

## Press Releases

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Joint Release

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

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For Immediate Release

December 19, 2017

### Agencies Announce Joint Determinations for Living Wills

Reflecting the significant progress made in recent years, the Federal Deposit Insurance Corporation and the Federal Reserve Board on Tuesday announced that the resolution plans of the eight largest and most complex domestic banking organizations did not have "deficiencies," which are weaknesses severe enough to trigger a resubmission process that could result in more stringent requirements.

The agencies also jointly determined that the plans of four firms have "shortcomings," which are less-severe weaknesses that require additional work in their next plan: Bank of America, Goldman Sachs, Morgan Stanley, and Wells Fargo. The agencies did not identify specific shortcomings in the resolution plans from Bank of New York Mellon, Citigroup, J.P. Morgan Chase, and State Street.

Resolution plans, required by the Dodd-Frank Act and commonly known as living wills, 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.

While significant progress has been made--such as firms modifying their corporate structures so that losses can be borne by investors in an orderly way--there are inherent challenges and uncertainties associated with the resolution of a systemically important financial institution. Toward that end, the agencies identified four areas in which more work needs to be done by all firms to continue to improve their resolvability: intra-group liquidity; internal loss-absorbing capacity; derivatives; and payment, clearing, and settlement activities.

Moreover, the resolvability of firms will change as markets change and as firms' activities, structures, and risk profiles change. As noted in the feedback letters that were issued to each firm and released Tuesday, the agencies expect the firms to remain vigilant in considering the resolution consequences of their day-to-day management decisions. For all eight firms, their next resolution plans are required by July 1, 2019.

The agencies continue to explore ways to improve the resolution planning process and are considering extending the cycle for resolution plan submissions from annual to once every two years, reflecting the agencies' experience regarding the time needed to prepare and review the plans.

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