



March 6, 2020

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

RE: RIN 3064-AE94

Dear Mr. Feldman,

I am pleased to submit comments on the FDIC's proposed revisions to the regulation regarding brokered deposits. While I believe that the proposal, in general, represents a positive improvement over existing regulation, I urge the FDIC to make several additional changes that will more effectively clarify elements of the brokered deposit regulation.

To begin, it is my opinion that the proposed definition of "engaged in the business of placing deposits" is incomplete in its proposed form. More specifically, the proposed definition of "engaged in the business of facilitating the placement of deposits", as written, seems vague and open to broad interpretation (or potentially "misinterpretation") as to when a "person" meets the definition of "deposit broker".

For instance, as written, a person would meet the "facilitation" prong of the "deposit broker" definition if the person directly or indirectly shares any third party information with the insured depository institution. Our bank routinely shares third party "customer" information with a "person" (in our case, a vendor) for purposes of administering certain deposit product offerings like our rewards checking product. Sharing of third party "customer" information under such circumstances does not, on a stand-alone basis, indicate that the person takes an active role in opening an account, maintaining any influence over the deposit account, or otherwise steering

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depositors to the bank. Nonetheless, given the way the proposed definition is written, this relationship could be interpreted to meet the "facilitation" prong and therefore be classified as a deposit broker. It is my belief that the language associated with this prong of the definition would be made clearer as follows:

"The person directly or indirectly shares any third party information with the insured depository institution; other than for the purpose of acting in a purely administrative capacity".

Under the proposed language, a person would also meet the "facilitation" prong of the deposit broker definition if that person provides assistance or is involved in setting rates, fees, terms, or conditions for the deposit account. This language too seems very broad and, as a consequence, open to the inappropriate classification of certain vendor relationships as that of a deposit broker. Circumstances under which a person (aka "vendor") provides consultative assistance to a bank, where the purpose is to simply to help management assess the financial and deposit-gathering impacts of product terms and pricing, should not be a stand-alone determinant of "facilitation" with respect to then meeting the deposit broker definition; particularly when the choice of term and rate remains the exclusive decision of bank management and not that of the person providing the assistance. However, with the proposal's language as written, I am concerned that such consultative relationships could be inadvertently interpreted as that of a deposit broker.

It is my belief that the overall definition of "brokered deposit" would be greatly improved by simply and explicitly exempting any relationship-based deposits (such as checking, savings, MMDA and CDs) where there is a direct relationship established between a bank and an individual depositor. These sources of funds are essentially core deposits and do not represent a safety and soundness risk to the deposit insurance fund.

Furthermore, the definition would be improved by explicitly exempting any third party person who provide services to a bank, but where that person has no direct relationship with the depositor nor authority to redirect or close the depositor's account. Such an explicit exemption would simplify the determination of who is and is not a deposit broker in many cases; while still

remaining aligned with the proposal's stated intent that the "facilitation" definition is meant to only capture activities whereby a person takes an active role in the opening of an account or maintains a level of influence or control over the deposit account even after it is open.

Thank you for your consideration of my comments and recommendations. If you have any questions, please contact me directly at (413)243-9240.

Sincerely,



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