



BrentwoodBank

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May 7, 2019

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

Re: RIN 3064-AE94: Request for Comment on Proposed Rulemaking to Amend 12 C.F.R. Part 337 To Review Current Brokered Deposit Regulations and Interest Rate Restrictions Applicable to Banks That Are Less Than Well Capitalized.

Dear Mr. Feldman:

I am writing in response to the Federal Deposit Insurance Corporation's (FDIC) February 6, 2019 advanced notice of proposed rulemaking (ANPR) regarding brokered deposits and interest rate restrictions. Brentwood Bank is a \$650MM Community Bank located within the Greater Pittsburgh MSA. I applaud the FDIC's efforts to review the current policies on brokered deposits and interest rate restrictions and appreciate the opportunity to provide comment.

As you mentioned in your ANPR, since the FDIC's adoption of the 2009 rulemakings on national rate caps, there have been significant changes in the economic climate, technology and products and services offered. My comments / observations will address two of the three topics:

Economic climate:

If history has taught us anything it has taught us all economic cycles are different. Prior to 2009 a high rate designation was determined to be any rate over 120% of comparable term UST rates. The "Great Recession" impact on UST rates resulted in the now used formula (the simple average of rates paid by all insured depository institutions + 75bps).

I urge the FDIC to consider using both the pre and post 2009 formula. By adopting a greater of the UST market yield or the current simple average deposit rate + 75 bps institutions would be able to retain / attract deposits without falling into the High Rate Designation.

Technology:

With the rapidly changing financial industry the FDIC's definition of "brokered deposits" needs updated. Banks of all sizes are partnering with Fintech companies, sharing development resources and looking for creative ways to reduce research and development. These partnerships should not be construed as "brokered deposit" relationships.

I appreciate the opportunity to share my perspectives with the FDIC as the agency reviews its current deposit broker / brokered deposit regulations and look forward to its outcome.

Sincerely,

[Redacted Signature]

Thomas Bailey
President & CEO

Brentwood Bank 24/7

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