

**Statement by  
Martin J. Gruenberg, Chairman, FDIC  
on  
Single Point of Entry Resolution Strategy  
December 10, 2013**

The Board has before it for approval today publication in the Federal Register of the Single Point of Entry (SPOE) strategy for the resolution of systemically important financial institutions (SIFIs) that is being developed to implement the FDIC's Orderly Liquidation Authority under Title II of the Dodd-Frank Act. The purpose is to seek public comment on the strategy.

The financial crisis that began in late 2007 highlighted limitations in the existing U.S. financial institution resolution regime, as well the complexity of the structures of global systemically important financial institutions.

Title I and Title II of the Dodd-Frank Act provide significant new authorities to the FDIC and other regulators to address the failure of a systemically important financial institution. Title I requires all companies covered under it to prepare resolution plans, or "living wills," to demonstrate how they would be resolved in a rapid and orderly manner under the Bankruptcy Code (or other applicable insolvency regime) in the event of material financial distress or failure. Although the statute makes clear that bankruptcy is the preferred resolution framework, Congress recognized that a systemically important financial institution might not be resolvable under bankruptcy without posing a systemic risk to the U.S. financial system.

Title II, therefore, provides authority to place a systemically important financial institution into an FDIC receivership process if no viable private-sector alternative is available to prevent the default of the company and if a resolution through the bankruptcy process would have serious adverse effects on U.S. financial stability.

After consultation with public and private sector stakeholders, the FDIC has been developing the Single Point of Entry strategy to achieve the policy goals outlined in the Dodd-Frank Act. The FDIC must resolve systemically important financial institutions in a manner that holds their shareholders, creditors and culpable management accountable for their failure while maintaining the stability of the U.S. financial system. Unsecured creditors and shareholders must bear the losses of the financial company in accordance with statutory priorities and without imposing a cost on U.S. taxpayers.

The publication of the Single Point of Entry strategy in the Federal Register will provide greater detail on how the FDIC envisions the implementation of various aspects of the strategy and the key issues that will be faced in the resolution of a systemically important financial institution including capital, liquidity, governance and restructuring.

We look forward to detailed public comment to further inform the development of our resolution strategy.

Let me conclude by thanking the staff of the FDIC, and particularly the Office of Complex Financial Institutions under the leadership of Art Murton, for their thoughtful work. I would like to acknowledge, as did Art, Jim Wigand, the former Director of the FDIC's Office of Complex Financial Institutions, for his contributions to the development of the Single Point of Entry strategy.

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