

Board of Governors of the Federal Reserve System

Joint Press Release

Board of Governors of the Federal Reserve System
Federal Deposit Insurance Corporation

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April 13, 2016

Agencies Announce Determinations and Provide Feedback on Resolution Plans of Eight Systemically Important, Domestic Banking Institutions

The Federal Deposit Insurance Corporation and the Federal Reserve Board on Wednesday jointly announced determinations and provided firm-specific feedback on the 2015 resolution plans of eight systemically important, domestic banking institutions.

The agencies have jointly determined that each of the 2015 resolution plans of Bank of America, Bank of New York Mellon, JP Morgan Chase, State Street, and Wells Fargo was not credible or would not facilitate an orderly resolution under the U.S. Bankruptcy Code, the statutory standard established in the Dodd-Frank Wall Street Reform and Consumer Protection Act. The agencies have issued joint notices of deficiencies to these five firms detailing the deficiencies in their plans and the actions the firms must take to address them. Each firm must remediate its deficiencies by October 1, 2016. If a firm has not done so, it may be subject to more stringent prudential requirements.

The agencies jointly identified weaknesses in the 2015 resolution plans of Goldman Sachs and Morgan Stanley that the firms must address, but did not make joint determinations regarding the plans and their deficiencies. The FDIC determined that the plan submitted by Goldman Sachs was not credible or would not facilitate an orderly resolution under the U.S. Bankruptcy Code, and identified deficiencies. The Federal Reserve Board identified a deficiency in Morgan Stanley's plan and found that the plan was not credible or would not facilitate an orderly resolution under the U.S. Bankruptcy Code.

Neither agency found that Citigroup's 2015 resolution plan was not credible or would not facilitate an orderly resolution under the U.S. Bankruptcy Code, although the agencies did identify shortcomings that the firm must address.

The deadline for the next full plan submission for all eight domestic, systemically important financial institutions is July 1, 2017. The agencies will evaluate all eight of the full plans submitted in 2017 under the statutory standard.

The agencies are issuing *Resolution Plan Assessment Framework and Firm Determinations (2016)*, which explains the resolution planning requirement, and provides further information on the determinations and the agencies' processes for reviewing the plans. Further, the Federal Reserve Board is releasing the feedback letters issued to each firm. Each letter details the deficiencies and shortcomings of each firm's plan, as well as the specific remediation required of each firm. Additionally, the agencies are releasing new guidance for the July 2017 submission of all firms.

Section 165(d) of 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 periodically submit resolution plans to the Federal Reserve and the Federal Deposit Insurance Corporation. Each plan, commonly

known as a living will, 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.

Under the authority granted to the agencies in Section 165(d), if any of the five firms receiving a joint notice of deficiencies does not adequately remediate those deficiencies by October 1, 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 also announced that they are continuing to assess the plans for the four foreign banking organizations that filed resolution plans on July 1, 2015--Barclays PLC, Credit Suisse Group, Deutsche Bank AG, and UBS.

The decisions announced on Wednesday received unanimous support, respectively, from the FDIC and Federal Reserve boards.

[Resolution Plan Assessment Framework and Firm Determinations \(2016\) \(PDF\)](#)

[Guidance for 2017 165\(d\) Annual Resolution Plan Submissions by Domestic Covered Companies that Submitted Resolution Plans in July 2015 \(PDF\)](#)

Feedback letters:

[Bank of America Corporation \(PDF\)](#)

[The Bank of New York Mellon Corporation \(PDF\)](#)

[Citigroup Inc. \(PDF\)](#)

[The Goldman Sachs Group, Inc. \(PDF\)](#)

[JPMorgan Chase & Co. \(PDF\)](#)

[Morgan Stanley \(PDF\) *](#)

[State Street Corporation \(PDF\)](#)

[Wells Fargo & Company \(PDF\)](#)

[Resolution Plans Search](#)

Media Contacts:

Federal Reserve Board	Eric Kollig	202-452-2955
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FDIC	Barbara Hagenbaugh	202-898-7192
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[Board Votes](#)

* The feedback letter for Morgan Stanley has been re-issued due to a drafting error that labelled a weakness as a deficiency, rather than a shortcoming. The change has no impact on the firm or the required remediation. [Return to text.](#)