Supporting Statement for the
Reporting Requirements Associated with Regulation QQ
(FR QQ; OMB No. 7100-0346)

Resolution Plans Required
(Docket No. R-1660; RIN 7100-AF47)

Summary

The Board of Governors of the Federal Reserve System (Board), under delegated authority from the Office of Management and Budget (OMB), has extended for three years, with revision, the Reporting Requirements Associated with Regulation QQ (FR QQ; OMB No. 7100-0346). Regulation QQ - Resolution Plans (12 CFR Part 243) requires each bank holding company (BHC) with assets of $50 billion or more[1] and nonbank financial firms designated by the Financial Stability Oversight Council (FSOC) for supervision by the Board (each a covered company) to report annually to the Board and the Federal Deposit Insurance Corporation (FDIC) (collectively, the agencies) the plan of such company for orderly resolution under the U.S. Bankruptcy Code in the event of the company's material financial distress or failure.

The agencies jointly adopted a final rule implementing the resolution planning requirements of section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). This final rule is intended to reflect improvements identified since the agencies finalized their joint resolution plan rule in November 2011 (2011 rule) and to address amendments to the Dodd-Frank Act made by the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA). Through this final rule, the Board is also establishing risk-based categories for determining the application of the resolution planning requirement to certain U.S. and foreign banking organizations, consistent with section 401 of EGRRCPA. The final rule also extends the default resolution plan filing cycle, allows for more focused resolution plan submissions, and improves certain aspects of the resolution planning rule. The final rule is effective December 31, 2019.

The agencies revised FR QQ to ensure consistency with EGRRCPA and streamline, clarify, and improve the resolution plan submission and review processes and timelines. The revisions to FR QQ raised the applicability threshold for the reporting requirement so that it applies to:

- U.S. and foreign banking organizations with assets of $250 billion or more,
- U.S. banking organizations identified as U.S. global systemically important banks (U.S. GSIBs),
- Nonbank financial firms designated by the FSOC, and
- U.S. and foreign banking organizations with assets of $100 billion or more that exceed certain risk-based indicators.

[1] This includes any foreign bank or company that is a bank holding company or is treated as a bank holding company under section 8(a) of the International Banking Act of 1978 and that has $50 billion or more in total consolidated assets.

The revisions also divided the firms that have resolution planning requirements into groups of filers for plan content tailoring purposes, formalized the reduced resolution plan category, established multi-year submission cycles for each group of filers, introduced a new category of plans distinguished by informational content superseding the existing tailored plan category and updated certain procedural elements of Regulation QQ.

The current estimated total annual burden for the FR QQ is 1,066,086 hours, and would decrease to 215,606 hours. The revisions would result in a decrease of 850,480 hours.

Background and Justification

To promote financial stability, section 165(d) of the Dodd-Frank Act requires each covered company to submit periodically a plan for such company's orderly resolution under the Bankruptcy Code in the event of the company's material financial distress or failure.[2]

On November 1, 2011, the agencies published Regulation QQ as a final rule in the *Federal Register* (76 FR 67323), to implement the resolution plan requirement set forth in section 165(d)(1) of the Dodd-Frank Act (2011 rule). The effective date for Regulation QQ was November 30, 2011, and the first set of resolution plans were submitted in July 2012, as required by the regulation.

On May 24, 2018, EGRRCPA amended provisions in the Dodd-Frank Act as well as other statutes administered by the Board. The amendments made by EGRRCPA provide for additional tailoring of various provisions of federal banking laws, including an increase in the $50 billion asset threshold in section 165 of the Dodd-Frank Act, which provides the statutory basis for Regulation QQ.

On November 1, 2019, the agencies published modifications to Regulation QQ as a final rule in the *Federal Register* (84 FR 59194) (the Rule). The modifications implement improvements identified since the agencies finalized their joint resolution plan rule in November 2011 and to address amendments to the Dodd-Frank Act by the EGRRCPA.

Resolution plans filed under section 165(d) and Regulation QQ assist covered companies and regulators in conducting advance resolution planning for a covered company. Through the FDIC's experience in failed bank resolutions, as well as the Board's and the FDIC's experience in the most recent crisis, it became apparent that advance planning improves the efficient resolution of a covered company. Advance planning has long been a component of resiliency and recovery planning by financial companies. The resolution plan required of covered companies under Regulation QQ supports the FDIC's planning for the exercise of its resolution authority under the Dodd-Frank Act and the Federal Deposit Insurance Act by providing the FDIC with an understanding of the covered companies' structures and complexity as well as their resolution strategies and processes. The resolution plans also keep the agencies apprised of relevant changes to the covered companies' structure, complexity, and other factors that may affect resolvability. Periodic resolution plans required of covered companies under Regulation QQ assist the Board in its supervisory efforts to ensure that covered companies operate in a manner

[2] See 12 U.S.C. § 5365.

that is both safe and sound and that does not pose risks to financial stability generally. In addition, these plans enhance the agencies' understanding of the U.S. operations of foreign banks and improve efforts to develop a comprehensive and coordinated resolution strategy for a cross-border firm.

The information collected under FR QQ has been helpful for identifying obstacles to an orderly resolution under the U.S. Bankruptcy Code. The agencies have used this information to direct covered companies to make improvements to their resolution plans and planning processes. The resolution plan submissions have also provided information about covered companies' structure and operations that has been useful to the Board in its supervisory role and to the FDIC in planning for any actions it would take with respect to its authority under the Dodd-Frank Act or the Federal Deposit Insurance Act.

Description of Information Collection

The reporting requirements are found in sections 243.4, 243.5, 243.6, 243.7, and 243.8 of Regulation QQ. Compliance with the information collections is mandatory. No other federal law mandates these reporting requirements.

General Requirements

Section 243.4 - Resolution plan required sets forth the submission cycles for the biennial, triennial full, and triennial reduced filers under the Rule, the waiver procedures and the dates for initial resolution plan submissions by covered companies after the Rule's effective date. In addition, section 243.4 establishes a requirement that a covered company provide notice to the Board and FDIC of extraordinary events that have the potential to affect its resolution strategy.

Section 243.5 - Informational content of a full resolution plan describes the required informational content of a full resolution plan. These requirements are largely unchanged from the 2011 rule.

Section 243.6 - Informational content of a targeted resolution plan describes the required informational content of a targeted resolution plan. The targeted resolution plan requirements include the core elements of capital, liquidity, and plans for recapitalization, targeted information the agencies jointly require, a description of material changes, and changes resulting from changes to law, regulation, guidance, or agency feedback.

Section 243.7 - Informational content of a reduced resolution plan describes the required informational content of the reduced resolution plan which include a description of material changes since the previous plan submission and other changes resulting from changes in law, regulation, guidance, or agency feedback.

Section 243.8 - Review of resolution plans; resubmission of deficient resolution plans requires that, if the Board and FDIC jointly determine that a resolution plan of a covered company is not credible or would not facilitate an orderly resolution of the covered company under the Bankruptcy Code, a covered company must resubmit a revised plan within 90 days of

receiving notice that its resolution plan is deemed deficient. A covered company may also submit a written request for an extension of time to resubmit additional information or a revised resolution plan. Section 243.8 also provides that the Board and FDIC may jointly identify shortcomings in firms' resolution plans.

As noted, since the initial implementation of Regulation QQ in 2011, the agencies have provided additional guidance to covered companies about the informational requirements of FR QQ that clarifies the information that should be included in, or that can be omitted from, the plans the companies must submit under the regulation. An example of clarifying guidance is the December 2018 final guidance for the 2019 and subsequent resolution plans of the largest, most complex filers.

Overview of 2019 Revisions to FR QQ

On November 1, 2019, the agencies published modifications to Regulation QQ as a final rule in the *Federal Register* (84 FR 59194). The agencies are making modifications to the 2011 rule, which are intended to streamline, clarify, and improve the resolution plan submission and review processes and timelines. The agencies are seeking to achieve three key goals with the modifications. First, the changes are intended to improve efficiency and balance burden by allowing more focused full resolution plan submissions, as well as periodic targeted resolution plan submissions for some filers, and reduced resolution plans for the remaining filers. Second, the changes establish by rule a biennial filing cycle for the U.S. GSIBs and balance burden by extending the filing cycle to every three years for all other filers. Third, the changes improve certain aspects of the Rule, such as the process for identifying critical operations, based on the agencies' experience in applying the Rule over time. These changes are expected to permit covered companies to build on previous work more effectively.

Specifically, the agencies' final rule:

- Divides the firms that have resolution planning requirements, including those identified by the Board pursuant to EGRRCPA, into groups of filers for plan content tailoring purposes,
- Enhances transparency and provides greater predictability by formalizing the current reduced resolution plan category,
- Establishes multi-year submission cycles for each group of filers,
- Introduces a new category of plans distinguished by informational content,
- Supersedes the existing tailored plan category, and
- Updates certain procedural elements of the 2011 rule.

Identification of Firms Subject to the Resolution Planning Requirement and Filing Groups

Firms Subject to the Resolution Planning Requirement

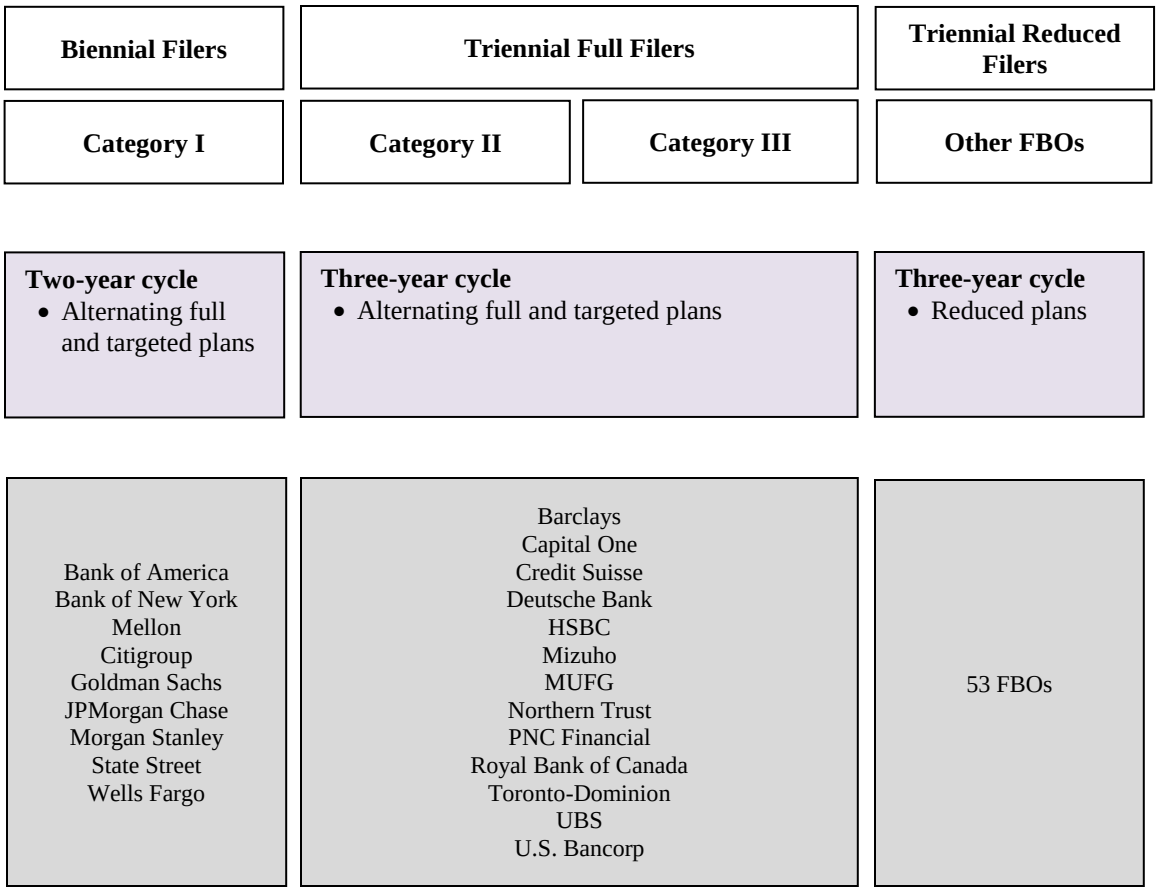
Following EGRRCPA, three types of firms are statutorily subject to the resolution planning requirement:

- U.S. and foreign banking organizations with $250 billion or more in total consolidated assets,
- U.S. banking organizations identified as U.S. GSIBs, and
- Any designated nonbank financial companies that the FSOC has determined under section 113 of the Dodd-Frank Act should be supervised by the Board.

In addition, following EGRRCPA, the Board has the authority to apply the resolution planning requirement to firms with $100 billion or more and less than $250 billion in total consolidated assets. The risk-based indicators established in the tailoring rule to define firms subject to Category II and III standards are important indicia of a firm's complexity and serve to gauge the likely impact of a firm's failure on U.S. financial stability. Therefore, the Board will use these risk-based indicators to identify those U.S. firms with total consolidated assets equal to $100 billion or more and less than $250 billion to be subject to a resolution planning requirement. Consistent with the tailoring rule, the Board is applying resolution planning requirements to U.S. bank holding companies with (1) total consolidated assets equal to $100 billion or more and less than $250 billion and (2) $75 billion or more in any of the following risk-based indicators: cross-jurisdictional activity, nonbank assets, weighted short-term wholesale funding, or off-balance-sheet exposure. The Board is applying resolution planning requirements to foreign banking organizations with (1) total global assets equal to $100 billion or more and less than $250 billion, (2) combined U.S. assets equal to $100 billion or more, and (3) $75 billion or more in any of the risk-based indicators measured based on combined U.S. operations.

In addition, the agencies will use the risk-based indicators to divide U.S. and foreign firms into groups for the purposes of determining the frequency and informational content of resolution plan filings. For a summary of the Board's resolution plan filing categories, please see the Resolution Plan Filing Groups visual below.

Expected Resolution Plan Filing Groups



U.S. Covered Companies With $100 Billion or More and Less Than $250 Billion in Total Consolidated Assets

While the failure of some U.S. firms with $100 billion or more and less than $250 billion in total consolidated assets may not pose a significant threat to U.S. financial stability, the nature of an individual firm's particular activities and organizational footprint may present significant challenges to an orderly resolution. The thresholds and risk-based indicators identified in the categories below are designed to take these challenges and complexities into account. Where a firm's activities in one or more of the risk-based indicators exceed the $75 billion threshold, it is more likely that its failure could adversely affect U.S. financial stability. Accordingly, the Board will continue to apply resolution planning requirements to any such firm.

For example, where a firm is heavily engaged in cross-jurisdictional activity, that activity increases operational complexity. It may be more difficult to resolve or unwind the firm's positions due to the multiple jurisdictions and regulatory authorities involved and potential legal or regulatory barriers to transferring financial resources across borders. Resolution planning requirements therefore continue to apply to U.S. firms with $75 billion or more in cross-jurisdictional activity.

Similarly, bank holding companies with significant nonbank assets are more likely to be engaged in activities such as prime brokerage, or complex derivatives and capital markets activities. These activities can pose risks to the financial system and, if a firm has not engaged in planning to address these particular challenges, it is less likely the firm's resolution would proceed in an orderly manner without unduly impacting other firms. The Board continues to apply resolution planning requirements to U.S. firms with $75 billion or more in nonbank assets.

In the 2008 financial crisis, it was apparent that liquidity stresses can lead to solvency challenges in short order if not addressed. Where a firm is particularly reliant on short-term funding sources, it may be more vulnerable to large-scale funding runs or "fire sale" effects on asset prices. Regulation QQ continues to apply resolution planning requirements to U.S. firms with higher levels of potential liquidity vulnerability, as measured by the firm's weighted short-term wholesale funding.

Where a firm's activities result in large off-balance sheet exposure, the firm may be more vulnerable to significant draws on capital and liquidity in times of stress. In the 2008 financial crisis, for example, vulnerabilities at individual firms were exacerbated by margin calls on derivative exposures, calls on commitments, and support provided to sponsored funds. Successful execution of a resolution strategy depends in part on there being sufficient capital and liquidity resources to execute the firm's strategy. Resolution planning requirements continue to apply to U.S. firms with $75 billion or more in off-balance sheet exposure.

When a firm does not have activity in one of the risk-based indicators above the threshold listed above and its total asset size is less than $250 billion, it is less likely that the firm's failure would present a risk of serious adverse effects on U.S. financial stability. In these instances, requiring a plan for rapid and orderly resolution in bankruptcy would impose burden without sufficient corresponding benefit. Accordingly, resolution planning requirements no longer apply

to U.S. firms with total consolidated assets of $100 billion or more and less than $250 billion that do not have activity in any of the risk-based indicators above the thresholds noted above. Based on their experience of reviewing resolution plans for firms in this category, the agencies have not identified deficiencies or shortcomings that required remediation.

Foreign-Based Covered Companies With $100 Billion or More and Less Than $250 Billion in Total Global Assets

The Board has modified the resolution planning requirements to apply to foreign banking organizations with (1) total global assets equal to $100 billion or more and less than $250 billion, (2) combined U.S. assets equal to $100 billion or more, and (3) $75 billion or more in any of the following risk-based indicators measured based on combined U.S. operations: cross-jurisdictional activity, nonbank assets, weighted short-term wholesale funding, or off-balance-sheet exposure. For the reasons described above with respect to domestic firms and as further discussed below in the triennial full filers section, the Board will use the risk-based indicators to determine whether a foreign banking organization with a significant U.S. footprint should be subject to resolution planning.

The Board, however, will no longer require resolution plan submissions from foreign banking organizations with total global assets equal to $100 billion or more and less than $250 billion where (1) the firm has combined U.S. assets below $100 billion or (2) the firm does not have $75 billion or more in any of the risk-based indicators measured based on combined U.S. operations. The majority of foreign banking organizations with total global assets less than $250 billion have limited U.S. activities and more limited interconnections with other U.S. market participants. Generally, such filers are likely to be foreign banking organizations with limited U.S. banking operations primarily conducted in a branch, which would not be resolved through bankruptcy. In the view of the Board, continuing to require even limited scope resolution plan submissions from this set of foreign banking organizations absent a significant amount of U.S. assets or any of the risk-based indicators does not seem warranted given the lower probability that the failure of these institutions would threaten U.S. financial stability.

Exiting Covered Company Status

The Board has updated the methodology for ascertaining when a firm ceases to be a covered company. With respect to a decrease in assets, under the Rule, a U.S. firm would cease to be a covered company when its total consolidated assets are less than $250 billion based on total consolidated assets for each of the four most recent calendar quarters (and it is not otherwise subject to Category II or Category III standards based on the risk-based indicators identified above). A foreign banking organization that files quarterly reports on the Capital and Asset Report for Foreign Banking Organizations (FR Y-7Q; OMB No. 7100-0125) similarly would be assessed on the basis of its total global assets for each of the four most recent calendar quarters. A foreign banking organization that files the FR Y-7Q report annually rather than quarterly would be assessed based on its total global assets over two consecutive years. The agencies retain the discretion to determine jointly that a firm is no longer a covered company at an earlier time than it would be pursuant to its quarterly or annual reports. Firms that cease to be, or to be treated as, bank holding companies or that are de-designated by the FSOC for

supervision by the Board are no longer covered companies and do not have any further resolution planning requirements as of the effective date of the applicable action unless there is a subsequent change to their status.

Filing Groups

The changes to FR QQ divide covered companies required to file resolution plans into three groups of filers, commensurate with the potential impact of such companies' failure on U.S. financial stability. The Rule differentiates, for each group of filers, the resolution plan filing cycle length and information content requirements. The three groups of resolution plan filers are defined as (1) biennial filers, (2) triennial full filers, and (3) triennial reduced filers. All covered companies will have a July 1 submission date, in place of the current division between July 1 and December 31. This change is intended to streamline the overall resolution planning framework.

Biennial Filers

The biennial filers in the Rule comprise firms subject to Category I standards, or U.S. GSIBs, which are the largest, most systemically important U.S. bank holding companies, as well as any nonbank financial company supervised by the Board that has not been jointly designated as a triennial full filer by the agencies. Any such designation of a nonbank financial company would be made taking into account the relevant facts and circumstances, including the degree of systemic risk posed by the particular covered company's failure. The failure of a firm in this group would pose the most serious threat to U.S. financial stability, and accordingly the Rule provides that this group be subject to the most stringent resolution planning requirements in terms of both submission frequency and information content. Under the methodology in the U.S. GSIB surcharge rule, eight U.S. bank holding companies are currently identified as U.S. GSIBs, and are therefore subject to the resolution planning requirements for this group.

For a biennial filer, the Rule requires submission of a resolution plan every two years, alternating between a full resolution plan and a targeted resolution plan, described below. Given that the U.S. GSIBs' resolution plans have matured over time and that these firms have taken meaningful steps to develop the foundational capabilities necessary for the implementation of their resolution strategies, the agencies have determined that a two-year filing cycle is appropriate.

Triennial Full Filers

The revisions to FR QQ create a second filing group, triennial full filers, comprising firms subject to Category II or III standards, as well as any nonbank financial company supervised by the Board that has been designated as a triennial full filer by the agencies. As indicated above, the agencies' designation of a nonbank financial company's plan type would take into account the relevant facts and circumstances. Triennial full filers include any of the following firms that do not meet the criteria to be biennial filers:

- U.S. firms with $250 billion or more in total consolidated assets,
- U.S. firms with total consolidated assets of $100 billion or more and less than $250 billion that have $75 billion or more in any of the following risk-based indicators: cross-

jurisdictional activity, nonbank assets, weighted short-term wholesale funding, or off-balance sheet exposure,

- Foreign banking organizations with $250 billion or more in combined U.S. assets, and
- Foreign banking organizations with $100 billion or more and less than $250 billion in combined U.S. assets that have $75 billion or more in any of the following risk-based indicators measured based on combined U.S. operations: cross-jurisdictional activity, nonbank assets, weighted short-term wholesale funding, or off-balance sheet exposure.

The failure of a triennial full filer could pose a threat to U.S. financial stability, though it is generally less likely than a firm in the biennial filers group. The Rule will therefore require these firms to submit resolution plans as triennial full filers; however, the filing cycle for triennial full filers will be one year longer than that of the biennial filers.

Specifically, the Rule requires triennial full filers to submit a resolution plan every three years, alternating between a full resolution plan, subject to the waiver option detailed below, and a targeted resolution plan, described below. The agencies have determined that this longer filing cycle is appropriate in light of the lesser degree of systemic risk posed by the failure of a firm in this group.

Notably, this filing group includes the foreign banking organizations that have received detailed guidance from the agencies. The agencies believe that it is appropriate that these firms be part of the triennial full filing group and submit plans on the three-year filing cycle because the preferred outcome for each of these foreign banking organizations is a successful home country resolution using a single point of entry resolution strategy, not the resolution strategy described in its U.S. resolution plan.

The filing group would also include non-bank financial companies designated by the FSOC for supervision by the Board that the agencies jointly designate to be triennial full filers. Given that the FSOC must determine that material financial distress at a nonbank financial company supervised by the Board could pose a threat to U.S. financial stability, nonbank financial companies will automatically be deemed biennial filers. However, the agencies are retaining the discretion to obtain plans from these companies on a triennial basis based on the facts and circumstances of a particular company.

Triennial Reduced Filers

The Rule identifies a third group, triennial reduced filers, which consists of any covered company that is not subject to Category I, II, or III standards or is not a nonbank financial company supervised by the Board; that is, any covered company that is not a biennial or triennial full filer. The firms in this population do not pose the same risks to U.S. financial stability because they do not have the same size or complexity as the firms subject to Category I, II, or III standards. Accordingly, the Rule applies less stringent resolution planning requirements to these firms. Triennial reduced filers include foreign banking organizations with $250 billion or more in total global assets that are not subject to Category II or III standards.

The Rule requires a firm that becomes a covered company and that is a triennial reduced filer to submit as its initial submission a full resolution plan, and thereafter, every three years, a reduced resolution plan, described below. The agencies have determined that extending the filing cycle and reducing the informational requirements is appropriate given these firms' limited U.S. operations and smaller U.S. footprints.

Resolution Plan Content

Full Resolution Plan

The changes to FR QQ do not generally modify the components or informational requirements of a full resolution plan. Through numerous resolution plan submissions, the agencies and firms have gained familiarity with the format and content of the information currently required to be submitted pursuant to the Rule. The agencies also recognize the utility of the existing information requirements for full resolution plans. Focus on these items has facilitated resolution plan and resolvability improvements, particularly by the largest and most complex firms. Applicable guidance previously issued to specific full resolution plan filers concerning the content of their upcoming submissions continues to apply to those individual firms.

Waiver

Through a covered company's repeated resolution plan submissions, certain aspects of its resolution plan may reach a steady state or become less material such that regular updates would not be useful to the agencies in their review of the plan. In acknowledgement of this, the Rule continues to permit the agencies to waive certain informational content requirements for one or more firms on the agencies' joint initiative. Waivers could be granted for one or more filing cycles.

The Rule also lays out a process for a triennial filer that has previously submitted a resolution plan to apply for a waiver of certain informational content requirements of a full resolution plan (waivers could not be applied for with respect to targeted or reduced resolution plans). Where the covered company would like to omit certain information from its next full resolution plan submission, the covered company will need to apply for the waiver at least 18 months in advance of the filing date.

In order to limit administrative burden and maximize transparency, covered companies will be limited to making one waiver request for each filing cycle, and the public section of the waiver request, containing the list of the requirements sought to be waived, will be made public. A waiver request is automatically denied if the agencies do not jointly approve it before a certain date. If the agencies waive informational content requirements for one or more firms on the agencies' own initiative, the agencies will endeavor to provide those firms with notice of the waiver at least 12 months before their next resolution plan submission date. The agencies may deny a waiver if, for example, they find that the information sought to be waived could be relevant to the agencies' review of the covered company's plan. The Rule provides that covered companies are not be able to request waivers for certain informational content requirements of

the Rule. Firm-initiated waivers are not permitted for some of the most critical informational content, including the core elements required for a targeted resolution plan, any information specifically required pursuant to section 165(d) of the Dodd-Frank Act, information about material changes, and information about deficiencies and shortcomings. The agencies note, however, that covered companies may be able to incorporate by reference to a previous plan submission certain information that are not eligible for a waiver if the information meets the requirements for incorporation by reference.

The agencies expect that waivers will be granted in appropriate circumstances. For example, waivers could be appropriate to reduce burden for informational content that may be of limited utility to the agencies, such as where the agencies have recently completed an in-depth review of a particular business line and are satisfied that they are in possession of current information relevant to a firm's ability to resolve that business line. A waiver may be appropriate for a firm that submitted a tailored resolution plan under the 2011 rule and requests a waiver that would limit the firm's required resolution plan content in a manner that is similar to the tailored resolution plan provisions.

A firm will need to provide all information necessary to support its request, including an explanation of why approval of the request would be appropriate, why the information for which a waiver is sought would not be relevant to the agencies' review of the firm's resolution plan, and confirmation that the request meets the eligibility requirements for a waiver under the Rule (*i.e.,* that it is not a core element, not related to an identified deficiency that has not been adequately remedied, etc.). In order to ensure that the agencies have the information necessary to evaluate a waiver request, covered companies will be required to explain why the information sought to be waived would not be relevant to the agencies' review of the covered company's next full resolution plan and why a waiver of the requirement would be appropriate. Failure to provide appropriate explanation or any information requested by the agencies in a timely manner could lead the agencies to deny a waiver request on the basis that insufficient explanation or a lack of information makes it impossible to determine that the information sought to be waived would not be relevant to their review of the resolution plan.

A full resolution plan should specify content omitted due to a waiver request that was granted.

Targeted Resolution Plan

The Rule includes a new type of resolution plan submission: A targeted resolution plan. As resolution plans develop and solidify over time, it is appropriate that certain information be refreshed or updated rather than resubmitted in full. The agencies have created the targeted resolution plan submission to strike the appropriate balance between providing a means to continue receiving updated information on structural or other changes that may affect a firm's resolution strategy while not requiring submission of information that remains largely unchanged since the previous submission. A targeted resolution plan is a subset of a full resolution plan.

The targeted resolution plan elements are as follows:

Certain Resolution Plan Core Elements: Each targeted resolution plan includes an update of the information required to be included in a full resolution plan regarding capital, liquidity, and the covered company's plan for executing any recapitalization contemplated in its resolution plan, including updated quantitative financial information and analyses important to the execution of the covered company's resolution strategy. For firms that have received detailed guidance from the agencies applicable to their upcoming submissions regarding capital, liquidity, and governance mechanisms, the targeted resolution plans should address these elements consistent with the applicable guidance. A firm that has not received detailed guidance is required to describe the capital and liquidity needed to execute the firm's resolution strategy consistent with section __.5(c), (d)(1)(i), (iii), and (iv), (e)(1)(ii), (e)(2), (3), and (5), (f)(1)(v), and (g) of the Rule and, to the extent its resolution plan contemplates recapitalization, the covered company's plan for executing the recapitalization consistent with section __.5(c)(5) of the Rule.

Material Changes: Each targeted resolution plan would include a description of material changes since the filing of the covered company's previously submitted resolution plan and a description of the changes the covered company has made to its resolution plan in response. A material change is defined to be any event, occurrence, change in conditions or circumstances, or other change that results in, or could reasonably be foreseen to have a material effect on the resolvability of the covered company, the covered company's resolution strategy, or how the covered company's resolution strategy is implemented. Such changes include the identification of a new critical operation or core business line; the identification of a new material entity or the de-identification of a material entity; significant increases or decreases in the business, operations, or funding of a material entity; or changes in the primary regulatory authorities of a material entity or the covered company on a consolidated basis.

Changes in Response to Regulatory Requirements, Guidance, or Feedback: Each targeted resolution plan would discuss changes made to the covered company's resolution plan, including its resolvability or resolution strategy or how the strategy is implemented, in response to feedback provided by the agencies, guidance issued by the agencies, or legal or regulatory changes.

Public Section: Each targeted resolution plan would contain a public section with the same content required of a full resolution plan's public section.

Targeted Areas of Interest: Each targeted resolution plan would discuss targeted areas of interest identified by the agencies that either an individual covered company or a group of similarly situated covered companies in a particular filing group should address to enhance their resolution plan submissions. The agencies would notify covered companies of such targeted areas of interest at least 12 months prior to the applicable resolution plan submission date. Examples of a targeted area of interest could include the potential effects of Brexit on a covered company's resolvability because of material changes to booking practices or to the firm's organizational structure as a result of regulatory and market developments.

Reduced Resolution Plan

The Rule also codifies the reduced resolution plan type. For foreign banking organizations with limited U.S. operations, the agencies have generally agreed, on a case-by-case basis, to limit the informational requirements of these firms' recent submissions to material changes and improvements to the firms' resolution strategies. The Rule formalizes the information requirements for this type of resolution plan and lay out the criteria (as discussed above) for firms to be permitted to file reduced resolution plans.

The Rule lays out the reduced resolution plan components as follows: A description of material changes experienced by the covered company since the filing of the covered company's previously submitted resolution plan and changes made to the strategic analysis that was presented in the firm's previously submitted resolution plan in response to these changes and changes made in response to feedback provided by the agencies, guidance issued by the agencies, or legal or regulatory changes. Receiving updates of this information will permit the agencies to continue to monitor significant changes in structure or activities while appropriately focusing on the informational components of these firms' resolution plans.

For the public section of a reduced resolution plan, the Rule will modify the content currently required in the public section of all plans. The reduced resolution plan public section will be limited to the following elements: Names of material entities, a description of core business lines, the identities of principal officers, and a high-level description of the firm's resolution strategy, referencing the applicable resolution regimes for its material entities.

Critical Operations Methodology and Reconsideration Process

The 2011 rule provided for critical operations to be identified by the firms or at the agencies' joint direction. In 2012, the agencies established a process and methodology for jointly identifying critical operations for both U.S. and foreign-based covered companies. The agencies assessed the significance of activities and markets with respect to U.S. financial stability in the following four areas: capital markets; funding and liquidity; retail and commercial banking; and payments, clearing, and settlement. The agencies then considered the significance of individual covered companies as a provider or participant in those activities and markets using criteria such as market share data, level of market concentration, size of market activity, and ease of substitutability.

The agencies' original critical operations identifications from 2012 have remained largely unchanged. As covered companies have made changes to their operating structures, realigned business entities, and adapted to changing market conditions, some have submitted ad hoc requests to the agencies seeking reconsideration of certain critical operations identifications. The agencies have reviewed these requests and communicated their decisions to firms on a rolling basis.

Given that both firms and markets continually evolve and change, the agencies have determined that a periodic, comprehensive review of critical operations identifications would help to ensure that resolution planning remains appropriately focused on key areas.

Identification of Critical Operations by Covered Companies

In general, covered companies have developed processes within their broader resolution planning framework to identify critical operations. The Rule requires a subset of covered companies, specifically biennial filers and triennial full filers to maintain a process for the identification of critical operations on a scale that reflects the nature, size, complexity, and scope of their operations. After July 1, 2022, the Rule applies this requirement to a triennial reduced filer that has an identified critical operation.

The Rule requires that the firm's process include a methodology for identifying critical operations. Specifically, the methodology must first identify and assess markets and activities in which the covered company participates or has operations. The types of operations that may be critical operations include, but are not limited, to the core banking functions of deposit taking; lending; payments, clearing and settlement; custody; wholesale funding; and capital markets and investment activities. In general, an operation is most likely to be a critical operation of the firm where both (1) a market or activity engaged in by the firm is significant to U.S. financial stability and (2) the firm is a significant provider or participant in such a market or activity. Factors relevant for determining whether a market or activity is significant to U.S. financial stability, or whether a firm is a significant provider or participant in such a market or activity, may include substitutability, market concentration, interconnectedness, and the impact of cessation. The firm's analysis should focus on the significance of the activity to U.S. financial stability, not whether a particular activity is significant for a foreign parent or other foreign affiliates of the firm. The process undertaken by a firm in completing such an analysis should be commensurate with the nature, size, complexity, and scope of its operations.

The Rule requires that the covered company's critical operations review process occur at least as frequently as its resolution plan submission cycle and that the review process be documented in the covered company's corporate governance policies and procedures.

The Rule lays out a process for a covered company that has previously submitted a resolution plan but does not currently have an identified critical operation under the Rule to apply for a waiver of the requirement to have a process and methodology to identify critical operations. Where the covered company would like a waiver of the requirement with respect to its next plan submission, the covered company would need to apply for the waiver at least 18 months in advance of the filing date for that resolution plan.

In its waiver request, the covered company must explain why a waiver of the requirement would be appropriate, including an explanation of why the process and methodology are not likely to identify any critical operation given its business model, operations, and organizational structure. For example, for a covered company that has not experienced any significant changes in its business, operations, or organizational structure since its most recent resolution plan, a waiver request that so states, with reasonable supporting detail, could provide sufficient information for the agencies to evaluate the request. Alternatively, if one of a covered company's operations gained significant market share since it submitted its most recent resolution plan submission, the waiver request should include this information, a description of the operation,

and a discussion of why this change would not warrant the development of a methodology for identifying critical operations.

Failure to provide appropriate information jointly requested by the agencies in a timely manner could lead the agencies to deny a waiver request on the basis that a lack of information makes it impossible to determine that the information sought to be waived would not be relevant to their review of the resolution plan.

The public section of the waiver request, describing that a waiver of the requirement is being sought, will be made public. Waivers will be automatically denied on the date that is 12 months prior to the date that the resolution plan it relates to is due if the agencies do not jointly approve the waiver prior to that date. If a critical operations waiver request is granted, the waiver will remain effective until the covered company is required to submit its next full resolution plan.

Identification by Agencies and Requests for Reconsideration

The Rule establishes processes for firms and the agencies to identify particular operations of covered companies as critical operations and to rescind prior critical operations identifications made by the agencies. In addition, the Rule specifies a process for a covered company to request reconsideration of operations previously identified by the agencies as critical, and require that covered companies notify the agencies if the covered company ceases to identify an operation as a critical operation. The intended result would be a process that yields a relatively stable population of identified critical operations while allowing for recognition of new, or changes to existing, markets or activities as well as changes to individual firms' participation in those markets or activities, among other factors. The agencies expect that the new processes will cause covered companies' resolution plans to be more clearly focused on the actions a covered company would need to take to facilitate a rapid and orderly resolution.

Respondent Panel

The respondent panel comprises the covered companies, as defined in Regulation QQ and includes any nonbank financial company supervised by the Board; any U.S. global systemically important bank holding companies; any bank holding company, as that term is defined in section 2 of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841) and the Board's Regulation Y - Bank Holding Companies and Change in Bank Control (12 CFR Part 225), that has $250 billion or more in total consolidated assets, as determined based on the average of the company's four most recent Consolidated Financial Statements for Holding Companies (FR Y-9C; OMB No. 7100-0128) or that has $100 billion or more in total consolidated assets and that has $75 billion or more in any of the following risk-based indicators: cross-jurisdictional activity, nonbank assets, weighted short-term wholesale funding, or off-balance sheet exposure; and any foreign bank or company that is a bank holding company or is treated as a bank holding company under section 8(a) of the International Banking Act of 1978 (12 U.S.C. 3106(a)), and that has $250 billion or more in total consolidated assets, as determined based on the foreign bank's or company's most recent annual report or, as applicable, the average of the four most recent FR Y-7Q or that has total global assets equal to $100 billion or more, combined U.S. assets equal to $100 billion or more, and $75 billion or more in any of the

following risk-based indicators measured based on combined U.S. operations: cross-jurisdictional activity, nonbank assets, weighted short-term wholesale funding, or off-balance-sheet exposure.

Time Schedule for Information Collection

After filing its initial resolution plan under the Rule, each biennial filer shall submit a resolution plan to the Board and the FDIC every two years, alternating between full and targeted plans, each triennial full filer shall submit a resolution plan to the Board and the FDIC every three years, alternating between full and targeted plans, and each triennial reduced filer shall submit a reduced resolution plan to the Board and the FDIC every three years.

A company that becomes a covered company after the effective date of the Rule, *e.g.,* a company the FSOC has designated for supervision by the Board or a BHC that grows, organically or by merger or acquisition, over the $250 billion threshold or becomes subject to Category I, II, or III standards, must submit its resolution plan by the date specified by the agencies, provided such date is at least 12 months after the date the company becomes a covered company. Additional information submitted at the request of the agencies, notices of extraordinary events, and requests for extensions to resubmit resolution plans would all be filed on occasion.

Public Availability of Data

There is no publicly available data associated with this collection.

Legal Status

Section 165(d)(8) of the Dodd-Frank Act specifically authorizes the Board and the FDIC to "jointly issue final rules implementing" the resolution plan requirements for their supervised institutions (12 U.S.C. § 5365(d)(8)). Section 165(d)(1) provides that the Board "shall require each … [covered company] to report periodically to the Board …[the FSOC, and the FDIC] the plan of such company for rapid and orderly resolution in the event of material financial distress or failure …" (12 U.S.C. § 5365(d)(1)). The obligation to respond is mandatory.

Under section 243.11(d) of Regulation QQ, a portion of the resolution plan is designated as confidential. Regarding the confidential section of resolution plans, as noted in the Preamble to the 2011 Rule (76 FR 67332), section 112(d)(5)(A) of the Dodd-Frank Act (12 U.S.C. § 5322(d)(5)(A)), requires the Board to "maintain the confidentiality of any data, information, and reports submitted under" Title I of Dodd-Frank, which includes section 165(d). Section 243.8(d) of Regulation QQ specifically provides that "the confidentiality of resolution plans and related materials shall be determined in accordance with applicable exemptions under the Freedom of Information Act (FOIA) (5 U.S.C. § 552(b)) and the Board's Rules Regarding Availability of Information [the Board's Rules] (12 CFR Part 261) … . Any covered company submitting a resolution plan … that desires confidential treatment under [FOIA and the Board's Rules] … may file a request for confidential treatment in accordance with those rules" (12 CFR

243.8(d)(1), (d)(2)). "To the extent permitted by law, information comprising the Confidential Section of a resolution plan will be treated as confidential" (12 CFR 243.8(d)(3)).

The Board and the FDIC have noted that the agencies "certainly expect that large portions of the [resolution plan] submissions will contain or consist of 'trade secrets and commercial or financial information obtained from a person and privileged or confidential' and information that is 'contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions.' This information is subject to withholding under exemptions 4 and 8 of the FOIA (5 U.S.C. §§ 552(b)(4) and (b)(8))" (76 FR 67332). As required information, the confidential commercial and financial information submitted in resolution plans by covered companies may be withheld under exemption 4 only if public disclosure could result in substantial competitive harm to the submitting institution, under National Parks and Conservation Association v. Morton, 498 F.2d 765 (D.C. Cir. 1974).

Consultation Outside of the Agency

The Board worked with the FDIC to amend the regulation that is requiring this revision.

Public Comments

On May 14, 2019, the agencies published a notice of proposed rulemaking in the *Federal Register* (84 FR 21600) requesting public comment. The comment period for this notice expired on June 21, 2019. The agencies did not receive any specific comments related to the Paperwork Reduction Act (PRA) analysis. On November 1, 2019, the agencies published a final rule in the *Federal Register* (84 FR 59194). The final rule is effective on December 31, 2019.

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR QQ is 1,066,086 hours, and would decrease to 215,606 hours with the adopted revisions. The decrease in burden is due in part to the burden reducing revisions to the regulation and in part due to the FDIC creating a clearance to account for roughly half of the total burden. The FDIC splits the burden with the Board, and their information collection for the final rule stage is currently housed under the OMB number 3064-0210. In order to facilitate the split in burden, each agency accounted for half of the number of respondents for each element of the collection. For those elements with an odd number of respondents, the Board took the greater portion of the split. These reporting requirements represent approximately 2.0 percent of the Board's total paperwork burden.

FR QQ	*Estimated number of respondents*[3]	*Annual frequency*	*Estimated average hours per response*	*Estimated annual burden hours*
Current[4]				
Reduced Reporters	71	1	60	4,260
December Filers				
Tailored Reporters				
Domestic	12	1	9,000	108,000
Foreign	5	1	1,130	5,650
Full Reporters				
Domestic	3	1	26,000	78,000
Foreign	6	1	2,000	12,000
Complex Filers				
Domestic	8	1	79,522	636,176
Foreign	4	1	55,500	222,000
Current Total				1,066,086
Proposed				
Triennial Reduced	27	1	20	540
Triennial Full:				
Complex Foreign	2	1	13,135	26,270
Foreign and Domestic	5	1	5,667	28,335
Biennial Filers Domestic	4	1	40,115	160,460
Waivers[5]	1	1	1	1
Proposed Total				215,606
Change				(850,480)

[3] Of these respondents, none are considered small entities as defined by the Small Business Administration (i.e., entities with less than $600 million in total assets), https://www.sba.gov/document/support--table-size-standards.
[4] As of March 31, 2019.
[5] The agencies cannot reasonably estimate how many of the firms that file resolution plans may submit waiver requests, nor how long it would take to prepare a waiver request. Accordingly, the agencies are including this line as a placeholder. To facilitate the split of the burden between the agencies, this placeholder has been adjusted to two estimated annual burden hours.

The current estimated total annual cost to the public for the FR QQ is $61,406,554 and would decrease to $12,418,906 with the adopted revisions.[6]

Sensitive Questions

This information collection contains no questions of a sensitive nature, as defined by OMB guidelines.

Estimate of Cost to the Federal Reserve System

The estimate of cost to the Federal Reserve System for the reporting requirements associated with FR QQ is $6 million.

[6] Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at $19, 45% Financial Managers at $71, 15% Lawyers at $69, and 10% Chief Executives at $96). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), *Occupational Employment and Wages May 2018*, published March 29, 2019, https://www.bls.gov/news.release/ocwage.t01.htm. Occupations are defined using the BLS Standard Occupational Classification system, https://www.bls.gov/soc/.