



HEARTLAND
BANK
We Work For You...

March 13, 2020

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

Dear Executive Secretary Feldman,

Heartland Bank, welcomes the opportunity to comment on the proposed Part 337 revisions of the FDIC Rules and Regulations relating to brokered deposit restrictions.

As stated in the February 10, 2020 notice of proposed rulemaking (NPR), the FDIC's classification of brokered deposits continues to be based on whether the entity takes an active role in establishing a deposit account or maintaining a level of influence or control over the account. The NPR makes it clear that the agency intends to uphold its long-standing distinction between entities that facilitate the placement of deposits and those entities that simply provide information on deposit accounts.

Deposit listing services offer a reliable alternative for community banks that wish to expand their deposit-generating capabilities outside of their local market area. The FDIC has consistently maintained that a deposit listing service is not facilitating the placement of deposits when its sole function is to provide an institution with information on the availability and terms of potential deposits.

The newly proposed definition of *engaged in the business of facilitating the placement of deposits* includes this activity: . . . *the person directly or indirectly shares any third party information with the insured depository institution*. We believe that without further clarification, the term *sharing* could be interpreted to involve any means of providing information, including the activities of a non-brokered listing service. The proposed definition also includes an activity referencing an *intermediary*, which again may be understood by some to apply to the depository institution's (or depositor's) use of a listing service. We believe that the terms *sharing* and *intermediary*, as used in the definition, will most certainly subject the FDIC to requests for further interpretation. Due to the potential for misunderstanding, we are asking the agency to provide additional clarification regarding the use of purely information-only listing services that abide by the FDIC's definition of a non-brokered entity, according to its established criteria.

Further, we believe the FDIC should codify an exemption for non-brokered listing services and include the FDIC's established criteria regarding listing services that are non-brokered into Part 337. By doing so you will be making a distinct clarification regarding the activities associated with providing information versus facilitating the placement of deposits. This distinction will serve to promote and solidify the FDIC's position regarding deposit listing services and provide full clarity to the financial institutions utilizing this non-brokered funding source.

Sincerely,


Kevin M. Black
President/CEO
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