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Subject: RIN # 3064-AD37 - Comments on Definition of Brokered Deposits

Zions Bancorporation is commenting on behalf of itself and its banking and financial affiliates with respect to the definition of “brokered deposits.” If the FDIC is going to partially base assessments on the amount of brokered deposits that are booked in a depository institution, there needs to be a clear standard for determining which deposits will be classified as “brokered” that is not open to interpretation by each examiner. Zions believes that a simple definition is needed which is easy to apply, and which is based on principles that are fair, make sense and comport with financial and banking realities.

Accordingly, Zions proposes the following simple, two-part definition of brokered deposits, which would meet all of the foregoing concerns;

A deposit would constitute a brokered deposit if either:

(1) A fee is paid with respect to the deposit to any third party outside of the depository institution and its affiliates (affiliated through common ownership of a bank holding company, etc.). For this purpose “fee” means the payment of a commission, or the sale of a deposit at a discount to an unaffiliated third party who has the intent to resell the deposit; or

(2) A certificate of deposit (“CD”) is issued through the Depository Trust Company’s book-entry system and, at the time of issuance, the identity (i.e., name, address and tax identification number) of the deposit holder is not known by the depository institution or one of its affiliates. For this purpose “deposit holder” does not include intermediaries such as broker/dealers who purchase CDs for resale.

Thus, a deposit with respect to which a fee is paid to a third party (outside of the depository institution and its affiliates) would constitute a brokered deposit, even if the depository institution or one of its affiliates knows the name, address and tax identification number of the deposit holder. Similarly, a deposit whose holder is not known to the depository institution or one of its affiliates would also constitute a brokered deposit, even if no fee were paid to any third party in connection with the deposit.

The obvious corollary of this definition is that if the depository institution or one of its affiliates knows the name, address, and tax identification number of the deposit holder, and no fee is paid with respect to the deposit to any third party outside of the depository institution and its affiliates, then the deposit would not constitute a brokered deposit. This approach would allow affiliated depository institutions to sell CDs of their affiliates without classifying the CDs as brokered.

Furthermore, if an affiliated broker/dealer sold a CD of an affiliate depository institution to the broker/dealer's customer and held the CD in that customer's brokerage account, the CD would not be classified as a brokered CD. However, if a broker/dealer sold a CD of an affiliated depository institution to a third party broker/dealer, thus delivering the CD into the marketplace, that CD would be a brokered CD (because neither the affiliated broker/dealer nor the affiliate depository institution would know who owns the CD).

Zions believes that the foregoing definition of brokered deposit is not only easy to understand and to apply, but it is also fair and corresponds to realities of relationship-banking that exist in the financial and banking world today, and it is not subject to being interpreted and applied differently by different banks and examiners. If such a definition did not apply, then deposits such as money market deposits from a broker/dealer into an affiliated bank may constitute brokered deposits. Zions does not believe that deposits with one affiliate which are sold to customers by another affiliate should be treated as brokered deposits.

Zions believes that adopting this approach would separate those depositors who have a relationship with a depository institution and its affiliates, from those who have no relationship and only seek FDIC insurance. It is these non-relationship FDIC insurance commodity shoppers who should trigger the higher FDIC assessment, not deposit customers of a depository institution and its affiliates.

In summary, a deposit made and sold within the same family of institutions owned under a bank holding company should not be treated as a brokered deposit where the depository institution or one of its affiliates knows the identity of the customer, which can easily be shared with the depository institution, and where no fee is paid with respect to the deposit to a third party outside of the affiliated entities. To determine otherwise would be to unfairly disadvantage and punish multi-bank holding companies.

For these reasons, Zions proposes the foregoing simple definition for brokered deposits.

ZIONS BANCORPORATION

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