AMERICA'S MUTUAL BANKS
701 8TH STREET, NW. SUITE 500 . WASHINGTON, D.C. 20001

June 1, 2023

Via E-mail

James P. Sheesley
Assistant Executive Secretary
Attention: Comments – RIN 3064 – AF93
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington DC 20429

Dear Mr. Sheesley:

America's Mutual Banks ("AMB") welcomes the opportunity to comment to the Federal Deposit Insurance Corporation on the proposed amendments to 12 CFR part 327 regarding special assessments pursuant to systemic risk determination.

AMB is an unincorporated association whose membership consists of banking institutions organized under the mutual form of ownership. AMB's membership consists entirely of community-based institutions dedicated to serving their communities and fostering the economic growth of those communities. Community-based, mutual form institutions are a historically vital part of the fabric of many communities and their future viability must be protected and enhanced. AMB represents the interests of the approximately 500 mutual banking institutions whose deposits are insured by the FDIC. Mutual banks are community banks with no mutual bank having total assets over $10 billion dollars. Insofar as our members rely on traditional community deposits for their funding, they pay premiums to the FDIC which cover the FDIC's entire loss exposure. That is, mutual banks have a de minimus amount of deposits that are uninsured. Using the proposed FDIC's formula for special assessments, it is fair to say that no mutual would be subject to special FDIC insurance premiums to cover the FDIC's expected losses on uninsured deposits. It is also fair to say that mutual banks should not have to bear the tangible and intangible costs of the FDIC's exigent determinations of systemic risk. Thus, we strongly support the proposal.

America's Mutual Banks believes that the perception of implicit coverage of uninsured deposits in banks considered "too big to fail" has only increased with the failure of Signature Bank and Silicon Valley Bank. As neither of these banks held deposits in the amount which has heretofore been publicly perceived as indicative of the size of a bank "too big to fail", the expectation that banks with total assets as low as $100 billion will be protected against loss will only further reduce the competitive position of our members. That is, the number of banks perceived as riskless investment vehicles will only increase.

America's Mutual Banks supports the FDIC's proposal to employ the authority contained in Section 13(c)(4)(G) of the Federal Deposit Insurance Act ("FDIA"). We believe the $**5 billion** deductible is necessary to avoid penalizing banks that receive no benefit implicit or otherwise from the full coverage of uninsured deposits. We are concerned that recently reported schemes to reduce the burden of the special assessment on banks that have enjoyed the benefits of "too big to fail" perceptions will only weaken the fund and retard its rate of replenishment to statutory reserve levels. Notwithstanding, the assessing of special premiums to cover the multi-billion dollar loss estimate on the coverage of uninsured deposits, our members will continue to face an increasing competitive disadvantage. The failure to allocate adequate supervisory and enforcement resources to prevent banks like Silicon Valley and Signature banks from assuming unacceptable risk is particularly troublesome to our members who are mandated to implement compliance systems and procedures which oftentimes are perceived as having doubtful benefits. The FDIC and the other banking regulatory agencies need to reassess their allocation of regulatory resources between community banks and banks with systemic business plans and large asset size which threatens the confidence in the banking industry. One size does not fit all.

Sincerely,

Douglas Faucette
Washington DC Director

cc: Leonard Stekol, Chairman
David Barksdale, Vice Chairman