

The Federal Reserve's Questions on its 165(d) Rule Proposal

1. What would be the advantages and disadvantages of having similar applicable resolution planning requirements for bank holding companies with total consolidated assets of \$100 billion or more based on the proposed categories? What would be the advantages and disadvantages of having different standards?
2. For purposes of the Board's discretion to apply the resolution planning requirement to U.S. firms with total consolidated assets of \$100 billion or more, but less than \$250 billion in total consolidated assets, what are the advantages and disadvantages of the proposed risk-based indicators? What different indicators should the Board use, and why?
3. For purposes of the Board's discretion to apply the resolution planning requirement to U.S. firms with total consolidated assets of \$100 billion or more, but less than \$250 billion in total consolidated assets, at what level should the threshold for each indicator be set, and why? Commenters are encouraged to provide data supporting their recommendations.
4. For purposes of the Board's discretion to apply the resolution planning requirements to U.S. firms with total consolidated assets of \$100 billion or more, but less than \$250 billion in total consolidated assets, the Board is considering whether Category II standards should apply based on a firm's weighted short-term wholesale funding, nonbank assets, and off-balance sheet exposure, using a higher threshold than the \$75 billion that would apply for Category III standards, in addition to the thresholds discussed above based on asset size and cross-jurisdictional activity. For example, a firm could be subject to Category II standards if one or more of these indicators equaled or exceeded a level such as \$100 billion or \$200 billion. A threshold of \$200 billion would represent at least 30 percent and as much as 80 percent of total consolidated assets for firms with between \$250 billion and \$700 billion in assets. If the Board were to adopt additional indicators for purposes of identifying firms that should be subject to Category II standards, at what level should the threshold for each indicator be set, and why? Commenters are encouraged to provide data supporting their recommendations.
5. For purposes of defining resolution plan filing groups, what are the advantages and disadvantages of the proposed risk-based indicators? Should the agencies use different indicators, and if so, why?
6. For purposes of defining resolution plan filing groups, at what level should the threshold for each indicator be set for foreign banking organization's U.S. operations, and why? Commenters are encouraged to provide data supporting their recommendations.

7. Are the risk-based indicators and thresholds appropriate for identifying and distinguishing between groups of resolution plan filers (i.e., biennial, triennial full, and triennial reduced)?
8. The agencies invite public comment on whether the proposed resolution plan submission cycle (i.e., U.S. GSIBs submitting resolution plans every two years, and other covered companies submitting resolution plans every three years) is appropriate. Would a longer or shorter interval between submissions be appropriate for any group of resolution plan filers?
9. The agencies invite comment on whether there are specific elements in section _____.4 (Informational content of a resolution plan) of the current Rule that should be omitted or modified.
10. The agencies invite comment on the process identified for covered companies to request waivers. Does the proposed timeline provide sufficient time for covered companies to request waivers and for the agencies to review those requests? Should waivers be presumed to be granted unless the agencies jointly deny them or presumed to be denied unless the agencies jointly grant them? The agencies invite comment on the list of requirements with respect to which a waiver is not available. For example, are there any additional requirements under the proposal with respect to which a waiver should not be available? Should the public section of waiver requests be required to contain any additional information?
11. The agencies invite comment on areas where the agencies should consider granting a waiver on the agencies' joint initiative in the next plan submissions of the covered companies. The agencies note they do not anticipate soliciting such feedback regularly or periodically in advance of future resolution plan submissions, but rather are inviting general comments on this topic to help inform the initial application of this proposed waiver mechanism.
12. The agencies invite comment on the proposed content of targeted resolution plans. Is it sufficiently clear what information is required to be included in a targeted resolution plan, including with respect to the proposed definition of the core elements? If not, how should the agencies clarify these requirements? Are there any information requirements that should be added to or removed from the proposed content of targeted resolution plans? [Do the paragraphs of section _____.5 identified in the proposal's core elements definition identify the appropriate sections of the full resolution plan where core elements can be found?]
13. The agencies invite comment on the proposed content of reduced resolution plans. Are there any information requirements that should be added to or removed from the proposed content of reduced resolution plans?
14. The agencies invite comment on whether the tailored plan category should be retained.

15. If granted, how long should the waiver from the critical operations methodology be valid? For example, should the waiver be valid for each submission cycle (e.g., three years) or for a full resolution plan submission and the following targeted plan submission (e.g., six years)? In addition, should the waiver become invalid upon the occurrence of certain events (e.g., the occurrence of a material change (as defined in the proposal))?
16. The agencies propose that any critical operations identification process undertaken by a firm be commensurate with the nature, size, complexity, and scope of its operations, and that a firm that does not currently have an identified critical operation be permitted to seek a waiver from the requirement to have such a process. Are there benefits from having firms that do not have currently identified critical operations develop and maintain a process for identifying critical operations, or should these firms be able to request a waiver from the proposed critical operations identification process requirement? Should a firm that moves to a more stringent category (e.g., from being a triennial reduced filer to being a firm that is subject to Category II standards and, accordingly, a triennial full filer) and does not have a currently identified critical operation be permitted to seek a waiver from the critical operations identification process requirement?
17. How often should the agencies conduct a new identification process and review existing critical operations identifications for each covered company? Should, for example, the frequency of the agencies' critical operations identification review processes occur on the same cycle with the agencies' review of covered companies' full resolution plan submission?
18. What particular information should the agencies consider in addressing a covered company's rescission request under the Rule?
19. The agencies invite comment on all aspects of the proposal for firms to establish and implement a process designed to identify their critical operations. Are the elements of the critical operations identification methodology sufficiently clear? For example, is it sufficiently clear how a covered company should analyze the significance to U.S. financial stability of the markets and activities through which it engages in economic functions? Should this requirement apply to a broader or narrower set of firms? For example, should the requirement apply only to global systemically important bank holding companies? Should firms' reviews of their critical operations designations be required to occur on a more or less frequent basis? In what ways, if any, do the proposed requirements differ from covered companies' current processes for identifying their critical operations?
20. The agencies invite comment on whether the incompleteness concept and related review should be retained.

21. The agencies invite comment on whether the listed events that are proposed to constitute extraordinary events are appropriate, or if there are additional events should be identified.
22. The agencies invite comment on all aspects of the proposed definitions of “deficiency” and “shortcoming.”
23. What are the advantages and disadvantages to using the alternative scoring methodology and category thresholds described above relative to the proposed thresholds for U.S. firms?
24. If the Board were to use the alternative scoring methodology for purposes of determining whether to apply the resolution planning requirements to U.S. firms with \$100 billion or more and less than \$250 billion in total consolidated assets, should the Board use method 1 scores, method 2 scores, or both?
25. If the Board adopts the alternative scoring methodology, what would be the advantages or disadvantages of the Board requiring banking organizations to calculate their scores at a frequency greater than annually, including, for example, requiring a banking organization to calculate its score on a quarterly basis?
26. With respect to each category of standards described above, at what level should the method 1 or method 2 score thresholds be set for U.S. firms and why, and discuss how those levels could be impacted by considering additional data, or by considering possible changes in the banking system. Commenters are encouraged to provide data supporting their recommendations.
27. What other approaches should the Board consider in setting thresholds for determining whether to apply the resolution planning requirements to U.S. firms with \$100 billion or more and less than \$250 billion in total consolidated assets?
28. What are the advantages and disadvantages to the use of the alternative scoring methodology and category thresholds described above instead of the proposed thresholds for foreign banking organizations?
29. If the Board were to use the alternative scoring methodology for purposes of determining whether to apply the resolution planning requirements to foreign banking organizations with \$100 billion or more and less than \$250 billion in total consolidated assets, should the Board use method 1 scores, method 2 scores, or both? What are the challenges of applying the scoring methodologies to the combined U.S. operations of a foreign banking organization? What modifications to the scoring methodology, if any, should the Board consider (e.g., should intercompany transactions be reflected in the calculation of indicators)?
30. If the Board adopts the alternative scoring methodology, what would be the advantages or disadvantages of the Board requiring scores to be calculated for the

U.S. operations of a foreign banking organization at a frequency greater than annually, including, for example, requiring scores to be calculated on a quarterly basis?

31. With respect to each category of standards described above, at what level should the method 1 or method 2 score thresholds be set and why? Commenters are encouraged to provide data supporting their recommendations.
32. What other approaches should the Board consider in setting thresholds for determining whether to apply the resolution planning requirements to foreign banking organizations with \$100 billion or more and less than \$250 billion in total consolidated assets and why? How would any such approach affect the comparability of requirements across U.S. banking organizations and foreign banking organizations?
33. If the Board were to use the alternative scoring methodology for purposes of determining whether to apply the resolution planning requirements to firms with \$100 billion or more and less than \$250 billion in total consolidated assets, should the agencies use the same scoring methodology for purposes of tailoring resolution planning requirements? What are the advantages and disadvantages in using the alternative scoring methodology to categorize U.S. firms with systemic footprints smaller than the U.S. GSIBs for purposes of tailoring the resolution planning requirements?
34. What other approaches should the agencies consider in setting thresholds for tailoring resolution planning requirements?
35. The agencies invite comment on the proposed transition period. Are there other alternatives to consider as the agencies finalize the rule?
36. The agencies invite comment on all aspects of this evaluation of costs and benefits.
37. The agencies invite written comments regarding this analysis, and request that commenters describe the nature of any impact on small entities and provide empirical data to illustrate and support the extent of the impact. A final regulatory flexibility analysis will be conducted after consideration of comment received during the public comment period.
38. The agencies invites comment on this section, including any additional comments that will inform the agencies' consideration of the requirements of RCDRIA.
39. Have the agencies organized the material to suit your needs? If not, how could they present the rule more clearly?
40. Are the requirements of the proposal clearly stated? If not, how could they be stated more clearly?

41. Does the proposal contain unclear technical language or jargon? If so, which language requires clarification?
42. Would a different format (such as a different grouping and ordering of sections, a different use of section headings, or a different organization of paragraphs) make the regulation easier to understand? If so, what changes would make the proposal clearer?
43. What else could the agencies do to make the proposal clearer and easier to understand?

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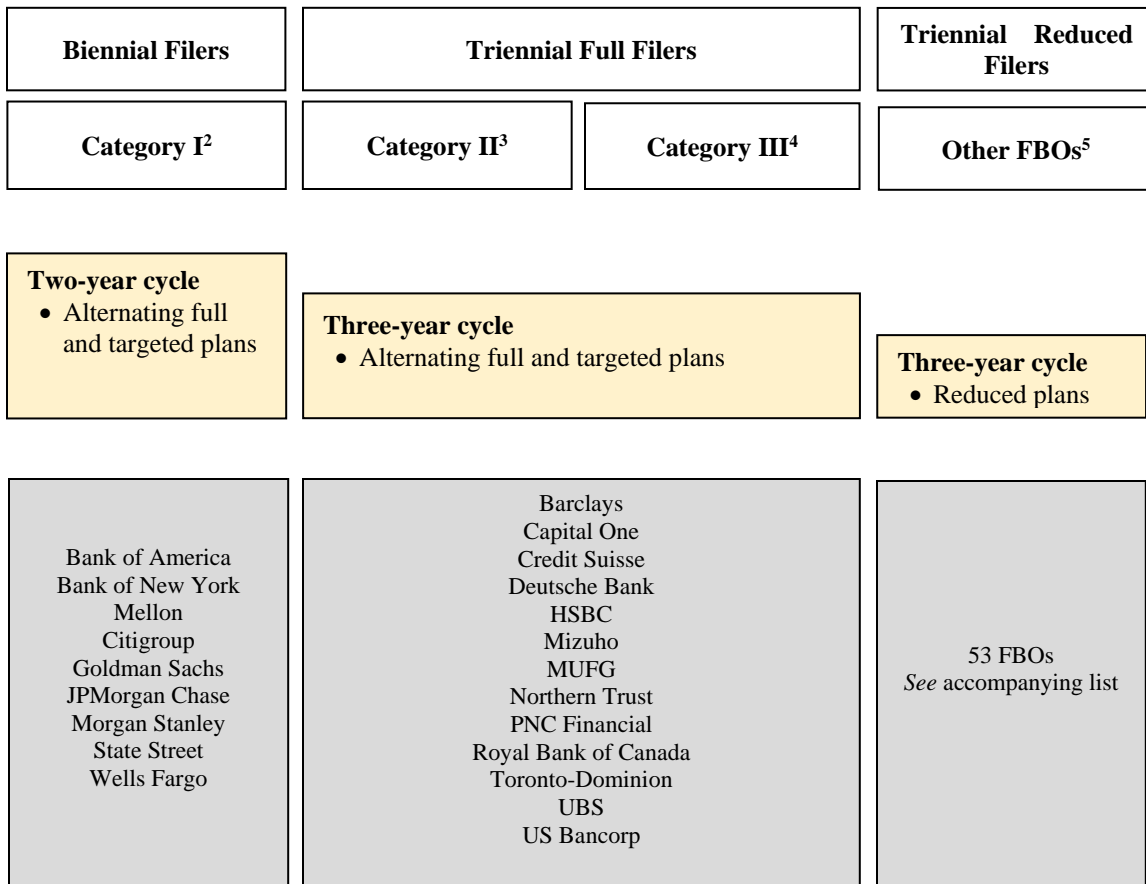
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[TEXT FOR THE BOARD’S RULE ONLY:]119

Board Memo Visuals

Presentation Materials for Resolution Plan
Requirements for Foreign and
Domestic Banking Organizations

Figure A: Resolution Plan Filing Groups¹



¹ Please see the accompanying visual “Proposed Resolution Plan Submission Dates” for a visualization of proposed future submissions. Projected categories are based on point in time data. Actual categories would be based on 4-quarter averages.

² Firms subject to Category I standards would be the U.S. GSIBs. Any future Council-designated nonbank would file full and targeted plans on a two-year cycle, unless the agencies jointly determine the firm should file full and targeted plans on a three-year cycle.

³ Firms subject to Category II standards would be: (1) U.S. firms with (a) \geq \$700b total consolidated assets; or (b) \geq \$100b total consolidated assets with \geq \$75b in cross-jurisdictional activity and (2) foreign banking organizations (FBOs) with (a) \geq \$700b combined U.S. assets; or (b) \geq \$100b combined U.S. assets with \geq \$75b in cross-jurisdictional activity.

⁴ Firms subject to Category III standards would be: (1) U.S. firms with (a) \geq \$250b and $<$ \$700b total consolidated assets; or (b) \geq \$100b total consolidated assets with \geq \$75b in nonbank assets, weighted short-term wholesale funding (wSTWF), or off-balance sheet exposure and (2) FBOs with (a) \geq \$250b and $<$ \$700b combined U.S. assets; or (b) \geq \$100b combined U.S. assets with \geq \$75b in nonbank assets, wSTWF, or off-balance sheet exposure.

⁵ Other FBOs subject to resolution planning pursuant to statute are FBOs with \geq \$250b global consolidated assets that are not subject to Category II or Category III standards.

Foreign banking organizations that would be triennial reduced filers		
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 Montreal
Bank of Nova Scotia	Bayerische Landesbank	BBVA Compass
BNP Paribas	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	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 Financial Group	Sumitomo Mitsui Trust Holdings	Svenska Handelsbanken
Swedbank	UniCredit Bank	United Overseas Bank
Westpac Banking Corporation	Woori Bank	

Figure B: Resolution Plan Proposal – Full and Targeted Resolution Plan Requirements

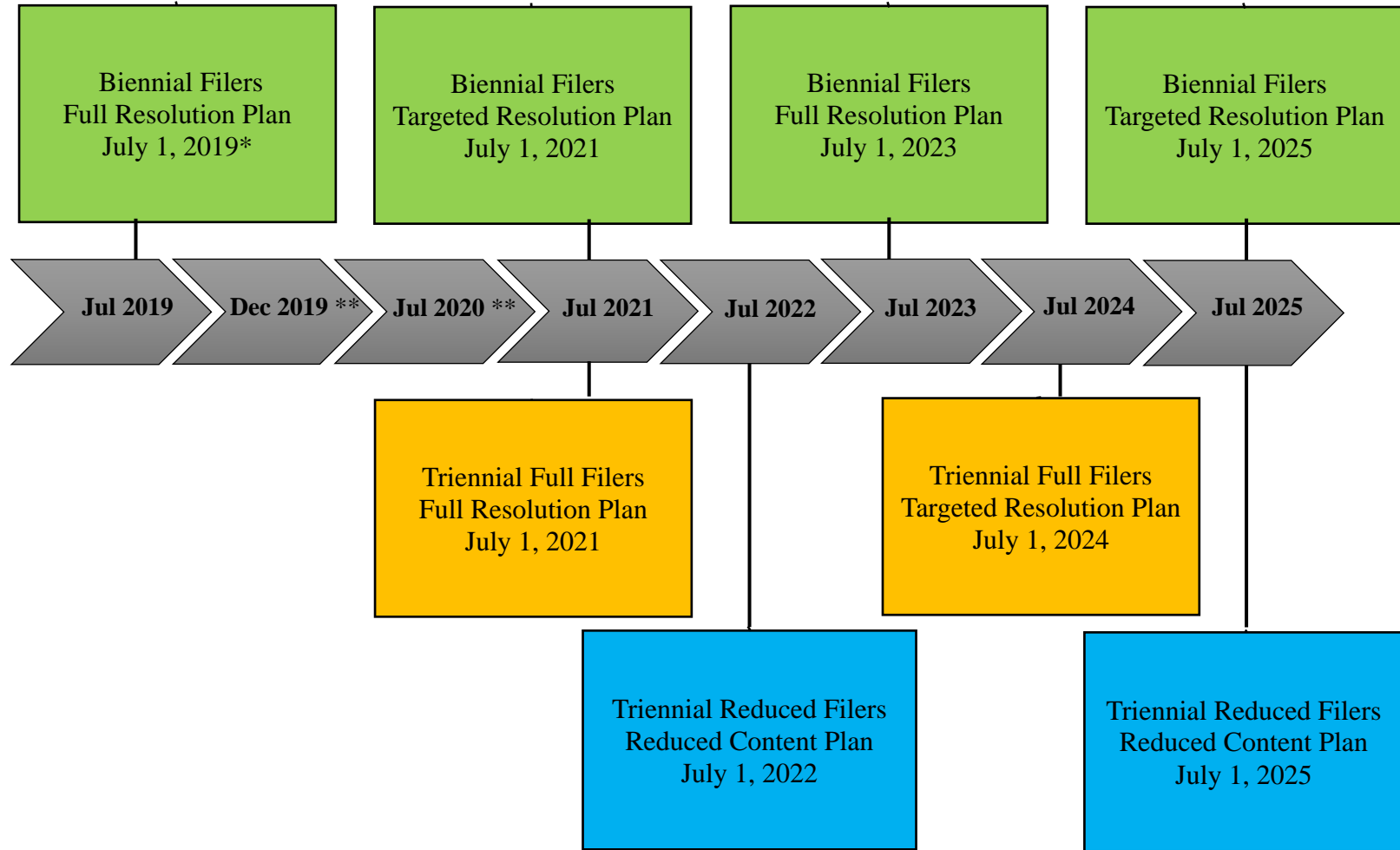
FULL RESOLUTION PLANS	TARGETED RESOLUTION PLANS
<p>Public Section An executive summary of the resolution plan that describes the business of the company and includes certain key elements material to an understanding of the company</p>	<p>Public Section An executive summary of the resolution plan that describes the business of the company and includes certain key elements material to an understanding of the company</p>
<p>Confidential section⁶</p> <ul style="list-style-type: none"> Executive summary Strategic analysis Corporate governance relating to resolution planning Organizational structure and related information Management information systems Interconnections and interdependencies Identification of agencies with supervisory, regulatory, or resolution authority over company 	<p>Confidential section (subset of full resolution plan addressing only items listed below)</p> <ul style="list-style-type: none"> Core elements of a full resolution plan: capital, liquidity, and plan for executing any recapitalization⁷ Changes resulting from changes in laws or regulations, agency guidance or feedback, and material changes (as defined in the proposal) Information responsive to a targeted information request⁸

⁶ A covered company may request changes to certain informational requirements for its full resolution plan, as described in the proposal.

⁷ For additional information about core elements, *see* Supplementary Information section III.B.3 of the proposal.

⁸ Targeted information requests may be made by the agencies at least 12 months prior to a targeted resolution plan submission date.

Figure C: Proposed Resolution Plan Submission Dates



* These submissions from the firms (“Biennial Filers” under the proposal) are subject to the requirements of the current Rule.

** In accordance with the agencies’ feedback letters dated December 20, 2018 and March 29, 2019, certain firms are to provide updates to their previously-submitted resolution plans.