

Federal Reserve, FDIC, Guidance for 2013 Resolution Plans: Obstacles to Rapid and Orderly Resolution (April 2013)

1. **Multiple Competing Insolvencies.** The risk of discontinuity of Critical Operations, systemic consequences and/or uncertainty of outcome, that could be created under certain circumstances by multiple, competing insolvency proceedings under different insolvency frameworks and/or administered in multiple jurisdictions. If the Plan envisions only one or several Material Entities entering an insolvency regime, the Plan must identify what actions need to be taken and/or structural enhancements made prior to the filing to ensure that the material operating and service entities that are not undergoing restructuring continue to have access to the capital, liquidity, services, data and other assets required to continue operations.
2. **Global Cooperation.** The risk that actions (or non-actions) of a Covered Company could incent home and host supervisors or resolution authorities or third parties to take actions (or abstain from actions) that could result in ring-fencing of assets or lead to other outcomes that could exacerbate financial instability in the United States and/or loss of franchise value, as well as uncertainty in the markets.
3. **Operations and Interconnectedness.** The risk that services provided by an affiliate or third party might be interrupted, or financial market utility (“FMU”) access and/or payment and clearing capabilities might be lost; an affiliate or third party might fail to perform service level agreements; the Covered Company might experience interruption or loss of data and IT services; liquidation of a counterparty might negatively impact the Covered Company’s operations; crossdefault provisions might be exercised; a counterparty might exercise contract rejection powers or might be excused from the continued provision of rights which are available to a counterparty under applicable law or by contract.
4. **Counterparty Actions.** The risk of counterparty actions, including derivative and repo unwinds, of a volume sufficient to create operational challenges for the Covered Company or its FMUs and/or systemic market disruption or financial instability in the United States.
5. **Funding and Liquidity.** The risk of insufficient liquidity at one or more Material Entities, or in one or more jurisdictions, to maintain Critical Operations, including increased margin requirements, acceleration, termination, inability to roll over short term borrowings, default interest rate obligations, loss of access to alternative sources of credit, and/or additional expenses of restructuring.