



June 10, 2020

Robert E. Feldman, Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

Dear Mr. Feldman,

The Kansas Bankers Association (KBA) appreciates the opportunity to comment on the Federal Deposit Insurance Corporation's (FDIC) notice of proposed rulemaking (NPR or proposal) on the brokered deposit restrictions that apply to less than well-capitalized insured depository institutions (IDIs). The KBA was organized in 1887 and our membership includes 98% of the banks and savings & loans headquartered in Kansas. Our membership also includes 19 out-of-state commercial banks operating in Kansas. The Kansas banking industry employs more than 14,700 Kansans that provide financial services across the state.


As you know, the NPR would create a new framework for analyzing certain provisions of the definition of "deposit broker," and would establish an application and reporting process for IDIs and third parties that seek to utilize the "primary purpose" exception.


The KBA concurs with the comment letter filed by the American Bankers Association, and would like to emphasize the following points made for your consideration:

- The definition of "deposit broker" should be more specific by making "discretion over an account" the primary factor for determining facilitation; and by explicitly exempting parties that the FDIC does not deem to be deposit brokers.
- For those seeking the "primary purpose exception", there should be certain activities that do not require an application which could be laid out by the FDIC. In addition, third parties should be required to re-certify annually and the FDIC could publish a list of those who have in order to enhance compliance and transparency.
- We would also like to see the stigma of brokered deposits mitigated to allow well-capitalized institutions to maintain diverse funding sources and to utilize a low-cost tool for interest rate risk mitigation without needless examiner scrutiny.
- As banks are a depository for many HSAs, we would ask that those accounts continue to be treated as core deposits so to be excluded from the brokered deposit rules.
- Finally, we would ask that there be a transition period for compliance as some institutions may need to conform their practices to the new rules.

Once again, thank you for this opportunity to weigh in on this important proposal.

Best regards,


Douglas E. Wareham
President/CEO


Kathleen A. Taylor
EVP/General Counsel