Joint Release | **Board of Governors of the Federal Reserve System**
Federal Deposit Insurance Corporation

For immediate release — December 17, 2019

Agencies Find No Deficiencies in Resolution Plans from the Largest Banks; Find Shortcomings for Several Firms

The Federal Reserve Board and Federal Deposit Insurance Corporation announced Tuesday that they did not find any "deficiencies," which are weaknesses that could result in additional prudential requirements if not corrected, in the resolution plans of the largest and most complex domestic banks. However, plans from six of the eight banks had "shortcomings," which are weaknesses that raise questions about the feasibility of a firm's plan, but are not as severe as a deficiency. Plans to address the shortcomings are due to the agencies by March 31, 2020.

Resolution plans, commonly known as living wills, describe a bank's strategy for rapid and orderly resolution under bankruptcy in the event of material financial distress or failure.

In the plans of Bank of America, Bank of New York Mellon, Citigroup, Morgan Stanley, State Street, and Wells Fargo, the agencies found shortcomings related to the ability of the firms to reliably produce, in stressed conditions, data that is needed to execute their resolution strategy. Examples include measures of capital and liquidity at relevant subsidiaries. The agencies did not find shortcomings in the plans from Goldman Sachs and J.P. Morgan Chase.

The firms will receive feedback letters, which will be publicly available on the Board's website. For the six firms whose plans have shortcomings, the letter details the specific weaknesses and the actions required. Overall, the letters note that each firm made significant progress in enhancing its resolvability and developing resolution-related capabilities but all firms will need to continue to make progress in certain areas.
To that end, the letters confirm the agencies expect to focus on testing the resolution capabilities of the firms when reviewing their next plans. Resolving a large bank would be challenging and unprecedented, and the agencies expect the firms to remain vigilant as markets change and as firms' activities, structures, and risk profiles change.
The agencies also announced on Tuesday that Bank of America, Goldman Sachs, Morgan Stanley, and Wells Fargo had successfully addressed prior shortcomings identified by the agencies in their December 2017 resolution plan review.

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FDIC: PR-123-2019