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For immediate release

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**Federal Reserve and FDIC Announce Resolution Plan Determinations for Four Foreign-based Banks and Finalize Guidance for Eight Domestic Banks**

The Federal Reserve Board and the Federal Deposit Insurance Corporation on Thursday announced that the resolution plans of four foreign-based banks had weaknesses, but did not have "deficiencies," which are weaknesses severe enough to result in additional prudential requirements if not corrected.

The agencies determined that the plans of the four firms--Barclays, Credit Suisse, Deutsche Bank, and UBS--have "shortcomings," which are less severe weaknesses that require additional work in their next plan. These shortcomings in the four firms' plans include weaknesses in how each firm communicates and coordinates between its U.S. operations and its foreign parent in stress. Credit Suisse also had a shortcoming related to estimating the liquidity needs of its U.S. intermediate holding company in a resolution.

Resolution plans, required by the Dodd-Frank Act and commonly known as living wills, must describe the company's strategy for rapid and orderly resolution under bankruptcy in the event of material financial distress or failure of the company. For foreign banking organizations, resolution plans are focused on their U.S. operations; however, the agencies acknowledge that the preferred outcome for these four foreign-based banks is a successful home country resolution using a single point of entry resolution strategy.

The agencies sent feedback letters to each firm detailing the shortcomings and specific actions that can be taken to address them. The firms must address the shortcomings in their next resolution plans, which are due July 1, 2020, and are expected to implement certain resolution projects in the interim.

Since the 2007 financial crisis, the four firms have improved their resolvability by significantly reducing the size and risk profiles of their U.S. operations and increasing their capital and liquidity levels. At the same time, the resolvability of firms will change as both the firms and markets continue to evolve. The agencies expect the firms to remain vigilant in assessing their resolvability.

Also on Thursday, the agencies announced that they have finalized resolution plan guidance applying to the eight largest and most complex domestic banking organizations. The final guidance is largely similar to the proposal issued in June 2018, and provides additional information for the firms regarding their resolution planning capabilities in areas such as capital, liquidity, and payment, clearing, and settlement

activities. While the capital and liquidity sections of the final guidance remain largely unchanged from the proposed guidance and the guidance from 2016, the agencies intend to provide additional information on resolution liquidity and internal loss absorbing capacity in the future.

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Attachment:

- [Guidance for §165\(d\) Annual Resolution Plan Submissions by Domestic Covered Companies that Submitted Initial Resolution Plans in 2019](#)

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