



Federal Deposit Insurance Corporation
550 17th Street NW, Washington, D.C. 20429-9990

Financial Institution Letter
FIL-83-2019
December 13, 2019

Request for Comments on Unsafe and Unsound Banking Practices: Brokered Deposit Restrictions

Summary: The FDIC has issued a Notice of Proposed Rulemaking (NPR) seeking comment on proposed revisions to its brokered deposit regulations. The proposed changes are intended to continue to promote safe and sound practices while modernizing the brokered deposit regulations to reflect recent technological changes and innovations.

Statement of Applicability to Institutions with Total Assets Under \$1 Billion: This Financial Institution Letter applies to all FDIC-insured banks and savings associations, including community institutions.

Suggested Distribution:
FDIC-Insured Institutions

Suggested Routing:
Chief Executive Officer
Chief Financial Officer

Related Topics:
Brokered Deposits

Attachment:
[Notice of Proposed Rulemaking on Unsafe and Unsound Banking Practices: Brokered Deposits Restrictions](#)

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Highlights:

Under the proposed rule, the FDIC would:

- Revise the definition of the “facilitation” prong of the “deposit broker” definition so it applies to any person that engages in specified activities.
- Provide that a wholly owned operating subsidiary be eligible for the insured depository institution (IDI) exception to the deposit broker definition under certain circumstances.
- Amend the “primary purpose exception” to apply when the primary purpose of the agent or nominee’s business relationship with its customers is *not* the placement of funds with IDIs.
- Consider the primary purpose of a relationship with customers to not be the placement of funds if, with respect to a particular business line:
 - Less than 25 percent of customer assets under management by the agent or nominee is placed at IDIs; or
 - The agent or nominee places funds to enable transactions (with certain conditions).
- Allow an agent or nominee that does not fit within one of the above arrangements to be able to seek a primary purpose exception.
- Establish an application process for any IDI or nonbank entity that wishes to use the primary purpose exception and require reporting.
- Continue to consider placement of brokered CDs as deposit brokering.

The FDIC is seeking comments regarding the proposed approach as well as responses to specific questions and issues discussed in the notice. Comments will be accepted for 60 days after the NPR is published in the Federal Register.