



For Immediate Release
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BPI Offers Recommendations to Clarify and Modernize FDIC's Approach to Brokered Deposits

Washington, D.C. – Late yesterday, the Bank Policy Institute (BPI) submitted a comment letter responding to the FDIC's Advance Notice of Proposed Rulemaking addressing the FDIC's comprehensive review of its regulatory approach to brokered deposits. In the letter, BPI recommends that the FDIC clarify and modernize its approach to brokered deposits in a manner that is consistent with Congress' purpose in the statute.

"We believe that the changes we recommend in this letter would not only better align the FDIC rules with the legislative intent..., but would also address the substantial and unnecessary costs imposed on banks and their customers as the result of an excessively broad scope of the definition of 'deposit broker,' and by extension 'brokered deposits,' BPI wrote in its letter. The letter also highlights why an overbroad view of brokered deposits would deprive "bank customers ... of the convenience provided by modern deposit-gathering channels, which will constrain banks' lending capacity."

The letter recommends the FDIC:

- Expressively clarify that dual-hatted, dual and affiliate employees are not "deposit brokers";
- Revise its treatment of marketing and advertising relationships and referral arrangements to reflect innovations in technology and marketing methods;
- Exclude affiliate-generated investment sweep deposits from classification as brokered;
- Exclude deposits generated through operating subsidiaries from being classified as brokered; and
- Reconsider its treatment of deposits associated with prepaid cards.

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