TheBankersBank
YOUR CORRESPONDENT BANK

Miles T. Pringle, EVP/General Counsel
[redacted]

November 15, 2024

DELIVERED VIA EMAIL AND U.S. POST

James P. Sheesley
Assistant Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429
E: comments@fdic.gov

RE: Comments—RIN 3064–AF99, Unsafe and Unsound Banking Practices: Brokered Deposits Restrictions

Mr. Sheesley:

I write on behalf of The Bankers Bank, a state chartered bank in Oklahoma City, Oklahoma. We wish to address concerns with the Federal Deposit Insurance Corporation's ("FDIC") proposed revisions to its brokered deposit regulation ("NPR") published at 89 Fed. Reg. 68244 (August 23, 2024). We believe the proposed rules will negatively affect the safety and soundness of insured depository institutions ("IDI"). This letter is written separately, but in support of, other comments such as those from the American Bankers Association ("ABA") and the Independent Community Bankers of America ("ICBA").

Regional bank failures in 2023 demonstrated that brokered deposits were a stable source of funds during runs on deposits. As noted by FDIC Vice Chairman Travis Hill at the Cato Institute, "while some uninsured deposits, at risk of loss in the event of failure, moved extremely quickly this spring, perhaps the stickiest of deposits proved to be brokered certificates of deposit… far from being 'hot money,' these deposits are so cold they are virtually frozen in place." We agree with this assessment.

The proposed rules would have the opposite effect from Congress' intent from passing the law. The rule would limit banks' access to stable funds in times of need because more funds would be considered brokered deposits. This would hurt IDIs, their customers, and the economy.

The banking industry has greatly changed since the law and rules were originally enacted. Many depositors can easily move money electronically from their phones and other devices. However, many brokered relationships are bound by contract and cannot be moved on a whim or in a crises situation. The proposed rules would make IDIs more reliant on "hot money" and restrict access to more stable funding.

For the forgoing reasons we strongly urge the FDIC not to adopt the proposed rules.

Sincerely,

[redacted]

Miles Pringle, EVP & General Counsel