

Agencies Propose 2019 Resolution Plan Guidance for U.S. G-SIBs

June 29, 2018

Today, the Federal Reserve and the FDIC (the “Agencies”) announced they are seeking public comment on revised resolution plan guidance (the “Proposed Guidance”)¹ for the eight largest, most complex U.S. banks (the “U.S. G-SIBs”)². The Proposed Guidance would apply beginning with the July 1, 2019 resolution plan submissions from the firms.

The Proposed Guidance is largely similar to the guidance issued by the agencies in April 2016 (the “2016 Guidance”) and addresses six key issues:

1. Capital
2. Liquidity
3. Governance Mechanisms
4. Operational
5. Legal Entity Rationalization and Separability
6. Derivatives and Trading Activities

The Proposed Guidance notes that comments to the U.S. G-SIBs on their 2017 resolution plans identified four areas requiring additional work in upcoming resolution plans. The Agencies are proposing updates to two areas of the guidance regarding payment, clearing, and settlement services and derivatives and trading activities. The Agencies intend to provide additional information on the two other areas: intra-group liquidity and internal loss absorbing capacity. The Proposed Guidance also suggests minor clarifications to certain areas of the 2016 Guidance to streamline the firms’ submissions and to provide additional clarity.

Comments are requested 60 days from publication in the Federal Register.

We will provide a more thorough analysis of the proposed guidance in the near future.

¹ Proposed Guidance, June 29, 2018, <https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20180629a.pdf>.

² 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.

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