



October 23, 2018

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

Re: FDIC RIN 3064-AE89 - Proposed Rulemaking on "Limited Exception for a Capped Amount of Reciprocal Deposits from Treatment as Brokered Deposits."

Mr. Feldman:

Amalgamated Bank is pleased to submit this comment letter in support of the Proposed Rulemaking on "Limited Exception for a Capped Amount of Reciprocal Deposits from Treatment as Brokered Deposits." As one of the largest users of reciprocal deposit arrangements, Amalgamated Bank was a supporter of Section 202 of the Economic Growth, Regulatory Relief, and Consumer Protection Act, which provides additional flexibility for banks to accept reciprocal deposits. The proposed rule implements Section 202 in a straightforward and sensible way that gives clarity to banks as to the limits and exceptions on reciprocal deposits.

For almost a century, Amalgamated Bank, New York, NY, (the "Bank") has been proud to be a bank for working people and for the institutions that support them. We were founded in 1923 by the Amalgamated Clothing Workers of America to provide loans to – and protect the savings of – New York City garment workers. We have a history of firsts, among them offering the first unsecured personal loans for working families; financing the first union-supported housing development in the United States; and providing the first trust fund management services for unions. The Bank continues to seek ways to expand on the foundation we have built to provide high-quality, affordable, and accessible banking for all.

The Bank has approximately \$4.6 billion in assets, has \$40 billion in pension fund assets under management and under custody in our Trust department, has 14 physical branches in 3 states and has commercial and retail banking customers in 47 states. We are also part of a reciprocal deposit placement network. Approximately 9 percent of our total deposits are reciprocal. We strongly support the proposed rule explicitly exempting certain reciprocal deposits placed through deposit placement networks from the definition of "brokered deposit" in the Federal Deposit Insurance Act.

Reciprocal deposits are enormously valuable for banks of all sizes, including community banks such as Amalgamated as they are an important source of funding for loans. Created only 12 years ago, reciprocal deposits share characteristics with core deposits; characteristics that traditional brokered deposits lack. We look to reciprocal deposits to attract new depositors for long-term relationships with the Bank and not to fund or cover losses in new loan products. In particular, the majority of our reciprocal deposits come from our core customer base in organized labor. The Bank sets the interest rate on reciprocal deposits based on local market conditions.

Because they are stable, reciprocal deposits add to the Bank's franchise value. In short, reciprocal deposits held by the Bank typically do not present any of the regulatory concerns that traditional brokered deposits do: instability, risk of rapid asset growth, and high cost. Reciprocal deposits also provide additional funding for the Bank to make more loans that serve our entire customer base. Exempting reciprocal deposits from the definition of brokered deposits and according them the same treatment as other stable deposits whose characteristics they most share, will help Amalgamated better meet the needs of its diverse customer base, including minorities and women. More reciprocal deposits would result in more loans to fund small businesses, housing and consumer loans in communities where banking options are limited.

Further – and most importantly – reciprocal deposits are of great value to our large-dollar depositors who bank with us, in part, because of our values aligned approach. These depositors seek the assurance that reciprocal deposits provide. We offer reciprocal deposits as a service to them.

The rule contains sufficient conditions to ensure that the deposits covered will not pose the types of risks that the brokered deposit statute and regulations were drafted to address. We are pleased to support the proposed rule, which will allow banks additional flexibility to use of reciprocal deposits to serve both their account holders and borrowers. If we can be of any further assistance, please contact Mandy Tenner, Senior Vice President and Deputy General Counsel at: 212-895-4441 or mandytenner@amalgamatedbank.com.

Sincerely,



Keith Mestrich
President & CEO