SULLIVAN & CROMWELL LLP

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Final Resolution Planning Guidance for U.S. G-SIBs

Federal Reserve and FDIC Issue Final Guidance for Future Resolution Plan Submissions by the Eight U.S. Global Systemically Important Banks

SUMMARY

On December 20, 2018, the Federal Reserve and the Federal Deposit Insurance Corporation (together, the "Agencies") issued final guidance (the "Final Guidance")[1] with respect to future resolution plan submissions under Title I of the Dodd-Frank Act by the eight U.S. Global Systemically Important Banks (U.S. G-SIBs), including the plan submissions that are due July 1, 2019.[2] The Final Guidance adopts, and addresses comments provided in response to, the proposed resolution planning guidance the Agencies issued for comment on June 29, 2018 (the "Proposed Guidance").[3] Like the Proposed Guidance and the foundational guidance issued by the Agencies in April 2016 (the "2016 Guidance"),[4] the Final Guidance describes the supervisory expectations of the Agencies with respect to firm capabilities in the following areas relevant to resolution:

- capital;
- liquidity;
- governance mechanisms;
- payment, clearing and settlement (PCS) activities;
- collateral management;
- management information systems;
- shared and outsourced services;
- legal entity rationalization criteria;

- separability; and
- derivatives and trading activities.

Notably, the Final Guidance consolidates all prior resolution planning guidance into one document and states that any prior guidance not included in the Final Guidance is superseded.[5]

Although the Proposed Guidance sought comment on the capital and liquidity pre-positioning framework that was contained in the 2016 Guidance,[6] the Final Guidance does not include any substantial revisions to those elements of the guidance. The release accompanying the Final Guidance (the "Adopting Release") does explicitly affirm, however, that these topics will be the subject of one or more future proposals for public comment, whether in the form of proposed guidance, a proposed rule, or some combination of the two.[7] The Agencies acknowledge that they will continue to consider the written comments that were received on capital and liquidity pre-positioning as they contemplate future action in this area.[8]

Consistent with the Proposed Guidance, the principal substantive areas in which the 2016 Guidance is being updated relate to: (i) PCS activities and (ii) derivatives and trading activities.

Most significantly, the Final Guidance provides that in planning for continuity with respect to its role as a provider of PCS services to "key" clients, a U.S. G-SIB should arrive at a determination of which clients are considered "key" by reference to quantitative and qualitative factors relating to the significance of that client's activities relative to the overall PCS activities engaged in by the U.S. G-SIB itself,[9] rather than setting the expectation – as the Proposed Guidance would have – that the U.S. G-SIB must determine whether each client's degree of reliance on the U.S. G-SIB for PCS services renders the U.S. G-SIB "key" from the vantage point of that client. This clarification relieves the U.S. G-SIBs from an impracticality (or even impossibility) that would have been presented by this element of the Proposed Guidance. In addition, the change will likely limit the number of clients that must be identified and addressed under the Final Guidance. This in turn will reduce the extent and complexity of the analysis the U.S. G-SIBs are expected to provide within the playbooks that detail the measures they will undertake to maintain continuity with respect to each key financial market utility (FMU) and key agent bank, as well as to maintain continuity on behalf of key clients in those instances in which the U.S. G-SIB itself functions as a provider of PCS services, whether directly or as an agent bank.[10]

The Final Guidance summarizes supervisory expectations with regard to the resolution-related capabilities to be maintained by the six largest derivatives dealer firms among the U.S. G-SIBs[11] in the area of derivatives and trading. In doing so, the Final Guidance adopts a handful of minor clarifications, generally adhering to the heightened expectations articulated by the Proposed Guidance, but otherwise leaves them largely unaltered. The derivatives and trading standards require the dealer firm to address: (i) booking practices with respect to the dealer firm's derivatives portfolios, (ii) inter-affiliate risk monitoring

and controls, (iii) portfolio segmentation and forecasting, (iv) prime brokerage customer account transfers and (v) derivatives stabilization and de-risking strategy.[12]

In defining supervisory expectations with respect to separability (including the capability a U.S. G-SIB must maintain to identify and prepare for the potential future execution of business and asset divestiture options that will provide meaningful optionality in resolution), the Final Guidance eliminates the expectation under the 2016 Guidance that every U.S. G-SIB should, for each identified divestiture option, maintain and annually update a data room to facilitate buyer due diligence. In place of this prior expectation, the Final Guidance emphasizes that U.S. G-SIBs should actively maintain (and be able upon request to demonstrate) the operational capacity to populate such data rooms with relevant information in a timely fashion.[13]

In emphasizing the necessity for firms to maintain and be able to execute operationally a broad range of resolution-related capabilities, such as the ability to estimate liquidity needs in resolution, the Final Guidance represents an approach that has also recently been embraced – within a different legal framework and institutional setting – by the Bank of England and the UK Prudential Regulatory Authority, with the release of the proposed Resolvability Assessment Framework for large UK banks on December 18, 2018.[14]

For ease of reference, a comparison of the text of the Final Guidance against the 2016 Guidance is linked to this memorandum: https://www.sullcrom.com/files/upload/2017-04-165d-Guidance-vs-2018-12-Guidance-letter-only.pdf. Also linked to this memorandum is a comparison of the text of the Final Guidance against the Proposed Guidance: https://www.sullcrom.com/files/upload/2017-04-165d-Guidance-vs-2018-12-Guidance-letter-only.pdf.

KEY REVISIONS TO THE PROPOSED GUIDANCE

The Final Guidance is largely consistent with the Proposed Guidance, except for limited modifications made in response to public comment, which include the following:

- *Consolidation of Prior Guidance*. The Final Guidance consolidates into a single document the relevant aspects of all prior guidance,[15] including some of the guidance that had previously been provided to U.S. G-SIBs in confidential communications.[16] The Final Guidance supersedes any prior guidance that has not been incorporated into the Final Guidance or appended as a Frequently Asked Question (FAQ).[17] Accordingly, the U.S. G-SIBs can rely on the Final Guidance, together with the Agency feedback letters received by the U.S. G-SIBs in December 2017, as they prepare their 2019 resolution plan submissions.
- *PCS Activities*. In response to public comments received by the Agencies, the Final Guidance makes certain significant revisions to the section of the Proposed Guidance that deals with PCS activities:
    - The Proposed Guidance introduced the expectation that a U.S. G-SIB should identify and perform analysis on how to maintain continuity on behalf of "key clients" of its PCS services, but indicated that a key client was to be categorized as such based on the degree to which the client "relies upon continued access" to the U.S. G-SIB's PCS services.[18] In response to comments pointing out the inherent difficulty (if not impossibility) of a G-SIB PCS provider assessing the extent of each client's "reliance" on its PCS services, the Final Guidance clarifies that a U.S. G-SIB should identify clients as

key from the U.S. G-SIB's perspective, rather than from the client's perspective, using quantitative and qualitative criteria.[19] The Final Guidance provides that in undertaking such definition of "key clients," U.S. G-SIBs are afforded flexibility to tailor their identification methodologies and criteria in a manner that is consistent with the particular PCS services they provide.[20] Examples of the quantitative criteria a U.S. G-SIB may use to identify its key clients include transaction volume/value, market value of exposures, assets under custody, usage of PCS services, and any extension of related intraday credit or liquidity – all of which data are inherently in the possession of the U.S. G-SIB and do not require speculation about the degree of "reliance" that may or may not be experienced by a given client.[21]

- U.S. G-SIBs are also expected under the Final Guidance to identify FMUs and agent banks that are key from the U.S. G-SIB's perspective, using both quantitative and qualitative criteria.[22] The Final Guidance states that "[e]ach [U.S. G-SIB] is expected to provide a playbook for each key FMU and key agent bank that addresses considerations that would assist the [U.S. G-SIB] and its key clients in maintaining continued access to PCS services in the period leading up to and including the [U.S. G-SIB's] resolution."[23]

- *Derivatives and Trading Activities*. In response to comments on the Proposed Guidance, the Agencies made a handful of adjustments that clarify, and in certain instances circumscribe, the expectations set out in the Proposed Guidance. The Final Guidance clarifies that: (i) the expectation that a dealer firm provide information on inter-affiliate trade compression strategies applies only when a dealer firm expects to rely upon such compression strategies to execute its preferred strategy;[24] (ii) a dealer firm is expected to incorporate capital and liquidity needs associated with derivatives activities into its RCEN and RLEN estimates only with respect to its material entities;[25] (iii) in forecasting capital and liquidity resource needs, a dealer firm may choose not to model operational costs associated with executing its derivatives strategy at the level of each specific derivatives activity, though it must develop those cost estimates at a level more granular than simply the activity taking place at the material entity as a whole;[26] and (v) in connection with the requirement that a dealer firm maintain booking practices commensurate with the size, scope and complexity of its derivatives portfolios (which by definition include both derivatives positions and linked non-derivatives trading positions), firms may identify "linked" non-derivatives trading positions in a manner that appropriately reflects their overall business and resolution strategy.[27]

  Importantly, the Final Guidance also clarifies that the term "material derivatives entities," which is used throughout the guidance, encompasses only a dealer firm's material entities that engage in derivatives activities and does not extend to some broader class of affiliates merely because they may conduct derivatives activities.[28]

- *QFC Stay Rule Implementation.* Under final rules that were issued in 2017 by the Federal Reserve, OCC and FDIC, all U.S. G-SIBs and the U.S. subsidiaries, branches and agencies of non-U.S. G-SIBs (collectively, "Covered Entities") must comply, starting on January 1, 2019, with requirements to conform the terms of certain swaps, repos and other qualified financial contracts (QFCs) to limit the exercise of counterparty default rights in resolution.[29] Although the QFC stay rules become effective on January 1, 2019, the rules specify, for certain classes of counterparties, later "initial applicability dates" by which the contractual terms of in-scope QFCs must be amended.[30] While the initial applicability date for QFC transactions among Covered Entities is January 1, 2019, the initial applicability date for transactions by Covered Entities with "financial counterparties"[31] other than small banks is July 1, 2019.[32] For Covered Entity QFC transactions with small banks and all other counterparties, the initial applicability date is January 1, 2020.[33]

  In a footnote, the Final Guidance sets a new expectation that plans submitted prior to the final initial applicability date of the QFC stay rules (*i.e.*, prior to January 1, 2020, which will include the next round of U.S. G-SIB plans required to be submitted on July 1, 2019), "should reflect how the early termination of qualified financial contracts could impact the firm's resolution in light of the current state of its qualified financial contracts' compliance with the requirements

of the QFC stay rules. The firm may also separately discuss the firm's resolution assuming that the final initial applicability date has been reached and all covered qualified financial contracts have been conformed to comply with the QFC stay rules."[34]

- *Separability*. In place of the prior requirement that a U.S. G-SIB maintain (and annually refresh) an active data room for each of the U.S. G-SIB's divestiture options, the Final Guidance states that U.S. G-SIBs will be expected to maintain, and be able to demonstrate, the capability to populate a data room with information that would facilitate buyer due diligence with respect to a potential divestiture (including carve-out financial statements, valuation analysis, and a legal risk assessment) in a timely manner.[35]

- *Format and Structure of Plans*. In a new section, the Final Guidance incorporates, generally unchanged, the requirements from prior guidance with respect to the expected format and structure of the resolution plan submission. The Final Guidance states that each plan should include (i) an executive summary; (ii) a strategic analysis in the form of a concise narrative that also includes a high-level discussion of how the U.S. G-SIB is addressing key vulnerabilities jointly identified by the Agencies; (iii) appendices containing a sufficient level of detail and analysis to substantiate and support the strategy described in the narrative; (iv) a public section; and (v) all other informational items required by the resolution plan rule.[36]

  The Final Guidance also incorporates, again generally unchanged, prior guidance (much of it formerly confidential) regarding permissible plan assumptions as well as prior guidance regarding the inclusion of financial statements and projections.

  For instance, the Final Guidance now publicly states that U.S. G-SIBs may assume that their depository institutions will have access to the Discount Window only for a few days after the point of failure to facilitate orderly resolution. However, U.S. G-SIBs should not assume that their subsidiary depository institutions will have access to the Discount Window while critically undercapitalized, in FDIC receivership, or operating as a bridge bank, nor should they assume any lending from a Federal Reserve credit facility to a non-bank affiliate.[37]

- *Material Entities*. The Final Guidance incorporates prior guidance on the identification of material entities within a consolidated U.S. G-SIB group and adds a new express expectation that U.S. G-SIBs should describe, "for each material entity, on a jurisdiction-by-jurisdiction basis, the specific mandatory and discretionary actions or forbearances that regulatory and resolution authorities would take during resolution, including any regulatory filings and notifications that would be required as part of the preferred strategy, and explain how the [U.S. G-SIB's] plan addresses such actions and forbearances."[38] Each U.S. G-SIB must go on to describe any consequences for its resolution strategy if specific actions in a non-U.S. jurisdiction are not taken, or are delayed, or forgone.[39]

- *Single Point of Entry Strategy.* Despite acknowledging that the U.S. G-SIBs have made significant progress on addressing key vulnerabilities associated with the single point of entry (SPOE) strategy, the Agencies declined to act upon comments that asked the Agencies to publicly affirm the SPOE strategy, where properly implemented, as a credible means of resolving a G-SIB in an orderly manner. The Agencies instead state in the Adopting Release that the Final Guidance "is not intended to favor one strategy over another" and that the Agencies "do not prescribe specific resolution strategies for any firm."[40]

- *Secured Support Agreements.* Although the Final Guidance did not substantively revise the capital and liquidity elements of the guidance, the Adopting Release did in part respond, with caution, to certain comments advocating that Secured Support Agreements be explicitly recognized as an effective means of allocating contributable resources in resolution, and of fostering cross-border cooperation among home and host jurisdictions. The Adopting Release states that the Agencies "continue to consider the merits and limitations of secured support agreements," while noting that "on their own, the agreements do not provide the same certainty as pre-positioned resources."[41]

- *Avoiding False Positive Resolution Triggers.* In particular, the Adopting Release focuses on the importance of avoiding false positive resolution triggers governed by pre-set Resolution Liquidity Execution Need (RLEN) and Resolution Capital Execution Need (RCEN) thresholds, assumptions and methodologies underlying these metrics. The Adopting Release states that this danger can be ameliorated by allowing U.S. G-SIBs to "tailor their resolution planning capital and liquidity estimates and methodologies based on specific factual circumstances concerning their material entities, as well as modify these assumptions during an actual stress scenario."[42] The Adopting Release goes on to state that: "[f]or the purposes of the resolution plan submissions, firms should assume conditions consistent with the DFAST Severely Adverse scenario. In an actual stress environment, however, methodologies for estimating RLEN and RCEN should have the flexibility to incorporate actual stress conditions that may deviate from the DFAST Severely Adverse scenario. Firms' capabilities to calibrate and alter assumptions in their RLEN and RCEN methodologies to reflect actual stress conditions is a meaningful safeguard against false positive resolution triggers."[43]

FUTURE U.S. AGENCY ACTIONS

With respect to future rulemaking, the Agencies have indicated that, in accordance with changes made to section 165 of the Dodd-Frank Act by the Economic Growth, Regulatory Relief, and Consumer Protection Act,[44] they plan to propose revisions to the resolution plan rule in order to address the applicability (or, presumptively, the inapplicability) of resolution plan requirements for bank holding companies with between $100 billion and $250 billion in assets and adjust the scope and applicability of resolution plan requirements for those firms that remain subject to them.[45] In connection with this rulemaking, Agency officials have publicly indicated that they plan to consider ways in which the required informational content in plan filings might be streamlined in order to reduce the burden of plan preparation, as well as the formal adoption of a biannual submission cycle in place of the current annual filing requirement in the rule.[46]

In addition, Federal Reserve Vice Chairman Randal Quarles has indicated that the Board of Governors is considering revisions to the total loss-absorbing capacity (TLAC) requirements currently imposed on the U.S. G-SIBs and the U.S. intermediate holding companies of certain non-U.S. G-SIBs. Elements under consideration for potential revision appear to include: (i) potential elimination of the stand-alone requirement to maintain a minimum amount of long-term debt in addition to satisfying the TLAC minimum and (ii) potential lowering of the minimum internal TLAC requirements that are applied to the U.S. intermediate holding companies of non-U.S. G-SIBs. As noted by the Adopting Release for the Final Guidance, revisions to the capital pre-positioning framework under Title I could potentially be addressed as part of amendments to the TLAC rule, or could be encompassed in future revisions to Title I resolution plan guidance.[47] Likewise, the Adopting Release indicated that future modifications to the liquidity pre-positioning framework may be incorporated into either future proposed guidance or a future proposed rule.[48]

Also likely to be released during 2019 is proposed resolution planning guidance for the four largest foreign banking organizations (FBOs) that filed their most recent Title I resolution plans on July 1, 2018.

The Agencies released public feedback letters with respect to those FBO plans on December 20 at the same time that the Final Guidance was issued.[49] These FBO feedback letters identified no "deficiencies" that might ultimately give rise to additional prudential restrictions under the Dodd-Frank statute, but did identify for each firm at least one "shortcoming" to be addressed by the time of the next required resolution plan submission by these firms on July 1, 2020. The letters provide that detailed project plans for such remediation must be submitted to the Agencies by April 5, 2019. The letters all indicate that the Agencies plan to engage with these firms and their relevant home-jurisdiction authorities to advance the objective of coordinated group-wide and U.S. planning with respect to the following topics: (i) Legal Entity Rationalization, (ii) PCS activities and (iii) Derivatives Booking Practices.

The FDIC has also indicated that it will release during 2019 an Advance Notice of Public Rulemaking that will seek public input on whether the FDIC rule requiring insured depository institutions (IDIs) with greater than $50 billion in assets to submit an IDI-specific resolution plan should be eliminated or modified.[50] The FDIC has stated that no IDI plans will be required to be submitted until such rulemaking process has concluded.[51]

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ENDNOTES

[1] Board of Governors of the Federal Reserve System and FDIC, *Resolution Planning Guidance for Eight Large, Complex U.S. Banking Organizations* (December 20, 2018), *available at* https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20181220c5.pdf (the "Adopting Release").

[2] The U.S. G-SIBs are Bank of America Corporation; The Bank of New York Mellon Corporation; Citigroup Inc.; The Goldman Sachs Group, Inc.; JPMorgan Chase & Co.; Morgan Stanley; State Street Corporation; and Wells Fargo & Company.

[3] *See* Resolution Planning Guidance for Eight Large, Complex U.S. Banking Organizations, 83 Fed. Reg. 32856 (July 16, 2018) (the "Proposed Guidance Release"). For further discussion of the Proposed Guidance, *see* our Client Memorandum, *Proposed Resolution Planning Guidance for U.S. G-SIBs*, dated July 2, 2018, *available at* https://www.sullcrom.com/proposed-resolution-planning-guidance-for-us-g-sibs.

[4] *See* Board of Governors of the Federal Reserve System and FDIC, *Guidance for 2017 § 165(d) Annual Resolution Plan Submissions by Domestic Covered Companies that Submitted Resolution Plans in 2015* (the "Guidance for the 2017 Plan Submissions") (April 12, 2016), *available at* https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20160413a1.pdf.

[5] *See* Adopting Release at 48 n.33. The Final Guidance makes clear that the U.S. G-SIBs must ensure that they address any shortcomings identified in the feedback letters issued by the Agencies in December 2017, as well as any shortcomings or deficiencies identified in future firm-specific feedback letters.

[6] *See* Proposed Guidance Release at 32858.

[7] *See* Adopting Release at 5 ("The Agencies expect that any future actions in these areas [capital and liquidity], whether guidance or rules, would be adopted through notice and comment procedures, which would provide an additional opportunity for public input."). The Agencies also note that they "further expect to collaborate in taking such actions in a manner consistent with the [Federal Reserve's] TLAC rule." *Id.* at 5-6. This past May, Federal Reserve Vice Chairman for Supervision Randal Quarles stated that the Federal Reserve is "interested in views from the firms and the public on how the [capital and liquidity pre-positioning] regimes can be improved . . . . In addition, we are currently weighing the costs and benefits of our current approach of directing firms to determine the appropriate amount of prepositioned capital and liquidity. We are also considering whether formalizing resolution capital and liquidity requirements through a rulemaking process would improve the predictability and transparency of our approach." Randal K. Quarles, Vice Chairman for Supervision, Federal Reserve, *Trust Everyone – But Brand Your Cattle: Finding the Right Balance in Cross-Border Resolution* (May 16, 2018), *available at* https://www.federalreserve.gov/newsevents/speech/quarles20180516a.htm.

[8] *See* Adopting Release at 17.

[9] *See id.* at 23-24, 58.

[10] *See id.* at 58-60.

[11] The Final Guidance identifies the following six U.S. G-SIBs as "dealer firms" subject to the guidance on derivatives and trading activities: Bank of America Corporation, Citigroup Inc., The Goldman Sachs Group, Inc., JPMorgan Chase & Co., Morgan Stanley, and Wells Fargo & Company. *Id*. at 70.

[12] *See id.* at 70-83.

[13] *See id.* at 34, 70.

[14] *See* Bank of England, *The Bank of England's Approach to Assessing Resolvability* (December 2018), *available at* https://www.bankofengland.co.uk/-/media/boe/files/paper/2018/bank-of-

englands-approach-to-assessing-resolvability-cp.pdf?la=en&hash=8B0357C32E2C7D6CF5E6C295BD1F2FA16928CBEF and Bank of England, Prudential Regulatory Authority, *Resolution Assessment and Public Disclosure by Firms* (December 2018), *available at* https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2018/cp3118.pdf?la=en&hash=BD48DE730C2A69D35C690C69CFF201D0B382E6D3.

15 *See id.* at 11-12. Specifically, the Final Guidance consolidates the *Guidance for 2013 § 165(d) Annual Resolution Plan Submissions by Domestic Covered Companies that Submitted Initial Resolution Plans in 2012*; firm-specific feedback letters issued in August 2014 and April 2016; the February 2015 staff communication; and the 2016 Guidance, including the frequently asked questions that were published in response to the 2016 Guidance. *See id.* at 48 n.33.

16 *See id.* at 11 (discussing that commenters favored consolidating and making public the relevant aspects of all existing guidance into a single document). Additionally, as previously noted, the consolidated guidance includes the U.S. G-SIB-specific feedback letters issued in August 2014, which were subject to restrictions on the sharing of confidential supervisory information. *See supra* note 11.

17 *See* Adopting Release at 12.

18 Proposed Guidance Release at 32865.

19 *See id.* at 25, 58.

20 *See id.* at 25.

21 *See id.* at 58 n.43.

22 *See id.* at 58.

23 *Id.* at 58-59.

24 *Compare* Proposed Guidance Release at 32869 *with* Adopting Release at 74.

25 *Compare* Proposed Guidance Release at 32871 *with* Adopting Release at 82.

26 Adopting Release at 82 n.82.

27 *Compare* Proposed Guidance Release at 32868 n.41 *with* Adopting Release at 70 n.52.

28 Adopting Release at 73 n.59.

29 *See* 12 C.F.R §§ 252.81-252.88, pt. 382 and pt. 47.

30 *See, e.g.*, 12 C.F.R. § 252.82(f).

31 *See* 12 C.F.R. § 252.81.

32 12 C.F.R § 252.82(f).

33 *Id.*

34 Adopting Release at 63 n.49.

35 *Compare* Proposed Guidance Release at 32868 *with* Adopting Release at 70.

36 *See* Adopting Release at 83-84.

37 *Id.* at 87.

38 *Id.*

39 *See id.*

ENDNOTES (CONTINUED)

[40] *Id.* at 14. The FDIC and Treasury have indicated that SPOE is the strategy that would likely be pursued for U.S. G-SIBs if they were resolved under Title II of the Dodd-Frank Act, and all of the U.S. G-SIBs have adopted, or announced their intention of adopting, the SPOE strategy in their Title I resolution plans. *See* FDIC, *Resolution of Systemically Important Financial Institutions: The Single Point of Entry Strategy*, 78 Fed. Reg. 76614 (December 18, 2013), *available at* https://www.govinfo.gov/content/pkg/FR-2013-12-18/pdf/2013-30057.pdf; U.S. Department of the Treasury, *Orderly Liquidation Authority and Bankruptcy Reform* (February 21, 2018), *available at* https://home.treasury.gov/sites/default/files/2018-02/OLA_REPORT.pdf. However, the Agencies have been consistent in their position that each U.S. G-SIB is responsible for determining the most suitable resolution strategy for its resolution plan.

[41] *Id.* at 19.

[42] *Id.* at 21.

[43] *Id.* (internal citation omitted).

[44] *See* Board of Governors of the Federal Reserve System, FDIC and OCC, *Interagency statement regarding the impact of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA)* (July 6, 2018), *available at* https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20180706a1.pdf.

[45] *See Prudential Standards for Large Bank Holding Companies and Savings and Loan Holding Companies*, 83 Fed. Reg. 61408 (November 29, 2018) at 61410; Randal K. Quarles, Vice Chairman for Supervision, Federal Reserve, *Getting It Right: Factors for Tailoring Supervision and Regulation of Large Financial Institutions* (July 18, 2018), *available at* https://www.federalreserve.gov/newsevents/speech/quarles20180718a.htm ("But most firms with total assets between $100 billion and $250 billion do not pose a high degree of resolvability risk, especially if they are less complex and less interconnected. Therefore, we should consider scaling back or removing entirely resolution planning requirements for most of the firms in that asset range. Further, we should consider limiting the scope of application of resolution planning requirements to only the largest, most complex, and most interconnected banking firms because their failure poses the greatest spillover risk to the broader economy. For firms that would still be subject to resolution planning requirements, we could reduce the frequency and burden of such requirements, perhaps by requiring more-targeted resolution plans.").

[46] *See*, *e.g.*, Randal K. Quarles, Vice Chairman for Supervision, Federal Reserve, *Early Observations on Improving the Effectiveness of Post-Crisis Regulation* (January 19, 2018), *available at* https://www.federalreserve.gov/newsevents/speech/quarles20180119a.htm ("I believe we should continue to improve the resolution planning process in light of the substantial progress made by firms over the past few years, including a permanent extension of submission cycles from annual to once every two years and reduced burden for banking firms with less significant systemic footprints").

[47] *See* Adopting Release at 5-6.

[48] *Id.* at 5.

[49] *See* Federal Reserve, *Federal Reserve and FDIC Announce Resolution Plan Determinations for Four Foreign-Based Banks and Finalize Guidance for Eight Domestic Banks* (December 20, 2018), *available at* https://www.federalreserve.gov/newsevents/pressreleases/bcreg20181220c.htm.

[50] *See* Jelena McWilliams, Chairman, FDIC, *Keynote Remarks to 2018 Annual Conference of The Clearing House and Bank Policy Institute* (November 28, 2018), *available at* https://www.fdic.gov/news/news/speeches/spnov2818.html.

[51] *Id.*

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