

Statement of Michael J. Hsu
Acting Comptroller of the Currency
In Support of the Notice of Proposed Rulemaking to
Amend the Insured Depository Institution Resolution Plan Rule
FDIC Board Meeting
August 29, 2023

I support the proposed revisions to the insured depository institution (IDI) resolution plan rule. These revisions, along with the long-term debt proposed rule and the proposed Title I guidance, seek to ensure that all large banks are resolvable as they continue to evolve and grow.

My consideration of these revisions is from the perspective of a long-time practitioner and battle-scarred financial regulator. I have personal experience leading and overseeing examinations of large bank resolvability. I know how strong resolution planning requirements can improve a bank's resolvability – and, vice versa, how weakening such requirements can lead to a check-the-box mentality and a false sense of comfort regarding a bank's resolution capabilities.

As the large bank failures of this spring have shown, banks and regulators cannot afford to be complacent when it comes to resolution.

This proposed rule would require covered banks to develop and submit detailed plans demonstrating how they could be resolved in an orderly and timely manner in the event of receivership. Importantly, the rule would enable separability by requiring covered banks to demonstrate the capability to promptly establish a virtual due diligence data room and populate it with sufficient information for interested parties to bid on the bank, certain assets or operations. The rule would also require banks to identify franchise components, such as asset portfolios or lines of business that could be separated and sold.

In a few moments, we will be discussing proposals regarding the Board's involvement in midsize and large failed bank sales. This notice of proposed rulemaking regarding IDI resolution plan amendments is relevant to that discussion, in particular the elements aimed at improving separability, as they would, in combination with the long-term debt proposal, help ensure that the FDIC has actionable options when dealing with failed bank sales.

Thus, I support inviting public comment on the notice of proposed rulemaking to revise the IDI resolution plan rule. I especially want to thank the staff for their dedication and hard work on this.