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EXECUTIVE SECRETARY

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

February 18, 2020

**Re: Unsafe and Unsound Banking Practices: Brokered Deposits Restrictions  
RIN 3064-AE94**

Dear Secretary Feldman,

As the chief executive of a leading community bank in Minnesota, I am writing in response to the FDIC's recent notice of proposed rulemaking regarding brokered deposit regulations. I am deeply concerned about the rule for, as written, it introduces serious risks that jeopardize my ability to serve my communities as a local financial institution.

Profinium has been locally owned and managed for 145 years and we are proud to serve primarily farming communities in Southwestern Minnesota including Fairmont, Truman, Mankato, and Owatonna. In addition to serving as a respected leader within our community, our customers rely on us to bring them the innovative, competitive, and industry-leading products and financial services they see advertised by the megabanks but with the personal touch of a local bank that knows them, their families, and their businesses.

To meet our customers' expectations, we partner with several third-party service providers who help us with vital services like data processing, online banking, marketing, data management, journey technologies, deposit product enhancements, and more. In many cases, these service providers help us meet or exceed the products, services and capabilities the Big Banks offer. For example, through one of our third-party partners, we are able to provide a free checking account to our customers that pays competitive interest, refunds ATM withdrawal fees, and charges no monthly maintenance fees. Our institution – not the third party – owns and maintains the direct

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depositor relationship and because of our partnership with this firm, I am able to offer these accounts in a profitable manner while providing a significant economic benefit to my customers. In fact, because of the banking behaviors my customers adopt within these accounts, the deposits residing in these accounts are some of the lowest cost source of funds within my institution.

Unfortunately, as currently written, the FDIC's proposed rule would result in community banks all across the country losing their ability to offer these types of accounts and the associated benefits they provide to our customers. If I am forced to stop offering these accounts, what am I supposed to replace the deposits with? Higher cost brokered CDs? That makes no sense. If the proposed rule is implemented as currently written, not only do my cost-of-funds go up, I lose long standing relationships with local customers, who would likely be lured away by one of the megabanks that can offer a wide variety of account incentives and user friendly digital services.

The proposed rule must be revised, and I ask FDIC Staff to focus on modifying the proposed rule by incorporating these reasoned and appropriate modifications:

1. Create an express exemption for service providers to banks that excludes anyone who provides services to a bank in connection to an account wherein the relationship is established directly between the insured depository institution and the individual depositor.
2. Implement a bright line test to apply the primary purpose exception for stable sources of deposits residing in transactions and relationship-based accounts. This type of deposit is very sticky and demonstrates the relationship between my institution and the depositor. These balances contribute to my institution's franchise value at a meaningful level.
3. Narrow and clarify the definition of "facilitating the placement of deposits" in proposed section 337.6(a)(5)(ii) so that it does not inadvertently include third-party service providers who help us operate our business in a safe, sound, and innovative manner.
4. Grandfather all prior FDIC Advisory Opinions so that my current relationships with industry partners are not compromised by the proposed and/or final rule.

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I appreciate and understand that the FDIC has a difficult job in regulating and monitoring what is an ever-evolving, fast-paced industry. Embracing innovation is mission critical to the sustainability and growth of our organization. The third-party partners we utilize are helping me transform my ability to serve my communities and to compete against our country's large regional and national banks. I urge you to please take this feedback into consideration and modify the language of this rule to empower, not cripple, innovation at community banks.

Thank you in advance for your consideration of this recommendation.

Sincerely,



Marques J Doppler  
CEO, Profinium Bank

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