Statement by Acting Chairman Travis Hill

Office of Supervisory Appeals

July 15, 2025

The FDIC first established an appeals process to review material supervisory determinations in March 1995[1] with the creation of the Supervision Appeals Review Committee (SARC).[2] The SARC typically consists of FDIC Board members and deputies of FDIC Board members, individuals who serve on the SARC concurrent with numerous other duties and who, in many cases, have never participated in a bank exam.

In 2020, the FDIC Board approved a proposal to replace the SARC with a novel approach to reviewing supervisory appeals: an independent, standalone office staffed with officials whose sole job would be reviewing and deciding on supervisory appeals.[3] The new office became fully operational at the end of 2021,[4] but, following a leadership change at the FDIC Board, was disbanded before hearing a single appeal.[5]

The rationale for instituting the new office four years ago remains the same today. First and foremost, the intent of the proposed office is to promote an independent, apolitical, and consistent appeals process. By recruiting externally, the FDIC anticipates attracting impartial candidates who are less likely to have established relationships with individuals involved in the supervisory process. Imposing time-limited terms decreases the likelihood that officials would serve in furtherance of longer-term career goals. Establishing the office as a standalone entity within the FDIC whose sole function is to resolve appeals would also ensure that reviewing officials have the capacity to review each case with the proper level of attention and diligence, and would be scalable should the volume of appeals increase.

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[1] This was in response to passage of Section 309 of the Riegle Community Development and Regulatory Improvement Act, 12 U.S.C. 4806(a), which required each of the federal banking agencies and the National Credit Union Administration to establish an intra-agency supervisory appeals process.

[2] *See* Federal Deposit Insurance Corporation, Supervision Appeals: Guidelines and Committee Decision.

[3] *See* Federal Deposit Insurance Corporation, Guidelines for Appeals of Material Supervisory Determinations, 85 Fed. Reg. 54377 (Sept. 1, 2020); Federal Deposit Insurance Corporation, Guidelines for Appeals of Material Supervisory Determinations, 86 Fed. Reg. 6880 (Jan. 25, 2021).

[4] *See* FDIC Launches Office of Supervisory Appeals, FIL-77-2021 (December 6, 2021).

[5] *See* Federal Deposit Insurance Corporation, Notice and Request for Comment on Guidelines for Appeals of Material Supervisory Determinations, 87 Fed. Reg. 30942 (May 22, 2022) ("The revisions generally restore the Supervision Appeals Review Committee as the final level of review in the supervisory appeals process, consistent with the agency's longstanding practice of providing Board-level review of material supervisory determinations.").

In comparison to the 2021 guidelines, the proposal would expand the pool of potential candidates eligible to serve as reviewing officials by broadening the types of experience the FDIC would accept. Still, at least one individual on any appeals panel would need to have direct supervisory experience from a supervisory agency. This would ensure that reviewing officials have the proper expertise to understand the range of issues that might be presented. In addition, a more robust appeals process with an independent body will further help ensure that examiners are applying policies consistently across the country.

I thank the staff for their work on the proposal and look forward to receiving comments.