



GULF COAST BANK
& Trust Company

May 8, 2020

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington D.C. 20429

Re: RIN 3064-AE94 -- Brokered Deposit Restrictions

Dear Mr. Feldman,

I am commenting on the February 10, 2020 proposed rule regarding brokered deposits. I am President and CEO of Gulf Coast Bank and Trust Company which offers banking services to the communities in Baton Rouge, New Orleans and the surrounding Southeast Louisiana areas. Our mission is to strengthen our relationship with our customers by combining the values of old fashion community banking that focus on individualized customer service with innovative, competitive banking products. Our services include checking, savings account, online and mobile banking as well as personal loans, home loans, business loans and trust services.

Most recently, we've been hard at work processing thousands of applications for Paycheck Protection Program (PPP) loans in order to help our local Louisiana businesses. While the SBA administers the program, community banks like ours have the make the loans using our own funds, thus attracting low cost, stable sources of deposits is a key initiative for us.

Unfortunately, the FDIC proposed rule regarding brokered deposits would impact our ability to source new deposits. The proposed rule is exceedingly broad and (1) prohibits community banks from being able to receive or use any information from any third party, (2) restricts community banks from being able to utilize consultants or industry advisors to help us optimize our deposit offerings and (3) limits community banks from using any third parties for anything other than only administrative services if the third party plays any role within the our deposit supply chain-otherwise all deposits gathered through a third party will be declared brokered.

Our bank does not have the in-house resources or budget that larger banks have to develop innovative deposit products, services or digital offerings. Therefore, in order to get my customers what they want, I work with third party service providers to make these innovative offerings available. The proposed rule would all but eliminate my ability to use external resources to attract new customers and the deposits they bring with them.

I believe the FDIC's proposed rule must be revised to focus on who owns and controls the individual depositor relationship—the bank or the third party. If the third party owns and controls the relationship and contractually has the authority to place or move funds or close the account than that third party should be considered a deposit broker. However, if through the services it provides, a third party helps a bank establish a direct relationship with an individual depositor that the community bank owns and controls, then the third party is not engaged in brokering activities and should not be considered a deposit broker. By focusing on the ownership of the depositor relationship, the proposed rule could be revised to exclude stable sources of funds and third party service providers to enable community banks to continue to partner with innovators to help them design, develop and introduce new deposit offerings to compete with larger banks for customers.

Additionally, the proposed rule creates a cumbersome and time-consuming process by which third party providers would be required to apply for a primary purpose exception to the rule. The application and approval process is unclear and fails to provide a bright-line standard for who is and is not a deposit broker.

I ask that the FDIC take all my concerns into account as community banks should not be penalized for outsourcing certain activities. Please make the following edits to the final rule:

1. Remove the first prong of the proposed "facilitation" definition altogether. I fail to understand how the exchange of information has an adverse effect on the stability of an individual's deposits.
2. Modify the third prong of the proposed "facilitation" definition so that it specifically addresses third parties who control the depositor relationship. The language is currently too broad so it should be clarified so that it captures traditional brokers that own the depositor relationship and negotiate or set the rates, fees, terms or condition of the deposit account on behalf of their depositor customer.
3. Provide explicit exclusion from the "brokered deposit" definition for transaction account deposits (i.e. checking accounts) and relationship-based deposits (i.e. where a depositor uses multiple services and products from their chosen bank – savings account, loan, debit card, online bill pay, direct deposit, etc.) as these deposits are a very stable source of funds.
4. Similarly, exclude third-party service providers from the "deposit broker" definition, who do not have any contractual relationship with any depositor to place, manage or control any of the individual's deposits. We should be able to use external resources to build direct relationships with individuals who live, work and play in the communities we serve.
5. Grandfather all current FDIC Advisory Opinions so they remain in full force and effect post final rule.
6. Streamline the proposed primary purpose exception application and determination process.

I appreciate the opportunity to voice my concerns to the FDIC and strongly encourage you to make revisions as the currently written proposed rule would harm rather than help community banks, especially during these difficult times that our communities are facing. Community banks like mine are responsible for well over half of all small business loans. We play an important role in fueling our local and by extension our nation's economy. Please make the FDIC rule fair for both small and large institutions across the board so we can continue to serve our local neighbors.

Sincerely,



Guy T. Williams
President & CEO
Gulf Coast Bank & Trust Company