August 31, 2026

Jennifer M. Jones
Deputy Executive Secretary
Attention: Comments – RIN 3064-AG27
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Re: Assessments Thresholds, Rate Schedules, and Adjustments (RIN 3064-AG27)

Dear Ms. Jones:

The Independent Community Bankers of America ("ICBA")[1] appreciates the opportunity to comment on the Federal Deposit Insurance Corporation's ("FDIC" or "the agency") proposed rule that would amend the assessment regulations in 12 CFR part 327 to update the asset thresholds defining small and large institutions, decrease initial base deposit insurance assessment rate schedules, and provide a downward resolution readiness adjustment ("RRA") to assessment rates for large and highly complex institutions.[2] ICBA applauds the FDIC for not only proposing to revise its small and large institution threshold definition to better reflect asset growth within the banking industry, but also proposing to terminate the 2 basis point initial base deposit insurance assessment increases for small institutions that have been in place since 2022. ICBA supports both measures, which will reduce reporting burdens for reclassified community banks, create operational savings for all small institutions, and align with both past agency assessment practices and Congressional mandates.

However, in other aspects of the proposal, ICBA urges the FDIC to exercise cautious restraint in lowering initial base assessment rate schedules and the RRA for large banks, and especially those that are highly complex institutions. Given the significant risks that highly complex institutions pose to the deposit insurance fund ("DIF") as well as the financial system, the FDIC should avoid assessment decreases and adjustments to resolution readiness for highly complex institutions that are misaligned with these institutions' outsized systemic risks.

I. The FDIC's proposal to raise the small and large institution $10 billion asset threshold to $30 billion, and index the threshold to inflation, promotes a durable assessment framework for community banks.

Under the FDIC's risk-based assessment system for calculating quarterly assessments for deposit insurance,

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[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.*
[2] FDIC, *Assessments Thresholds, Rate Schedules, and Adjustments*, 91 FR 39794 (June 30, 2026), *available at:* https://www.fdic.gov/board/notice-proposed-rulemaking-assessments-thresholds-rate-schedules-and-adjustments.pdf

866-843-4222
icba.org
1100 New York Avenue NW
Suite 500 East
Washington, DC 20005
518 Lincoln Road
P.O. Box 267
Sauk Centre, MN 56378

insured depository institutions ("IDIs") are classified as small, large and highly complex institutions.[3] Currently, the assessment regulations define a small institution as an IDI that reports total assets of less than $10 billion on its Call Report and a large institution as an IDI that reports total assets of $10 billion or more on its Call Report for more than four consecutive quarters that does not meet the definition of a highly complex institution.[4] A highly complex institution is an IDI that has $50 billion or more in total assets and is controlled by a parent holding company that has $500 billion or more in total assets, or is a processing bank or trust company.[5]

The FDIC proposes updating the $10 billion asset threshold in the definitions of small and large institutions to $30 billion and adjusting the threshold every four years to reflect inflation, pursuant to a pre-determined indexing methodology.[6] ICBA agrees with the agency that the proposed changes to the threshold definition of small and large institutions provide a more durable deposit insurance assessment framework that allows more banks to determine size and growth based on business needs rather than a regulatory threshold.

The FDIC's analysis for increasing the assessment methodology threshold is well-reasoned as it more closely aligns the share of industry assets held by banks today to the share held by IDIs in 2011 when the current methodology was first implemented, and creates a flexible threshold designed to grow with inflation. There are two primary advantages of the proposed threshold increase: (1) aligning the threshold with its original design; and (2) avoiding "cliff effects" by allowing community banks to anticipate or experience moderate growth without the need to reclassify from small to large institutions. Accordingly, updating the thresholds, as proposed, will better ensure community banks that have relatively straightforward business models, and pose minimal risk to the financial system, are not captured by large bank definitions that were never intended to apply to small banks. Additionally, community banks that are reclassified from large institutions to small institutions under the proposal will experience reduced reporting burdens.

II. The FDIC's proposed decrease in initial base deposit insurance assessment rate schedules for small institutions is not only appropriate given the current reserve ratio but will also return income to community banks to support local lending.

In 2022, the FDIC finalized a rule to increase initial base deposit insurance assessments by 2 basis points for all IDIs, without any differentiation based on risk weight or asset size.[7] Under the 2022 rule, these increases to base deposit insurance assessments were effective for an indeterminate amount of time unless and until the DIF's reserve ratio reached 2 percent – a target higher than the statutorily required 1.35 percent.[8] As detailed in ICBA's comments to the agency, ICBA strongly opposed the 2022 final rule, objecting to the agency's "one size fits all" approach to deposit insurance assessments and the requirement that community banks pay a premium for deposits long after the DIF reaches the 1.35 percent reserve ratio mandated by Congress.[9]

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[3] *See* 12 CFR 327.16(a) and (b).
[4] *See* 12 CFR 327.8(f).
[5] *Id.*
[6] Proposal at 39795.
[7] FDIC, *Assessments, Revised Deposit Insurance Assessment Rates*, 87 FR 64314 (Oct. 24, 2022), *available at: https://www.fdic.gov/news/board-matters/2022/2022-10-18-notice-dis-a-fr.pdf*
[8] *Id.*
[9] ICBA comment letter to FDIC in response to *Assessments, Revised Deposit Insurance Assessment Rates* (August 19, 2022), *available at: https://www.fdic.gov/system/files/2024-06/2022-assessments-revised-deposit-insurance-assessment-rates-3064-af83-c-012.pdf.*

The current proposal cures some of the flaws of the 2022 proposal by decreasing initial base deposit insurance assessment rate schedules for small institutions by 2 basis points. Decreases to initial base deposit insurance assessments for small institutions are warranted and timely because the FDIC is no longer operating under a restoration plan and the DIF's reserve ratio has been above the statutorily required minimum of 1.35 percent for over a year.[10] Unlike the 2022 rule, the proposal avoids a "one size fits all" approach to assessments by differentiating between small institutions and those that are large or highly complex. Further, the proposal restores the initial base deposit insurance assessment rate schedules for small institutions to a framework Congress envisioned, and aligns with the agency's past practices, where community banks are not unnecessarily surcharged for deposits when the reserve ratio is above 1.35 percent.

The FDIC estimates that based on data as of December 31, 2025, the proposed reductions in initial base assessment rate schedules for small institutions will result in a $917 million decline in annual assessments.[11] ICBA commends the FDIC for proposing significant annual reductions in assessment expense for small institutions, which typically have higher operational costs relative to their size. The proposal will benefit thousands of community banks by reducing noninterest expense, enabling small institutions to make balance sheet adjustments and utilize income to support local lending.

III. The FDIC should further analyze the effects on the DIF and safety and soundness as a result of lowering initial base assessment rate schedules and RRA for large and highly complex institutions, and the agency should reconsider whether these reductions are appropriate, especially for highly complex institutions.

The FDIC proposes to decrease initial base deposit insurance assessment rates schedules by 1 basis point for large and highly complex institutions as well as provide these institutions a downward RRA to assessment rates. The RRA would include 0.5 basis points for passing virtual data room ("VDR") testing and 0.5 basis points for providing the FDIC prescribed data access.[12] The FDIC anticipates the initial round of data access engagement would take approximately four years to complete, yet the first 0.5 basis points of the RRA for providing the FDIC access to an institution's service providers and/or internal systems would be applied the beginning of the first full quarterly assessment period after the date on which the institution elects to participate.[13] As a result, ICBA is concerned the proposal asymmetrically rewards large and highly complex institutions for merely allowing access to the VDR (a process reward) rather than passing VDR testing (a substantive reward).

Populating a VDR with information that can be used to market a bank in the event of its failure and providing the FDIC access to detailed bank data to manage receivership are measures designed to improve resolution efficiencies for the FDIC and demonstrate an institution's resolution readiness. However, ICBA is concerned that the proposal both overestimates and understudies the potential savings to the DIF the VDR information will yield in the event a highly complex institution fails. While providing the FDIC access to complete, timely and accurate data during the bidding process can help preserve franchise value, decrease administrative costs of

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[10] As of March 31, 2026, the reserve ratio was 1.43 percent, which is the highest the reserve ratio has been since the 1960s. *See Speech, Chamber of Commerce, Chairman Travis Hill, "Rethinking Resolution Readiness: Learning From Experience and Sharpening Focus"* (June 9, 2026), *available at:* https://www.fdic.gov/news/speeches/2026/rethinking-resolution-readiness-learning-experience-and-sharpening-focus.
[11] Proposal at 39806.
[12] Proposal at 39794.
[13] Proposal at 39807.

receivership and reduce some costs to the DIF in the event of failure, the resolution of any highly complex institution is certain to cause significant losses to the DIF and introduce losses throughout the financial system far exceeding "administrative costs of receivership."

In analyzing the "effects specific to large or highly complex institutions that would elect to participate in VDR testing and provide prescribed data access," the FDIC does not quantify any of the assumed benefits these measures would have on the DIF. Similarly, the FDIC's single paragraph analysis of "effects on the deposit insurance fund and safety and soundness" does not quantify any of the expected reductions in the losses to the DIF that the agency anticipates would flow from the proposed VDR measures. The proposal also fails to acknowledge that failure of any highly complex institution would have significant impacts to the DIF and safety and soundness that likely exceed any efficiency savings gained from the VDR. Before finalizing this proposal, the FDIC should further analyze the effects on the DIF and safety and soundness as a result of lowering initial base assessment rate schedules and RRA for large and highly complex institutions.

The FDIC projects large banks, including highly complex institutions, will pay approximately 33 percent less in assessments under the proposal once revised rate schedules take effect and assuming 75 percent of institutions elect to participate the full RRA.[14] In total, the FDIC projects that by 2031, the DIF balance would be reduced by about $24.6 billion.[15] In comparison, the reduction in small institution assessments is only a fraction of this overall reduction to the DIF. According to the proposal, 4,271 IDIs would experience a collective decrease in annual assessments of approximately $1 billion.[16] Therefore, it appears that 74 institutions (less than 2% of all IDIs) will receive billions in reduced assessments as a result of the proposed 1 basis point reduction and downward RRA to assessment rates for large and highly complex institutions. ICBA is concerned the reduced assessment rates and downward RRA for large and highly complex institutions, and in particular, those applied to highly complex institutions, do not properly account for the outsized risk these institutions pose to the DIF and the safety and soundness of the financial system. ICBA encourages the FDIC to recalibrate and reconsider the amounts of reduced assessment rates afforded to large, and in particular, highly complex institutions, to better account for the risks these institutions pose to the DIF and the financial system.

Should you wish to discuss our positions in further detail, please feel free to contact Jenna Burke at jenna.burke@icba.org.

Sincerely,

/s/ Jenna Burke
Executive Vice President, General Counsel, Government Relations
Independent Community Bankers of America

[14] Proposal at 39822.
[15] Proposal at 39818.
[16] Proposal at 39822.