

**From:** [Form Letter from Independent Community Banker in Texas]  
**Sent:** April 2019  
**To:** Comments  
**Subject:** RE: RIN 3064-AE94

Dear Executive Secretary Feldman,

The following comments are submitted on behalf of the [BANK], an independent community bank in Texas, in response to the advanced notice of proposed rulemaking (proposal) undertaking a comprehensive review of the regulatory approach to brokered deposits and the interest rate caps applicable to banks that are less than well capitalized.

#### Definition of "Brokered Deposits"

The term "brokered deposits" has never been clearly defined. Relying on guidance and FAQs presents inconsistency and leads to interpretations of the definition. A clear definition of "brokered deposits" is needed.

#### National Deposit Interest Rate Caps

Each week, the FDIC publishes the Weekly National Rates & Rate Caps report that restricts the rates a less-than-well-capitalized bank may pay on deposits, effectively limiting the ability of those banks to gather deposits.

#### All Insured Depository Institutions

The weekly national rates are determined by the simple average of rates offered by all depository institutions (except credit unions) and their branches, large and small, across the country. Herein lies a problem-of more than 5,500 bank charters, approximately one percent (55 charters) account for more than 50 percent of total U.S. branches (approximately 90,000), thereby heavily weighting the established weekly national rates to the largest charters operating in the largest metropolitan areas.

#### Data Which is Available

The FDIC's weekly national rates are based on "offered rates" (data which is available) and banks often use special rates that differ significantly from offered rates.

Additionally, "perks" clearly convey value but are not included in any calculation of rates, as their value is virtually impossible to calculate/interpolate.

Further, savings and money market account rates are broken out separately in the determination of weekly national rates.

#### Conclusion and Recommendations

We recommend the consideration of several significant changes to the calculation of the national deposit rate cap. These include:

- A "one bank, one entry" calculation would be much more reflective of the realities of the marketplace.
- Consider including "date ranges" rather than "standard" CD terms. For example, for a 30-day CD, use 1-45 days; instead of a one-year CD, use 200 - 400 days, etc.;
- Include credit union rates in the calculation;
- Combine savings and money market account rates; and
- Develop a matrix to incorporate "non-interest accommodation" for non-traditional, and in many cases, non-interest deposit incentives.

As always, thank you for consideration of our comments and concerns.

Sincerely,