

## **Statement by Acting Chairman Travis Hill**

### **Proposal to Update and Index Audit and Reporting Requirements and Other Regulatory Thresholds**

July 15, 2025

The FDIC's regulations are replete with static asset-based and other numerical thresholds, which play a critical role in the FDIC's efforts to tailor our regulatory framework. However, as the value of the U.S. dollar depreciates over time, static thresholds steadily decrease in real terms, and the scope of applicability of related regulatory requirements expands.<sup>1</sup>

We have spent the past few months inventorying and bucketing our numerical thresholds, and considering options to update and index them to offset the effect of inflation. Today's proposal includes an initial tranche of thresholds that the FDIC is proposing to raise and index, including a couple dozen thresholds found in part 363 of the FDIC's regulations, which imposes audit, internal control, audit committee composition, and related reporting requirements. These thresholds have not been raised in decades and present meaningful challenges for small institutions that have become scoped into the rule. For example, small institutions in rural areas may experience difficulties attracting and retaining individuals with the requisite experience to satisfy the rule's audit committee composition requirements.<sup>2</sup>

Today's proposal is designed to keep thresholds constant in real terms by indexing thresholds for inflation. It would mean the size of an institution scoped into an asset-based threshold would not change based on the changing value of the dollar.

Beyond the proposal, the FDIC continues to evaluate a range of other thresholds. For example, we are actively considering changes to the continuous examination program, including the associated threshold,<sup>3</sup> and we are closely evaluating the appropriate threshold for the large bank pricing scorecard for deposit insurance pricing, currently set at \$10 billion.<sup>4</sup> We also plan to engage with other agencies on interagency thresholds, as appropriate.

I thank the staff for their work on this proposal and look forward to receiving comments.

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<sup>1</sup> An exception would be periods of deflation, which has been rare in the U.S. in modern times.

<sup>2</sup> See 12 C.F.R. 363.5.

<sup>3</sup> See Travis Hill, [View from the FDIC: Update on Key Policy Issues](#) (April 8, 2025), n. 31.

<sup>4</sup> See 12 C.F.R. 327.8 (defining a "large institution" for deposit insurance assessment purposes as an insured depository institution with assets of \$10 billion or more) and 12 CFR 327.16(b) (establishing the assessment scorecard for large banks).