



# Snapshot

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## FDIC inflation-based adjustments to regulatory thresholds in FDICIA Part 363

### Background

Under the FDIC Improvement Act (FDICIA), the Federal Deposit Insurance Corporation (FDIC) establishes thresholds, which have been in place for more than 30 years, in 12 CFR Part 363 (Part 363) of FDICIA that require annual independent audit and reporting requirements for insured depository institutions (IDIs). Among other things, Part 363 also addresses the composition and duties of audit committees and auditor independence.

In November 2025, the FDIC issued the [Final Rule, \*Adjusting and Indexing Certain Regulatory Thresholds\*](#), to address regulatory burdens arising from fixed-dollar thresholds that are not being periodically adjusted for inflation. Over time, smaller IDIs have been subject to audit and reporting requirements intended for larger or more complex IDIs simply due to nominal asset growth or improved economic conditions. By adjusting the audit and reporting thresholds to reflect inflation and establishing a future indexing framework, the FDIC is preserving the intended Part 363 requirements while promoting burden relief for community and mid-sized institutions.

### Key provisions of the Final Rule

The Final Rule addresses the continuing challenge of fixed-asset thresholds under Part 363 by introducing an indexing framework to periodically adjust the thresholds for inflation. Every two years, effective October 1, the asset thresholds will be updated based on the non-seasonally adjusted Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). The October 1 adjustment date is intended to align with the fiscal year start date for the majority of IDIs, which is October 1 or January 1. The Final Rule also allows for interim adjustments to be made if cumulative inflation, as measured by CPI-W, exceeds eight percent in either a given period or as of the last adjustment.

Effective January 1, 2026, the asset threshold for an annual independent financial statement audit increases from \$500 million to \$1 billion, and the threshold for an independent audit of internal control over financial reporting (ICFR) increases from \$1 billion to \$5 billion.

The following table highlights the key changes resulting from the Final Rule.

Requirement	Previous threshold	New threshold
<b>Audit requirements</b>		
<b>Annual financial statement audit</b>	\$500 million	\$1 billion*
<b>ICFR audit</b>	\$1 billion	\$5 billion*
<b>Independent audit committee requirements</b>		
<b>Minimum requirements</b>	Between \$500 million and less than \$1 billion	Between \$1 billion and less than \$5 billion*
<b>Additional requirements for larger institutions</b>	\$3 billion	\$5 billion*
<b>Director compensation</b>	\$100,000	\$120,000

\*Indexed threshold, subject to adjustment every two years.

The appropriate federal banking agency may exercise discretion not to require compliance with Part 363 when a forthcoming threshold adjustment is likely to result in an IDI falling below the adjusted threshold.



#### Grant Thornton insight:

If an IDI expects to be at or near a particular asset threshold due to an acquisition, divestiture, or other unexpected event, we believe that close communication with the IDI's primary federal banking regulator will promote a mutual understanding of which threshold is expected to be used for the IDI's annual audit and reporting requirements.

Additionally, notwithstanding relief from certain audit and reporting requirements, IDIs are encouraged to maintain strong governance and internal control practices.

## Effective date

The Final Rule and updated thresholds take effect January 1, 2026, while future indexing adjustments will be effective October 1 of the year in which the adjustments are made. Importantly, the Final Rule includes a provision for immediate regulatory relief. If an IDI will no longer be subject to Part 363 requirements as of January 1, 2026 based on the updated thresholds, it need not comply with prior requirements for periods ending December 31, 2025.

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