ALPINE
CAPITAL BANK

September 10, 2015

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

Re: Federal Deposit Insurance Corporation Notice of Proposed Rulemaking (RIN 3064–AE37)

Dear Mr. Feldman:

Alpine Capital Bank is headquartered in New York, NY. As of June 30, 2015, we have $266,133,000 in assets and 1 branch. We are part of a reciprocal deposit placement network. As a small bank, we have found reciprocal deposits to be an important product offering for maintaining customer relationships.

We welcome the opportunity to comment on the Federal Deposit Insurance Corporation (FDIC) Notice of Proposed Rulemaking (NPR) proposing changes to the FDIC's deposit insurance assessment regulation for small banks. In particular, we would like to comment on how this proposal would affect reciprocal deposits.

In short, we strongly urge the FDIC to continue to separate the treatment of reciprocal deposits from that of traditional brokered deposits in setting assessments. In our experience, reciprocal deposits are stable sources of core funding (from established customers concerned about volatile financial markets) that do not present the risks and other characteristics of traditional brokered deposits. The separate treatment of reciprocal deposits from that of traditional brokered deposits in the current assessment system recognizes the differences between the two types of deposits. Reciprocal deposits are not just another form of wholesale funding and should not be treated as such.

When it established the current system in 2009, the FDIC recognized that reciprocal deposits "may be a more stable source of funding for healthy banks than other types of brokered deposits and that they may not be as readily used to fund rapid asset growth." Nothing has changed since then. In our experience, reciprocal deposits are not "hot" deposits.

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Further, as the FDIC's proposal itself points out, the premium assessment for an institution is supposed to reflect the risks posed by its assets and liabilities. Those risks must be specific and should be measurable.

Our reciprocal deposits do not present any of the risks and concerns that traditional brokered deposits do: instability, risk of rapid asset growth, and high cost. On the contrary, our reciprocal deposits come from established customers. We typically have a relationship with our customers that goes far beyond merely accepting their deposits. We set reciprocal deposit interest rates based on local rates. Our experience is that reciprocal deposits "stick" with the bank. For all these reasons, they add to our bank's franchise value.

The FDIC's proposal would punish our bank for using one of the few tools we have to compete against the mega-banks doing business in our area.

Again, we strongly urge you to retain the current system's exclusion of reciprocal deposits from the definition of "brokered" for assessment purposes.

So that we do not have to revisit this issue later, we also strongly urge the FDIC to support legislation to explicitly exempt reciprocal deposits from the definition of brokered deposit in the Federal Deposit Insurance Act.

Thank you.

Sincerely,

David Aboodi
President and CEO

cc:

The Honorable Charles Schumer
322 Hart Senate Office Building
United States Senate
Washington, D.C. 20510

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478 Russell Senate Office Building
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The Honorable Carolyn Maloney
2308 Rayburn House Office Building
United States House of Representatives
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The Honorable Martin J. Gruenberg
Chairman
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