



One Mission. Community Banks.

October 8, 2025

Jennifer M. Jones, Deputy Executive Secretary
Attention: Comments—RIN 3064-AG12
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

RE: Prohibition on Use of Reputation Risk by Regulators [RIN 3064-AG12]

Dear Ms. Jones:

The Community Bankers of Michigan on behalf of all banks in the state of Michigan strongly supports the FDIC's Notice of Proposed Rulemaking concerning a Prohibition on the Use of Reputation Risk by Regulators ("the Proposal" or "the Proposed Rule").

We believe that banking regulators' use of the concept of reputation risk as a basis for supervisory criticisms lends itself to excessive subjectivity in banking regulation without adding material value from a safety and soundness perspective. Most activities that could negatively impact a bank's reputation will do so through other traditional risk channels such as credit risk, operational risk, market risk, etc, all areas in which banking regulators already focus and have sufficient authority to address.

In addition, by codifying this change into the relevant regulations, this will divert resources into more meaningful safety and soundness examination procedures that relate more directly to material financial risk criticisms. Importantly, the Proposed Rule would not prohibit supervisory feedback, criticism or enforcement actions to address traditional risk channels related to safety, soundness, and/or compliance with applicable laws and regulations.

In summary, please list our support of the Proposed Rule 3064-AG12, and thank you for taking steps to deliver real relief to all community banks.

Respectfully submitted,

A black rectangular box redacting the signature of James R. North.

James R. North
President & CEO