

Joint Press Release

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

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Agencies Provide Feedback to Nonbank Firms on Resolution Plans

The Federal Reserve Board and the Federal Deposit Insurance Corporation (FDIC) on Tuesday provided feedback to three nonbank financial companies regarding their initial resolution plans and guidance to the firms for their upcoming filings.

The Dodd-Frank Wall Street Reform and Consumer Protection Act requires that bank holding companies with total consolidated assets of \$50 billion or more and nonbank financial companies designated by the Financial Stability Oversight Council as systemically important periodically submit resolution plans to the FDIC and the Federal Reserve. Each plan must describe the company's strategy for rapid and orderly resolution under the U.S. Bankruptcy Code or other applicable insolvency regime in the event of material financial distress or failure of the company.

Three nonbank financial firms, American International Group, Inc., Prudential Financial, Inc., and General Electric Capital Corporation (GECC), filed initial resolution plans in July 2014.

The agencies tailored their feedback to account for each company's unique business, structure, and operations. In addition to the specific guidance given to each company, the letters include some common areas that the firms should address. Those areas include the need for more detailed information on, and analysis of, obstacles to resolvability, including global cooperation, interconnectedness, and adequate funding and liquidity. Further, the agencies instructed the firms to describe in their resolution plans the progress they are making, and the steps remaining, to be more resolvable. Finally, the agencies directed the firms to strengthen the public portions of the firms' upcoming resolution plans. The feedback to GECC acknowledges the firm's divestiture plan.

The three nonbank financial companies will submit the second version of their annual resolution plans on or before December 31, 2015. The agencies will require that the firms demonstrate that they are making significant progress to address the obstacles to resolution noted in the feedback to each company, and are taking actions to improve their resolvability.

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