

February 9, 2024

Mr. James Sheesley
Assistant Executive Secretary
Attn: Comments/Legal OES
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

RE: Guidelines for Establishing Standards for Corporate Governance and Risk Management for Covered Institutions with Total Consolidated Assets of \$10 Billion or More [RIN 3064-AF94]

Dear Mr. Sheesley:

The Independent Community Bankers of America and the undersigned state banking associations, representing thousands of community banks and the communities they serve, collectively and strongly oppose the FDIC's proposed guidelines for corporate governance and risk management for covered institutions with total consolidated assets of \$10 billion or more ("the Proposal"). Because the Proposal applies a much lower asset threshold than the Federal Reserve Board and Office of the Comptroller of the Currency's standards for corporate governance, the Proposal expressly disadvantages FDIC-supervised institutions. Perhaps more troubling, however, is that the Proposal provides the FDIC full discretion to suddenly apply the same corporate governance standards expected of the nation's largest banks to community banks of any size, without sufficient notice or an implementation period.

While the FDIC claims the Proposal is tailored based on the size and complexity of the institution, the Proposal is actually more prescriptive than the Federal Reserve and the OCC's corporate governance rules that apply only to the largest banks. The FDIC's proposed requirements will make it extremely difficult for community banks to attract directors, particularly in rural areas where it is already challenging to find skilled and competent persons to serve on bank boards. For instance, bank boards would be subject to (1) new diversity and independence requirements that would require boards to have a majority of independent directors, (2) new requirements to adopt written ethics, strategic, and management compensation plans (3) new committee requirements including the requirement to have, at a minimum, an audit, compensation, and risk committee, and (4) new risk management programs which, at a minimum, would cover a broad range of risks including credit, concentration, interest rate, liquidity, price, model, operational (including conduct, information technology, cyber-security, AML/CFT compliance, and third-party management), strategic, and legal risk.

Corporate governance and the duties of the boards of directors should be the domain of the chartering authority and not the FDIC. ICBA and the undersigned state banking associations are concerned the Proposal is a serious intrusion into the corporate governance of community banking that lacks proper statutory authority. Given the serious flaws in the Proposal, the FDIC should substantially modify or withdraw the Proposal.

Sincerely,

Independent Community Bankers of America

Alabama Bankers Association
Arkansas Community Bankers
Arizona Bankers Association
California Community Banking Network
Independent Community Bankers of Colorado
Connecticut Bankers Association
Florida Bankers Association
Community Bankers Association of Georgia
Idaho Bankers Association
Community Bankers Association of Illinois
Indiana Bankers Association
Community Bankers of Iowa
Community Bankers Association of Kansas
Bluegrass Community Bankers Association
Louisiana Bankers Association
Maine Bankers Association
Massachusetts Bankers Association
BankIn Minnesota
Mississippi Bankers Association
Missouri Independent Bankers Association
Montana Independent Bankers
Nebraska Independent Community Bankers
New Hampshire Bankers Association
Independent Community Bankers Association of New Mexico
Independent Bankers Association of New York State
North Carolina Bankers Association
Independent Community Banks of North Dakota
Tennessee Bankers Association

Community Bankers Association of Ohio

Community Bankers Association of Oklahoma

Pennsylvania Association of Community Bankers

Independent Banks of South Carolina

Independent Community Bankers of South Dakota

Independent Bankers Association of Texas

Vermont Bankers Association

Virginia Association of Community Banks

Community Bankers of Washington

Community Bankers of West Virginia

Wisconsin Bankers Association

Wyoming Bankers Association