

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

Summary

The Board of Governors of the Federal Reserve System (Board), under authority delegated by 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 covered company¹ to report periodically to the Board and 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.

In August 2024, the agencies adopted final guidance for the 2025 and subsequent resolution plan submissions by certain domestic banking organizations and certain foreign banking organizations (FBOs). The final guidance is meant to assist these firms in developing their resolution plans, which are required to be submitted pursuant to section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). The Board revised the FR QQ based on the final guidance, which contains certain modifications and clarifications to expectations for firms' resolution plans from prior guidance.

The current estimated total annual burden for the FR QQ is 201,207 hours, and would increase to 216,129 hours. The revisions would result in an increase of 14,922 hours. There is no formal reporting form for this information collection.

Background and Justification

To promote financial stability, section 165(d) of the Dodd-Frank Act requires each covered company with total consolidated assets of \$250 billion or more and each nonbank financial firm designated by FSOC for supervision by the Board 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, and permits the Board to apply the resolution planning requirement to any BHC with total consolidated assets of \$100 billion (for foreign banking organizations, \$100 billion in total global assets) or more.² The Board's Regulation QQ (along with the FDIC's companion regulation, 12 CFR Part 381) elaborates on the resolution planning provisions in section 165(d) by establishing requirements related to the frequency, content, and review of resolution plan submissions.

¹ A covered company means (1) any nonbank financial company designated by the Financial Stability Oversight Council (FSOC) for supervision by the Board, (2) any global systemically important BHC, as defined in 12 CFR 252.5, (3) any bank holding company (BHC) with \$250 billion or more in total consolidated assets, (4) 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, and (5) any bank holding company or any foreign bank or company that is a bank holding company or is treated as a bank holding company that is identified as a Category II or Category III banking organization, pursuant to 12 CFR 252.5. See generally 12 CFR 243.2, 243.13.

² See 12 U.S.C. § 5365(a).

Implementation of Regulation QQ has been an iterative process aimed at strengthening the resolution planning capabilities of financial institutions subject to Regulation QQ. The agencies have previously provided guidance and other feedback on several occasions to respondents.³ In general, guidance and feedback have been intended to assist the recipients in their development of future resolution plan submissions and to provide additional clarity with respect to the agencies' expectations for the filers' future progress.

In September 2023, the agencies invited comment on proposed resolution plan guidance for domestic firms and FBOs⁴ and on August 15, 2024, the agencies finalized the guidance for the 2025⁵ and subsequent resolution plan submissions.⁶

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. This information is not available from other sources.

Description of Information Collection

The reporting requirements are found in sections 243.3, 243.4, 243.5, 243.6, 243.7, and 243.8 of Regulation QQ. No other federal law mandates these reporting requirements. Guidance documents issued by the agencies also identifies specific reporting methods that covered companies may follow to satisfy the reporting requirements of Regulation QQ. Resolution Plans are submitted via an Intralinks exchange.

Section 243.3 - Critical operations requires certain covered companies to establish and implement a process designed to identify each of its critical operations⁷ and permits a covered company that has previously submitted a resolution plan to request a waiver of the requirement to have a process and methodology by submitting a waiver request to the agencies, if the covered company does not have an identified critical operation as of the date it submits the waiver request. The waiver must be submitting in writing no later than 18 months before the date by which the covered company is required to submit its next resolution plan and shall be divided into a public section and confidential section.

³ Details can be found at <https://www.federalreserve.gov/supervisionreg/resolution-plans.htm>.

⁴ 88 FR 64626 (September 19, 2023) (Proposed Domestic Guidance) and 88 FR 64641 (September 19, 2023) (Proposed FBO Guidance) – jointly, Proposed Guidance.

⁵ The Board extended the original July 1, 2024, plan submission deadline for the specific companies to October 1, 2025, so that the plans could incorporate the finalized guidance.

⁶ 89 FR 66388 (August 15, 2024) (Final Domestic Guidance) and 89 FR 66510 (August 15, 2024) (Final FBO Guidance) – jointly, Final Guidance.

⁷ *Critical operations* means those operations of the covered company, including associated services, functions and support, the failure or discontinuance of which would pose a threat to the financial stability of the United States. 12 CFR 243.2.

In addition, section 243.3 allows a covered company to request in writing that the agencies reconsider a joint identification of critical operations. If a company ceases to identify an operation as a critical operation, the covered company must notify the agencies in writing of its de-identification, including a clear and complete explanation of why the covered company previously identified the operation as a critical operation, and why the covered company no longer identifies the operation as a critical operation. The operation must still be included in any resolution plan the covered company is required to submit during the period ending 12 months after the covered company notifies the agencies, unless otherwise notified in writing by the agencies jointly.

Section 243.4 - Resolution plan required sets forth which covered companies are biennial, triennial full, and triennial reduced filers and when the covered companies must submit resolution plans, including when a covered company changes a filing group and when the agencies jointly alter a covered company's resolution plan submission date or require a full resolution plan submission.⁸ Section 243.4 also permits the agencies to require interim updates from covered companies and information to evaluate resolution plan submissions. Finally, section 243.4 requires a covered company to provide notice within 45 days to the agencies of extraordinary events that have the potential to affect its resolution strategy, requires covered companies to note board approval of resolution plans in board meeting minutes, requires covered companies to identify a senior management official at the covered company responsible for serving as a point of contact regarding the resolution plan, requires covered companies that incorporate information by reference to certify the accuracy of the referenced information, and allows a triennial full filer or triennial reduced filer that has previously submitted a resolution plan to request a waiver of one or more of the informational content requirements for a full resolution plan.

Section 243.5 - Informational content of a full resolution plan describes the required informational content of a full resolution plan, which includes an executive summary and information on strategic analysis, corporate governance relating to resolution planning, organizational structure and related information, management information systems, interconnections and interdependencies, and supervisory and regulatory information.

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

⁸ A biennial filer is any global systemically important BHC, any nonbank financial company supervised by the Board that has not been jointly designated a triennial full filer by the agencies, and certain nonbank financial companies supervised by the Board. 12 CFR 243.4(a)(1)-(2). A triennial full filer is any category II or III banking organization and any nonbank financial company supervised by the Board that is jointly designated a triennial full filer. 12 CFR 243.4(b)(1). A triennial reduced filer is any covered company that is not a global systemically important BHC, nonbank financial company supervised by the Board, category II banking organization, or category III banking organization. 12 CFR 243.4(c)(1).

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 agencies 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, or within such shorter or longer period as determined by the agencies. A covered company may also submit a written request for an extension of time to resubmit additional information or a revised resolution plan.

Guidance

Since the resolution planning requirements were first issued in 2011 the agencies have provided guidance on several occasions to covered firms, typically to specific groups of covered firms (e.g. domestic covered firms or foreign-based covered companies). While guidance is voluntary, the agencies have generally assumed that firms would modify their submissions according to the issued guidance.

In addition to the Final Guidance described in the revisions section below the following guidance is also currently in effect. All other guidance documents have been superseded.

2019 Guidance for the U.S. Globally Systemically Important Banks (GSIBs)

This guidance, which is largely based on prior guidance issued to these covered companies, describes the agencies' expectations regarding a number of key vulnerabilities in plans for an orderly resolution (i.e., capital; liquidity; governance mechanisms; operational; legal entity rationalization and separability; and derivatives and trading activities). When this guidance was issued the agencies determined that the changes from previous guidance did not implicate the Paperwork Reduction Act. Prior guidance for GSIBs from 2016 was accounted for in the Board's 2018 clearance.

Respondent Panel

The FR QQ panel comprises BHCs (including any foreign bank or company that is, or is treated as, a BHC under section 8(a) of the International Banking Act of 1978) with total consolidated assets of \$250 billion or more, global systemically important BHCs, BHCs otherwise subject to Category II or III standards, and nonbank financial firms designated by the FSOC for supervision by the Board.

Frequency and Time Schedule

Resolution plans required by Regulation QQ are submitted every two years (biennial filer) or every three years (triennial filer). Waivers and other notices are submitted as needed.

After filing its initial resolution plan under the regulation, each biennial filer must submit a resolution plan to the agencies every two years, alternating between full and targeted plans; each triennial full filer must 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 regulation (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.

Information collections resulting from critical operations waiver requests (12 CFR 243.3(a)(2)), requests for reconsideration of jointly identified critical operations (12 CFR 243.3(c)), notices of de-identification of an operation as a critical operation (12 CFR 243.3(d)(1)), interim update requests by the agencies (12 CFR 243.4(d)(3)), full resolution plans submitted at the request of the agencies (12 CFR 243.4(d)(5)), notices of extraordinary events (12 CFR 243.4(d)(4)), waiver requests by covered companies (12 CFR 243.4(d)(6)), additional information requested by the agencies (12 CFR 243.4(e)), identification of a covered company's point of contact (12 CFR 243.4(i)), certifications related to information incorporated by reference (12 CFR 243.4(j)(2)), resubmission of a resolution plan (12 CFR 243.8(c)), and requests for extensions to resubmit resolution plans (12 CFR 243.8(d)) are event-generated.

Revisions to the FR QQ

On September 19, 2023, the agencies published the Proposed Guidance in the *Federal Register*, which would have applied beginning with the subject covered companies' 2024 resolution plan submissions. The Proposed Guidance would have applied to all triennial full filers, but expectations would have differed based on whether a firm adopts a single point of entry (SPOE) or a multiple point of entry (MPOE) resolution strategy and whether it is domestic or an FBO. The Proposed Guidance for triennial full filers using an SPOE strategy was based on the 2019 GSIB guidance (for domestic firms) and the 2020 FBO guidance (for FBOs). It would have clarified the agencies' expectations around capital, liquidity, governance mechanisms, and operations. The Proposed Guidance also would have clarified expectations concerning management information systems capabilities and the identification of discrete separability options appropriate to the resolution strategy. Additionally, the FBOs that adopted an SPOE resolution strategy would have been expected to address how their U.S. resolution plan aligns with their group resolution plan. Domestic firms using an SPOE strategy would have been expected to include legal analysis around emergency motions related to qualified financial contracts.

The Proposed Guidance for triennial full filers using an MPOE resolution strategy addressed similar topics but reflected the risks of and capabilities needed for an MPOE resolution. The Proposed Guidance explained the agencies' expectations around liquidity and operational capabilities, and legal entity rationalization. The Proposed Guidance also provided clarified expectations related to the separate resolution of a U.S. insured depository institution (IDI) and to identification of discrete separability options. FBOs that adopt an MPOE resolution

strategy would have had expectations related to governance mechanisms; the role of branches; and the group resolution plan.

The Proposed Guidance did not specify expectations around derivatives and trading activities.

On August 15, 2024, the agencies published the Final Guidance in the *Federal Register*. For domestic firms, the Final Guidance eliminates expectations related to separability. The Final Guidance also clarifies expectations around operational shared services for firms using an SPOE resolution strategy and around the IDI Resolution Plan/Least Cost Test for all firms. Regarding operational shared services, the Final Guidance clarifies that a firm’s implementation plan to ensure continuity of shared services should include those that are material to the execution of the resolution strategy, such as reliance on outside bankruptcy counsel and consultants. Regarding the Federal Deposit Insurance Act of 1950 (the FDI Act) least-cost requirement and how it relates to expectations around IDI resolution, the agencies provided additional detail on how firms can develop and support the valuation of an IDI’s assets and liabilities in an IDI resolution. The agencies do not anticipate these clarifications impacting the burden estimates.

Public Availability of Data

The public portions of resolution plan submissions are posted to the agencies’ websites, but the confidential portions of resolution plan submissions are not publicly released. Waiver requests by covered companies are divided into public and confidential sections, and the public section may be made publicly available.

Legal Status

FR QQ is authorized pursuant to section 165(d)(1) of the Dodd-Frank Act (12 U.S.C. § 5365) which 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 FR QQ is also authorized pursuant to section 165(d)(8) of the Dodd-Frank Act which 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)). The obligation to respond is mandatory.

Under section 243.8(c) of Regulation QQ, a portion of the resolution plan is designated as confidential. Regarding the confidential section of resolution plans, 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 (5 U.S.C. § 552(b)) and the Board’s Rules Regarding Availability of Information [the Board’s Rules]⁹... . Any covered company submitting a resolution plan ... that desires confidential treatment under [FOIA and the Board’s

⁹ 12 CFR § 261.

Rules] ... may file a request for confidential treatment in accordance with those rules.” “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)).

Any confidential supervisory information that is submitted in connection with the FR QQ would be considered confidential pursuant to exemption 8 of the Freedom of Information Act (FOIA), which protects information contained in “examination, operating, or condition reports” obtained in the bank supervisory process (5 U.S.C. § 552(b)(8)). Individual respondents may request that other information submitted to the Board through the FR QQ be kept confidential. If a respondent requests confidential treatment, the Board will determine whether the information is entitled to confidential treatment on a case-by-case basis. To the extent a respondent submits confidential commercial or financial information in connection with the FR QQ, which is both customarily and actually treated as private by the respondent, the respondent may request confidential treatment pursuant to exemption 4 of the FOIA (5 U.S.C. § 552(b)(4)).

Consultation Outside the Agency

The Board consulted with the FDIC on the Final Guidance and each agencies burden estimates.

Public Comments

On September 19, 2023, the agencies published the Proposed Domestic Guidance and Proposed FBO Guidance in the *Federal Register* (88 FR 64626 and 88 FR 64641) requesting public comment on the extension, with revision, of the FR QQ. The comment period for these notices expired on November 30, 2023. The agencies did not receive any specific comments related to the Paperwork Reduction Act analysis. On August 15, 2024, the agencies published the Final Domestic Guidance and Final FBO Guidance in the *Federal Register* (89 FR 66388 and 89 FR 66510).

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR QQ is 201,207 hours, and would increase to 216,129 hours with the revisions. The overall burden increase is due mainly to the application of guidance to several Category II and III firms (all domestic filers and some FBOs) that previously did not have any guidance that applied to them (they only had a resolution plan filing requirement, but no guidance for what capabilities that plan should include). The burden increase is also due in a small degree to elaboration of more complex FBO SPOE guidance than the guidance that a few FBO filers previously were subject to (the increase from 9,777 hours for Complex Foreign to 11,848 hours for FBO SPOE). Also as shown in the table below, the triennial full filers’ resolution plan submissions would be estimated more granularly according to SPOE and MPOE resolution strategies. The number of respondents is based on the number of entities currently required to comply. The FDIC splits the burden related to the submission of resolution plans with the Board, and its information collection is housed under the OMB number 3064-0210. Generally, to facilitate the split in burden, each agency has

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. Except for waiver requests, the burden is broken out by type of filer, and not by each type of filing. These reporting requirements represent approximately 3.2 percent of the Board’s total paperwork burden.

FR QQ	<i>Estimated number of respondents¹⁰</i>	<i>Estimated annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Current				
Triennial Reduced	28	1	20	560
Triennial Full:				
Complex Foreign	1	1	9,777	9,777
Foreign and Domestic	7	1	4,667	32,669
Biennial Filers Domestic	4	1	39,550	158,200
Waivers	1	1	1	<u>1</u>
	<i>Current Total</i>			201,207
Proposed				
Triennial Reduced	28	1	20	560
Triennial Full:				
FBO SPOE ¹¹	2	1	11,848	23,696
FBO MPOE	3	1	5,939	17,817
Domestic MPOE	3	1	5,285	15,855
Biennial Filers Domestic	4	1	39,550	158,200
Waivers	1	1	1	<u>1</u>
	<i>Proposed Total</i>			216,129
	<i>Change</i>			14,922

¹⁰ Of these respondents, none are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$850 million in total assets). Size standards effective March 17, 2023. See <https://www.sba.gov/document/support-table-size-standards>.

¹¹ There are currently no domestic triennial full filers utilizing an SPOE strategy. Estimated hours per response for a domestic SPOE triennial full filer would be 10,535 hours.

The estimated total annual cost to the public for the FR QQ is \$14,054,309, and would increase to \$15,096,611 with the revisions.¹²

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 estimated cost to the Federal Reserve System for collecting and processing the FR QQ is \$6,000,000.

¹² Total cost to the responding public is estimated using the following formula: total burden hours, multiplied by the cost of staffing, where the cost of staffing is calculated as a percent of time for each occupational group multiplied by the group's hourly rate and then summed (30% Office & Administrative Support at \$23, 45% Financial Managers at \$84, 15% Lawyers at \$85, and 10% Chief Executives at \$124). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor Statistics (BLS), *Occupational Employment and Wages, May 2023*, published April 3, 2024, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.