

## Feedback on Foreign Banks' July 2018 Resolution Plan Submissions – Key Takeaways

By [The Davis Polk FinReg Team](#) on December 26, 2018

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The Federal Reserve and FDIC (the **Agencies**) provided feedback on the U.S. resolution plans filed in July 2018 by four Foreign Banking Organizations – finding shortcomings in each, but acknowledging the need for more coordination among U.S. and home country regulators. Unredacted copies of the letters sent on December 20 to the CEO of each of [Barclays](#), [Credit Suisse](#), [Deutsche Bank](#) and [UBS](#) (the **FBO Filers**) were posted [on the Federal Reserve's website](#) the same afternoon, and you can click [here](#) to read our 2-page summary of the letters' key takeaways and how they compare to one another.

None of the FBO Filers' plans had any "deficiencies," which means that the Agencies did not find any plan to be "not credible." All four, however, had at least one "shortcoming," and will need to submit project plans in April 2019 that describe in detail how the firm intends to address its vulnerabilities by the next deadline for resolution plan submissions in July 2020. The FBO Filers' project plans must cover in detail not only the specific shortcomings identified by the Agencies, but a broader range of initiatives to improve each firm's readiness for an orderly resolution under the U.S. Bankruptcy Code.

The bigger news, however, is the new spirit of global regulatory cooperation expressed in the letters, for which the Agencies should be commended. The letters reflect the understanding that, in a world of cross-border businesses and resolution strategies, the best way to prevent risks to financial stability in the United States is the successful resolution of a foreign bank's global operations – not by trying to cordon off its U.S. subsidiaries, but by working together with home-country authorities at the level of its top-tier foreign parent, so that the resources to stabilize its U.S. operations can flow smoothly down when they are needed. The Agencies intend to engage proactively with firms and with their resolution authorities to

support this objective. We certainly hope they follow through and that a similar recognition of the need for global regulatory cooperation will lead to greater engagement by the Agencies with their non-U.S. counterparts on the resolution plans of U.S. banking organizations.