



PRESS RELEASE

Federal Deposit Insurance Corporation • Each Depositor insured to at least \$250,000

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FDIC Board Approves Final Rule Requiring Resolution Plans for Insured Depository Institutions Over \$50 Billion

FOR IMMEDIATE RELEASE

The FDIC today approved a final rule requiring an insured depository institution with \$50 billion or more in total assets to submit to the FDIC periodic contingency plans for resolution in the event of the institution's failure. These resolution plans will inform the FDIC's ability, as receiver, to resolve the institution in a manner that ensures that depositors receive access to their insured deposits within one business day of the institution's failure (two business days if the failure occurs on a day other than a Friday), maximizes the net-present-value return from the sale or disposition of its assets, and minimizes the amount of any loss to be realized by the institution's creditors. The plans will supplement the FDIC's own resolution planning work with information that would help facilitate an orderly resolution in the event of failure.

The rule seeks to address a key lesson learned from the recent financial crisis, which is that resolution plans for large and complex insured depository institutions are essential for their orderly and least-costly resolution. The final rule is intended to address the banking industry's continuing exposure to the risks of insolvency of large and complex insured depository institutions -- an exposure that proper resolution planning can mitigate.

The final rule enables the FDIC to perform its resolution functions most efficiently by requiring the largest insured depository institutions to engage in extensive planning that will, in cooperation with the FDIC, enhance the FDIC's ability to reduce losses to the Deposit Insurance Fund and resolve the institutions in a manner that limits any disruption from their insolvency.



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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Currently, 37 insured depository institutions are covered by the final rule. Those institutions held approximately \$4.14 trillion in insured deposits, or nearly 61 percent of all insured deposits, as of Sept. 30, 2011.

The final rule, adopted by the Board under the Federal Deposit Insurance Act, is a complement to separate joint rulemaking with the Federal Reserve that the FDIC Board approved in September 2011 under Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Section 165(d) rule requires certain systemically important nonbank financial companies and bank holding companies to prepare resolution plans – the so-called "living wills" – for such entities to be resolved in an orderly manner under the Bankruptcy Code.

The final rule for insured depository institutions was preceded by an interim final rule adopted in September 2011. The interim final rule became effective on Jan. 1, 2012, and will remain in effect until it is superseded by this final rule effective April 1, 2012. The final rule includes several modifications that were made in response to comments received, including modifications to more closely align the final rule with the Section 165(d) rule.

Attachment:

Final Rule on Resolution Plans Required for Insured Depository Institutions with \$50 Billion or More in Total Assets - PDF (PDF Help)
