Joint Release

Federal Deposit Insurance Corporation
Federal Reserve Board of Governors

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Agencies Post Public Sections of "Targeted Submissions" for Eight Firms

The Federal Reserve Board and the Federal Deposit Insurance Corporation (FDIC) on Tuesday posted the public portions of the required "targeted submissions" for the eight systemically important, domestic banking institutions. To foster transparency, the agencies required all of the firms to file a public portion of their targeted submissions.

In April of this year, the agencies jointly determined that each of the 2015 resolution plans of Bank of America, Bank of New York Mellon, JPMorgan Chase, State Street, and Wells Fargo was not credible or would not facilitate an orderly resolution under the U.S. Bankruptcy Code, the standard established in the Dodd-Frank Wall Street Reform and Consumer Protection Act. As such, the agencies issued joint letters to these firms detailing the deficiencies in their plans and the actions the firms must take to address them. The agencies required these five firms to remediate their deficiencies by October 1, 2016, and file a targeted submission to the agencies detailing the remediation. If a firm has not remediated the identified deficiencies, it may be subject to more stringent prudential requirements.

The agencies jointly identified weaknesses in the 2015 resolution plans of Goldman Sachs, Morgan Stanley, and Citigroup that the firms must address in their 2017 plans. These firms were also required to file a targeted submission by October 1, 2016, detailing the efforts taken to improve their weaknesses.

The Dodd-Frank Act requires bank holding companies with total consolidated assets of $50 billion or more and nonbank financial companies designated by the Financial Stability Oversight Council (FSOC) for supervision by the Federal Reserve to periodically submit resolution plans to the Federal Reserve and FDIC. Each plan must describe the company's strategy for rapid and orderly resolution under the U.S. Bankruptcy Code in the event of material financial distress or failure of the company.

Under the authority granted to the agencies in Section 165(d), if any of the five firms that received a joint notice of deficiencies did not adequately remediate those deficiencies, the agencies, acting jointly, may impose more stringent prudential requirements on the firm until it remediates them. The prudential requirements may include more stringent capital, leverage, or liquidity requirements, as well as restrictions on growth, activities, or operations of the firm, or its subsidiaries. If, following a two-year period beginning on the date of the imposition of such requirements, a firm still has failed to adequately remediate any deficiencies, the agencies, in consultation with the FSOC, may jointly require the firm to divest certain assets or operations to facilitate an orderly resolution of the firm in bankruptcy.

The agencies are posting the public portions of the targeted submissions, as provided by the firms, on the FDIC and Board websites. Neither the confidential nor the public portions of the resolution plans have yet been reviewed by the agencies, which will now be initiating their process for review.

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