Von: Richard Berner <XXXXXXX@stern.nyu.edu>

Datum Dienstag, 29. Sept. 2020, 10:24 PM

An: XXXXXXXX@bundesbank.de <XXXXXXXX@bundesbank.de>

Betreff: [EXTERN] Re: TBTF Evaluation: Consultation Report

Dear Claudia,

I hope you and your family are all safe and healthy.

Once again, congratulations on your excellent report. I apologize for the tardiness of my response to it.

The most important comment I have is that I would have liked more discussion of the importance of the credibility of resolution regimes to take pressure off central banks to lend to firms that may be insolvent. That is clearly not original to me; it is original to Paul Tucker, but I strongly agree with him: " a credible statutory resolution regime for handling irretrievably bankrupt firms makes it credible for the LOLR to say 'no'. This offers the most important response to those critics concerned that some central banks overstepped the mark in the past, and needs to be explained energetically by the central banks."

Likewise, providing financing post-resolution to viable operating firms to make the regime work will be less subject to the objections of those who distrust LOLR facilities in general.

I look forward to further discussion, and all best wishes,

Dick

Richard Berner

Clinical Professor of Finance

Co-Director, NYU Volatility and Risk Institute

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