Congress of the United States
Washington, DC 20515

December 18, 2018

Mrs. Jelena McWilliams
Chairman
Federal Deposit Insurance Corporation
550 17th St. NW
Washington, D.C. 20429

Dear Chairman McWilliams:

We write to encourage your effort to reexamine the regulations related to brokered deposits. The Federal Deposit Insurance Corporation ("FDIC") has considerable latitude on how such deposits are treated. This was evident when the FDIC issued updated frequently asked questions ("FAQs") clarifying that such deposits can cease to be considered "brokered" if a third party has no involvement for 12 consecutive months.

We believe there are characteristics of an affiliated broker-dealer's relationship with an insured depository institution that should result in deposits opened by them being treated as non-brokered. These are often sweep accounts or simply a cash position in a diversified portfolio, and their deposit at the bank is ancillary to a customer's relationship with the brokerage firm. Affiliated broker-dealers and their customers use these deposits to facilitate investment in other assets and are typically not chasing yield through such products.

We urge you to consider the relative stickiness of the deposits placed by an affiliated broker-dealer at a related insured depository institution. We introduced a bill to provide targeted relief for affiliated broker-dealers who are servicing retirement plans for which the bank serves as custodian of the investment assets. Our bill, H.R. 3070, adds these affiliated broker-dealers and their employees to the list of persons excluded from the definition of deposit broker in Section 29 of the Federal Deposit Insurance Act ("FDIA"). Additionally, our bill clarifies that information sharing among affiliates should not be a factor in categorizing a deposit as brokered.

As you formulate proposed changes to brokered deposits regulation, we urge you to engage the Congress on needed updates to Section 29 of FDIA. The law currently classifies all persons as deposit brokers and carves out nine exclusions, notably for employees of insured depository institutions. This approach is cumbersome and overly complicated, and we look forward to working with the FDIC to modernize it. If you have any questions, please contact Scott

Shewcraft in Congressman Foster's office at 202-225-3515 or Mark Gilbride in Congressman Stivers's office at 202-225-2015.

Sincerely,

[redacted]

Bill Foster
Member of Congress

[redacted]

Steve Stivers
Member of Congress