From:	pdeponte@grassrootsmessages.com
To:	Comments
Subject:	[EXTERNAL MESSAGE] 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
Date:	Tuesday, October 29, 2019 3:48:22 PM

My bank is supportive of the FDIC's efforts on this issue and the broader proposal to modernize outdated brokered deposit rules. Brokered deposits, throughout their history, have proven to be a reliable and stable alternative source of funding for many institutions. We are appreciative of the recent clarification that the rate cap restrictions do not — and should not — apply to well-capitalized institutions. We are a $1billion savings bank with a relatively small network of 9 branches located in the NY/Metro area. As such we compete with a crowded field of large national banks and regional banks for time deposits as well as core deposits. It is necessary, at times, to offer rates in excess of the national cap to remain competitive in our market. In addition, it is a standard practice for a bank our size to offer negotiated rates for our best, most loyal customers. This distinguishes us from our competition, and allows us to adapt to changing market conditions. The current national rate cap of 75 basis points over the national average rate is inadequate as a measure of potential volatility. Examiners have used this flawed standard to measure high-rate deposits at our institution, which unfairly categorizes a large portion of otherwise stable deposits as "potentially volatile". It is important that the national rate reflect a market rate, adjusted by region, that mitigates the effect on regional differences in demand. A non-competitive rate can reduce the ability of weaker institutions to improve their condition as they are handicapped in their ability to raise prudent deposits. My bank strongly recommends that the FDIC base its rate on transparent and publicly available market data, such as the Treasury and Fed funds markets. In addition to a robust national rate, the FDIC should allow alternatives. We support the proposed process changes to the local rate, but urge the FDIC to allow a bank to use 125 percent of the highest competing rate. This will safeguard against an overly restrictive rate that prohibits less than well capitalized institutions from raising deposits. We also encourage the FDIC to establish a periodically reviewed list of allowable alternatives, such as regional FHLB's rates, or other appropriate rates, which reflect the cost of funds within their region or competitive deposit market. Sincerely, Paul Deponte