FIELDPOINT PRIVATE®

August 13, 2015

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Re: Federal Deposit Insurance Corporation Notice of Proposed Rulemaking (RIN 3064–AE37)

Dear Mr. Feldman:

Fieldpoint Private Bank & Trust ("Fieldpoint Private") welcomes this opportunity to comment on the Federal Deposit Insurance Corporation (FDIC) Notice of Proposed Rulemaking (NPR) proposing changes to the FDIC's deposit insurance assessment regulation for small banks, which are defined as banks with assets of less than $10 billion. In particular, we would like to comment on the impact of this proposal on reciprocal deposits.

Fieldpoint Private, headquartered in Greenwich, CT, has $771,186,000 in assets as of July 31st. We are part of a reciprocal placement network, and approximately 14% of our total deposits are reciprocal. We have found reciprocal deposits to be an important component of our various funding sources.

As noted in the NPR, the Federal Deposit Act specifically calls for a risk-based assessment system "for calculating an insured depository institution's assessment based on the insured depository institution's probability of causing a loss to the [Deposit Insurance Fund] due to the composition and concentration of the IDI's assets and liabilities...." In short, the premium assessments for each individual institution are supposed to reflect the specific and measurable risks posed by its assets and liabilities.

The proposal states that it would improve the current system "by incorporating newer data from the recent financial crisis" ... to ... "more accurately reflect risk."

When it established the current system in 2009, the FDIC recognized that reciprocal deposits "may be a more stable source of funding for healthy banks than other types of brokered deposits and that they may not be as readily used to fund rapid asset growth."

That recognition was based on the characteristics that reciprocal deposits share with core deposits -- characteristics that traditional brokered deposits lack. For instance, Fieldpoint Private's customers participating in the reciprocal deposit program come from the bank's primary market base, and the bank's relationships with those customers is long-term. The vast majority of those relationships span a broad spectrum of financial services, and their very nature, coupled with the convenient access to FDIC insurance on the aggregate amount of assets held in reciprocal deposits, tend to result in enduring stability of the deposits. As a result, reciprocal deposits add to our – and other banks' – franchise value, and do not present any of the concerns typically associated with traditional brokered deposits, such as instability, risk of rapid asset growth, and high cost. In fact, the reciprocal deposits on our books are among the "stickiest" deposits the bank has.

Under the current system, reciprocal deposits are excluded from the "adjusted brokered deposit ratio" which penalizes banks for reliance on brokered deposits. The proposed assessment system would no longer exclude reciprocal deposits from the definition of brokered deposits.

No justification for this shift is given by the FDIC in the proposal, which would result in reciprocal deposits being treated like any other form of brokered deposit or wholesale funding. This simple and arbitrary lumping of reciprocal deposits in with traditional brokered deposits fails to recognize the differences between the two, resulting in Fieldpoint Private and other small institutions being unjustifiably penalized – and, in effect, taxed -- for including a comparably low-risk, stable option among their available funding sources. If this were to result in small banks shying away from using reciprocal deposits, it would also have the effect of depriving customers of access to a deposit option many find to be quite attractive.

We would also point out that the proposal clearly seems counterintuitive in view of an ultimate goal of Dodd Frank, as espoused by regulators and legislators: namely, to facilitate the growth and strength of small banks while fostering a reduction in the scope of large banks, so as to mitigate the potential recurrence of the types of industry problems experienced in recent years. Creating a competitive headwind for small banks by disincentivizing them from using a stable alternative source of funding in their business strategies would contribute to a result directly contrary to the objectives of Dodd Frank.

For the reasons stated above, Fieldpoint Private strongly believes that the current system's exclusion of reciprocal deposits from the definition of "brokered deposit" for assessment purposes should be retained, and urges the FDIC to support legislation to explicitly exempt reciprocal deposits from the definition of "brokered deposit" in the Federal Deposit Insurance Act.

Thank you for the opportunity to comment on this proposal.

Sincerely,

Robert S. Matthews
President & CEO

cc:

The Honorable Richard Blumenthal
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Washington, D.C. 20510

The Honorable Christopher Murphy
136 Hart Senate Office Building
United States Senate
Washington, D.C. 20510

The Honorable James Himes
1227 Longworth House Office Building
United States House of Representatives
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The Honorable Martin J. Gruenberg
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