



September 25, 2025

Jennifer M. Jones
Deputy Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

RE: Adjusting and Indexing Certain Regulatory Thresholds (RIN 3064-AG15)

Dear Deputy Executive Secretary Jones:

The Louisiana Bankers Association (LBA) appreciates the opportunity to comment on the Federal Deposit Insurance Corporation's (FDIC) proposal to adjust and index certain regulatory thresholds. The LBA is the only banker's association in the state of Louisiana and made up of 119 member banks and thrifts. The vast majority of our members are Louisiana-domiciled community banks.

LBA strongly supports this proposal to adjust and index regulatory thresholds. This initiative represents a long-overdue modernization of a regulatory framework that has not kept pace with economic growth, the evolving structure of the banking sector, or inflation. Over time, economic growth and inflation erode the real value of these regulatory thresholds, pulling more institutions into regulatory regimes that were never intended to apply to them. This results in a misallocation of supervisory resources and unnecessary compliance costs for banks with limited complexity or risk profiles. This also causes some institutions to manage their balance sheets defensively to avoid crossing arbitrary thresholds and, in some cases, encourages consolidation to absorb new regulatory burdens.

As the proposal acknowledges: "...static dollar-based thresholds without periodic adjustments to reflect inflation do not preserve threshold levels in real terms, leading to unintended policy consequences." We commend the FDIC for taking this very important step toward aligning regulatory coverage with real-world conditions.

In addition, indexing the new thresholds ensures that these regulatory thresholds evolve with economic growth and inflation and without requiring repeated rulemakings or legislative action. This supports long-term planning, and ensures regulatory requirements remain aligned with actual risk.

We view this proposal as a critical first step and are pleased to see the statement in the rulemaking that this proposal "is the first of a multi-phase effort to reevaluate thresholds within



the FDIC's regulations." We strongly encourage the FDIC to continue pursuing indexing efforts internally, through interagency coordination, and in collaboration with Congress. We applaud the FDIC for its leadership in this endeavor and urge other banking agencies to follow suit.

The following are our specific responses to select questions in the proposal and additional recommendations.

9. *Does the proposal appropriately balance the objectives preserving the levels of part 363 thresholds on an inflation-adjusted basis and reducing burden for smaller institutions with the safety and soundness benefits of audit and financial controls requirements? If not, how could the proposal improve the balance of these objectives?*

Among other things, this proposal would: increase the asset threshold from \$500 million to \$1 billion for insured depository institutions to become subject to Part 363 Annual Reporting Requirements and basic audit committee requirements; increase the asset threshold from \$1 billion to \$5 billion for the requirement for auditor's attestation and report regarding effectiveness of management's internal controls over financial reporting (ICFR); and increase the asset threshold from \$3 billion to \$5 billion for additional requirements for audit committee composition.

LBA strongly supports these proposed asset threshold increases as they will provide meaningful regulatory relief to hundreds of institutions while still adhering to safety and soundness principles. These community banks, many of which serve rural areas, pose minimal risk to the financial system and face disproportionately high costs for complying with current requirements. These changes are necessary and appropriate as the proposal acknowledges that most of the dollar-based thresholds in part 363 have been in place for more than 30 years

It is noteworthy that when the FDIC initially implemented part 363, the \$500 million threshold captured approximately 7 percent of all banks and 75 percent of U.S. banking assets. As of June 2025, insured depository institutions above the \$500 million threshold represent 40 percent of banks and hold almost 98 percent of assets in the banking system. It has also been pointed out that, if indexed to nominal GDP, the current \$500 million and \$3 billion thresholds would have grown to \$2.2 billion and \$13 billion, respectively. These statistics suggest that the proposed adjustments to asset thresholds may not fully reflect the 32 years of economic growth since these thresholds were established in 1993.

Accordingly, while LBA supports the asset threshold increases in this proposal, we respectfully ask the FDIC to strongly consider increasing the thresholds by an even greater amount, and specifically recommend that the asset threshold for independent auditor attestation regarding ICFR be raised to \$10 billion, rather than the proposed \$5 billion threshold.

Today, insured depository institutions over \$10 billion hold about 85 percent assets in the banking sector. In 1992, banks above \$10 billion held approximately 35 percent of banking sector assets. Raising the ICFR attestation and reporting threshold to \$10 billion would better

capture risks in the banking system that Congress intended the FDIC to address when it passed the FDIC Improvement Act (FDICIA).

Subjecting banks under \$10 billion in assets to enhanced audit requirements imposes costs that are not proportionate to their risk profile. We believe a \$10 billion asset threshold would better align regulatory requirements with the realities of today's banking landscape and prevent institutions from being prematurely subjected to expensive compliance burdens that were intended to apply to larger banks that pose more significant risks to the financial system.

10. *Would the proposed thresholds under part 363 help to address challenges for smaller institutions in rural areas or other geographies? Please describe any elevated challenges associated with current provisions of part 363 and whether the proposal would help to address them. Please provide supporting data where available.*

We again thank FDIC for proposing to increase the asset thresholds under part 363 and believe these changes will help address challenges for smaller institutions in rural areas. One example where this proposal will help rural area community banks is with respect to audit committee requirements and composition.

As acknowledged by the FDIC in the proposal: "experience has demonstrated that smaller community institutions, particularly those in rural areas, have had difficulty complying with the audit committee compositions requirements. Specifically, these institutions frequently report that it is increasingly difficult to attract and retain individuals who are willing and capable of serving as a member of an audit committee, thereby making compliance with the audit committee composition requirements of part 363 challenging."

We strongly agree with the above statement and the increased thresholds will help alleviate the immediate need of these banks to add or seek replacement directors. As previously stated, these changes will reduce regulatory burden for community banks without negatively affecting safety and soundness.

While the proposed threshold increases represent significant progress, we reiterate that this proposal may not fully reflect the scale of economic growth since the rule's inception, and further threshold increases would better align the thresholds with current industry realities. Please see our response to Question 9.

Indexing Thresholds:

Going forward, the proposal would index thresholds based on CPI-W (Consumer Price Index for Urban Wage Earners and Clerical Workers) with adjustments every 2 years, or more frequently if inflation exceeds 8%. LBA strongly supports indexing thresholds so they will be updated automatically. Indexing is necessary to ensure that these thresholds do not remain artificially low for decades, imposing an undue burden on banks that pose a low risk to the financial

system. A regular schedule of revisions is certainly more effective than an ad-hoc review of thresholds that may not occur for long periods of time.

The LBA is affiliated with both the American Bankers Association (ABA) and the Independent Community Bankers of America (ICBA). Both ABA and ICBA are submitting detailed comment letters on this proposal and we urge you to strongly consider their comments and recommendations.

Thanks for your consideration of the above comments. For any questions, please call me at [REDACTED] or email me at [REDACTED]

Sincerely,

[REDACTED]
Joe Gendron
Director of Government Relations