



March 23, 2018

Via Electronic Submission

Ms. Ann Misback
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: Regulation QQ, Resolution Plans; OMB No. 7100-0346

Dear Ms. Misback:

The Financial Services Roundtable (“FSR”)¹ is submitting this comment letter in response to the Federal Reserve Board’s (“Board”) request for public comment on reporting requirements associated with Regulation QQ, Resolution Plans.² The notice accompanying the request invites comments on ways to enhance the quality, utility, and clarity of the information collected, and ways to minimize the burden of the information collection requirements.³ The notice also indicates that the Board is exploring ways to improve the resolution planning process.⁴

In this letter, we recommend several changes to the information collection process related to Regulation QQ that would enhance both the quality of the information and reduce the burden of the information collection requirements. More specifically, we recommend: (1) adjustments in the timing for submissions; (2) ways in which the information requirements could be better tailored to the profile of covered companies; and (3) process improvements that would make this filing requirement more transparent. Each of these recommendations is discussed below.

Timing

Extend the Filing Cycle for the Section 165(d) Plans

The reporting burden associated with the resolution plans filed pursuant to Regulation QQ (“Section 165(d) Plans”) could be reduced by moving from an annual filing cycle to a two-

¹ The Financial Services Roundtable represents the largest banking and payment companies financing the American economy. Member companies participate through the Chief Executive Officer and other senior executives nominated by the CEO.

² Proposed Agency Information Collection Activities; Comment Request, 83 Fed. Reg. 2983 (Jan. 22, 2018).

³ *Id.* at 2984.

⁴ *Id.*

year filing cycle. The annual filing requirement has presented challenges for both covered companies and the Board. It is challenging for the Board to review resolution plan filings and provide feedback to covered companies within that time frame, and it is equally challenging for covered companies to incorporate that feedback into future filings under an annual filing schedule. As a result of these challenges, the Board has already postponed some of the annual filing requirements. Therefore, we recommend that the Board formally extend the filing cycle for the Section 165(d) Plans.⁵ Also, as discussed below, we recommend that any extension of the filing for the Section 165(d) Plans apply equally to the resolution plans that insured depository institutions must file with the Federal Deposit Insurance Corporation (the “IDI Plans”).

An extension of the filing cycle for the Section 165(d) Plans should be accompanied with some adjustments in the scope of the filing requirement. Currently, covered companies have teams of employees that are specifically dedicated to overseeing and preparing the Section 165(d) Plans. Covered companies also have established reporting relationships between these dedicated teams and other parts of the company in order to gather the information that must be incorporated into the Section 165(d) Plans. If the filing cycle is extended, personnel dedicated to this reporting requirement naturally will be redeployed to other assignments, and some existing reporting relationships will be disrupted. Therefore, as a practical matter, the reporting burden on covered companies could *increase* under an extended filing cycle if companies are required to submit a completely refreshed Section 165(d) Plan in each reporting period.

One way to avoid increasing the compliance burden under a two-year filing cycle would be to permit companies to file the Section 165(d) Plans and the IDI Plans in alternate years. In other words, companies would file only one plan in a given year and would file the other plan in the succeeding filing period. We urge the Board and the Federal Deposit Insurance Corporation (“FDIC”) to consider this option. Additionally, as discussed below, we recommend that the Board and the FDIC permit non-complex companies, such as those that currently qualify to submit a tailored 165(d) Plan, to use their most recently filed IDI Plans for purposes of the Section 165(d) Plan requirement.

Provide Certainty on Filing Deadline and Advance Notice on Guidance

Assuming the filing cycle for the Section 165(d) Plans and the IDI Plans is extended, we request that the filing deadline be fixed, and clearly communicated to covered companies, so companies can establish appropriate schedules for meeting the filing requirements. The Board’s regulation governing capital planning is a precedent for this approach. That regulation includes an explicit date for the submission of plans by companies.

We also request that companies receive relevant guidance related to filing requirements 12 months in advance of a filing deadline. Gathering information for resolution plans, incorporating that information into the plans, and obtaining appropriate approvals from senior

⁵ Moving from an annual filing cycle is within the Board’s authority. The Dodd-Frank Act provides that the Section 165(d) Plans be submitted “periodically,” not annually. *See* Dodd-Frank Wall Street Reform and Consumer Protection Act § 165(d), 12 U.S.C. § 5365(d)(1) (2016). The Federal Deposit Insurance Corporation also has existing authority to adjust the timing for submission of the IDI Plans. *See* 12 U.S.C. §§ 1819(a), 1821(d)(1), 1820(b)(3) (2016) (providing broad rulemaking authority to the FDIC).

management and boards of directors takes months. A 12 month lead time would help to ensure that this process is conducted in a systemic manner that ensures the validity of the data and quality of the submission.

Information Requirements

Permit the IDI Plans of Certain Companies to Meet the Section 165(d) Plan Requirement

For many reporting companies, there is a significant overlap between the Section 165(d) Plan and the IDI Plan submitted to the FDIC. The Board has already recognized this overlap by permitting some companies to file so-called “tailored” Section 165(d) Plans. We recommend that the Board take a further step in reducing the reporting burden associated with the Section 165(d) Plans by permitting a company to meet its Section 165(d) Plan filing solely by reference to its IDI Plan if the company meets the criteria for filing a tailored plan.⁶ In implementing this change, the Board could retain discretion to require a company to file a Section 165(d) Plan, if the Board concludes that the company’s overall operations pose some risk to the financial stability of the United States.

Reduce Filing Requirements

For those companies that remain subject to the Section 165(d) Plan filing requirement, we recommend that the Board refine the type of information requested to align with the company’s risk profile. In other words, companies whose operations pose a lower risk to the financial stability of the United States should be subject to a lower reporting burden. For example, the filing could be limited to material updates on the company’s organization and resolution plan.

Reduce Duplicative Reporting

Much of the information that is included in the Section 165(d) Plan already is provided to the Board and the other federal banking agencies in other reports, such as Call Reports. To reduce the reporting burden on covered companies, we recommend that, to the maximum extent practicable, the Board eliminate from the Section 165(d) Plan submissions data that the Board has otherwise obtained from covered firms, or that it could obtain upon request to another federal banking agency.

Reduce Complexity

The Board could reduce the complexity and burden of the current Section 165(d) Plans by adjusting forecasting requirements to focus on deposit runoff and liquidity rather than mandating overall forecasting. Additionally, the reporting burden could be reduced by simplifying the business valuation and least cost approach that is mandated as part of the submission, and by providing greater guidance on regulatory expectations related to the

⁶ A company qualifies for filing a tailored plan if the company: (1) has less than \$100 billion in total nonbank assets; and (2) the assets of the company’s insured depository institutions comprise 85 percent or more of the company’s total consolidated assets. See 12 C.F.R. § 381.4(a)(3) (2017).

resolution of financial market utilities. Furthermore, we recommend that the tailored plan not include the strategic analysis section.

Process Improvements

Improve Transparency through Public Notice and Comment

The quality, utility, and clarity of the information submitted as part of the Section 165(d) Plan could be improved if the process surrounding this information requirement were more transparent. Currently, changes in information requirements are made without prior public notice and comment. Similarly, the framework used by the Board in evaluating Section 165(d) Plans after they have been submitted is opaque. We recommend that any new information requirement, the framework for assessing the Section 165(d) Plans, and the procedures related to remediation be subject to public notice and comment. A public notice and comment process would give the Board an opportunity to explain the rationale behind information requests and applicable procedures. This would reduce uncertainty for covered companies, and help to improve the quality of the information submitted. It also would give covered companies and other stakeholders the ability to suggest refinements to the type of information submitted and the procedures surrounding resolution planning.

Feedback

The quality, utility, and clarity of the information in Section 165(d) Plans are influenced by the feedback that covered companies receive on prior submissions. Currently, however, there is no fixed time frame for receiving that feedback, and when it is provided, companies are given only 24 hours to correct errors and prepare a public response. If the filing cycle for the Section 165(d) Plans is moved to a two-year filing cycle, we recommend that the Board (and the FDIC) provide feedback on the Section 165(d) Plans and the IDI Plans within six months of submission.⁷

We also urge the Board and the FDIC to reconsider the practice of making feedback letters public. As we have indicated elsewhere in this submission, we believe that greater transparency surrounding this process would improve the submissions. However, resolution plans are not the same as stress test results. Resolution plans do not address the on-going viability of a company; they relate to the winding-down of a company. As such, the public release of this information may be misunderstood by customers and financial markets.

If the Board and FDIC continue the practice of releasing the feedback letters, we recommend that companies be given more time to review, digest, and respond to feedback. The current 24-hour period makes it difficult for firms to fully understand feedback before it is made public. We recommend that companies be given at least 5 days to review and discuss feedback with the Board and FDIC before it is made public. Again, there is a precedent for such a review period in the capital planning process.

⁷ The Treasury Department has expressed support for providing feedback within six months. See U.S. Dep't of Treasury, A Financial System that Creates Economic Opportunities: Banks and Credit Unions 68 (June 2017), <https://www.treasury.gov/press-center/press-releases/Documents/A%20Financial%20System.pdf>.

Guidance

Covered firms have found that compliance guidance from the Board and the FDIC on the Section 165(d) Plans and the IDI Plans has not always been timely, consistent, or sufficient to address questions related to the information to be submitted in resolution plans. We recommend that the Board and the FDIC review current procedures so that industry questions can be addressed in a timelier manner, and that nonconfidential questions and answers be released publically. Public disclosure of questions and answers would improve the quality and utility of the information submitted in plans.

Conclusion

If you have any questions about the matters discussed in this letter please contact Robert Hatch at 202-589-2429 (Robert.Hatch@FSRoundtable.org), or me at 202-589-2424 (Richard.Foster@FSRoundtable.org).

Sincerely,



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