



June 21, 2019

*Via Electronic Mail*

Federal Deposit Insurance Corporation  
550 17th Street NW  
Washington D.C. 20429  
Attention: Robert E. Feldman, Executive Secretary  
RIN 3064-AF05

Re: **Advance Notice of Proposed Rulemaking for IDI Rule**

Ladies and Gentlemen:

The Bank Policy Institute, the Securities Industry and Financial Markets Association and the American Bankers Association (together, the **Associations**)<sup>1</sup> appreciate the opportunity to comment on the Federal Deposit Insurance Corporation's (the **FDIC**) advance notice of proposed rulemaking (the **IDI ANPR**) to tailor and improve its rule requiring certain insured depository institutions to submit resolution plans (the **IDI Rule**).<sup>2</sup> This letter begins with the Associations' appreciation of the general approach that the IDI ANPR takes, which is to better focus the resolution planning process and to clarify certain aspects of the IDI Rule. The Associations believe this approach is largely consistent with the direction taken by the FDIC with the Board of Governors of the Federal Reserve System (the **Federal Reserve**, and together, the **Agencies**) in their proposals (**165(d) Proposal**) to amend and restate the jointly issued regulation implementing the resolution planning requirements of section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the **165(d) Rule**).<sup>3</sup> This letter provides some suggestions for how the IDI Rule could be further calibrated to provide for regular submission cycles, and predictable and transparent resolution planning requirements.

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<sup>1</sup> A description of each Association is provided in [Appendix C](#) of this letter.

<sup>2</sup> FDIC, *Resolution Plans Required for Insured Depository Institutions With \$50 Billion or More in Total Assets* (advance notice of proposed rulemaking, Apr. 22, 2019) (to be codified at 12 C.F.R. pt. 360).

<sup>3</sup> Federal Reserve, *Regulation QQ: Resolution Plans Required* (notice of proposed rulemaking, Apr. 8, 2019) (to be codified at 12 C.F.R. pt. 243) and FDIC, *Regulation QQ: Resolution Plans Required* (notice of proposed rulemaking, April 16, 2019) (to be codified at 12 C.F.R. pt. 381).

**I. The Associations appreciate the FDIC's continued efforts to calibrate and better focus the resolution planning process.**

The Associations support the FDIC's intention to revise the IDI Rule so that the resolution planning process can be "more targeted and efficient" and to "ensure that requirements are appropriately tailored to reflect differences in size, complexity, risk, and other relevant factors"<sup>4</sup> among covered insured depository institutions (**CIDIs**).

The Associations appreciate the FDIC's engagement with the CIDIs over the years. Through the past several years of the resolution planning process, both the FDIC and the CIDIs have learned an immense amount about the components of an effective resolution planning process, including the identification of best practices and the operational capabilities that the CIDIs have implemented in order to eliminate obstacles to an orderly resolution. The Associations also recognize that the FDIC has already taken steps to enhance and focus the resolution planning process, including by adopting rules that support the FDIC's role as the resolution authority of CIDIs,<sup>5</sup> and, together with the Federal Reserve, by proposing changes to the 165(d) Rule.<sup>6</sup>

The IDI ANPR continues these efforts, offering for public consideration changes that would better focus the resolution planning process for CIDIs, and making certain changes that would be consistent with the approach taken in the 165(d) Proposal. The Associations support the general approach that the IDI ANPR takes, including specifically the following:

- **Formalizing an extended submission cycle.** The FDIC is considering replacing the annual resolution plan submission cycle with a staggered biennial/triennial cycle, which would be consistent with the changes proposed by the Agencies in the 165(d) Proposal. Similar to the process for submitting resolution plans under the 165(d) Rule (**DFA Resolution Plans**), as resolution planning for CIDIs becomes part of their business-as-usual processes, further refinements in response to FDIC feedback can be implemented most effectively when CIDIs have sufficient time to integrate them on a CIDI-wide or even firm-wide basis.
- **Tailoring resolution planning requirements to the size, complexity and risk profile of each CIDI.** The Associations support the FDIC's intention to evaluate the informational content requirements of the IDI Plan and ensure that content requirements would be appropriate for groups of CIDIs based on their size, complexity, and other factors. The Associations believe that this objective would be best achieved through a set of transparent and consistent tiering criteria so that CIDIs can predict the requirements that would be applied to them and appropriately manage internal resources to satisfy such requirements.
- **Providing options for leveraging information from existing submissions.** The IDI ANPR recognizes that there are synergies between DFA Resolution Plans and IDI Plans for those firms that remain subject to both requirements.<sup>7</sup> In addition, the FDIC also encourages CIDIs to eliminate content in IDI Plans by incorporating such content by reference to the prior submission, where applicable.<sup>8</sup> The Associations appreciate these clarifications. In addition, consistent with the comment letter submitted by the Associations

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<sup>4</sup> Keynote Remarks by Jelena McWilliams, Chairman, FDIC, 2018 Annual Conference of The Clearing House (TCH) and Bank Policy Institute (BPI) (Nov. 28, 2018).

<sup>5</sup> FDIC, *Recordkeeping for Timely Deposit Insurance Determination* (notice of proposed rulemaking, Apr. 11, 2019) (to be codified at 12 C.F.R. pt. 370) [hereinafter, the **Deposit Account Recordkeeping Rule**]; Recordkeeping Requirements for Qualified Financial Contracts, 12 C.F.R. pt. 371 (2017).

<sup>6</sup> See *supra* note 3.

<sup>7</sup> IDI ANPR, 84 Fed. Reg. at 16625.

<sup>8</sup> *Id.*

in response to the 165(d) Proposal, the Associations encourage the FDIC to allow firms that remain subject to both requirements to incorporate by reference relevant information from a previously submitted IDI Plan in a DFA Resolution Plan submission.<sup>9</sup>

- **Clarification of the FDIC's role in making the least cost determination.** The Associations believe that the FDIC's clarification that the FDIC would make the least cost test determination for an IDI Plan<sup>10</sup> would be helpful. As further discussed in Section II below, the Associations believe, however, that a CIDI should continue to identify and develop its overall resolution strategy, including the sale and divestiture options that would support the implementation of the resolution strategy. This approach would allow CIDs to continue to leverage existing information and resources and would promote consistency between the overall resolution strategy of a CIDI and the sale and divestiture options and related supporting capabilities identified by the CIDI.

## II. The Associations have identified areas of the IDI ANPR where improvements can be made to increase predictability, transparency and accountability.

The Associations support the general approach that the IDI ANPR takes, but believe that there are a number of refinements that can be made to increase predictability in plan submission cycles and transparency in plan content requirements.

### A. Recommendations Related to Proposed Tier Approaches for Applying Resolution Planning Requirements

#### 1. The IDI Rule should contain transparent and objective criteria for categorizing CIDs so that CIDs can predict the informational content requirements that may be applied to them.

The IDI ANPR proposes two alternative tiered approaches with respect to application of resolution planning requirements to CIDs (known as **Alternative One** and **Alternative Two**).<sup>11</sup> Alternative One would categorize CIDs based on size and complexity of their operations and would apply set content requirements to each category. Alternative Two would subject CIDs to a "continuum of disclosure obligations . . . based upon the size, complexity, and other factors" instead of having distinct informational requirements.<sup>12</sup> In order to ensure that each CIDI can predict and appropriately plan for the informational content requirements that would apply to it in any given submission cycle, the Associations believe that the IDI Rule should adopt the tiering approach proposed in Alternative One or some similar variation thereof. In particular, the Associations believe that adopting an IDI Rule that categorizes CIDs using appropriately indexed asset thresholds would provide necessary predictability and transparency. Thresholds should be applied at the CIDI-level only and be consistent with the categories currently proposed in the 165(d) Proposal, as set forth below:

- Group A should consist of CIDs with an asset size of greater than or equal to \$700 billion.

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<sup>9</sup> See Letter from the Associations to the Federal Reserve and the FDIC, re: Proposed 165(d) Rule Amendments, at 8 (June 21, 2019), available at <https://bpi.com/wp-content/uploads/2019/06/Proposed-165d-Rule-Amendments.pdf> [hereinafter, the **165(d) Proposal Comment Letter**].

<sup>10</sup> IDI ANPR, 84 Fed. Reg. at 16625.

<sup>11</sup> *Id.* at 16624.

<sup>12</sup> *Id.*

- Group B should consist of CIDs with an asset size of greater than or equal to \$250 billion, but less than \$700 billion.
- Group C should consist of CIDs with an asset size greater than or equal to \$100 billion, but less than \$250 billion, that also meet certain additional risk-based thresholds based on information included in existing regulatory reporting produced by the CIDI.<sup>13</sup>
- CIDs with an asset size less than \$100 billion or with an asset size greater than or equal to \$100 billion, but less than \$250 billion, that are not Group C CIDs should not have any regulatory obligations under the IDI Rule.

Consistent with the comment letter submitted by the Bank Policy Institute in response to the proposed regulatory tailoring proposal, such asset thresholds used to categorize the CIDs should be indexed to account for the growth of banking industry assets, and not remain static over time.<sup>14</sup>

A CIDI typically requires up to 12 months to prepare an IDI Plan for submission. Therefore, the Associations believe that the use of Alternative One or some variation thereof would be a better tiering approach, as it would provide clear distinctions based on readily determinable metrics so that a CIDI would know in advance if it is subject to a resolution planning requirement for a particular submission cycle and if so, the content of that requirement. If a CIDI has received feedback and needs to implement operational capabilities enhancements in preparation for the next submission to address that feedback, a longer lead-time may be necessary. Any tiering alternatives that are qualitative in nature or that may vary from cycle to cycle given any changes to the CIDI's business operations or based on other factors may make it difficult for a CIDI to predict which content requirements may be applied to it for a particular cycle.

Using Alternative One with the proposed asset thresholds described above would also be more closely aligned with the changes enacted in the Economic Growth, Regulatory Relief, and Consumer Protection Act and the tiering approach proposed in the 165(d) Proposal. The Associations, however, recommend that these asset size thresholds should apply only at the CIDI level for the IDI Rule, rather than at the bank holding company level. As described in the IDI ANPR, the IDI Rule applies:

. . . only to IDIs and involves resolution under the [Federal Deposit Insurance Act] by the FDIC. The [165(d) Rule] focused on the resolution of Covered Companies. . . The IDI Rule's objective is to ensure that the FDIC can effectively resolve a CIDI under the [Federal Deposit Insurance Act], protecting its insured depositors and the Deposit Insurance Fund (DIF) and maximizing value for the benefit of creditors of the CIDI. The [165(d) Rule]'s aim is ensuring that the bankruptcy of a Covered Company can be accomplished

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<sup>13</sup> For discussion of these thresholds in other contexts, see the 165(d) Proposal Comment Letter, the Letter from the Bank Policy Institute to the FDIC, Federal Reserve & Office of the Comptroller of the Currency, re: Regulatory Tailoring and DFAST Proposals (Jan. 22, 2019), *available at* <https://bpi.com/recent-activity/bank-policy-institute-files-comment-letter-on-proposed-tailoring-of-capital-stress-testing-and-liquidity-requirements/> [hereinafter, the **BPI Tailoring Comment Letter**] and the Letter from the Bank Policy Institute and American Bankers Association to the FDIC, Federal Reserve & Office of the Comptroller of the Currency, re: Proposed Changes to Applicability Thresholds for Regulatory Capital Requirements for Certain U.S. Subsidiaries of Foreign Banking Organizations and Prudential Standards for Large Foreign Banking Organizations (June 21, 2019), *available at* <https://bpi.com/wp-content/uploads/2019/06/FBO-Tailoring-NPRs-Comment-Letter.pdf>.

<sup>14</sup> See BPI Tailoring Comment Letter at 7.

in a manner that substantially mitigates the risk that the failure of the Covered Company would have serious adverse effects on financial stability in the United States.<sup>15</sup>

Consistent with these distinctions, applying the IDI Rule asset thresholds at the CIDI-level only would allow the IDI Rule resolution planning requirements to be tailored and applied based on the characteristics of the CIDI itself, and how resolvable the CIDI is, rather than based on the portions of the firm not subject to resolution under the Federal Deposit Insurance Act. For the same reasons, the Associations also believe that a CIDI subsidiary of a firm that is a U.S. global systemically important banking organization (**G-SIB**) should not be automatically placed into Group A. Instead, the CIDI subsidiary should be evaluated based on its own asset size.

## **B. Recommendations Related to Resolution Plan Content Requirements**

### **1. The IDI Rule should continue to require a Group A or Group B CIDI to identify and develop its overall resolution strategy as well as the associated sale and divestiture options and supporting capabilities.**

The Associations support the IDI ANPR's intent to clarify that only the FDIC should be responsible for performing the least cost test. In contrast, the Associations believe that high quality resolution planning depends upon the Group A or Group B CIDI continuing to be responsible for identifying and developing its overall resolution strategy and specific sale and divestiture options and supporting capabilities that could be used to implement the resolution strategy. Over the last several years, the CIDs have invested time and resources to develop the operational capabilities to support the implementation of their resolution strategies and sale and divestiture options. These capabilities include, as applicable, restructuring legal entity structures to support divestiture options for the deposit franchise, business lines and assets; building information systems; amending services contracts to include resolution-resilient terms so that a CIDI can maintain continued access to critical services during resolution; and developing hedging strategies for derivatives. Many of these capabilities have been embedded into business-as-usual policies and procedures, normal business operations and strategic directions. Changing this part of the IDI Rule would be counterproductive, and may adversely affect the resolvability enhancements that have been implemented by a CIDI. For those CIDI subsidiaries of covered companies that remain subject to a DFA Resolution Plan requirement, changing this part of the IDI Rule may also adversely impact harmonization with the 165(d) Rule resolution planning requirements and would thus be inefficient. The Associations believe that a CIDI remains best positioned to determine its overall resolution strategy as well as the specific sale and divestiture options that are most appropriate for it, and to implement them in a way that is most suitable for its business. Having the FDIC be responsible for developing a CIDI's overall resolution strategy could result in a disconnect between the resolution strategy and the sale and divestiture options and operational capabilities that have been developed by the CIDI as part of a multi-year, iterative process. Furthermore, requiring a CIDI to change its overall resolution strategy may be both inefficient and counterproductive, and it may adversely affect the progress that a CIDI has made to improve its resolvability. The IDI Rule should thus have these content requirements remain the responsibility of the CIDI. Of course, in any actual resolution situation, as both the current IDI Rule and the 165(d) Rule make clear, a filer's resolution plan is not binding on the Agencies, a bankruptcy court or any other regulatory body, as applicable.

### **2. If a firm has multiple CIDI subsidiaries, the firm should be permitted to submit a single, integrated IDI Plan that covers all CIDI subsidiaries.**

The Associations represent several firms that each have more than one CIDI subsidiary. The IDI Rule should permit firms with more than one Group A or Group B CIDI subsidiary to submit a single, integrated plan that

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<sup>15</sup> IDI ANPR, 84 Fed. Reg. at 16621.

covers all of these CIDI subsidiaries rather than require the firm to submit a separate plan for each. CIDs that are affiliates frequently share operational capabilities, e.g., they are likely supported by the same back office functions, or share many interconnections, e.g., service providers, office space and certain employees. Being able to submit an integrated resolution plan would promote a more efficient resolution planning process for such firms. It would also allow such firms to present relevant and related information in a more cohesive manner, which would also help streamline the review process for the FDIC.

**3. A CIDI subsidiary of a covered company that has adopted SPOE as its preferred resolution strategy should be subject to reduced plan content requirements.**

The IDI Plan requirement is inconsistent with the single point of entry (SPOE) resolution strategy adopted by the largest and most complex covered companies, as discussed in the comment letter submitted by the Associations to the Agencies in response to the proposed guidance for the DFA Resolution Plans of U.S. G-SIBs.<sup>16</sup> The IDI Plan requires contemplation of the resolution of a covered company's large CIDI subsidiaries. Under an SPOE resolution strategy, however, material operating subsidiaries, including material bank subsidiaries, will be recapitalized and remain open and operating in a resolution scenario, and only the top-tier bank holding company would file for bankruptcy proceedings. As a result, the IDI Plan requires a covered company<sup>17</sup> to contemplate a contingency that is at odds with the efforts that it has taken to operationalize and have a credible SPOE strategy.

If the IDI Plan requirement is retained for the CIDI subsidiary of a covered company that has adopted SPOE as its preferred resolution strategy, then the Associations believe that such a CIDI should be subject to reduced plan content requirements. Assuming that the IDI Rule is revised so that the FDIC would make the least cost test determination for a CIDI, the CIDI subsidiary of a covered company with SPOE as its preferred strategy should only be required to provide information that is incremental to the information that would have already been provided to the FDIC through the DFA Resolution Plan submission process. This may include information specific to the CIDI relating to management information systems, shared services, employee retention plans, etc. This would lead to a more targeted IDI Plan requirement that focuses on any additional elements important to the FDIC in a resolution of the CIDI.

**C. Recommendations Related to the Engagement and Capabilities Testing Process**

**1. The IDI Rule should provide more structure and guidance for any engagement and capabilities testing process for Group C institutions, and retain the existing provisions of the IDI Rule for institutions that remain subject to regular resolution plan filing requirements.**

The Associations believe that the IDI Rule should define transparent, predictable and structured engagement and capabilities testing requirements for Group C CIDs, which would no longer be subject to an IDI Plan submission requirement. Such parameters should include establishing a set frequency for such a process (e.g., no more frequently than engagement and capabilities testing would occur for Group A and Group B CIDs) and providing public notices to the CIDs of areas of focus for such engagement and capabilities testing at least 12 months in advance. The IDI Rule should also clarify that such areas of focus would be the same for all Group C

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<sup>16</sup> Letter from the Bank Policy Institute and the Securities Industry and Financial Markets Association to the Agencies, re: Resolution Planning Guidance for Eight Large, Complex U.S. Banking Organizations, at 9–10 (Sept. 14, 2018), available at: <https://www.sifma.org/wp-content/uploads/2018/09/Living-Wills-Guidance-Comment-Letter-For-Submission-9.14.2018.pdf>.

<sup>17</sup> This term refers to Covered Companies as defined in the 165(d) Rule.

CIDIs in a given testing cycle. The areas of focus should be limited in scope to information that the FDIC believes would be most critical to the implementation of a resolution strategy in the event that a CIDI fails, including information on operational continuity, determination of franchise value, management information systems, or on the structure of the CIDI, including its material entities and core business lines.<sup>18</sup> Providing a clear and transparent framework in the IDI Rule would allow Group C CIDIs to more effectively plan and manage internal resources throughout the engagement and capabilities testing cycle. This framework should explicitly permit CIDIs to use and submit materials that have been prepared for related regulatory requirements; for example, CIDIs should explicitly be permitted to cross-reference relevant portions of their DFA Resolution Plans

For Group A and Group B CIDIs that remain subject to an IDI Plan submission requirement, the Associations believe that the IDI Rule should not require an engagement and capabilities testing process in lieu of the requirement for each CIDI to develop its own overall resolution strategy. Instead, the Associations believe that any engagement and capabilities testing process for Group A and Group B CIDIs should be based on the process provided in the existing IDI Rule.<sup>19</sup> This approach would “provide an opportunity to identify gaps in the FDIC’s understanding of the particular institution and its potential challenges in resolution . . . to explore how identified gaps could be mitigated . . .”<sup>20</sup>

Consistent with the comments made above in Section II.B, a CIDI remains best positioned to determine specific sale and divestiture options and supporting capabilities for implementing an overall resolution strategy that are most appropriate for it, and to implement them in a way that is most suitable for its business. Many of the operational capabilities are either developed by CIDIs in compliance with regulatory requirements (e.g., the Deposit Account Recordkeeping Rule, which is currently subject to revision via comment) or in order to support specific sale and divestiture options for the implementation of their resolution strategies (e.g., to support divestiture options for their deposit franchise, business lines and assets). This means that these capabilities and other potential challenges to a CIDI’s orderly resolution are already subject to frequent internal and regulatory testing processes and are regularly reviewed for gaps through the resolution planning process that are then mitigated in a way most consistent with the CIDI’s business operations. Shifting away from this process to a more ad hoc engagement and capabilities testing process would be too nebulous and lead to less predictability and increased complexity in the resolution planning process without appreciable improvements to resolvability. Therefore, the Associations believe that any engagement and capabilities testing process for Group A and Group B CIDIs should be limited, as it currently is under the existing IDI Rule, to information provided in the CIDI’s IDI Plan submission.

If the IDI Rule does modify the engagement and capabilities testing process for Group A and Group B CIDIs that remain subject to an IDI Plan submission requirement, the Associations believe that the IDI Rule should provide clear and transparent parameters around such a process in a similar manner as discussed above for Group C CIDIs.

In addition, the Associations believe that the IDI Rule should not adopt a simulation process beyond any capabilities testing process. An effective capabilities testing process should be sufficient to identify and address any concerns around a particular CIDI’s ability to produce critical information or to be orderly resolved. The addition of a simulation process would be unnecessarily duplicative and impose burdens that would produce no additional resolution benefits.

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<sup>18</sup> See IDI ANPR, 84 Fed. Reg. at 16627.

<sup>19</sup> See 12 C.F.R. § 360.10(d).

<sup>20</sup> IDI ANPR, 84 Fed. Reg. at 16626.

## **D. Recommendations Related to Frequency of Submissions**

### **1. The IDI Plan submission cycle should be coordinated with the DFA Resolution Plan submission cycle.**

Assuming that the IDI Rule and the 165(d) Rule are revised so that the resolution planning process for each is better aligned, the IDI Plan submission cycle should be coordinated with the DFA Resolution Plan submission cycle. As explained below, this would mean different IDI Plan submission cycles depending on whether a CIDI is subject to an SPOE or multiple point of entry (MPOE) resolution strategy (i.e., a resolution strategy where the CIDI is resolved by the FDIC under the Federal Deposit Insurance Act while other subsidiaries are resolved under the Bankruptcy Code or other applicable resolution regime) in a DFA Resolution Plan.

For a CIDI subsidiary of a covered company that would be a biennial filer under the revised 165(d) Rule, or for any other covered company that has adopted an SPOE resolution strategy for its DFA Resolution Plan, the IDI Plan and the DFA Resolution Plan submission cycles should not coincide, given the different outcomes under the resolution strategies for each of these plans. An aligned submission cycle would require such a covered company to produce two plans designed for vastly different outcomes in the same year.<sup>21</sup> This misalignment would make it difficult for such a company to effectively manage its own internal resources, and make it more difficult for the FDIC, which would have to review and provide feedback on two different types of plans in the same cycle.

For a CIDI subsidiary of a covered company that would be a triennial filer under the revised 165(d) Rule, and which has adopted a MPOE resolution strategy for its DFA Resolution Plan, there would be significant synergies between the IDI Plan and the DFA Resolution Plan such that the submission cycles for these two plans should be aligned. This would allow such a covered company to leverage the synergies in these processes and give the CIDI the flexibility to choose to incorporate large sections of the DFA Resolution Plan by reference into its IDI Plan (and vice versa). This would also streamline the review process for the FDIC, which would be able to combine its review and feedback on both plans, taking into account any information that has been incorporated by reference. Consistent with this request, the filing date for any submissions under the IDI Rule for CIDI subsidiaries of a covered company that has adopted an MPOE resolution strategy for purposes of its DFA Resolution Plan should be aligned with when the covered company is required to submit its DFA Resolution Plan. If, for whatever reason, the timing of a plan submission is varied, an IDI Plan submission should be due no sooner than six months following a DFA Resolution Plan submission for such covered companies.

See [Appendix A](#) for a visual that illustrates this concept.

### **2. The IDI Rule should clarify a timeline for the FDIC to provide feedback on previously submitted plans and, if retained, on the engagement and capabilities testing process.**

The FDIC should provide feedback to Group A or Group B CIDs on their IDI Plan submissions in a timely manner in order to provide sufficient lead time for the CIDI to meaningfully incorporate such feedback into its next submission. As a general matter, CIDs begin gathering and allocating their resources at least 12 months in advance of a submission deadline. Certainty about the informational content requirements of the next submission as far in advance of that time as possible optimizes the ability of CIDs to produce meaningful resolution plans or information that are responsive to the FDIC's feedback. Therefore, the IDI Rule should require that feedback that is to be

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<sup>21</sup> In addition, most of the covered companies in this category also remain subject to annual recovery planning requirements. Federal Reserve, SR 14-8: Consolidated Recovery Planning for Certain Large Domestic Bank Holding Companies (Sept. 25, 2014).

incorporated or reflected in the next IDI Plan submission must be provided no later than 12 months after the date of an IDI Plan submission.

In addition, the IDI Rule should similarly include a timeline by which the FDIC must provide feedback following an engagement or capabilities testing cycle and by when CIDs must respond to any such feedback. The IDI Rule should require that the FDIC must provide feedback no later than 12 months after the engagement or testing process is complete, and that the FDIC must provide the CIDs with at least 12 months from the date of receipt of that feedback to respond to or incorporate that feedback.

## **E. Additional Responses to Specific Questions**

### **1. Question 14: Are waivers useful to help streamline and customize the informational requirements for CIDs? Should the FDIC consider expanding the use of waivers, and if so, how?**

The Associations believe that the IDI Rule should adopt a waiver process for IDI Plan informational content requirements that may be used when provision of information would be of limited use, such as where the FDIC has recently conducted a capabilities testing process of an operational capability. This waiver process should be similar to the one proposed by the Agencies in the 165(d) Proposal, but subject to the same comments on timing as presented in the comment letter submitted by the Associations on the 165(d) Proposal.<sup>22</sup>

### **2. Question 17: Should the FDIC make any changes to help foster a transparent set of content requirements? What steps can the FDIC take to ensure transparency, while also exploring potential changes to the IDI Rule discussed above providing for a streamlined set of informational requirements based upon the nature of a CID's operations?**

The Associations have provided various suggestions in this letter as to how the IDI Rule could be further calibrated to provide for regular submission cycles, and predictable and transparent resolution planning requirements. In addition, the Associations believe that the IDI Rule should clarify that future IDI resolution planning guidance will be issued subject to a public notice-and-comment process. Last year, the Agencies released the proposed 2019 guidance for DFA Resolution Plans submitted by the eight U.S. G-SIBs for notice and comment.<sup>23</sup> The FDIC should continue this trend for the IDI Plans as well in the IDI Rule. Furthermore, the IDI Rule should also require the FDIC to consolidate and make publicly available all generally applicable guidance for all CIDs that remain subject to an IDI Plan submission requirement, which will further foster a transparent set of content requirements.

### **3. Question 29: Should the FDIC consider a schedule of alternating between Resolution Plan submissions and streamlined content submissions (for example, focusing on a subset of informational requirements)? Why or why not?**

The Associations believe that the IDI Rule should adopt a schedule of alternating between full IDI Plan submissions and reduced IDI plan submissions consistent with what the Agencies have proposed in the 165(d) Proposal, subject to the comment provided above in Section II.B.3 and an informational content waiver process

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<sup>22</sup> See 165(d) Proposal Comment Letter at 5.

<sup>23</sup> *Resolution Planning Guidance for Eight Large, Complex U.S. Banking Organizations*, 83 Fed. Reg. 32856 (July 16, 2018).

discussed in Section II.E.1.<sup>24</sup> Over the last several years, the CIDs have taken meaningful steps to develop operational capabilities to improve their resolvability and to mitigate any gaps that would impede the successful implementation of their resolution strategies. Therefore, the Associations believe that both a longer submission cycle and having options for more targeted submissions would reduce unnecessary duplication and better focus the resolution planning process.

### III. Description of Appendices

**Appendix A (IDI ANPR – Illustrative Submission Cycle)** contains a visual demonstrating how the IDI Plan submission cycle should be coordinated with the DFA Resolution Plan submission cycle.

**Appendix B (Glossary)** contains a compilation of all defined terms in this comment letter.

**Appendix C (Associations)** contains a description of the Associations.

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<sup>24</sup> See 165(d) Proposal, § \_\_.4(a)(5) and § \_\_.4(b)(6).

The Associations appreciate the opportunity to comment on the IDI ANPR. If you have any questions, please contact John Court by phone at +1(202)589-2409 or by email at [john.court@bpi.com](mailto:john.court@bpi.com), Carter McDowell by phone at +1(202)962-7327 or by email at [cmcdowell@sifma.org](mailto:cmcdowell@sifma.org) or Hu A. Benton by phone at +1(202)663-5042 or by email at [hbenton@aba.com](mailto:hbenton@aba.com).

Respectfully submitted,



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Senior Vice President, Deputy General Counsel  
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Carter McDowell  
Managing Director and Associate General Counsel  
*Securities Industry and Financial Markets Association*



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Hu A. Benton  
Vice President, Banking Policy  
*American Bankers Association*

# Appendix A: IDI ANPR – Illustrative Submission Cycle

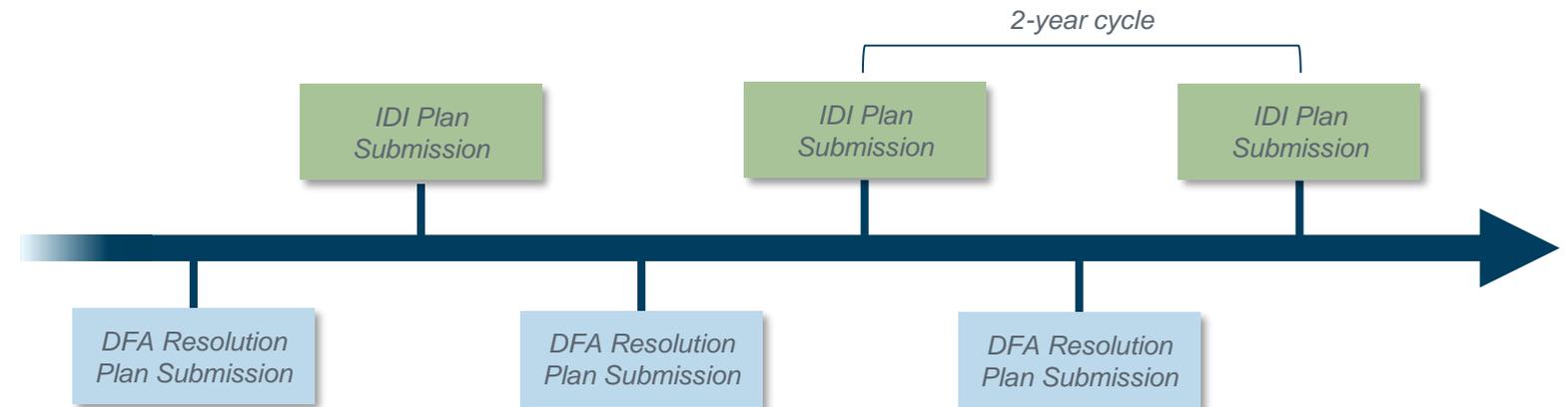
## Alternating DFA Resolution and IDI Plan Submission Cycle

### The preferred cycle for—

- CIDI subsidiaries of covered companies that are **biennial filers** under the 165(d) Rule; or
- Any other covered company that has adopted an **SPOE resolution strategy** for its DFA Resolution Plan

### Because—

- Their DFA Resolution Plans and IDI Plans are designed for **different outcomes**
- An aligned cycle presents a resource challenge as a covered company would have to produce two different plans in the same year and the FDIC would have to provide feedback on these different plans



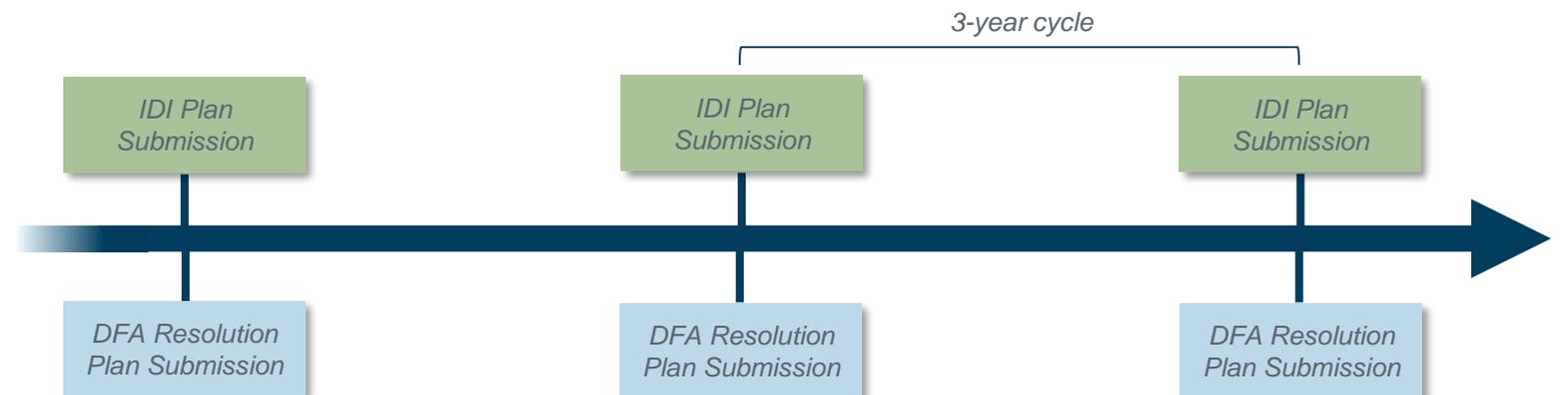
## Aligned DFA Resolution and IDI Plan Submission Cycle

### The preferred cycle for—

- CIDI subsidiaries of covered companies that are **triennial filers** under the 165(d) Rule and have adopted an **MPOE resolution strategy** for their DFA Resolution Plan

### Because—

- Their DFA Resolution Plans and their IDI Plans are designed for the **same outcomes** and are **synergistic**
- An aligned cycle would allow a CIDI to **incorporate by reference** large sections of its DFA Resolution Plan into its IDI Plan and would streamline the review process for the FDIC



**Appendix B to  
Comment Letter Regarding Advance Notice of Proposed Rulemaking for IDI Rule**

**Glossary**

Term	Definition
§165(d) Proposal	The Federal Reserve’s and FDIC’s joint notice of proposed rulemaking to amend and restate the regulation implementing the resolution planning requirements of the 165(d) Rule; <i>Resolution Plans Required</i> (notice of proposed rulemaking, May 14, 2019) (to be codified at 12 C.F.R. pt. 381)
165(d) Proposal Comment Letter	Letter from the Associations to the Federal Reserve and the FDIC, re: Proposed 165(d) Rule Amendments (June 21, 2019)
§165(d) Rule	Rule promulgated by the Federal Reserve and FDIC pursuant to §165(d) of the Dodd-Frank Act which requires covered companies to produce resolution plans describing how such covered company can be resolved in a rapid and orderly manner in the event of material financial distress or failure
The Agencies	The Federal Reserve and the FDIC
Alternative One	A tiered approach proposed in the IDI ANPR with respect to the application of the resolution planning requirements that would categorize CIDs based on size and complexity of their operations and would apply set content requirements to each category
Alternative Two	A tiered approach proposed in the IDI ANPR with respect to the application of the resolution planning requirements that would subject CIDs to a “continuum of disclosure obligations . . . based upon the size, complexity, and other factors” instead of having distinct informational requirements
The Associations	The Bank Policy Institute, the Securities Industry and Financial Markets Association and the American Bankers Association
BPI Tailoring Comment Letter	Letter from Bank Policy Institute to the FDIC, Federal Reserve & Office of the Comptroller of the Currency, re: Regulatory Tailoring and DFAST Proposals (Jan. 22, 2019)
CIDI	Covered insured depository institution, as defined in the IDI Rule
Deposit Account Recordkeeping Rule	FDIC, <i>Recordkeeping for Timely Deposit Insurance Determination</i> (notice of proposed rulemaking, Apr. 11, 2019) (to be codified at 12 C.F.R. pt. 370)
DFA Resolution Plan	Resolution plan of a covered company, as defined in the 165(d) Rule, required to be submitted to the Federal Reserve and the FDIC pursuant to the 165(d) Rule
FDIC	Federal Deposit Insurance Corporation
Federal Reserve	Board of Governors of the Federal Reserve System
G-SIB	Global systemically important banking organization

Term	Definition
IDI ANPR	The FDIC's advance notice of proposed rulemaking to tailor and improve its rule requiring certain insured depository institutions to submit resolution plans; <i>Resolution Plans Required for Insured Depository Institutions With \$50 Billion or More in Total Assets</i> (advance notice of proposed rulemaking, Apr. 22, 2019) (to be codified at 12 C.F.R. pt. 360)
IDI Rule	Rule promulgated by the FDIC requiring CIDs to develop and submit plans demonstrating how such CIDs could be resolved in an orderly and timely manner in the event of their failure
IDI Plan	Resolution plan of a covered insured depository institution, as defined in 12 C.F.R. 360.10(b)(4), required to be submitted to the FDIC pursuant to the IDI Rule
MPOE	Multiple point of entry
SPOE	Single point of entry

**Appendix C to  
Comment Letter Regarding Advance Notice of Proposed Rulemaking for IDI Rule**

**Associations**

**The Bank Policy Institute.** The Bank Policy Institute is a nonpartisan public policy, research and advocacy group, representing the nation's leading banks and their customers. Our members include universal banks, regional banks and the major foreign banks doing business in the United States. Collectively, they employ almost 2 million Americans, make nearly half of the nation's small business loans, and are an engine for financial innovation and economic growth.

**The Securities Industry and Financial Markets Association.** SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry's nearly 1 million employees, we advocate on legislation, regulation and business policy, affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (**GFMA**). For more information, visit <http://www.sifma.org>.

**The American Bankers Association.** The American Bankers Association is the voice of the nation's \$18 trillion banking industry, which is composed of small, regional and large banks. Together, America's banks employ more than 2 million men and women, safeguard nearly \$14 trillion in deposits and extend more than \$10 trillion in loans.