November 5, 2024

Mr. James P. Sheesley
Assistant Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC, 20429

SUBJECT: Comment Request – RIN 3064-AF99 - OPPOSE

Dear Mr. Sheesley,

On behalf of the Valley Industry and Commerce Association (VICA) in Southern California, I am writing to express our opposition to the FDIC's proposed regulations on brokered deposits. These regulations, if enacted, could unintentionally impact the ability of community banks to effectively support small businesses, spur economic growth, and serve the communities that rely on them. VICA represents a diverse array of industries in California's San Fernando Valley, including many small businesses that depend on local banks for essential financial services. We believe this proposed rule will create unnecessary challenges for these businesses and the local economies they sustain.

The partnerships that the FDIC classifies as "brokered" deposits are essential, modern tools that help community banks access the funding needed to provide loans, mortgages, and lines of credit to small businesses. Third-party financial services platforms offer cost-effective solutions that allow community banks to compete with larger institutions, which already benefit from advanced online tools and more diverse funding sources. Imposing stricter regulations on these depositors would disproportionately burden community banks, limiting their capacity to lend and reducing access to affordable credit for small businesses—businesses that drive local economic growth.

In the San Fernando Valley, many small businesses rely on community banks for the financing necessary to grow, create jobs, and invest in the local economy. Restricting community banks' ability to attract new customers will diminish their capacity to support these businesses, resulting in fewer lending options, higher interest rates, and ultimately, slower economic growth. At a time when small businesses face ongoing economic challenges, this rule would make financing even more difficult and costly.

The FDIC's concerns over these deposits seem overstated, especially given that new regulations were enacted just four years ago. Community banks have consistently demonstrated responsible management of these deposits, using them as a stable funding source that strengthens their balance sheets. This proposed rule does not enhance financial security; rather, it unnecessarily limits the tools that community banks depend on to grow and serve their clients effectively.

We urge the FDIC to reconsider this proposal and retain the current regulatory framework. The strength and growth of our local economy rely on accessible financing, and these proposed regulations would introduce obstacles for the businesses vital to our community's vitality and resilience.

Sincerely,

[redacted]

Stuart Waldman
VICA President

Valley Industry & Commerce Association • 16600 Sherman Way, Suite 170 Van Nuys, CA 91406 • phone: 818.817.0545 • fax: 818.907.7934 • www.vica.com