in qualified financial contracts. 	<ul style="list-style-type: none"> The agencies are not including this sub-section in the final guidance due to the progress made by the Specified FBOs in complying with the QFC stay rules of the Board, the Office of the Comptroller of the Currency, and the FDIC
Branches	<ul style="list-style-type: none"> Describes expectations regarding the mapping of interconnections and interdependencies between a U.S. branch that is a material entity and other material entities, core business lines, or identified critical operations 	<ul style="list-style-type: none"> The agencies are removing expectations from the final guidance that are viewed as duplicative to existing rules or repeat, without elaboration, components of the Rule. Specifically, mapping expectations for U.S. branches that are material entities are specified in the Rule. In addition, expectations for a liquidity buffer are addressed in the Board’s Regulation YY
Group Resolution Plan	<ul style="list-style-type: none"> Set forth expectations for firms to address how resolution planning in the U.S. is integrated into the group resolution plan. 	<ul style="list-style-type: none"> In recognition that the preferred resolution outcome for many Specified FBOs is a successful home country resolution using an SPOE resolution strategy, the agencies expect to supplement their understanding of the impact on U.S. operations of executing a firm’s group resolution plan through international collaboration with home country regulators and therefore such a section is unnecessary. The agencies determined that as this item is addressed by the Rule, the final guidance does not include a section on group resolution.
Legal Entity Rationalization and Separability	<ul style="list-style-type: none"> The proposed guidance stated that a firm should develop criteria supporting the U.S. resolution strategy and integrate them into day-to-day decision-making processes. Guidance provided that the firm should identify discrete U.S. operations that could be sold or transferred in resolution. 	<ul style="list-style-type: none"> Consistent with agencies’ efforts to more closely align guidance expectations with the current business and risk profiles of the Specified FBOs’ U.S. operations, the final guidance does not include the separability expectations, which would have suggested that firms identify discrete U.S. operations that would be sold or transferred in a resolution scenario.

Source: [Guidance for Resolution Plan Submissions of Certain Foreign-Based Covered Companies \(federalreserve.gov\)](https://www.federalreserve.gov)

Note: Red text reflects sections eliminated and green represents requirements added/clarification received per the final guidance in comparison with the previous and proposed guidance.

Implications of finalized guidance (7/7)

Changes – Thematic Overview	Previous Guidance (Prior years and proposed)	Recent Finalized Guidance
<p>Legal Entity Rationalization and Separability (Continued)</p>	<ul style="list-style-type: none"> The guidance stated a firm should develop criteria supporting the U.S. resolution strategy and integrate the criteria into day-to-day decision-making processes. Guidance provided that the firm should identify discrete U.S. operations that could be sold or transferred in resolution 	<ul style="list-style-type: none"> Agencies expect that such information is obtainable through international collaboration with home country regulators. As such, the agencies have eliminated these expectations from the final guidance
<p>Derivatives and Trading Activities</p>	<ul style="list-style-type: none"> Specified FBO should be able to demonstrate the ability to monitor and manage its U.S. derivatives and trading activities in the period leading-up to and during execution of the U.S. resolution strategy without risk of a serious adverse effect on U.S. financial stability Clarified the agencies’ expectations with respect to capabilities to identify and mitigate the risks associated with their U.S. derivatives and trading activities and with the implementation of their U.S. resolution strategies and a firm’s analysis of its U.S. resolution strategy 	<ul style="list-style-type: none"> The final guidance does not include expectations concerning derivatives and trading activities that originate from U.S. entities but are booked into non-U.S. affiliates. The agencies acknowledge that the FBOs have drastically decreased their exposures to securities financing transactions, while the U.S. G-SIBs have increased their exposures. Therefore, the final guidance only covers derivatives and linked non-derivatives The final guidance allows for linked nonderivatives trading positions to be defined based on the Specified FBO’s overall business and resolution strategy The final guidance clarifies that a U.S. prime brokerage client should be a client who signs a prime brokerage agreement with a U.S. material entity The final guidance confirms that a firm’s plan should provide a detailed analysis of its strategy to stabilize and de-risk any derivatives portfolio of any U.S. IHC subsidiary that continues to operate after the U.S. IHC enters into a U.S. bankruptcy proceeding The agencies also note that the portfolio segmentation subsection applies only to U.S. derivatives positions that are booked to U.S. entities.
<p>Other Modifications</p>	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> The final guidance endeavors to tailor expectations for the FBOs’ resolution plans to be commensurate to and address risks posed by key vulnerabilities of the FBOs in resolution. The agencies also have made a number of modifications to the final guidance with the express purpose of streamlining plan expectations and, where appropriate, leveraging existing supervisory relationships with home and host country authorities to collaboratively obtain information about the resolution planning and resolvability of the firms.

Source: [Guidance for Resolution Plan Submissions of Certain Foreign-Based Covered Companies \(federalreserve.gov\)](https://www.federalreserve.gov)

Note: Red text reflects sections eliminated and green represents requirements added/clarification received per the final guidance in comparison with the previous and proposed guidance.

Targeted Information Requests

Banks will need to supplement their 2021 Targeted Plans with information related to their response and use of resolution related capabilities to respond to the coronavirus event

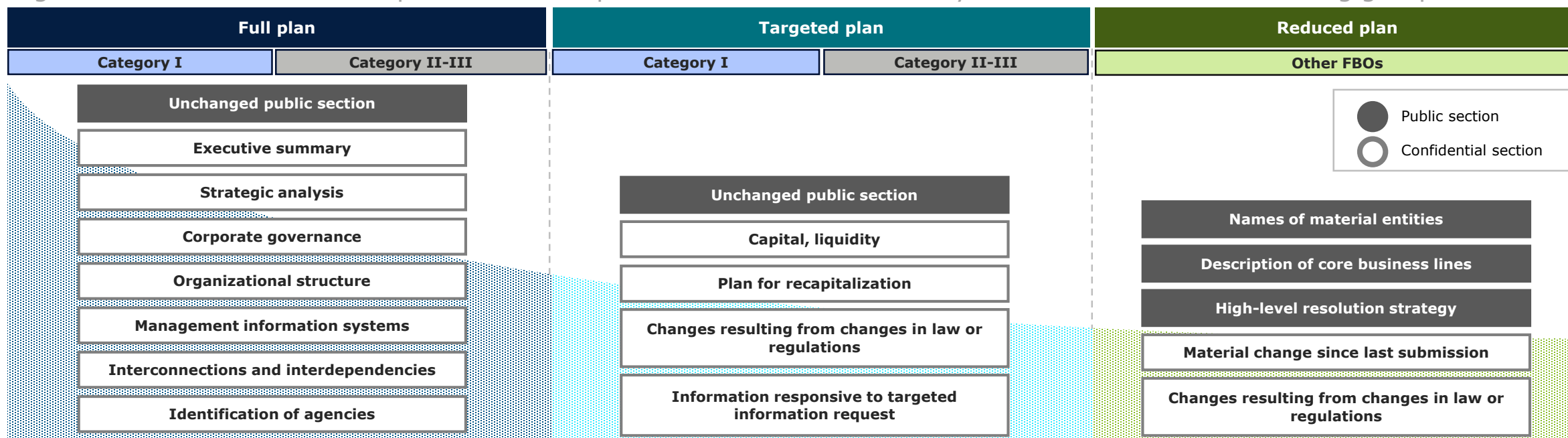
Targeted Plan Sections	Targeted Information Request	Targeted Information Request
<p style="text-align: center;"><i>Applies to Category I-III banks Previously expected</i></p>	<p style="text-align: center;"><i>Applies only to Category I banks July 2020 Letter</i></p>	<p style="text-align: center;"><i>Applies only to Category II/III banks December 2020 Letter</i></p>
<ul style="list-style-type: none"> <input type="checkbox"/> Core Elements <ul style="list-style-type: none"> ➢ Capital ➢ Liquidity ➢ Plan for executing any recapitalization ➢ Quantitative financial information and analysis <input type="checkbox"/> Description of each material change experienced by the Company since its previous Plan (or acknowledgment of no changes) <input type="checkbox"/> Description of changes to its Plan due to changes in law or regulation, guidance or feedback from Agencies <input type="checkbox"/> Response to previously identified shortcomings (if applicable) <input type="checkbox"/> Public section 	<ul style="list-style-type: none"> <input type="checkbox"/> Discuss the linkages between the Covered Company's coronavirus response and resolution-related capabilities through December 31, 2020 <input type="checkbox"/> Lessons learned and discussion whether changes have been or will be incorporated into resolution plan <ul style="list-style-type: none"> ➢ Trigger framework ➢ Forecasting capabilities ➢ Reporting/escalating of information ➢ Resolution planning infrastructure <input type="checkbox"/> Description of changes to its Plan in response 	<ul style="list-style-type: none"> <input type="checkbox"/> Discuss the linkages between coronavirus response and resolution-related capabilities through June 30, 2021 <input type="checkbox"/> Lessons learned and discussion whether changes have been or will be incorporated into resolution plan <ul style="list-style-type: none"> ➢ Reporting/escalation of information ➢ Operational continuity ➢ Parent company support (foreign banking organizations only)

Things to consider:

- Category II/III banks may have anticipated receiving a Targeted Information Request to supplement their 2021 Targeted Plans by the Agencies, when category I banks were asked in July 2020. If they did anticipate a similar request from the agencies, the category II/III banks should note the slight difference in requests and factor in the as-of dates in their plan development timelines
- Coronavirus impacts may continue to develop and vary regionally, presenting different challenges and response timelines for banks depending on their global footprint
- The need for a well-coordinated project plan for preparing a submission is even greater now that additional input from team members may be necessary who have not been part of the resolution planning process in the past
- Firms should get a head start on the non-financial impacts prior to the as-of date to prevent the risk of addressing the entire plan with insufficient time to complete
- Given the review and approval process for plans can take 1-3 months, banks will need to have their plans mostly built by the end of Q3 2021

Upcoming resolution plan submissions for domestic and foreign banks

High-level overview resolution plan content requirements and submission cycles for the four different filing groups



Filing group	Previous Filing	2021	2022	2023	2024	2025	2026	2027
Category I: US G-SIBs <small>See next slide for list of banks</small>	July 1, 2019	Targeted plan July 1, 2021		Full plan July 1, 2023		Targeted plan July 1, 2025		Full plan July 1, 2027
Category II: US firms and FBOs with ≥ \$700b total consolidated assets	US: Dec 31, 2017 FBOs: Sep 29, 2020	○ Targeted plan December 17, 2021*			Full plan July 1, 2024			Targeted plan July 1, 2027
Category III: US firms and FBOs with ≥ \$250b and < \$700b total consolidated assets	US: Dec 31, 2017 FBOs: Dec 31, 2018	○ Targeted plan December 17, 2021*			Full plan July 1, 2024			Targeted plan July 1, 2027
Other FBOs: FBOs with ≥ \$250b global consolidated assets	Dec 31, 2018		Reduced plan July 1, 2022			Reduced plan July 1, 2025		

*- Originally Jul 1, 2021, then Sep 29, 2021

Expected filing groups by bank

The FRB originally published a breakdown of the expected category alignment for banks based on Q1 2019 data and modified the filing group for certain foreign banks based on its most recent notice

Expected resolution plan filing groups (based FRB's Oct 2019 and Dec 2020 Lists)			
Biennial Filers	Triennial Full Filers	Triennial Reduced Filers	
Category I	Category II and III	Other FBOs	
<ul style="list-style-type: none"> Bank of America Bank of New York Mellon Citigroup Goldman Sachs JPMorgan Chase Morgan Stanley State Street Wells Fargo 	<ul style="list-style-type: none"> Barclays Capital One Credit Suisse Deutsche Bank HSBC Mizuho MUFG Northern Trust PNC Financial Toronto-Dominion UBS U.S. Bancorp <p>Additional firms identified in December 2020 notice:</p> <ul style="list-style-type: none"> Bank of Montreal BNP Paribas Sumitomo Mitsui Financial Group 	<ul style="list-style-type: none"> Agricultural Bank of China Australia and New Zealand Banking Group Banco Bradesco Banco De Sabadell Banco Do Brasil Banco Santander Bank of China Bank of Communications Bank of Nova Scotia Bayerische Landesbank BBVA Compass BPCE Group Caisse Federale de Credit Mutuel Canadian Imperial Bank of Commerce China Construction Bank Corporation China Merchants Bank CITIC Group Corporation Commerzbank Commonwealth Bank of Australia Cooperative Rabobank Credit Agricole Corporate and Investment Bank DNB Bank DZ Bank Erste Group Bank AG Hana Financial Group Industrial and Commercial Bank of China Industrial Bank of Korea 	<ul style="list-style-type: none"> Intesa Sanpaolo Itau Unibanco KB Financial Group KBC Bank Landesbank Baden-Weurttemberg Lloyds Banking Group National Agricultural Cooperative Federation National Australia Bank Nordea Group Norinchukin Bank Oversea-Chinese Banking Corporation Shinhan Bank Skandinaviska Enskilda Banken Societe Generale Standard Chartered Bank State Bank of India Sumitomo Mitsui Trust Holdings Svenska Handelsbanken Swedbank UniCredit Bank United Overseas Bank Westpac Banking Corporation Woori Bank <p>Listed as a prior Triennial Full Filer due September 29, 2021:</p> <ul style="list-style-type: none"> Royal Bank of Canada
Next submissions			
Targeted Plan : July 1, 2021	December 17, 2021	Reduced Plan: July 1, 2022	
Full Plan: July 1, 2023	July 1, 2024		

Source: Expected filing groups based on FRB's Q1 2019 data
<https://www.federalreserve.gov/aboutthefed/boardmeetings/files/resolution-plan-visuals-20191010.pdf>

Resolution plan filing groups criteria and requirements

In October 2019, the FRB and FDIC revised its filing groups for domestic and foreign bank organizations (“FBOs”) based on asset size and operational complexity and aligned to the four categories of tailoring standards resulting from EGRRCPA

Filing groups	Category	Applicability	Resolution plan requirements
Biennial Filers	Category I	<p>US firms identified:</p> <p>(1) as global systemically important BHC</p> <p>(2) nonbank financial companies supervised by the FRB</p>	<ul style="list-style-type: none"> Two-year cycle (consistent with current <i>de facto</i> filing rate for US G-SIBs) Alternating full and targeted plans to reflect the complexity and global operations <i>Next submission:</i> <ul style="list-style-type: none"> July 1, 2021 (targeted plan) July 1, 2023 (full plan)
Triennial Full Filers	Category II	<p>(1) US firms with (a) \geq \$700b average¹ total consolidated assets; or (b) \geq \$100b average total consolidated assets with \geq \$75b in average cross-jurisdictional activity</p> <p>(2) FBOs with (a) \geq \$700b average combined U.S. assets; or (b) \geq \$100b average combined U.S. assets with \geq \$75b in average cross-jurisdictional activity</p>	<ul style="list-style-type: none"> Three-year cycle Alternating full and targeted plans Targeted plans to include core areas including capital and liquidity, as well as material changes in other areas <i>Next submission:</i> <ul style="list-style-type: none"> December 17, 2021 (targeted plan) <ul style="list-style-type: none"> Due date revised twice due to COVID July 1, 2024 (full plan)
	Category III	<p>(1) US firms with (a) \geq \$250b and $<$ \$700b average total consolidated assets; or (b) \geq \$100b average total consolidated assets with \geq \$75b in nonbank assets, weighted short-term wholesale funding (wSTWF), or off-balance sheet exposure</p> <p>(2) FBOs with (a) \geq \$250b and $<$ \$700b average combined US assets; or (b) \geq \$100b average combined US assets with \geq \$75b in nonbank assets, wSTWF, or off-balance sheet exposure.</p>	
Triennial Reduced Filers	Other FBOs	FBOs with \geq \$250b global consolidated assets that are not subject to Category II or Category III standards	<ul style="list-style-type: none"> Three-year cycle Reduced plans Domestic firms that fall under this category would not be required to file a resolution plan <i>Next Submission:</i> July 1, 2022

¹ Average total consolidated assets is measured by the average over the preceding four calendar quarters as reported on the FR Y-7Q

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