



Old-fashioned Innovation

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September 16, 2025

Jennifer M. Jones, Deputy
Executive Secretary
Attention: Comments – RIN 3064-ZA50
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Re: Comment on Proposed Rule – Adjusting and Indexing Certain Regulatory Thresholds

Sutton Bank (“Bank”) thanks the Federal Deposit Insurance Corporation (“FDIC”) for the opportunity to provide comments on the proposed amendments to certain regulatory thresholds. While this proposal is long overdue, it is encouraging that the FDIC is taking the opportunity now to increase certain limits to reduce regulatory burdens on community banks like ours.

Sutton Bank is chartered in the State of Ohio and was founded in 1878. The history of the Bank is fundamentally linked to the development of southeastern Seneca and western Huron counties. We have long served as a community pillar, staying strong through the Great Depression, times of war, and fluctuating economies. A progressive, privately held, independent community bank,¹ Sutton Bank has consistently been named one of the top small business and agricultural lenders on the State of Ohio. We are supervised by the FDIC and the Division of Financial Institutions – Ohio Department of Commerce, and we take pride in conducting our activities with both the letter and spirit of the law.

The Bank is supportive of the FDIC’s proposed updating and indexing of various thresholds so that they may be adjusted over time to reflect inflation. As stated in the July 28, 2025 Notice of Proposed Rulemaking (“Notice”), adjusting the regulatory thresholds to reflect inflationary changes will help ensure that such thresholds preserve their intended application and remain aligned with the intended policy objectives.² This proposal eases the administrative burden of having to revisit thresholds and provides assurances that such thresholds will consistently scale with inflation.

As for the proposed changes to the thresholds, the Bank is supportive of the overall increases to all that were identified in the Notice. The Bank is especially supportive of increasing the asset size threshold from \$500 million to \$1 billion to require banks to conduct annual audits of financial

¹ As of June 30, 2025, the Bank had \$1.6 billion in total assets.

² 90 Fed. Reg. 35,451



statements.³ The proposed changes will have a positive effect on smaller banks by removing regulatory burdens while not adding real risk to the Deposit Insurance Fund.

However, the Bank encourages the FDIC to revisit the proposed increase of the independent control over financial reporting (“ICFR”) threshold from \$1 billion to \$5 billion. The Bank proposes that this threshold be increased to \$10 billion as the \$10 billion threshold is already used for heightened controls.

An insured bank with total assets of \$10 billion or more is considered a “large institution” for purpose of deposit insurance assessment.⁴ Given that assessment rates are risk-based, with larger institutions paying more, the Bank suggests that it makes sense for the application of part 363, which is intended to target “those institutions posing the greatest potential risk to the insurance funds administered by the FDI,”⁵ be limited to target large institutions. In support of this position, the Bank notes that 84.51% of all deposits are held at banks with greater than \$10 billion in total assets.⁶ Increasing this threshold to \$10 billion would drive consistency with other regulatory obligations that are triggered at the threshold, such as:

- CFPB primary regulatory for consumer compliance
- Durbin Amendment interchange fee cap
- Volker Rule applicability
- Home Mortgage Disclosure Act exemptions
- Community Bank Leverage Ratio eligibility
- Swap margin and capital requirements
- Mortgage escrow requirements

Thank you for your careful consideration of this letter. Please contact James Booker via email [REDACTED] with any questions you have or if you would like to discuss this topic.

[REDACTED]
J. Anthony Gorrell
Chief Executive Officer

[REDACTED]
James Booker
Senior Counsel

³ *Id.* at 35,471

⁴ New Institutions, FDIC.gov., retrieved September 16, 2025, from <https://fdic.gov/deposit-insurance-assessments/new-institutions>

⁵ 70 Fed. Reg. 71,227

⁶ FDIC Quarterly (Journal-Article No. 2; Vol. 19), retrieved September 16, 2025, from <https://www.fdic.gov/quarterly-banking-profile/fdic-quarterly-2025-volume-19-number-2.pdf>