SDBANKERS ASSOCIATION

Educate. Advocate. Grow.

November 14, 2024

Mr. James P. Sheesley
Assistant Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street NW, Washington DC 20429

Subject: South Dakota Bankers Association Comment Letter, Unsafe and Unsound Banking Practices: **Brokered Deposit Restrictions RIN 3064-AF99**

Via email: comments@fdic.gov

Dear Mr. Sheesley,

The South Dakota Bankers Association (SDBA) appreciates the opportunity to provide insight into the proposed FDIC rulemaking concerning brokered deposits.

The SDBA was established in 1884, five years before South Dakota's statehood in 1889. The SDBA serves its member banks with educational opportunities, advocacy efforts at the state and federal levels, and continues to support the South Dakota banking ecosystem by developing a resilient pro-business and pro-banking environment, allowing its banks and bank customers the ability to thrive and grow, without overreaching regulatory burden.

The 2020 brokered deposit rule afforded banks of all sizes the ability to create and innovate by partnering with a variety of funding sources complementing banks' traditional core deposits by permitting independence to compete in a very robust banking environment, while not adding undue risk to their balance sheet. This change was a proactive and collaborative effort from the banking industry and regulators after months of work.

The proposed rule turns back the clock on brokered deposits to pre-2020 levels and would create unintended consequences for banks of all sizes. Furthermore, the proposed rule is contradictory to the emphasis bank regulators have suggested, as they continue to underscore the importance of additional and alternative liquidity sources to be utilized in lending in banks' local markets. Expanding the definition of brokered deposits and reworking many other facets of the current rule will create significant hardship and costs for banks and the customers they serve.

**www.sdba.com**
PO Box 1081 | Pierre, SD 57501
Phone: 605.224.1653 | Email: kadam@sdba.com

Additionally, the banking industry is not aware of any comprehensive studies or additional data and research by the FDIC that warrants and supports such drastic changes. To arbitrarily claim that this proposed rule would provide less risk to the bank and the DIF, in our opinion, is unfounded.

While bankers and regulators alike understand the importance of bank regulation, we respectfully submit that the proposed rule is flawed on many fronts. The banking industry continues to evolve with technological advancements while meeting the needs of our customers. We must work collaboratively to find reasonable solutions to issues of concern such as brokered deposits.

We ask that you rescind this proposed rule and further explore factual data driven research with the backing of bank data and information provided by the banking industry in addition to the FDIC engaging in a more thorough and comprehensive study.

The banking industry has too much at stake to settle. We appreciate the opportunity to share our concerns.

Very truly yours,

[redacted]

Karlton C. Adam, President & CEO
South Dakota Bankers Association
*On behalf of the South Dakota Bankers Association Board of Directors*

**www.sdba.com**
PO Box 1081 | Pierre, SD 57501
Phone: 605.224.1653 | Email: kadam@sdba.com