

RESOLUTION AUTHORITY COMPARATIVE CHART

	Title II (already enacted)	EU Framework	UK Regulations
<i>Scope of regulations</i>	Any “financial company”, including BHCs (as defined); special provisions for insurance companies and broker-dealers	All credit institutions and certain investment firms authorized in the EU, possible EU holding companies of credit institutions / other financial companies	BA 2009 applies to banks incorporated in the UK; IBSAR 2011 applies to investment banks incorporated in the UK; FSA 2010 applies to all authorized persons
<i>Implementing and supervisory authorities</i>	FDIC	Each member state identifies a “resolution authority”; EBA has supervisory role	FSA (soon the PRA), HM Treasury and BoE
<i>Supervision and prevention</i>	Enhanced supervision powers; recovery and resolution planning (Title I); powers (with Fed) to jointly impose more stringent capital, leverage, or liquidity requirements	Enhanced supervision powers; recovery and resolution planning; powers to remove impediments to resolution planning	FSA 2010 imposes obligation on FSA to require firms to produce recovery and resolution plans
<i>Early intervention powers</i>	Title I/Living Wills approval process	Power for supervisors to intervene in business and to appoint special manager	None under these new regulations
<i>Resolution triggers</i>	Determination, among others, that CFC is in default or in danger of default, failure of the company and its resolution under otherwise applicable federal or state law would have serious adverse effects on financial stability in the U.S., there is no private sector alternative, and any action under the OLA will avoid or mitigate such adverse effects	Three possible triggers under consideration – solvency, regulatory authorization or regulatory capital tests	BA 2009 – FSA satisfied that bank is likely to fail threshold condition for carrying out regulated activities IBSAR 2011 – by court order if unable or likely to become unable to pay debts, fair, expedient in public interest
<i>Resolution objectives</i>	-Avoid future taxpayer-funded bailouts -Avoid adverse effects on financial stability -Ensure a fast and flexible resolution process based on the FDIA and Bankruptcy Code	-Ensure continuity of essential financial services -Avoid adverse effects on financial stability -Protect public funds -Protect insured depositors	BA 2009 – UK financial systemic stability, public confidence in banking system, protection of depositors / public funds IBSAR 2011 – return of client assets, engage with authorities, rescue bank as going concern or wind up in best interests of creditors

<i>Resolution tools</i>	<ul style="list-style-type: none"> -Bridge Financial Company -Succeed to all rights, titles, powers, and privileges of the CFC and its assets, as well as title to the books, records, and assets of such CFC -Liquidate and wind-up the affairs of the CFC, including selling its assets -Repudiate, disaffirm, or assign contracts entered into by the CFC prior to appointment of the FDIC as receiver -Avoid fraudulent and preferential transfers of any interest in property of, or obligation incurred by, the CFC, as well as post-receivership transactions -Invalidate agreements that tend to diminish or defeat the interests of the FDIC as receiver in any asset acquired in the receivership unless the agreement meets certain standards. 	<ul style="list-style-type: none"> -Sale of business privately -Bridge bank -Asset separation -Debt write down / conversion (bail-in) 	<ul style="list-style-type: none"> BA 2009 (SRR) -Private sector rescue -Bridge bank -Full temporary public ownership IBSAR 2011 -Special Administration Regime where assets returned to clients or retained if bank can be rescued as a going concern Insolvency and administration procedures also introduced by BA 2009 and IBSAR 2011
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