Docket No. OCC-2025-0142-0001 addresses a proposed rule issued by the Office of the Comptroller of Currency and the Federal Deposit Insurance Corporation (collectively known as "the agencies"). The agencies supervise and regulate financial institutions with the goal of keeping a stable, fair, and resilient economy. The rule, *Prohibition on the use of Reputation Risk by Regulators,* establishes a federal standard prohibiting reputation risk as a factor in bank evaluations. I support the agencies proposed rule and believe that objective and transparent supervisory standards are necessary in maintaining a fair banking system. As someone who has grown up in an increasingly polarized political landscape shaped by social media and virality, I find it critical that regulatory oversight be grounded in clear, objective, and measurable supervisory standards.

Reputation risk is a vague and unreliable standard of measurement. Public perception is subjective, ever-changing, and unpredictable. This is evident in the rapid shifts in public opinion driven by social media trends, viral misinformation, and political polarization. Banking activities can quickly become controversial based on perception rather than objective risk. According to the Federal Register notice posted on Justia, "The agencies have not clearly explained how banks should measure the reputation risk from different activities, business partners, or clients, nor have the agencies clearly articulated the criteria for which activities, business partners, or clients are deemed to present reputation risk," (Office of the Comptroller of the Currency, 2025). The absence of clearly defined standards grants regulators excessive discretion, increasing the potential for inconsistent and biased reporting. When regulatory judgements are influenced by political considerations or public sentiment there is greater uncertainty for financial institutions and an increase in the risk of government overreach.

In contrast, other established forms of risk measurement such as credit risk, market risk, and liquidity risk are grounded in quantifiable data and clear, well-established, supervisory frameworks. These categories of risk allow regulators to evaluate using consistent metrics. It also allows banks and other financial institutions to focus on those risks instead of diverting resources towards determining a subjective reputational risk. When determining reputation risk it's also important to note that other forms of measurement affect the level of reputation risk, "the following six factors that may affect reputational damage following an operational loss: bank riskiness, profitability, level of intangible assets, capitalization, size, the entity of the operational loss and the business units that suffered the operational loss," (Fiordelisi, Soana, Schwizer, 2013). So using reputation risk along with other risk assessments is repetitive. In volume 9 of *European Research on Management and Business Economics* "Reputation, return and risk: A new approach" demonstrates that, "there are no significant differences between listed and not listed firms in Reputation Quotient concerning firms' abnormal returns and firms' systematic risk," (Febra, Costa, Pereira, 2023). This also shows that reputation risk isn't a reliable indicator of risk for federal regulators to use. It's unnecessary and an inefficient use of resources that could be used elsewhere.

In conclusion, it is critical that regulatory programs are grounded in clear, objective, and measurable standards and that is why I am in support of *Prohibition on the use of Reputation*

Risk by Regulators. This is meaningful progress in creating an objective and steady financial system however the rule's implementation remains unclear. The notice states that, "Under the proposed rule, the OCC would make seven conforming amendments to the OCC's regulations to eliminate references to reputation risk," (Prohibition on the use of Reputation Risk by Regulators, 2025). While not stating what the seven amendments would be. It's important that these amendments are written precisely and objectively.

Ultimately the success of the proposed rule will depend not only on its formal adoption but also its consistent and unbiased application. Reputation risk is inherently unpredictable. Using reputation risk in federal supervision gives authorities in banking the ability to influence regulation with political bias and subjectivity. Which results in political encroachment on financial institutions. By eliminating subjectivity in supervisory criteria, agencies can strengthen credibility, predictability, and fairness in the financial system.

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