



On December 23, 2025, the OCC issued a notice of proposed rulemaking (NPR) to amend its Guidelines relating to heightened standards for insured national banks, insured federal savings associations and insured federal branches.¹ The Guidelines would be amended to increase the threshold for their application from \$50 billion in total consolidated assets to \$700 billion. In addition, the proposal would clarify certain compliance dates and make other technical amendments. Comments on OCC’s proposal are due 60 days after publication in the *Federal Register*.

5 insights you should know

Raising threshold to \$700 billion: The proposal would amend the OCC’s Guidelines by raising the applicable threshold, for the first time since the heightened standards were first promulgated in 2014, from \$50 billion in average total consolidated assets to \$700 billion in average total consolidated assets. The OCC stated that given the level of prescriptiveness in the Guidelines, they may only be justified for the largest and most complex institutions.

OCC would retain discretion for institutions below \$700 billion: While the proposal would raise the applicable threshold for heightened standards, the OCC would retain the authority to apply the Guidelines, in whole or in part, to an institution below the \$700 billion average total consolidated assets threshold if the agency determines such bank’s operations are highly complex or otherwise present a heightened risk as to warrant application of the Guidelines.

Significant reduction in number of covered institutions: The proposal would reduce the number of institutions covered by the Guidelines from 38 to just eight,² focusing heightened standards on the largest, most complex banks. The OCC said that this reduction in covered institutions would allow the agency to reallocate supervisory resources from newly non-covered banks (Excluded Institutions) to larger, more complex institutions that pose comparatively greater risk to the banking system and allow examiners to refocus on material financial risks.

Compliance and technical updates: The proposal clarifies compliance dates and makes some technical amendments. The OCC would update the Guidelines to reflect that covered institutions under the new thresholds should continue to be in compliance with the Guidelines on the effective date and future covered institutions would have 18 months to comply with the Guidelines, once exceeding the threshold. Additionally, the OCC would remove outdated compliance dates that have already passed and/or are no longer applicable by virtue of the proposal.

Request for comment: In addition to the proposed revisions to the Guidelines, the OCC requested comment on 32 questions on (i) the Guidelines applicability; (ii) whether the Guidelines should be a rule (which is enforceable) or guidance (which is not); (iii) how the guidelines can be revised to reduce the regulatory burden on covered banks, (iv) potential areas of overlap with Enhanced Prudential Standards and (v) whether the Guidelines should be rescinded.

5 considerations to evaluate

1 Evaluate impact to institution and intersection with other regulatory standards: Banks should evaluate how the OCC’s proposed threshold changes may impact their institution. Even if exempt from the OCC’s heightened standards, a bank may still be subject to other prudential requirements at the federal level, such as the Federal Reserve Board’s (FRB) Regulation YY/Enhanced Prudential Standards, or state level. Therefore, institutions should conduct a careful gap analysis comparing their current frameworks with applicable regulations to avoid inadvertent compliance lapses.

2 Banks should continue to focus on their risk management and compliance responsibilities: Banks that would no longer fall under the OCC’s heightened standards should remain vigilant in upholding robust risk management and compliance frameworks. Maintaining effective oversight, transparent governance structures, and regular compliance monitoring remains a good and prudent practice.

3 Tailor risk management and scale with growth: Newly "Excluded Institutions" under the proposal should consider options for tailoring their governance and risk management frameworks to meet the individualized risk profile of their institution. It’s important to proactively ensure that modified governance and risk frameworks, including policies, reporting lines, and oversight mechanism, will scale proportionately as the institutions grows and/or becomes more complex over time. Reinvesting in maturing frameworks helps provide resilience, protect institutions against emerging threats, and position the institution for sustainable growth and regulatory preparedness.

4 Consider experimenting with innovative technologies and new risk management practices: The OCC notes that the proposal may facilitate innovation and development in risk management practices by providing Excluded Institutions with the latitude to develop new, more efficient and effective ways of managing risk. Leveraging new and emerging technologies, such as artificial intelligence, may strengthen risk management practices, streamline compliance workflows, and increase efficiency. However, innovation should be approached thoughtfully and with a clear understanding of risks associated with new technologies, including model risk and data governance.

5 Engage with the public comment process: The proposal’s list of questions suggest the agency is open to further simplification of what the OCC describes as “excessively” prescriptive standards. Providing comments in response to the OCC’s invitation for input allows banks to influence requirements in important areas including – applicability, thresholds, and requirements for strategic planning, risk appetite and three lines of defense as well as on alignment with the Federal Reserve’s Regulation YY. Institutions should consider coordinating internally across risk, compliance, and legal teams to articulate their perspectives in light of their unique business model and consider coordination with trade associations on comments in areas of broader industry applicability.



Questions related to the Request for Comment³ (1/2)

Thresholds and definition criteria

Questions about asset thresholds and quantitative definitions for covered institutions.

- Should the OCC increase the Guidelines' average total consolidated assets threshold to \$700 billion? If so, why, and, if not, why not?
- Should the OCC consider establishing the Guidelines' average total consolidated assets threshold at an amount different than \$700 billion?
- Should the Guidelines provide that the average total consolidated assets threshold will be adjusted to reflect inflation or some other metric?
- Should the OCC consider additional factors beyond average total consolidated assets when defining a "covered bank"?
- Should the OCC increase, decrease, maintain, or remove the 95 percent threshold for allowing use of a parent company's risk governance framework?

Coverage of Excluded Institutions

Questions about whether aspects of the Guidelines should apply to Excluded Institutions.

- Rather than exempting Excluded Institutions from the Guidelines, are there aspects of the Guidelines that should continue to apply to these banking organizations? If so, what standards or provisions in the Guidelines should continue to apply to these banking organizations and why?
- If there are aspects of the Guidelines that should continue to apply to Excluded Institutions, should the OCC tailor the standards applicable to these banking organizations based on size? If so: (i) what minimum standards or provisions in the Guidelines should apply to smaller Excluded Institutions and why; and (ii) what standards or provisions in the Guidelines, in addition to those standards or provisions applicable to smaller Excluded Institutions, should apply to larger Excluded Institutions and why?

Improvements, amendments, efficiency, and rescission

Broad questions about refining or discarding the Guidelines for effectivity or efficiency.

- For those institutions that would continue to be "covered banks" under the proposal, are there aspects of the Guidelines that should be removed or revised to reduce regulatory burden? If so, what standards or provisions in the Guidelines should be removed or revised and why?
- In what ways could the OCC improve the Guidelines? In particular, are there amendments the OCC should consider making to the Guidelines to enhance the safety and soundness of institutions that would continue to be "covered banks" under the proposal?
- Should the OCC rescind the Guidelines? If so, why, and, if not, why not? If the Guidelines should be rescinded, should they be reissued as supervisory guidance?
- In what ways could the OCC improve the transparency of its implementation of the Guidelines? What specific steps would institutions that would continue to be "covered banks" under the proposal find helpful to make compliance with the Guidelines more efficient?
- Should the OCC revise the Guidelines to focus on policies rather than procedures and processes?
- Should the OCC narrow the succession planning requirements in the talent management program?



Questions related to the Request for Comment (2/2)

Duplication and interaction with other standards

Questions regarding the relationship or overlap with other regulatory requirements.

- Are there specific standards or provisions in the Guidelines that duplicate requirements set forth in the Board of Governors of the Federal Reserve System's Enhanced Prudential Standards?
- If the OCC's proposed amendments to the Guidelines are finalized as proposed, how would the Federal Reserve's Enhanced Prudential Standards continue to affect "covered banks," if at all?
- Do the compensation and performance management provisions duplicate other requirements?

Roles, responsibilities, and organizational structure

Questions focused on clarifying, adjusting, or defining roles and responsibilities in risk management and governance.

- In what ways could the OCC clarify the roles and responsibilities for front line units, independent risk management, and internal audit?
- Should the OCC remove or adjust any roles and responsibilities for front line units, independent risk management, or internal audit?
- Are the Guidelines' definitions of "front line unit," "independent risk management," and "internal audit" appropriate?
- Should the OCC clarify that legal services functions are excluded from the definition of "front line unit"?
- Are there other organizational units that should be expressly excluded from the "front line unit" definition?
- Should the OCC revise the Guidelines to account for innovative technologies used by front line units, independent risk management, and internal audit?
- Are there responsibilities placed upon the Chief Executive Officer that should be removed or adjusted?

Risk governance framework, assessment, and reporting

Questions focused on risk framework, annual reviews, appetite statements, reporting, etc.

- Should the OCC revise the annual review and assessment requirements for the risk governance framework?
- Should the OCC revise the provisions addressing the risk appetite statement?
- Should the OCC revise the provisions related to strategic planning?
- Should reporting of material risks be permitted to the board or the board's risk committee?

Board governance and oversight

Questions about the composition and operation of the board under the Guidelines.

- How could the OCC improve the board of directors standards in section III of the Guidelines?
- Should the board be permitted to rely on reports prepared by front line units in addition to independent risk management and internal audit?
- Should the OCC revise the number or percentage of independent directors required?
- Should the Guidelines require designation of a lead independent director if the chair is non-independent?
- Are there other board or board committee responsibilities in the Guidelines that should be removed or adjusted?

Endnotes

1. Office of the Comptroller of the Currency (OCC), "[OCC Requests Comments on Proposed Amendments to Heightened Standards](#)," December 23, 2025.
2. While the OCC notes the proposal would reduce the number of covered banks to which the Guidelines apply from 38 institutions to 8 institutions, a subset of covered banks are not the lead covered bank within their respective banking organizations. If the OCC combines a lead covered bank with its non-lead covered bank affiliate(s), the total number of banking organizations subject to the Guidelines would decrease from 31 to 5.
3. OCC, "[OCC Requests Comments on Proposed Amendments to Heightened Standards](#)," December 23, 2025.

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