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**MEMORANDUM**

September 14, 2011

To Our Clients and Friends

Re: Resolution Plans for Depository Institutions With Assets of \$50 Billion

The Federal Deposit Insurance Corporation (“FDIC”) has issued an interim final rule that requires insured depository institutions with \$50 billion or more in total assets to submit periodic resolution plans for use by the FDIC in the event of their failure. The rule covers 37 depository institutions. The FDIC stated that it has concluded that resolution plans for large depository institutions are essential for their orderly and least-cost resolution.

The resolution plan must enable the FDIC, as receiver, to resolve the institution so that depositors receive access to their insured deposits within one business day, maximize the net present value return from the sale or disposition of its assets and minimize the amount of any loss realized by the institution’s creditors.

The rule sets specific standards for the resolution plans, including requiring a strategic analysis of the plan’s components, a description of strategies for achieving the least costly resolution, and analysis of the financial company’s organization, material entities, interconnections and interdependencies.

The FDIC authority to issue its rule is derived from the Federal Deposit Insurance Act, and is separate from the requirement of the Dodd-Frank Wall Street Reform and Consumer Protection Act that covered financial companies and bank holding companies with assets of \$50 billion periodically submit plans for orderly resolution under the Bankruptcy Code to the Federal Reserve, the FDIC and the Financial Stability Oversight Council.

The rule requires covered depository institutions whose parent company had \$250 billion or more in total nonbank assets on the effective date of January 1, 2012 to file an initial resolution plan by July 1, 2012. Covered depository institutions whose parent company had \$100 billion or more in total nonbank assets to file an initial resolution plan by July 1, 2013. The remaining institutions are required to file resolution plans by December 31, 2013. Updated resolution plans are required to be filed annually.

**SCHWARTZ & BALLEEN LLP**

Comments on the interim rule are due 60 days after publication in the *Federal Register*. A copy of the interim final rule can be found at our website at <http://www.schwartzandballen.com/news.html>

If you have any questions, please call Gilbert Schwartz, Robert Ballen, Tom Fox, Heidi Wicker, or Lauren Bianchini at (202) 776-0700.