

I. Introduction

The Financial Stability Board (FSB) issued the consultative document *Funding Strategy Elements of an Implementable Resolution Plan* to lay out the set of elements which resolution authorities should consider to developing resolution funding plans. These elements complement the bail-in powers that authorities should have to achieve or help achieve the continuity of critical functions of banks (*Key Attributes of Effective Resolution Regimes for Financial Institutions*, FSB, 2014). Specifically, the elements include the strategy for maintaining liquidity in resolution; firm capabilities to support monitoring, reporting and estimating funding needs in resolution; the development of the resolution funding plan by the authorities; firm assets and private sources of resolution funding; and temporary public-sector backstop funding mechanisms and ordinary central bank facilities and information sharing and coordination between authorities. The consultative document requests general comments as well as answers to specific questions regarding the proposed principles.

The following sections share the comments and answers to the questions posed by the consultative document of the associate members and General Secretariat of the Association of Supervisors of Banks of the Americas (ASBA).

II. General Comments

1. The proposed elements consider all the relevant aspects to orderly execute a resolution plan of a G-SIB.
2. However, members would welcome guidance on possible adjustments of these elements to execute resolution plans of other types of banks, namely D-SIBs, and smaller financial institutions.
3. Moral hazard is a relevant issue when implementing a resolution funding plan. This fact is easily noted while reading the document. Therefore, members would welcome the FSB's guidance on which variables, methods, and assumptions could be made to reduce information asymmetries and mitigate their effects on the resolution mechanisms.

III. Answers to the questions

1. **Do the funding strategy elements in the consultative document address all relevant aspects of a resolution funding plan? What other aspects, if any, should be considered?**

The document addresses all the relevant aspects of bail in transactions of a G-SIB. However, further efforts aimed at defining bail-in principles should offer tailored strategies involving the functioning of a few critical areas of a G-SIB instead of all areas of a G-SIB, as stated in the consultative document.

The guideline considers only the leadership of the home authority to provide an effective funding strategy within the crisis management group (CMG). However, differences arising from a resolution strategy should be mentioned in the text: multiple or single points of entry (MPE or SPE, respectively). In an MPE approach, coordination should exist between the authorities of each resolution entity to preserve the funding independence, especially during resolution.

2. **Do you foresee any challenges in the development of firm capabilities to facilitate the execution of the funding strategy, as set out in section 1?**

The Association sees two challenges in that development. First, some countries, especially the developing ones, may present relatively unstructured markets. Thus, the mobilization and identification of the assets available for the execution of a resolution plan may be restricted by market conditions. Therefore, the funding plan should include these constraints and suggest an implementable way to solve it, such as the coordination with other authorities and stakeholders.

Second, financial institutions tend to fail to prepare the sale of material units, which would probably be more relevant during a recovery process. This creates challenges to the resolution process because of the urgency for decision making and the complexity of preparing these assets for a quick sale.

3. **Does section 1 identify all relevant aspects for estimating liquidity needs for resolution? What other aspects, if any, should be considered?**

Section 1 identifies all relevant aspects for estimating liquidity needs for resolution. However, the supervisory authority may also provide, to relevant stakeholders, a model about liquidity requirements based on previous resolution cases.

4. **Are there any obstacles to the identification and mobilization of assets that could be used as collateral for both private and temporary public sector backstop sources of funding? How might any such obstacles be addressed?**

The Association does not have comments regarding this question.

5. **Are there any other actions that should be taken by G-SIBs and authorities to support the development and implementation of resolution funding plans?**

The Association suggests promoting dialogue between authorities in different jurisdictions to develop a process aimed at facilitating the mobilization of liquidity within a conglomerate as well as the mapping and removal of regulatory restrictions.

Finally, members believe that the guidelines should provide more detail on the need for simulations for asset disposal within the GMC. In particular, the details should address the losses originated from fire sales or the impediments due to cross-border legal and regulatory barriers.