



Jack E. Hopkins, Chairman  
Alice P. Frazier, Chairman-Elect  
Michael J. Burke, Jr., Vice Chairman  
Quentin Leighty, Treasurer  
Douglas E. Parrott, Secretary  
Lucas White, Immediate Past Chairman  
Rebeca Romero Rainey, President and CEO

March 2, 2026

Chief Counsel's Office  
Office of the Comptroller of the Currency  
400 7th Street, SW, Suite 3E-218  
Washington, DC 20219

RE: Guidelines Establishing Heightened Standards for Certain Large Insured National Banks, Insured Federal Savings Associations, and Insured Federal Branches (Docket ID OCC-2025-0207)

Dear Sir or Madam:

The Independent Community Bankers of America (ICBA)<sup>1</sup> appreciates the opportunity to comment on the Office of the Comptroller of the Currency's ("OCC") notice of proposed rulemaking to amend the OCC Guidelines Establishing Heightened Standards. Specifically, the proposal would raise the threshold for application of the Guidelines from \$50 billion in total consolidated assets to \$700 billion, remove certain institutions from longstanding governance and risk-management standards, and make related technical changes.

ICBA and our community bank members support thoughtful, data-driven regulatory modernization. Community banks operate most effectively under regulatory frameworks grounded in objective, consistent, and measurable criteria, which promote safety and soundness while recognizing differences in size, complexity, and risk profile. While we support efforts to improve clarity and reduce unnecessary burden, the proposed increase to a \$700 billion threshold goes far beyond what is appropriate or safe given recent supervisory experience. It undermines essential supervisory safeguards, weakens risk-governance expectations for many of the nation's largest institutions, and exposes the broader banking sector and the Deposit Insurance Fund ("DIF") to unnecessary vulnerabilities.

---

<sup>1</sup> *The Independent Community Bankers of America® has one mission: to create and promote an environment where community banks flourish. We power the potential of the nation's community banks through effective advocacy, education, and innovation. As local and trusted sources of credit, America's community banks leverage their relationship-based business model and innovative offerings to channel deposits into the neighborhoods they serve, creating jobs, fostering economic prosperity, and fueling their customers' financial goals and dreams. For more information, visit ICBA's website at [icba.org](https://www.icba.org).*

Below, we outline our principal concerns and provide recommendations to ensure the OCC's modernization efforts preserve the safety, soundness, and stability of the banking system.

## **I. Large Banks Below \$700 Billion Continue to Pose Significant Risks to the Banking Sector**

The 2023 bank failures show that institutions far below \$700 billion can inflict substantial harm on the banking system and the DIF. Silicon Valley Bank and Signature Bank each failed rapidly and unexpectedly, prompting federal regulators to take the unprecedented action to invoke systemic risk exceptions for banks previously not considered to be systemic to stabilize deposit markets and contain broader contagion risks. First Republic Bank's subsequent failure likewise generated significant losses to the DIF and underscored the vulnerability of large regional institutions whose size and interconnectedness can transmit stress throughout the financial system. Community banks are now helping absorb these costs through increased assessments, despite having played no role in the governance and risk management failures that contributed to these events.<sup>2</sup> These institutions were significantly smaller than the proposed \$700 billion threshold, yet their failures destabilized funding markets, eroded depositor confidence, and required extraordinary government intervention.

Regulatory reports released after these failures identified material deficiencies in governance, risk management, liquidity planning, and board oversight as central contributors.<sup>3</sup> These are precisely the areas addressed by the OCC's Heightened Standards. Weakening or removing these standards for large institutions in the \$100–\$700 billion range would ignore recent evidence, diminish supervisory expectations, and heighten the probability and severity of future large-bank distress. These events demonstrate that asset size alone is not determinative of systemic impact; rather, governance failures at mid-sized and regional institutions can rapidly generate destabilizing contagion.

## **II. Large Institutions Below \$700 Billion Have a Persistent Record of Governance and Compliance Failures**

---

<sup>2</sup> Silicon Valley Bank (approximately \$209 billion in assets) was closed on March 10, 2023, and Signature Bank (approximately \$110 billion in assets) on March 12, 2023; federal regulators invoked systemic risk exceptions in connection with these failures. First Republic Bank (approximately \$229 billion in assets at the time of resolution) failed on May 1, 2023, resulting in significant estimated losses to the Deposit Insurance Fund. See FDIC, *Special Assessment Pursuant to Systemic Risk Determination*, 88 Fed. Reg. 83329 (Nov. 29, 2023); Federal Deposit Insurance Corporation press releases regarding the resolution of Silicon Valley Bank, Signature Bank, and First Republic Bank; and testimony of FDIC Chairman Martin J. Gruenberg, *Oversight of Financial Regulators: Financial Stability, Supervision, and Consumer Protection in the Wake of Recent Bank Failures* (May 17, 2023).

<sup>3</sup> See Board of Governors of the Federal Reserve System, *Review of the Federal Reserve's Supervision and Regulation of Silicon Valley Bank* (Apr. 28, 2023) (identifying deficiencies in governance, liquidity risk management, and board oversight as central contributors to SVB's failure); FDIC, *FDIC's Supervision of Signature Bank* (Apr. 28, 2023) (finding that poor governance and inadequate risk management practices contributed to Signature Bank's failure); GAO, *Bank Regulation: Preliminary Review of Agency Actions Related to March 2023 Bank Failures*, GAO-23-106736 (Apr. 2023).

Beyond the 2023 bank failures, supervisory reporting indicates that large banking organizations well below the \$700 billion asset threshold continue to exhibit material weaknesses in governance, risk management, and internal control frameworks. Federal Reserve supervisory data show that risk management and internal control deficiencies constitute a significant share of findings and remain among the largest categories of supervisory issues identified in recent *Supervision and Regulation Reports* for Regional Banking Organizations. These findings include weaknesses in enterprise risk management and internal audit effectiveness, as well as recurring concerns related to data governance, model risk management, and Bank Secrecy Act and sanctions compliance. The OCC's own supervisory assessments similarly identify recurring concerns in compliance risk management systems, operational resilience, and governance oversight at large and midsize institutions. Many of these institutions are currently subject to the Heightened Standards, yet they would be exempt under the OCC's proposed \$700 billion threshold.

This outcome would also create a structural misalignment between supervisory categorization and the application of formal governance expectations. Federal Reserve supervisory reporting treats institutions above approximately \$100 billion in assets as Regional Banking Organizations, a cohort subject to enhanced supervisory focus due to their size, complexity, and potential systemic impact. By contrast, the proposed \$700 billion threshold would remove structured governance standards from nearly all institutions within this supervisory category, creating a gap between identified supervisory risk and the governance framework intended to mitigate that risk.

Recent enforcement actions illustrate the practical consequences of these supervisory weaknesses. In 2024, a bank with approximately \$400 billion in U.S. assets entered into coordinated enforcement actions with the OCC, the Federal Reserve, the Financial Crimes Enforcement Network (FinCEN), and the Department of Justice, including a criminal plea related to Bank Secrecy Act violations and combined monetary penalties and obligations exceeding \$3 billion, arising from systemic deficiencies in its anti-money laundering compliance program. These actions reflect broader supervisory findings affecting regional banking organizations in the \$100 billion to \$700 billion range and underscore the continued importance of enhanced governance and risk management expectations for this cohort.<sup>4</sup>

The OCC's supervisory experience confirms that robust governance and risk management standards remain critical for large banks whose size, complexity, and interconnected activities can transmit risk throughout the financial system. Eliminating Heightened Standards for most large banking organizations would materially weaken supervisory tools designed to address persistent deficiencies in governance, internal controls, and compliance risk management.

---

<sup>4</sup> See, e.g., Board of Governors of the Federal Reserve System, *Supervision and Regulation Report* (December 2025), noting that risk management and internal control deficiencies constitute a significant share of supervisory findings for Regional Banking Organizations; Office of the Comptroller of the Currency, *Semiannual Risk Perspective* (recent editions), identifying recurring supervisory concerns related to enterprise risk management, compliance risk management systems, operational resilience, and governance oversight at large and midsize institutions; and Board of Governors of the Federal Reserve System, *Review of the Federal Reserve's Supervision and Regulation of Silicon Valley Bank* (Apr. 28, 2023), documenting material governance and risk management failures at a large regional banking organization.

### III. While ICBA Supports Regulatory Modernization, the Proposed \$700 Billion Threshold Is Far Too High

ICBA understands that the current \$50 billion threshold, adopted in 2014, may warrant reevaluation in light of structural changes in the banking sector and evolving supervisory expectations. Modernizing the framework to better reflect differences in size, complexity, and risk profile is appropriate and consistent with risk-based supervision. However, increasing the threshold by fourteen-fold, from \$50 billion to \$700 billion in average total consolidated assets, would effectively remove the Heightened Standards from the vast majority of large banking organizations currently subject to structured governance expectations.

This shift appears inconsistent with supervisory experience, post-2023 supervisory findings, and the broader regulatory framework applied by federal banking agencies. Supervisory reporting continues to identify governance, risk management, and internal control deficiencies among regional banking organizations well below the global systemically important bank threshold. Raising the threshold to \$700 billion would therefore eliminate formalized governance expectations precisely for the cohort where supervisory findings indicate persistent control and risk management challenges.

The OCC's preamble suggests that the proposed threshold aligns the Heightened Standards with frameworks applicable to the largest and most complex institutions. However, this rationale conflates two distinct regulatory objectives. Global systemically important bank designation addresses systemic amplification risks, whereas the Heightened Standards establish baseline governance and risk management disciplines for large banking organizations regardless of G-SIB status.

The proposed \$700 billion threshold is also inconsistent with existing supervisory categorization frameworks. Federal Reserve supervisory reporting treats institutions with assets above approximately \$100 billion as Regional Banking Organizations, a category subject to enhanced supervisory expectations due to size, complexity, and potential systemic impact. By contrast, the proposal would remove formal governance standards from nearly all institutions within this supervisory cohort. This divergence risks creating a structural misalignment between supervisory risk identification and the application of formal governance expectations, undermining the risk-based framework the OCC seeks to promote.

### IV. A More Appropriate and Risk-Based Threshold Is \$100 Billion

ICBA urges the OCC to adopt **\$100 billion** as the revised threshold for the Heightened Standards. This threshold:

#### 1. Aligns With Multiple Federal Regulatory Frameworks

A \$100 billion threshold is consistent with requirements that already apply across agencies, including:

- Federal Reserve Enhanced Prudential Standards (EPS) for Category IV firms (risk-committee requirements, CRO mandate, liquidity risk-management, stress testing).<sup>5</sup>
- Resolution planning (“living will”) requirements for insured depository institutions with \$100 billion or more in assets.<sup>6</sup>
- Federal Reserve FR Y-14 and FR Y-15 systemic-risk reporting obligations.<sup>7</sup>
- Proposed long-term debt (LTD) requirements for institutions with \$100 billion or more to improve resolvability and reduce DIF exposure.<sup>8</sup>

These frameworks collectively reflect a consistent supervisory judgment that institutions reaching approximately \$100 billion in assets present sufficient scale, complexity, and potential resolution challenges to justify enhanced governance and risk management expectations. Congress, federal banking agencies, and existing supervisory frameworks consistently recognize the \$100 billion asset level as a point at which enhanced governance and risk management expectations become appropriate. The OCC should therefore align its governance framework with established supervisory breakpoints rather than adopting an unprecedented \$700 billion threshold.

## V. ICBA Supports Modernization That Preserves Safety and Soundness

ICBA appreciates the OCC’s commitment to modernizing its supervisory framework and ensuring that regulatory expectations evolve alongside changes in the banking system. We support recalibrating the Heightened Standards to better reflect differences in size, complexity, and risk profile. However, increasing the threshold to \$700 billion would create a significant gap between supervisory risk identification and the application of structured governance expectations, removing formal risk governance standards from a broad segment of institutions capable of transmitting material financial stress.

A revised threshold of \$100 billion would provide meaningful regulatory relief relative to the current framework while preserving consistent, objective governance expectations for institutions whose

<sup>5</sup> See Board of Governors of the Federal Reserve System, *Prudential Standards for Large Bank Holding Companies, Savings and Loan Holding Companies, and Foreign Banking Organizations* (Tailoring Rule), 84 Fed. Reg. 59032 (Nov. 1, 2019) (codified at 12 C.F.R. Part 252). Under the Federal Reserve’s tailoring framework, Category IV firms, generally those with \$100 billion or more but less than \$250 billion in total consolidated assets that do not meet higher risk thresholds, remain subject to enhanced prudential standards, including risk committee requirements, designation of a chief risk officer, liquidity risk management expectations, and supervisory stress testing obligations.

<sup>6</sup> See Federal Deposit Insurance Corporation, *Resolution Plans Required for Insured Depository Institutions With \$100 Billion or More in Total Assets; Informational Filings Required for Insured Depository Institutions With at Least \$50 Billion but Less Than \$100 Billion in Total Assets*, 89 Fed. Reg. 56620 (July 9, 2024) (codified at 12 C.F.R. § 360.10). Under this framework, insured depository institutions with \$100 billion or more in total assets are required to submit comprehensive resolution plans demonstrating credible strategies for orderly resolution, reflecting supervisory expectations that institutions at this asset level warrant enhanced planning to mitigate systemic risk and potential losses to the Deposit Insurance Fund.

<sup>7</sup> See Board of Governors of the Federal Reserve System, *Prudential Standards for Large Bank Holding Companies, Savings and Loan Holding Companies, and Foreign Banking Organizations* (Tailoring Rule), 84 Fed. Reg. 59032 (Nov. 1, 2019) (codified at 12 C.F.R. Part 252). Under the Federal Reserve’s tailoring framework, bank holding companies with \$100 billion or more in total consolidated assets are subject to enhanced supervisory reporting, including submission of the FR Y-15 Banking Organization Systemic Risk Report and, where applicable, supervisory stress-testing and capital assessment reporting requirements such as the FR Y-14 series.

<sup>8</sup> See Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, and Federal Deposit Insurance Corporation, *Long-Term Debt Requirements for Large Bank Holding Companies, Certain Intermediate Holding Companies of Foreign Banking Organizations, and Large Insured Depository Institutions*, 88 Fed. Reg. 64524 (Sept. 19, 2023) (proposed rule). The proposal would require insured depository institutions with \$100 billion or more in total assets to issue and maintain a minimum amount of eligible long-term debt to improve resolvability and reduce potential losses to the Deposit Insurance Fund in the event of failure.

scale and complexity warrant enhanced oversight. Such an approach would maintain alignment with existing supervisory frameworks across federal banking agencies, reinforce risk-based supervision, and promote a stable and resilient banking system that benefits community banks, regional institutions, and the broader financial sector alike. ICBA therefore respectfully urges the OCC to adopt a calibrated modernization approach by establishing the Heightened Standards threshold at \$100 billion.

Best regards,

/s/

Lance Noggle  
SVP Operational Risk, Senior Regulatory Counsel