

September 23, 2025

MEMORANDUM TO: Board of Directors

FROM: Ryan Billingsley, Acting Director
Division of Risk Management Supervision

SUBJECT: Rescission of Principles for Climate-Related Financial Risk
Management for Large Financial Institutions

SUMMARY: Federal Deposit Insurance Corporation (FDIC) staff present to the FDIC Board of Directors (FDIC Board) the attached notice document entitled, “Rescission of Principles for Climate-Related Financial Risk Management for Large Financial Institutions,” for approval and request authorization for its publication in the *Federal Register*.

On October 30, 2023, the FDIC, Office of the Comptroller of the Currency, and Board of Governors of the Federal Reserve System (collectively, “agencies”) jointly issued Principles for Climate-Related Financial Risk Management (“principles”). However, the agencies’ existing safety and soundness standards require all insured depository institutions (IDIs) to have effective risk management processes commensurate with the size, complexity, and risk of their activities. Principles for the management of climate-related financial risk are unnecessary and could distract from the management of other potential risks identified and addressed by financial institutions’ existing risk management processes and the agencies’ other risk management rules and guidance. The attached notice document would therefore rescind the principles.

Concur:

Matthew P. Reed
Acting General Counsel

Discussion:

On October 30, 2023, after issuing separate requests for comment,¹ the agencies jointly issued the principles.² The principles were intended for financial institutions³ with over \$100 billion in total consolidated assets.

The agencies' existing safety and soundness standards require all IDIs to have effective risk management processes commensurate with the size, complexity, and risk of their activities.⁴ In addition, financial institutions of all sizes are expected to consider and appropriately address all material risks in their operating environment and should be resilient to a range of risks, including emerging risks.⁵ Principles for the management of climate-related financial risk are unnecessary and could distract from the management of other potential risks identified and addressed by financial institutions' existing risk management processes and the agencies' other risk management rules and guidance. The attached notice document would therefore rescind the principles.

¹ OCC Bulletin 2021-62, Risk Management: Principles for Climate-Related Financial Risk Management for Large Banks; Request for Feedback, (December 16, 2021); FDIC, Request for Comment on a Statement of Principles for Climate-Related Financial Risk Management for Large Financial Institutions, 87 FR 19507 (April 4, 2022); Board, Principles for Climate-Related Financial Risk Management for Large Financial Institutions, 87 FR 75267 (December 8, 2022).

² 88 FR 74183 (October 30, 2023).

³ In this issuance, the term "financial institution" or "institution" includes national banks, Federal savings associations, U.S. branches and agencies of foreign banks, state nonmember banks, state savings associations, state member banks, bank holding companies, savings and loan holding companies, intermediate holding companies, foreign banking organizations with respect to their U.S. operations, and non-bank systemically important financial institutions (SIFIs) supervised by the Board.

⁴ Section 39 of the Federal Deposit Insurance Act, 12 U.S.C. § 1831p-1, requires the FDIC, Board, and OCC to prescribe safety and soundness standards for insured depository institutions. Such standards were implemented by rule in 12 CFR Part 364, Appendix A (FDIC), 12 CFR Part 208 Appendix D-1 (Board), and 12 CFR Part 30, Appendix A (OCC). These guidelines address, among other things, operational and managerial standards relating to (1) internal controls, information systems and internal audit systems; (2) loan documentation; (3) credit underwriting; and (4) interest rate risk exposure.

⁵ See, e.g., SR Letter 95-51 (as revised June 23, 2025); SR Letter 21-3 (February 26, 2021); OCC Comptroller's Handbook, Bank Supervision Process; FDIC Risk Management Manual of Examination Policies, Section 4.1 Management.

Conclusion:

FDIC staff presents to the FDIC Board the attached notice document entitled, “Rescission of Principles for Climate-Related Financial Risk Management for Large Financial Institutions” for approval and request the FDIC Board’s authorization to publish the notice in the *Federal Register*.

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