



November 30, 2023

James P. Sheesley, Assistant Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, D.C. 20429
Attention: Comments/Legal OES (RIN 3064–AF29)

Re: Proposed Guidelines Establishing Standards for Corporate Governance and Risk Management for Covered Institutions with Total Consolidated Assets of \$10 Billion or More to be added as Appendix C to Part 364 of the FDIC's Rules and Regulations Standards for Safety and Soundness; FDIC RIN 3064-AF29; Docket ID 2023-22421

Ladies and Gentlemen:

Sturdy Savings Bank's Board of Directors is writing today to object and disagree with your agencies' proposed rulemaking that would amend sections 364.101 and 308.302 of the FDIC's regulations and add as Appendix C to Part 364 Guidelines Establishing Standards for Corporate Governance and Risk Management for Covered Institutions with Total Consolidated Assets of \$10 Billion or More (Guidelines) under its safety and soundness authority provided by Section 39 of the Federal Deposit Insurance Act (FDI Act).

Although this proposal is for institutions with total asset's greater than \$10 billion, the FDIC reserves the right to apply the standards to banks below that asset threshold if it believes they pose a heightened safety and soundness risk.

This current proposal as written has many flaws:

1. The proposal could be read to undermine that business units should own the risks of all activities. Front line units, the Board & CEO should be held accountable, the language as written does not include this expectation.
2. The proposal as written would increase and impose new expectations on boards, which would consolidate the roles of board and management. This would have the adverse effect of imposing more managerial duties to the board. The board would be required to "oversee and confirm that the bank operates in compliance with all laws and regulations". This is counter to the current standard that management has the responsibility to ensure compliance and the board must ensure that a satisfactory risk framework is in place to affect compliance with all laws and regulations.
3. This proposal would negatively impact the "line in the sand", whereby the board would be acting as management. This has always been considered a negative aspect during any regulatory examination, but under this proposal would reverse this time proven bank operational standard. You cannot have the board acting as managers of the bank.

4. Under this proposal board corporate governance would become a mundane compliance task.
5. This proposal would negatively make board oversight more difficult due to the inappropriate assigning of daily managerial responsibilities that should remain in the hands of operating management.
6. In addition, it could make board service less attractive to potential directors.

Thank you for considering these comments. If you have any questions, please contact me by email at mlatin@sturdyonline.com.

Sincerely,

Michael V. Latini
Sturdy Savings Bank
Executive Vice President/Chief Risk
Officer/Regulatory Liaison