FDIC Federal Deposit Insurance Corporation

FACT SHEET

Brokered Deposit Final Rule

The Federal Deposit Insurance Corporation (FDIC) published a final rule to revise and modernize its regulations relating to brokered deposits. The rule:

MEETS EVOLVING CUSTOMER NEEDS – The final rule seeks to ease access to deposits for U.S. customers, including unbanked and underbanked customers. Today, customers want to access banking services through different channels, and the new framework established by the final rule removes regulatory disincentives that limit banks' ability to serve customers the way customers want to be served.

MODERNIZES THE REGULATORY FRAMEWORK – The final rule modernizes the FDIC's brokered deposit regulations, which were put in place in 1989, to reflect technological changes and innovations across the banking industry.

The final rule balances the need to promote safe and sound banking practices while ensuring that the classification of a deposit as brokered appropriately reflects changes in the banking system, including banks' use of new technologies to engage and interact with their customers.

PROVIDES CLARITY AND TRANSPARENCY – The final rule brings clarity and transparency to the process for determining what constitutes a brokered deposit. Specifically, the final rule:

- Clarifies when a person meets the deposit broker definition in a way that provides clear rules by which banks and third parties can evaluate whether particular activities cause deposits to be considered brokered.
- Identifies a number of bright-line categories, called "designated exceptions," for business arrangements that automatically satisfy the primary purpose exception.
- Establishes a transparent application process for entities that seek a "primary purpose exception" but do not meet one of the "designated exceptions."

MINIMIZES RISK TO THE FDIC DEPOSIT INSURANCE FUND – Brokered CDs, the core product Congress sought to address when enacting brokered deposits restrictions in 1989, will remain brokered under the final rule. The FDIC plans to monitor the impact of the changes made in the final rule to ensure that the FDIC has sufficient information on which to assess any emerging risks as market conditions change.