

## **Corporate Fiduciary Resolution Plan**

The Indiana Department of Financial Institutions (Department) requires corporate fiduciaries (Company's) to establish a formal Capital Adequacy Plan that is periodically (at least annually) reviewed and approved by the Company's board of directors. Included within this plan should be Resolution Plans, or a "living will", to demonstrate how the Company would be resolved in a rapid and orderly manner in the event of the Company's material financial distress or failure. This requirement enables both the Company and the Department to understand, and address, the parts of the business that could create systemic consequences. This plan will be kept confidential by the Department.

### **Content of the Resolution Plan**

At a minimum, the Resolution Plan needs to address the following (if applicable):

- i. Executive Summary
  - Describe the key elements of the Company's strategic plan for resolution in the event of its insolvency.
- ii. Organizational Structure; Legal Entities; Core Business Lines and Locations
  - Provide the Company's, parent company's, and affiliates' legal and functional structures.
  - Provide a mapping of core business lines, including material asset holdings and liabilities related thereto, to material entities.
  - Discuss the Company's overall fiduciary activities including, among other things, unique aspects of the fiduciary base or underlying systems that may create operational complexity for the Department. Describe how any unique aspects may result in extraordinary resolution expenses in the event of failure.
  - Identify key personnel tasked with managing core business lines and fiduciary activities. Additionally, describe the Company's branch organization. List responsibilities and authorization levels for each key employee.
- iii. Critical Vendors and Services
  - Identify critical services and vendors of critical services.
  - Provide a mapping of critical services to material entities and core business lines.
  - Describe the Company's strategy for continuing critical services in the event of the Company's failure.
  - When critical services are provided by the parent company or a parent company affiliate, describe the Company's strategy for continuing critical services in the event of the parent company's or parent company affiliate's failure.

- Assess the ability of each parent company affiliate providing critical services to function on a stand-alone basis in the event of the parent company's failure.
- iv. Interconnectedness to Parent Company's Organization; Potential Barriers or Material Obstacles to Orderly Resolution
- Identify the elements or aspects of the parent company's organizational structure, the interconnectedness of its legal entities, the structure of legal or contractual arrangements, or its overall business operations that would, in the event the Company were placed in receivership, diminish the Company's franchise value, obstruct its continued business operations or increase the operational complexity to the DFI of resolution of the Company.
  - Identify potential barriers or other material obstacles to an orderly resolution of the Company, interconnections and inter-dependencies that hinder the timely and effective resolution of the Company, and include the remediation steps or mitigating responses necessary to eliminate such barriers or obstacles.
- v. Strategy to Separate from Parent Company's Organization
- Provide a strategy to unwind or separate the Company and its subsidiaries from the organizational structure of its parent company in a cost-effective and timely fashion.
  - Describe remediation or mitigating steps that could be taken to eliminate or mitigate obstacles to such separation.
- vi. Strategy for the Sale or Disposition of Fiduciary Franchise, Business Lines, and Assets
- Provide a strategy for the sale or disposition of the fiduciary franchise, including locations, core business lines, and major assets of the Company in a manner that ensures that accounts receive access to their holdings within one business day of the institution's failure (two business days if the failure occurs on a day other than Friday). The strategy should maximize the net present value return from the sale or disposition of such assets and minimizes the amount of any loss realized in the resolution of cases.
- vii. Least Costly Resolution Method
- Describe how the strategies for the separation of the Company and its subsidiaries from its parent company's organization and sale or disposition of core business lines and major assets can be demonstrated to be the least costly of all possible methods for resolving the Company.
- viii. Asset Valuation and Sales
- Provide a detailed description of the processes the Company employs for:

- A. Determining the current market values and marketability of core business lines and material asset holdings.
- B. Assessing the feasibility of the Company's plans under baseline and severely adverse economic condition scenarios for executing any sales, divestitures, restructurings, recapitalizations, or similar actions contemplated in the Company's resolution plan.
- C. Assessing the impact of any sales, divestitures, restructurings, recapitalizations, or other similar actions on the value, funding and operations of the Company and its core business lines.

ix. Major Counterparties

- Identify the major counterparties of the Company and describe the interconnections, interdependencies and relationships with such major counterparties. Analyze whether the failure of each major counterparty would likely have an adverse impact on or result in the material financial distress or failure of the Company.

x. Collateral Pledged

- Identify and describe processes used by the Company to:
  - A. Determine to whom the Company has pledged collateral.
  - B. Identify the person or entity that holds such collateral.
  - C. Identify the jurisdiction in which the collateral is located; and if different, the jurisdiction in which the security interest in the collateral is enforceable against the Company.

xi. Trading, Derivatives and Hedges

- Describe the practices of the Company and its core business lines related to the booking of trading and derivative activities.
- Identify each system on which the Company conducts a material number or value amount of trades.
- Map each trading system to the Company's legal entities and core business lines.
- Identify material hedges of the Company and its core business lines related to trading and derivative activities, including a mapping to legal entity.
- Describe any hedging strategies of the Company.

xii. Unconsolidated Balance Sheet of the Company; Material Entity Financial Statements

- Provide an unconsolidated balance sheet of the Company and a consolidated schedule for all material entities that are subject to consolidation with the Company.
- Provide financial statements for material entities.
- When available, audited financial statements should be provided.

xiii. Payment, Clearing, and Settlement Systems

- Identify each payment, clearing and settlement system of which the Company, directly or indirectly, is a member or utilizes in the normal course of business.
- Map membership in each such system to the Company's legal entities and core business lines.

xiv. Capital Structure; Funding Sources

- Provide detailed descriptions of the funding, liquidity and capital needs of, and resources available to, the Company and its material entities, which shall be mapped to core business lines and critical services.
- Describe the material components of the liabilities of the Company and its material entities and identify types and amounts of short-term and long-term liabilities by type and term to maturity, secured and unsecured liabilities, and subordinated liabilities.

Provide a listing of insurance carriers (include type, coverage, deductible, claim timeframes, and contact information).

xv. Affiliate Funding, Transactions, Accounts, Exposures, and Concentrations

- Describe material affiliate funding relationships, accounts, and exposures, including terms, purpose, and duration, that the Company or any of its subsidiaries have with its parent or a parent company affiliate.
- Include in such description material affiliate financial exposures, claims or liens, lending or borrowing lines and relationships, guaranties, asset accounts, deposits, or derivatives transactions.
- Clearly identify the nature and extent to which parent company or parent company affiliates serve as a source of funding to the Company and its subsidiaries, the terms of any contractual arrangements, including any capital maintenance agreements, the location of related assets, funds or deposits and the mechanisms by which funds can be downstreamed from the parent company to the Company and its subsidiaries.

xvi. Management Information Systems; Software Licenses; Intellectual Property

- Provide a detailed inventory and description of the key management information systems and applications, including systems and applications for risk management, accounting, and financial and regulatory reporting, used by the Company and its subsidiaries. The description should include an outline of daily activities conducted to proficiently operate the Company.
- Identify the legal owner or licensor of the systems identified above; describe the use and function of the system or application, and provide a listing of service level agreements and any software and systems licenses or associated intellectual property related thereto.
- Maintain detailed procedural manuals governing daily activities such as balancing, trading, sweep transactions, etc.
- Provide information as to the location and/or person responsible for maintaining key passwords needed to access and operate critical systems.
- Identify and discuss any disaster recovery or other backup plans.
- Identify common or shared facilities and systems as well as personnel necessary to operate such facilities and systems.
- Describe the capabilities of the Company's processes and systems to collect, maintain, and report the information and other data underlying the Resolution Plan to management of the Company and, upon request to the DFI.

xvii. Corporate Governance

- Include a detailed description of:
  - A. How resolution planning is integrated into the corporate governance structure and processes of the Company.
  - B. The Company policies, procedures, and internal controls governing preparation and approval of the resolution plan.
  - C. The identity and position of the senior management official of the Company who is primarily responsible and accountable for the development, maintenance, implementation, of the Resolution Plan and the Company's compliance.

xviii. Any Other Material Factor

- Identify and discuss any other material factor that may impede the resolution of the Company.