

**Davis Polk**

# **FDIC revamps IDI resolution planning**

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# Key takeaways

01

# Key takeaways

The FDIC has revamped its IDI Rule (the **Final Rule**), with an effective date of **October 1, 2024**. The preamble to this rule emphasizes that many of the changes to the Final Rule come from “lessons learned” during the spring 2023 banking turmoil.

- **Comparison with the proposed rule.** The Final Rule is generally consistent with the proposed version of the rule, with the major changes being (1) revisions to the cycles for resolution submissions (see [slides 4 to 5 and 13](#) for more) and (2) the introduction of an intermediate category of feedback called significant findings (see [slide 33](#) for more).
- **Two categories of filers.** Insured depository institutions with total assets of \$50 billion or more (**CIDIs**) are subject to the Final Rule and are divided into two groups based on size. A summary of the filing requirements applicable to the two groups of CIDIs can be found on [slides 10 to 11](#).
  - IDIs with total assets of \$100 billion or more (**Group A CIDIs**) will be required to submit a full resolution plan containing all content elements described in the Final Rule. The FDIC stated that **33 banks** are Group A CIDIs.
  - IDIs with total assets of at least \$50 billion and less than \$100 billion (**Group B CIDIs**) will be required to make an informational filing, which will include slightly pared-back content requirements compared to submissions made by Group A CIDIs. The FDIC stated that **12 banks** are Group B CIDIs. Group B CIDIs have been subject to a moratorium on their resolution submissions since 2018 or have never been subject to the requirement because they were smaller then.

# Key takeaways

- **Enhanced content requirements.** The Final Rule will codify elements of existing interpretive guidance, including information about franchise components and key personnel. It will also greatly add detail or expand on content requirements in the current version of the rule or existing guidance, such as requiring additional details on deposit structure and cross-border activities. As a result, the Final Rule is more granular and prescriptive than the current version of the rule.
  - A comparison of content requirements under the current IDI Rule / existing interpretive guidance and the Final Rule can be found on [slides 16 to 24](#).
- **Submission cycle.** Under the Final Rule, most CIDs from Group A and all from Group B will make a full resolution submission every three years, with a more limited interim supplement filing required in each of the off-years. As a practical matter, there is now some kind of IDI resolution plan filing every year for all non-GSIBs.
  - **Exception for GSIB CIDs.** CIDs with GSIB parents will make a full resolution submission every two years. The FDIC stated that it intends for 165(d) resolution plans and IDI resolution plans to be due on alternating years for these CIDs, and accordingly, expects for their first IDI resolution plan under the Final Rule to be in 2026. Because the FDIC will always be receiving either a 165(d) resolution plan or an IDI resolution plan each year from the GSIBs, CIDs with GSIB parents are exempt from the interim supplement requirement.
  - **Actual due dates.** The FDIC did not specify due dates for the next round of IDI resolution submissions, stating that CIDs will be notified of their due dates promptly after October 1 and that “most CIDs” will file resolution plans in 2025.
    - Group A CIDs will have at least 270 days from the effective date of the Final Rule before their first submission (i.e., on or after June 30, 2025). The FDIC has indicated that it will divide the Group A CIDs into **three cohorts** of CIDs that “share similar characteristics.” Group A CIDs that are not in the first cohort for the submission of a full resolution plan may be required to submit an interim supplement on the submission date that precedes the date for their first full resolution plan.

# Key takeaways

- Group B CIDs will have at least one year from the effective date of the Final Rule before their first submission (i.e., **after** October 1, 2025). The FDIC has indicated that it will divide Group B CIDs into **two cohorts** that will submit a full informational filing as their first resolution submission.
- **Transitioning between groups.** A CID that transitions from Group B to Group A or vice versa will have to file a resolution submission or interim supplement, as applicable, pursuant to the requirements relevant to its new filing group on or before the date that its next full resolution submission or interim supplement is due, unless it receives written notice of a different date from the FDIC.
- **FDIC discretion.** The FDIC will retain its ability to vary or extend the submission cycle, as under the current rule.
- A chart summarizing key aspects of the submission cycle is on [slide 13](#).
- **Emphasis on capabilities testing and staff engagement.** The Final Rule clarifies the FDIC's expectation for engagement with CIDs and capabilities testing requirements. It builds on the emphasis given to these elements in the FDIC's June 2021 policy statement (the [June 2021 Statement](#)) and reflects the belief that **engagement and capabilities testing are key parts of the review and evaluation process**. See [slides 30 to 31](#) for more.
- **New credibility standard.** The Final Rule includes a two-pronged credibility standard used to evaluate full resolution submissions—and not interim supplements. The first prong introduces a new element into the FDIC's credibility standard designed to evaluate the identified strategy and related requirements of Group A CIDs. The second prong of the credibility standard applies to both Group A and Group B CIDs. See [slide 32](#) for more details.

# Key takeaways

- **FDIC evaluation.** Despite extensive comments on the credibility standard, the FDIC retained the credibility standard as proposed, noting that an “important goal of the [Final Rule is] to establish clear expectations with respect to the form and substance of resolution submissions.” The FDIC further stated that it expects to conduct “horizontal reviews across full resolution submissions of CIDs that have similar characteristics to gain a broader perspective.”
  - **Intermediate level of feedback.** In response to comments, the Final Rule includes an intermediate level of feedback—a “significant finding”—that sits between informal observations and material weakness that could render a full resolution submission deficient and is analogous to shortcomings under the 165(d) Rule.
  - **Enforcement.** The FDIC has made it clear for the first time that a CID could be subject to an enforcement order if the FDIC determines that its resolution plan is not credible.
- **Delegation of certain actions.** The FDIC Board delegated certain actions that could be taken under the Final Rule to FDIC staff, with the concurrence of the General Counsel, in light of the “large number of actions that, absent delegation to staff, would require Board action.” The Board will retain authority to act on the “most significant decisions” under the Final Rule. Notably, the determination of a significant finding is delegated, but a material weakness is not.
- The actions reserved to the Board and those that have been delegated are summarized in the chart on [slide 34](#).

**Planning for what to do next**

**02**



# Planning for what to do next

- The greatly enhanced content requirements, combined with the capabilities engagement and testing, plus the yearly submission cycle, lead to some practical planning points:
  - **Do you have the right team in place with the appropriate stature?**
  - **Do they have the right resources in terms of budget and technology?**
  - **How will you integrate information gathering into a business as usual cycle?**
  - **Should there be a board education session?**
  - **Should there be senior management in-depth briefings?**
- Preparing resolution plans (or interim supplements) is a 2025 task, but do not underestimate the planning phase even if preparations can start later.

# Content requirements cheat sheet

03

# Content requirements cheat sheet

Content Item	Group A Resolution Plans 2 or 3 year cycle*	Group B Informational Filings 3 year cycle	Group A and Group B Interim Supplement <sup>±</sup> Off-cycle year <sup>+</sup>
Identified Strategy	✓		
Failure Scenario	✓		
Executive Summary	✓		
Description of material changes since the last submission	✓	✓	✓
Org. structure—legal entities—core business lines—branches	✓	✓	✓
Methodology for material entity designation	✓	✓	
Separation from parent—barriers or obstacles to orderly resolution	✓	✓	
Deposit activities	✓	✓	Key information
Critical services	✓	✓	Key information
Key personnel	✓	✓	Key information
Franchise components	✓	✓ <sup>†</sup>	Key information
Material asset portfolio	✓	✓	Key information
Valuation for least-costly resolution	✓		
Off-balance-sheet exposures	✓	✓	✓
Qualified financial contracts	✓	✓	

\* Group A CIDs of U.S. GSIB parent banking organizations (nine CIDs) will be on a biennial cycle. All other Group A CIDs (24 CIDs) will be on a triennial cycle.

<sup>±</sup> See [slides 26–28](#) for more on the specific interim supplement requirements.

<sup>+</sup> Assuming that the FDIC requires IDI resolution plan on alternating years with the 165(d) resolution plan for biennial filers (as it indicates that it intends to do), Group A CIDs of U.S. GSIB parent banking organizations will not be required to make an interim supplement filing.

<sup>†</sup> Under the Final Rule, the FDIC exempted Group B CIDs from certain elements of the franchise component content requirement relating to marketing process and capabilities, key assumptions underpinning each divestiture and obstacles to execution.

# Content requirements cheat sheet

Content Item	Group A Resolution Plans 2 or 3 year cycle*	Group B Informational Filings 3 year cycle	Group A and Group B Interim Supplement <sup>±</sup> Off-cycle year <sup>+</sup>
Unconsolidated balance sheet	✓	✓	✓
Payment, clearing and settlement	✓	✓	Key information
Capital structure—funding sources	✓	✓	Key information
Parent and parent company affiliate funding, transactions, accounts, exposures and concentrations	✓	✓	
Economic effects of resolution	✓	✓	
Non-deposit claims	✓	✓	
Cross-border elements	✓	✓	✓
Management information systems—licenses—IP	✓	✓	Key information
Digital services and electronic platforms	✓	✓	
Communications playbook	✓	✓	
Corporate governance	✓	✓	
CIDI's assessment of resolution plan	✓	✓	
Any other material factor	✓	✓	

\* Group A CIDs of U.S. GSIB parent banking organizations (nine CIDs) will be on a biennial cycle. All other Group A CIDs (24 CIDs) will be on a triennial cycle.

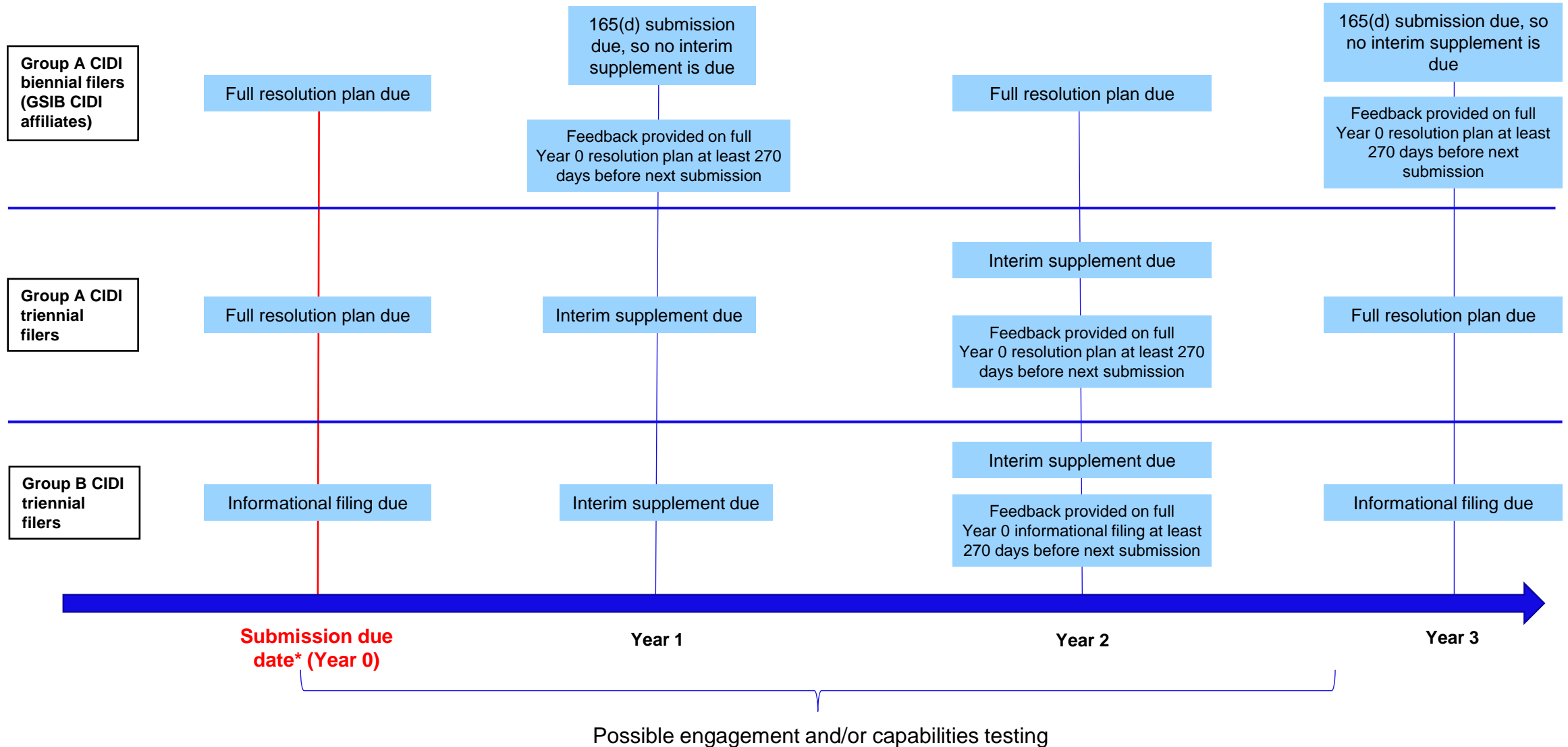
<sup>±</sup> See [slides 26-28](#) for more on the specific interim supplement requirements.

<sup>+</sup> Assuming that the FDIC requires IDI resolution plan on alternating years with the 165(d) resolution plan for biennial filers (as it indicates that it intends to do), Group A CIDs of U.S. GSIB parent banking organizations will not be required to make an interim supplement filing.

# Submission cycle summary visual

04

# Submission cycle summary visual



\* The FDIC stated that it will notify CIDs of the due date of their first resolution submission promptly after Oct. 1, 2024. This date will be different for different filers.

# Detailed comparison of content requirements with current rule

05

# Changes to content requirements

- The Final Rule significantly revises the content requirements of the resolution submissions under the current IDI Rule. These changes stem from:
  - Codification of existing guidance;
  - Expansion on or clarification of the requirements set forth in the current rule or existing guidance; or
  - Addition of new requirements.
- Most significantly, the Final Rule changes the manner and form by which Group A CIDs identify a resolution strategy and requires additional information on key depositors, material asset portfolios and other aspects of a CID's operations.
- [Slides 16 to 24](#) provide a comparative view of the key changes to the current rule by comparing certain of the key Final Rule's content requirements to those under the current rule or existing guidance.
- Except for changes to certain content requirements that only apply to Group A CIDs, the changes to the current IDI Rule generally apply to both categories of filers.



# Comparison of key content requirements

Content Req't	Current Rule/Guidance	Final Rule	Group A	Group B
<b>Identified strategy</b>	<ul style="list-style-type: none"> <li>Requires strategies for the sale or disposition of the deposit franchise, including branches, core business lines (<b>CBLs</b>) and major assets of the CIDI in a manner that ensures that depositors receive access to their insured deposits within one business day of the institution's failure, maximizes the net present value return from the sale or disposition of such assets and minimizes the amount of any loss realized in the resolution.</li> <li>The June 2021 Statement expands on the types of strategies that the CIDI can consider, such as whole bank P&amp;A or transfer of insured deposits from a bridge bank over time.</li> </ul>	<ul style="list-style-type: none"> <li>Marks a significant shift in the approach to resolution strategies.</li> <li>Requires a Group A CIDI to provide an identified strategy, describing the resolution from the point of failure through the sale or disposition of the franchise in a manner that meets a new credibility standard. See <a href="#">slide 32</a>.</li> <li>The preamble states that a Section 165(d) plan using a strategy in which the CIDI is not resolved—i.e., an SPOE strategy—may reasonably be identified as a mitigant to the potential systemic risk of the failure of the CIDI.</li> <li>Requires a bridge bank as the default, though the CIDI is able to choose another strategy as long as it can justify the alternative approach; the CIDI is not permitted to assume a sale of assets/liabilities over a closing weekend. <ul style="list-style-type: none"> <li>A bridge bank strategy must provide for the establishment and stabilization of a bridge bank and an exit strategy from the bridge bank—that is, asset wind-downs, an exit via restructuring and IPO, or a sale to multiple acquirers.</li> </ul> </li> <li>Requires a Group A CIDI to support the notion that the identified strategy maximizes value and minimizes losses to the creditors and contains meaningful optionality.</li> </ul>	✓	✗

# Comparison of key content requirements

Content Req't	Current Rule/Guidance	Final Rule	Group A	Group B
<b>Failure scenario</b>	<ul style="list-style-type: none"> <li>Strategies for resolution should take into account that failure of the CIDI may occur under baseline, adverse and severely adverse economic conditions.</li> <li>FDIC guidance has exempted the CIDI from the requirement to take into account baseline and adverse economic conditions for the resolution plan, though an initial plan can be under a baseline scenario.</li> </ul>	<ul style="list-style-type: none"> <li>The identified strategy is based on a failure scenario that has more granular requirements and assumes, among other things, that:                             <ul style="list-style-type: none"> <li>The CIDI is experiencing material financial distress, including asset base deterioration and depletion of high-quality liquid assets and capital;</li> <li>The macroeconomic conditions are severely adverse; and</li> <li>The CIDI's U.S. parent is in resolution.</li> </ul> </li> <li>The FDIC may provide additional or alternative parameters to an individual CIDI or groups of CIDs at its discretion and will "endeavor" to provide a 12-month advance notice.</li> </ul>	✓	✗
<b>Executive summary</b>	<ul style="list-style-type: none"> <li>Requires the executive summary to describe "key elements" of the CIDI's resolution plan, as well as any material events that might impact the plan, material changes to the CIDI's resolution plan and actions taken to improve the effectiveness of the plan.</li> </ul>	<ul style="list-style-type: none"> <li>Is more prescriptive.</li> <li>Includes a description of key elements of the identified strategy, an overview of CBLs and franchise components and a description of "material changes" since the last resolution plan as defined in the Final Rule.                             <ul style="list-style-type: none"> <li>Similar to the current rule, the Final Rule requires a description of actions taken to improve the resolution plan information / processes since the last submission, but also requires a discussion of changes made in response to changes in law, regulation, guidance or FDIC feedback.</li> </ul> </li> </ul>	✓	✗

# Comparison of key content requirements

Content Req't	Current Rule/Guidance	Final Rule	Group A	Group B
<b>Organizational structure; legal entities</b>	<ul style="list-style-type: none"> <li>Requires the CIDI to provide all CIDI, parent company and affiliate legal and functional structures.</li> </ul>	<ul style="list-style-type: none"> <li>Is more prescriptive than and expands on current requirements.</li> <li>Requires a description of and/or information about:                             <ul style="list-style-type: none"> <li>All material entities (<b>MEs</b>);</li> <li>Domestic and foreign branch organization, including total deposits of each branch;</li> <li>Regulated subsidiaries, such as registered investment advisors and insurance companies; and</li> <li>All CIDI subsidiaries, offices and agencies with cross-border operations associated with any CBL or franchise component.</li> </ul> </li> </ul>	✓	✓
<b>Material entities</b>	<ul style="list-style-type: none"> <li>Defines an ME as a company that is significant to a critical service or CBL.</li> <li>No requirement to explain methodology for identifying MEs.</li> </ul>	<ul style="list-style-type: none"> <li>Retains the concept that MEs are significant to critical services or CBLs.</li> <li>Requires the CIDI to describe the methodology for identifying MEs, which must be appropriate to the “nature, size, complexity and scope of the CIDI’s operations.”</li> </ul>	✓	✓
<b>Core business lines</b>	<ul style="list-style-type: none"> <li>Defines CBLs as business lines of the CIDI that, in the view of the CIDI, upon failure would result in a material loss of revenue, profit or franchise value.</li> <li>Requires identification and description of CBLs and mapping of CBLs to MEs.</li> </ul>	<ul style="list-style-type: none"> <li>The definition is refined to align with business and regulatory reporting and the equivalent definition under the 165(d) Rule so that CBLs are defined as business lines that “upon failure would result in a material loss of revenue, profit or franchise value of the CIDI.”</li> <li>Specifies that the description of a CBL include information about its assets and revenues and whether the CBL draws value from or relies on the CIDI’s parent company or affiliate or operates across borders.</li> <li>Expands the mapping requirement to require CBLs to be mapped to franchise components, MEs and/or regulated subsidiaries.</li> </ul>	✓	✓

# Comparison of key content requirements

Content Req't	Current Rule/Guidance	Final Rule	Group A	Group B
<b>Least costly resolution</b>	<ul style="list-style-type: none"> <li>Requires the CIDI to explain how strategies for separation of the CIDI and its subsidiaries from its parent company and the sale or disposition of deposit franchise, CBLs and major assets can be demonstrated to be the "least costly" to the Deposit Insurance Fund of all possible methods for resolving the CIDI.</li> </ul>	<ul style="list-style-type: none"> <li>Shifts the requirement so that the CIDI must only "be able to demonstrate the capabilities necessary to produce valuations needed in assessing the least-cost test," rather than the test itself. A description of certain underlying information is required, including:               <ul style="list-style-type: none"> <li>Approaches the CIDI would employ for valuing franchise components and the IDI franchise as a whole; and</li> <li>Valuation analysis based upon the scenario used in development of the identified strategy.</li> </ul> </li> <li>Filers of 165(d) plans relying on an MPOE strategy with an IDI subsidiary also need to demonstrate in their 165(d) plans how the IDI can be resolved in a manner consistent with the overall objective of the 165(d) plan to mitigate the risk that the firm's failure would have adverse effects on U.S. financial stability.</li> </ul>	✓	✗
<b>Franchise component</b>	<ul style="list-style-type: none"> <li>The June 2021 Statement defines franchise component as "each major asset category, core business line or other key component of a CIDI's franchise value."</li> <li>The CIDI is expected to describe the drivers of value of each franchise component and present an approach to resolution through a sequence and process to sell such franchise component.</li> </ul>	<ul style="list-style-type: none"> <li>Refines the definition of franchise component to mean "a business segment, regional branch network, major asset, material asset portfolio, or other key component of a CIDI's franchise that can be [currently] separated and sold or divested."</li> <li>The CIDI is required to demonstrate the "capabilities necessary to ensure that franchise components and the IDI franchise are marketable in resolution." The requirement encompasses describing the CIDI's current capabilities and processes to establish a virtual data room and current capabilities and processes to market the franchise components, as well as the IDI franchise as whole.</li> </ul>	✓	✓†

† Under the Final Rule, the FDIC exempted Group B CIDs from certain elements of the franchise component content requirement relating to marketing process and capabilities, key assumptions underpinning each divestiture and obstacles to execution.

# Comparison of key content requirements

Content Req't	Current Rule/Guidance	Final Rule	Group A	Group B
<b>Material asset portfolios</b>	<ul style="list-style-type: none"> <li>No equivalent.</li> </ul>	<ul style="list-style-type: none"> <li>The rule introduces a new concept of “material asset portfolio” defined as “a pool or portfolio of assets, including loans, securities or other assets that may be sold in resolution by the [bridge bank] or the receivership and is significant in terms of income or value to a [CBL].”</li> <li>The CIDI is required to:               <ul style="list-style-type: none"> <li>Identify material asset portfolios by size, category and class of assets;</li> <li>Provide a breakdown of assets held by a foreign branch or regulated subsidiary;</li> <li>Describe asset valuation; and</li> <li>Identify impediments to the sale of material asset portfolios and timeline for sale.</li> </ul> </li> </ul>	✓	✓
<b>Critical services</b>	<ul style="list-style-type: none"> <li>Critical services mean services and operations of the CIDI that are necessary to continue day-to-day operations.</li> <li>Requires the CIDI to identify critical services and third-party providers of critical services and provide a mapping of critical services to MEs and CBLs.</li> <li>The CIDI also needs to describe its strategy for continuing critical services in the event of the CIDI’s failure.</li> </ul>	<ul style="list-style-type: none"> <li>The definition of critical service stays largely the same, except that:               <ul style="list-style-type: none"> <li>For a Group A CIDI, critical services include those services that support execution of an identified strategy; and</li> <li>For Group A and Group B CIDs, critical services include those services that support a parent company’s most recent Section 165(d) plan, if the parent holding company files such a plan.</li> </ul>               The rule also adds a new defined term of “critical service support,” which is “resources necessary to support the provision of critical services.”             </li> <li>Requires the CIDI to demonstrate capabilities necessary to ensure continuity of critical services in resolution and expands on and clarifies information required under the current rule and related guidance.</li> <li>Requires mapping of critical services to franchise components, in addition to MEs and CBLs, and information about the proposed approach to continuing critical services in the event of failure.</li> </ul>	✓	✓

# Comparison of key content requirements

Content Req't	Current Rule/Guidance	Final Rule	Group A	Group B
<b>Key personnel</b>	<ul style="list-style-type: none"> <li>– The June 2021 Statement requires the CIDI to identify key personnel, including by title, function and employing entity, explain the identification process and include a framework for retaining these personnel.</li> <li>– Key personnel are defined as those personnel with an essential role in support of a CBL, franchise component, or critical service, or having a function, responsibility or knowledge that may be important for the FDIC's resolution of the CIDI.</li> </ul>	<ul style="list-style-type: none"> <li>– Largely retains the key personnel requirements from the June 2021 Statement, including the definition of key personnel, with a couple of additions and revisions:               <ul style="list-style-type: none"> <li>▪ Requires key personnel to be identified by CBL, as well as title, function and employing entity, and clarifies that key personnel can be employed by the CIDI, a subsidiary, a parent company, an affiliate or a third party.</li> <li>▪ Requires identification of all employee benefit programs, such as health insurance and retirement programs, provided to key personnel.</li> </ul> </li> </ul>	✓	✓
<b>Deposit activities</b>	<ul style="list-style-type: none"> <li>– Requires discussion of the “CIDI’s overall deposit activities including, among other things, unique aspects of the deposit base or underlying systems that may create operational complexity for the FDIC, result in extraordinary resolution expenses in the event of failure and a description of the branch organization, both domestic and foreign.”</li> </ul>	<ul style="list-style-type: none"> <li>– Builds on the information related to deposit activities required by the current rule, requiring a broader range of more detailed information that seeks to understand the CIDI’s key depositors and the CIDI’s process of identifying them.</li> <li>– Requires identification or description of:               <ul style="list-style-type: none"> <li>▪ Overall deposit activities, including insured and uninsured deposits, and particular deposit concentrations or other aspects of the deposit base, and mapping of any deposit types/groups to CBLs and franchise components;</li> <li>▪ Key depositors by name;</li> <li>▪ Foreign deposits by jurisdictions and other criteria;</li> <li>▪ Deposit sweep arrangements with a parent company, affiliates or third parties, as well as related contracts and reporting capabilities; and</li> <li>▪ Omnibus, sweep and pass-through accounts by certain criteria.</li> </ul> </li> </ul>	✓	✓



# Comparison of key content requirements

Content Req't	Current Rule/Guidance	Final Rule	Group A	Group B
<b>Payment, clearing and settlement (PCS)</b>	<ul style="list-style-type: none"> <li>Requires identification of each of the PCS systems of which the CIDI, directly or indirectly, is a member.</li> <li>Requires mapping membership of each system to the CIDI's legal entities and CBLs.</li> </ul>	<ul style="list-style-type: none"> <li>Requires identification of PCS systems that are critical services or critical service supports and requires mapping to be extended to franchise components, as well as legal entities and CBLs.</li> <li>Requires a description of any services provided by the CIDI as an intermediary, agent or correspondent bank with respect to any PCS services that are material to revenue or value.</li> </ul>	✓	✓
<b>Economic effect of resolution</b>	<ul style="list-style-type: none"> <li>No equivalent.</li> </ul>	<ul style="list-style-type: none"> <li>Requires the CIDI to identify any activities or business lines of the CIDI that provide a material service or function to a U.S. geographic region, a business sector or product line or other financial institutions.</li> <li>The CIDI must also include a discussion of mitigants to the potential impact of the termination of those activities in the event of its failure, including whether the activity is readily substitutable.</li> </ul>	✓	✓
<b>Non-deposit claims</b>	<ul style="list-style-type: none"> <li>The June 2021 Statement requires submissions to “describe the current capabilities of the CIDI’s processes and systems to collect, maintain, and report its . . . Non-deposit claimants . . . including long- and short-term bond, commercial paper, and subordinated debt issuances.”</li> </ul>	<ul style="list-style-type: none"> <li>Codifies and builds on the June 2021 Statement to “support management of non-deposit claims in resolution.”</li> <li>Requires the CIDI to describe systems and processes used to identify unsecured creditors that are not depositors and unsecured creditors of each ME that is a subsidiary of the CIDI and identification capabilities.</li> <li>Requires a description of related records and recordkeeping practices.</li> </ul>	✓	✓

# Comparison of key content requirements

Content Req't	Current Rule/Guidance	Final Rule	Group A	Group B
<b>Cross-border elements</b>	<ul style="list-style-type: none"> <li>Requires description of material components of the CIDI's structure located outside of the United States, including foreign branches, subsidiaries and offices.</li> <li>Requires discussion of the nature and extent of the CIDI's cross-border assets, operations, interrelationships and exposures and mapping to legal entities and CBLs.</li> </ul>	<ul style="list-style-type: none"> <li>Cross-border elements must be addressed in a number of places throughout a resolution submission, such as requiring identification of foreign deposits or non-U.S. critical services.</li> <li>There is a discrete and focused requirement that provides context to that other information by requiring that a resolution submission describe components of cross-border activities of the parent company or affiliates that contribute to value, revenues or operations of the CIDI.</li> <li>The CIDI also must identify all authorities with regulatory and supervisory authority over these operations, and identify regulatory or other impediments to divestiture, transfer or continuation of foreign branches, subsidiaries or offices during resolution.</li> </ul>	✓	✓
<b>Management information system (MIS); software licenses; IP</b>	<ul style="list-style-type: none"> <li>Requires identification and description of key management systems and applications, including certain information such as the legal owner or licensor of each.</li> <li>The CIDI must also describe the capabilities of the CIDI's processes to generate data relating to such systems underlying the plan.</li> </ul>	<ul style="list-style-type: none"> <li>Largely retains the MIS requirement under the current rule with some additions / tweaks: <ul style="list-style-type: none"> <li>Requires the CIDI to identify the CBL relying on the MIS and personnel required to operate it; and</li> <li>Requires the CIDI to identify key systems or applications that the CIDI or its subsidiaries do not own or license directly and discuss how access can be maintained during resolution.</li> </ul> </li> </ul>	✓	✓
<b>Digital services; electronic platforms</b>	<ul style="list-style-type: none"> <li>No equivalent.</li> </ul>	<ul style="list-style-type: none"> <li>This new requirement stems from the proliferation of these types of services / platforms since 2012, which may add franchise value.</li> <li>Requires a description of all digital services and electronic platforms offered to depositors to support banking transactions for customers and identification of the entity that maintains them.</li> <li>The CIDI must discuss how these services/platforms are significant to operations or customer relationships.</li> </ul>	✓	✓



# Comparison of key content requirements

Content Req't	Current Rule/Guidance	Final Rule	Group A	Group B
<b>Communications</b>	<ul style="list-style-type: none"> <li>— The June 2021 Statement requires the CIDI to describe:                             <ul style="list-style-type: none"> <li>▪ The CIDI's current capabilities that could be used to communicate with key stakeholders during a crisis; and</li> <li>▪ Categories of stakeholders, those responsible for communicating with such stakeholders and the messaging channels for doing so.</li> </ul> </li> <li>— The guidance emphasizes how important it is for the FDIC to understand the CIDI's communication capabilities to reduce adverse market reaction and address staff and other stakeholder concerns.</li> </ul>	<ul style="list-style-type: none"> <li>— Codifies and builds on guidance, making the communication requirement more prescriptive. The Final Rule also requires a description of:                             <ul style="list-style-type: none"> <li>▪ Logistics and limitations on the use of various communication channels;</li> <li>▪ Procedures for generating contact lists and estimated timing; and</li> <li>▪ Procedures for coordinating communications across key stakeholders.</li> </ul> </li> </ul>	✓	✓
<b>Corporate governance</b>	<ul style="list-style-type: none"> <li>— Requires description of how resolution planning is integrated into the corporate governance structure, as well as policies, procedures and internal controls governing the preparation and approval of the submission.</li> <li>— Requires identification of certain senior management officials responsible for the resolution submission.</li> </ul>	<ul style="list-style-type: none"> <li>— Other than technical, nonsubstantive revisions to the rule text, the corporate governance requirement stays the same.</li> </ul>	✓	✓

# Requirements for interim filings and notices

**Interim supplement.** The Final Rule introduces an entirely new requirement that CIDs make an interim supplement submission annually on or before the date of their most recent IDI resolution plan, unless otherwise notified by the FDIC. Because the FDIC intends to create an alternating schedule for CIDs of U.S. GSIBs such that the GSIB parents will file 165(d) resolution plans in the years in which the CID affiliates do not file full IDI resolution plans, the interim supplement requirement will be waived for GSIB CID affiliates.

- **Practically speaking, this requirement will mean that all CIDs will be covered by at least one resolution submission to the FDIC every year—whether a full IDI resolution plan, informational filing, interim supplement or a 165(d) resolution plan submitted by the CID’s parent.**
- The content requirements of the interim supplement, which the FDIC intends to be limited to the “most essential data elements that can be efficiently updated year over year,” are reflected in the chart on [slides 26 to 28](#).
  - As shown in this chart, some content requirements will need to be fully updated and resubmitted in the interim supplement, while others will be subject to a limited update of a subset of key information.
  - Interim supplements can be based on year-end data from the previous year.

**Notice of extraordinary event.** The Final Rule modifies the requirement under the current rule that the CID give notice within 45 days of a material event, instead requiring such a notice only for an “extraordinary event.” This definition of extraordinary event includes a more specific set of events that will trigger the notice requirement than the material event definition in the current rule and aligns more closely to the notice requirement for 165(d) resolution plans.

- An “extraordinary event” will include any material merger, acquisition or disposition of assets, or similar transaction or fundamental change to the CID’s organizational structure, core business lines, size, or complexity.

# Content requirements for the interim supplement

Content requirement	Full or Limited Update?
Material Changes	Confirmation that no material changes have occurred or a description of each material change applicable to interim supplement content since last full resolution plan.
Org. structure; legal entities; CBLs; branches	Full update required.
Deposit activities	Limited update covering: <ul style="list-style-type: none"> <li>• Description of overall deposit activities;</li> <li>• Identification of the total amounts of foreign deposits by jurisdiction and percentage of such deposits dually payable in the United States;</li> <li>• Identification and description of deposit sweep arrangements;</li> <li>• Identification of all omnibus, sweep and pass-through accounts; and</li> <li>• Report regarding key depositors.</li> </ul>
Critical services	Limited update covering: <ul style="list-style-type: none"> <li>• Identification and description of critical services and critical services support; and</li> <li>• Identification of the physical location and jurisdiction of critical service providers and critical services support located outside of the United States.</li> </ul>
Key personnel	Limited update covering: <ul style="list-style-type: none"> <li>• Updates to list of all key personnel by title, function, location, core business line and employing entity.</li> </ul>

# Content requirements for the interim supplement

Content requirement	Full or Limited Update?
Franchise components	Limited update covering: <ul style="list-style-type: none"> <li>• Identification of franchise components that are currently separable and marketable in a timely manner in resolution;</li> <li>• Metrics depicting the size and significance of each franchise component; and</li> <li>• Identification of senior management responsible for overseeing business activities underlying each franchise component.</li> </ul>
Material asset portfolios	Limited update covering: <ul style="list-style-type: none"> <li>• Identification of each material asset portfolio by size, and by category and classes of assets within such material asset portfolio, and include a breakdown of those assets held by a foreign branch or regulated subsidiary.</li> </ul>
Off-balance sheet exposures	Full update required, except for mapping of exposures to core business lines, franchise components and material asset portfolios.
Unconsolidated balance sheet material entity and regulated subsidiary financial statements	Full update required.
PCS systems	Limited update covering: <ul style="list-style-type: none"> <li>• Identification of providers of PCS systems of which each CIDI directly is a member or has direct relationship that is a critical service or a critical service support.</li> </ul>

# Content requirements for the interim supplement

Content requirement	Full or Limited Update?
Capital structure; funding sources	Limited update covering: <ul style="list-style-type: none"><li>• Identification of the composition of the CIDI's liabilities including the types and amounts of short-term and long-term liabilities by type and term to maturity, secured and unsecured liabilities and subordinated liabilities.</li></ul>
Cross-border elements	Full update required.
MIS; licenses; IP	Limited update covering: <ul style="list-style-type: none"><li>• Detailed inventory and description of key management information systems and applications;</li><li>• Legal owner of such systems and applications;</li><li>• List of key personnel needed for such systems and applications;</li><li>• Identification of CBL users of such systems and applications; and</li><li>• Third-party contracts, service-level agreements, licenses or IP related to such systems and applications.</li></ul>

# FDIC assessment of resolution submissions

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# Engagement and capabilities testing

The Final Rule indicates that the FDIC will emphasize engagement with CIDs and conduct capabilities testing. The FDIC highlights that, in certain cases, a credibility finding will not be possible until the conclusion of engagement and capabilities testing with CIDs.

- The FDIC will have significant discretion in whether and how to conduct engagement or capabilities testing and will have a broader mandate to access information or personnel than under the current rule.
- In addition, the FDIC will have discretion as to whether to send closeout and feedback letters.

## Engagement.

- **Requirement.** “Each CID must provide the FDIC such information and access to such personnel of the CID as the FDIC in its discretion determines is relevant to any of the provisions of [the IDI Rule.]”
  - The FDIC may require CIDs to provide information or data to support the content requirements, other information related to Group A CIDs’ identified strategies, or, for either group of CIDs, other resolution options being considered by the FDIC. Personnel made available must have sufficient expertise and responsibility to address the informational and data requirements of the engagement.
- **Projected frequency.**
  - **For Group A CIDs:** The FDIC expects to engage with Group A CIDs “on a selective basis,” likely no more than once per two-year or three-year submission cycle.
  - **For Group B CIDs:** The FDIC expects to engage with most Group B CIDs in each submission cycle because Group B CIDs will not be required to include an identified strategy in their informational filings. Engagement will therefore be a “key component of its resolution planning for such firms.”

# Engagement and capabilities testing

## Capabilities testing

- **Requirement.** “At the discretion of the FDIC, the FDIC may require any CIDI to demonstrate the CIDI’s capabilities described, or required to be described, in the full resolution submission, including the ability to provide the information, data and analysis underlying the full resolution submission.”
  - The preamble to the Final Rule notes that the “nature of [capabilities] testing would be tailored to the requirements applicable to each CIDI.” Group B CIDs will thus be subject to a narrower scope of capabilities testing, with the FDIC offering as an example the “ability to produce informational items and referenced supporting documents within a specified timeframe.”
  - The CIDs must perform such capabilities testing promptly, and provide the results in a time frame and format acceptable to the FDIC.
- **Anticipated frequency.**
  - **For both Group A and Group B CIDs:** The FDIC expects to conduct capabilities testing no more than once per two-year or three-year submission cycle.

## Enforcement

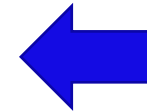
- The Final Rule did not adopt a separate provision for enforcement actions related to engagement and capabilities testing that was included in the proposal, and instead will rely on the enforcement standard in the original rule.



# Enhanced credibility standard

The Final Rule sets out a **two-pronged approach to the credibility standard** under which the FDIC will review full resolution submissions. The FDIC may, at its sole discretion, determine that a full resolution submission is not credible if:

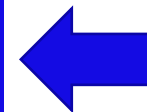
**Prong 1:** The identified strategy would not provide timely access to insured deposits, maximize value from the sale or disposition of assets, minimize any losses realized by creditors of the CIDI in resolution, and address potential risk of adverse effects on U.S. economic conditions or financial stability;



Applies to **only** Group A CIDs\*

or

**Prong 2:** The information and analysis in the full resolution submission is not supported with observable and verifiable capabilities and data and reasonable projections or the CIDI fails to comply in any material respect with the [content requirements] for the resolution submission or interim supplement.



Applies to **both** categories of CIDs

\*The scope of application is because only Group A CIDs will have to include an identified strategy in their resolution submissions.

# FDIC feedback

- The Final Rule introduces two formal categories of feedback:
  - A **material weakness**, which is an aspect of a full resolution plan that the FDIC determines individually or in conjunction with other aspects fails to meet the credibility standard described on [slide 32](#).
    - This category replaces the proposed “weakness” feedback.
  - A **significant finding**, which is a weakness or gap that raises questions about the credibility of a CIDI’s full resolution submission but does not rise to the level of a material weakness.
    - A significant finding that goes unremediated could rise to the level of a material weakness in subsequent full resolution submissions.
- This structure mirrors the way that shortcomings and deficiencies work in the 165(d) resolution plan context.
- The FDIC must have identified a material weakness in order to determine that a full IDI resolution plan is **not credible**.
  - As under the current rule, a CIDI will have 90 days to resubmit a resolution plan deemed not credible, which deadline can be shortened or lengthened by the FDIC.

# Delegation of actions under the Final Rule

To better enable the review and feedback process, the FDIC delegated certain actions that could be taken under the Final Rule to FDIC staff, while reserving other to the Board, as summarized in the chart below:

Scope of delegation	Actions delegated
Decisions reserved to the FDIC Board	<ul style="list-style-type: none"> <li>• Determination that a resolution plan is not credible and the identification of any material weaknesses and any notices provided to the CIDI on this determination;</li> <li>• Decision to pursue an enforcement action;</li> <li>• Any adjustment to the submission date of a resolution submission by more than 90 days; and</li> <li>• Following a non-credibility determination, any adjustment of the date the CIDI is required to submit a revised full resolution submission or other materials by more than 30 days</li> </ul>
Delegation to the Directors of Division of Complex Institution Supervision and Resolution ( <b>CISR</b> ) and Division of Resolution and Receivership ( <b>DRR</b> ) with (1) prior Board consultation, (2) quarterly reporting to the Board and (3) concurrence of General Counsel	<ul style="list-style-type: none"> <li>• Identification of significant findings in a full resolution submission and establishment of a project plan to address such findings;</li> <li>• Waiver of one or more full resolution submission content requirements; and</li> <li>• Requiring additional content elements to be included in the interim supplement.</li> </ul>
Delegation to the Directors of CISR and DRR with (1) quarterly reporting to the Deputy of each Board member and (2) concurrence of General Counsel	<ul style="list-style-type: none"> <li>• Establishing dates of initial submissions for existing and new CIDs;</li> <li>• Granting extensions of no more than 90 days for a full resolution submission and no more than 30 days for a revised full resolution submission following a material weakness finding;</li> <li>• Adjusting interim supplement due dates and waiving interim supplement content requirements;</li> <li>• To extend, on a case-by-case basis, any time frame/deadline set in the Final Rule, subject to the limitations noted in this chart;</li> <li>• Providing additional parameters for failure scenarios.</li> </ul>

# Glossary

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# Glossary

<b>Term</b>	<b>Definition</b>
<b>Final Rule</b>	FDIC, 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 (June 20, 2024).
<b>CBLs</b>	Core business lines.
<b>CIDIs</b>	Insured depository institutions ( <b>IDIs</b> ) with over \$50 billion in total assets.
<b>GSIB</b>	Global systemically important bank.
<b>IDI Rule</b>	Regulation regarding resolution plans required for insured depository institutions with \$50 billion or more in total assets; codified at 12 C.F.R. § 360.10.
<b>June 2021 Statement</b>	FDIC, Statement on Resolution Plans for Insured Depository Institutions (June 25, 2021).
<b>MEs</b>	Material entities.
<b>MIS</b>	Management information system.
<b>MPOE</b>	Resolution strategy in which multiple resolution proceedings are initiated by multiple authorities at the level of the parent company and at the level of the operating subsidiaries.
<b>PCS</b>	Payment, clearing and settlement.
<b>Resolution submission</b>	Any resolution-related submission made pursuant to the Final Rule (i.e., informational filing, interim supplement, full resolution plan) or 165(d) rule.
<b>SPOE</b>	Resolution strategy in which only parent company is placed into receivership and its assets, principally investments in its subsidiaries, are passed into a newly created bridge holding company.

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