

October 5, 2026

Jennifer M. Jones
Deputy Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

RE: Extensions of Credit to Insiders (RIN 3064-AG26)

To Whom It May Concern:

The Independent Community Bankers of America¹ (“ICBA”) appreciates the opportunity to comment on the notice of proposed rulemaking issued by the Federal Deposit Insurance Corporation (“FDIC”) to update and index the dollar thresholds for certain extensions of credit to insiders of FDIC-supervised institutions (“Proposal”).² ICBA strongly supports the Proposal. Some of the thresholds at issue have not been revised in over 40 years and no longer reflect current market realities. This imposes unnecessary burdens on community banks, as routine, well-underwritten insider loans increasingly trigger approval and compliance requirements that were intended for materially larger transactions. Each unnecessary approval requires procedural steps that consume board and staff resources and divert time and attention from important risk management and operational responsibilities, without a commensurate safety and soundness benefit.

The Proposal appropriately modernizes these thresholds, keeps the FDIC’s regulations aligned with the parallel proposal from the Federal Reserve Board (“FRB”) to amend Regulation O,³ and adds a much-needed periodic indexing mechanism so that the thresholds do not quickly become outdated again. ICBA is also offering several targeted recommendations to further the agency’s goals of reducing unnecessary burdens on community banks. ICBA recommends that the FDIC:

1. Promptly finalize and implement the Proposal’s dollar threshold increases and indexing mechanism;

¹ 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 www.icba.org.

² FDIC, Notice of Proposed Rulemaking: Extensions of Credit to Insiders, 91 FR 50730 (Aug. 6, 2026).

³ FRB, Notice of Proposed Rulemaking: Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks; Bank Holding Companies, 91 FR 49526 (Aug. 4, 2026).

2. Retain and index a minimum dollar floor to prevent unintended consequences for smaller institutions; and
3. Clarify the interaction between governance-related terms in Part 363 of the FDIC's regulations with insider definitions in the FRB's Regulation O.

These targeted revisions would preserve the Proposal's meaningful burden relief, protect smaller institutions from unintended reductions in applicable thresholds, and promote consistency across regulatory frameworks. ICBA encourages the FDIC to promptly finalize the proposed threshold increases and indexing methodology, subject to the recommendations discussed further below.

1. ICBA Strongly Supports Modernizing and Indexing Thresholds

ICBA strongly supports the FDIC's Proposal, which would modernize outdated thresholds in Part 337 and establish an automatic indexing mechanism to ensure that they keep pace with changes in economic conditions.

In particular, increasing the threshold for extensions of credit to executive officers not otherwise specifically authorized by regulation from \$100,000 to \$400,000 and increasing the threshold for aggregate extensions of credit requiring prior board approval from \$500,000 to \$2 million would better reflect current economic conditions and the size of routine credit transactions. The proposed recalibrations would restore the thresholds' original policy function and reduce unnecessary procedural burdens while preserving the safeguards governing insider lending.

ICBA also supports the proposed five-year adjustment cycle and the use of an objective, transparent measure that captures both inflation and economic growth. Static thresholds become increasingly restrictive due to inflation and economic growth, causing ordinary, well-underwritten loans to trigger requirements intended for materially larger exposures. The proposed use of an objective, transparent indexing methodology would prevent the thresholds from again becoming obsolete merely through the passage of time and reduce the need for future corrective rulemakings.

More broadly, the proposal reflects a commitment to an important principle that should guide future regulatory modernization efforts. Numerous banking regulations contain dollar thresholds that have not been updated for many years and no longer reflect current economic conditions. The FDIC's approach in this proposal demonstrates that periodic review and indexing can reduce unnecessary burden while preserving appropriate supervisory safeguards. ICBA encourages the FDIC to continue identifying and modernizing similarly outdated thresholds throughout its regulations.

2. The FDIC Should Retain an Indexed Minimum Floor

ICBA supports efforts to simplify compliance processes and modernize outdated thresholds. However, the FDIC and the FRB should retain an indexed minimum dollar floor for insider

lending restrictions rather than eliminating it entirely as suggested in the Proposal and the FRB's parallel Regulation O proposal.

The current \$25,000 minimum threshold ensures that even the smallest institutions may extend a modest amount of credit before insider lending restrictions are triggered. Complete elimination of the minimum threshold could unintentionally reduce the minimum threshold applicable to some smaller community banks.

Accordingly, ICBA recommends that the FDIC and the FRB retain a minimum dollar-based threshold, adjust it by the same one-time multiplier, and update this floor using the same indexing methodology applicable to the Proposal's other dollar thresholds. At a minimum, the agencies should not eliminate the existing floor without demonstrating that doing so would not lower the applicable threshold for smaller institutions. Either approach would preserve the FDIC's goal of simplification while ensuring that the smallest community banks are not disadvantaged by the transition to revised regulations.

3. The FDIC Should Coordinate with the FRB to Harmonize Governance and Insider Definitions

ICBA encourages the FDIC to clarify the interaction between Part 363 governance requirements and Regulation O's insider lending definitions. Many community banks have an independent, nonemployee chairman of the board, a structure that strengthens governance by separating bank management and board oversight. However, community bankers may face uncertainty regarding the interaction between insider lending regulations and other regulatory requirements applicable to independent directors and audit committee service.

Pursuant to § 363.5(a), the audit committee of an insured depository institution with \$1 billion or more in total assets must be made up of outside directors. For this purpose, an "outside director" is defined as "a director who is not, and within the preceding fiscal year has not been, an officer or employee of the institution or any affiliate of the institution."⁴ An independent, nonemployee chairman would appear to satisfy that definition.

However, Regulation O's title-based presumptions classify the chairman of the board as an executive officer unless that individual is excluded from major policymaking functions and does not actually participate in them.⁵

To promote regulatory consistency and support strong governance practices, the FDIC should confirm that an independent chairman of the board who is not an employee of the institution and does not exercise executive management authority may qualify as an outside director for audit committee purposes. The FDIC should also coordinate with the FRB to ensure that the agencies' interpretations do not inadvertently discourage sound governance structures.

⁴ 12 CFR 363.5(a)(3).

⁵ 12 CFR 215.2(e)(1).

Conclusion

ICBA appreciates the FDIC's efforts to modernize outdated insider lending thresholds and reduce unnecessary regulatory burdens while preserving appropriate safety and soundness requirements. ICBA urges the FDIC to finalize the proposed threshold increases and five-year indexing mechanism promptly, retain and index a meaningful minimum dollar floor, and provide clear guidance regarding the treatment of independent, nonemployee board chairs under Part 363. These targeted revisions would enhance the Proposal's effectiveness, protect smaller institutions from unintended consequences, and promote consistent application of related regulatory requirements.

If you have any questions, please contact the undersigned at amy.ledig@icba.org.

Sincerely,

/s/

Amy Ledig

VP, Safety & Soundness Regulatory Counsel