



November 4, 2024

James P. Sheesley
Assistant Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington D.C. 20429
(comments@fdic.gov)

Re: Unsafe and Unsound Banking Practices: Brokered Deposit Restrictions RIN 3064-AF99

Dear Mr. Sheesley,

Thank you for the opportunity to provide my feedback on the FDIC's proposed revisions to the 2020 Final Rule on brokered deposits.

I am the President & CEO of the Bank of Tescott. Family owned and locally operated in the communities of Tescott, Lincoln, Salina, and Lindsborg, we provide our customers with a competitive array of loan and deposit products that to assist them achieve their financial goals. With over a century of service, we have built a reputation for providing reliable and personalized banking services to individuals, families, and businesses throughout central Kansas.

I would like to express my concerns regarding the FDIC's proposed revisions to the brokered deposit rule.

As I read the proposed rulemaking it occurred to me that the most efficient and effective change the FDIC could make to the brokered deposit rule is to collaborate with Congress to replace Section 29 of the FDI Act with restrictions on asset growth.

Endorsed by former FDIC Chairman Jelena McWilliams and current FDIC Vice Chairman Travis Hill, this legislative solution would provide a more flexible framework by which to identify and address imprudent management activities as well as provide a regulatory framework that would be far easier for the FDIC to administer. We respectfully refer Staff to the language within the Asset Growth Restriction Act (S.3962 in the 2020 116th Congress and (S. 5347 in the 2022 117th Congress) previously introduced by Senator Jerry Moran of Kansas.

As a precursor to replacing Section 29 of the FDI Act with a restriction on asset growth, we recommend the following revisions be made to the proposed rulemaking:

- Exempt Specific Third-Party Services Providers:** Exempt third parties who help banks establish and maintain direct depositor relationships provided the third party (i) does not control depositor accounts or funds; (ii) plays no role in establishing account terms; (iii) does not manage or propose deposit allocations among institutions; and (iv) does not serve as the system of record for any depositor transactions or funds.

Salina - Ohio Branch	Salina - Santa Fe Branch	Main Office	Saline Valley Branch	Lindsborg Branch
Salina, KS 67401	Salina, KS 67401	Tescott, KS 67484	Lincoln, KS 67455	Lindsborg, KS 67456



2. **Exclude Stable, Insured Deposits from the Brokered Deposit Definition:** Exempt fully insured, reward-based, and transaction accounts provided these accounts are (i) fully insured, (ii) opened by and held in the name of an individual depositor; (iii) are used regularly by that same depositor for standard banking activities and (iv) only that same depositor is authorized by the insured depository institution to authorize withdrawals for to close the account. These deposits provide stable, core funding and increase my franchise value and advance the FDIC's safety and soundness agenda.
3. **Remove Restrictions on Digital Marketing Channels:** We also recommend that the FDIC embrace the digital transformation of today's banking landscape. Consumers increasingly rely on digital comparison sites and mobile applications to research providers and evaluate financial products and services. Placing stringent limitations on these informational resources and/or narrowly restricting the type of compensation these entities can receive inhibits the competitive capacity of community banks. Lifting these restrictions would allow smaller institutions to compete more equitably with fintech providers and large institutions to attract new depositor relationships that the bank would own and control.
4. **Define Middleware Provider Role:** The FDIC could refine the "deposit broker" classification to target entities that directly market or distribute deposit services to end-users, specifically when these intermediaries—not the bank's primary processor—act as the system of record for depositor transactions and funds. This approach would direct regulatory focus toward higher-risk partnerships, while maintaining the essential role of traditional third-party service providers that do not have control over depositor funds.

Thank you for the opportunity to share my thoughts and suggestions. I hope the FDIC will take my recommendations into consideration as you pursue a final rule.

Sincerely,

A black rectangular redaction box covering the signature of Larry Pief.

Larry Pief
President