

February 9, 2024

Mr. James Sheesley  
Assistant Executive Secretary  
Attn: Comments/Legal OES  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> 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