



November 1, 2019

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

Re: **RIN 3064–AF02 - Request for Comment on Proposed Revisions to Interest Rate Restrictions on Institutions that are Less than Well Capitalized-FDIC-2019-0092-0001**

We appreciate the opportunity to respond to the Federal Deposit Insurance Company (FDIC)'s proposed revisions to the national rate cap. The Cape Cod Five Cents Savings Bank is an independent community bank headquartered in Harwich Port, MA and founded in 1855 with over \$3.6 billion in total assets. We are considered well-capitalized according to all regulatory definitions.

While the rate cap was originally intended to prevent struggling banks from offering excessively high rates, the Bank has experienced this being used as a proxy for volatile deposits. Due to the competitive market within which we operate, funding costs are well above national averages. Currently, the rate cap dismisses promotional rates on CD "specials" with non-standard maturity terms such as 8 or 16-month terms. Rates on these products are often at a significant premium given the current deposit landscape within a bank's market. Additionally, the current rate cap does not include deposit rate data from credit unions and non-bank financial firms, which are a main competitor for many federally insured institutions across the United States. As a result, many of our premium products are automatically deemed "volatile" even if that account is held by a long-term customer with a deep relationship with the bank. Regulators routinely inquire about these relationships, which in turn has required the Bank to produce burdensome reporting and analysis on an ongoing basis.

The Cape Cod Five Cents Savings Bank is supportive of the FDIC's efforts on this issue and the broader proposal to modernize this outdated rule. We are appreciative of the recent clarification that the rate cap restrictions do not — and should not — apply to well-capitalized institutions.

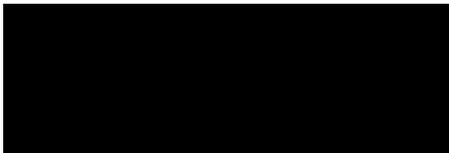
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It is important that the national rate reflect a market rate so that it remains robust throughout the economic cycles while acknowledge the variance of deposit rates due to geographic differences. A non-competitive rate can reduce the ability of weaker institutions to improve their condition, as they are limited in their ability to raise necessary deposits. The FDIC should base its rate on transparent and publicly available market data, such as the Treasury and Fed funds markets.

Thank you again for the opportunity to comment on the proposal to change the national rate cap calculation. We appreciate the FDIC's efforts in addressing this issue and believe that establishing a national rate that reflects the market factors that drive deposit rates and allows banks and their examiners the flexibility to use alternatives under certain appropriate circumstances will be of benefit to the industry.

Sincerely,



Dorothy A. Savarese
Chief Executive Officer
The Cape Cod Five Cents Savings Bank