

June 9, 2020

Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429
<http://www.fdic.gov/regulations/laws/federal/>

Re: RIN 3064-AE94 - Unsafe and Unsound Banking Practices: Brokered Deposits and Interest Rate Restrictions

Ladies and Gentlemen:

Jack Henry & Associates, Inc.[®] (JHA[™]) appreciates the opportunity to submit comments regarding the FDIC's proposal "Unsafe and Unsound Banking Practices: Brokered Deposits Restrictions."

Our comments focus on the unnecessary burden that this proposed rule would cause as written because it is exceedingly broad, as well as the fact that it would stifle the ability for community banks to compete with larger institutions.

Community banks lack resources and technical expertise compared to larger institutions, so they rely heavily on third parties which are vital to help them remain competitive to offer innovative products and services and meet the needs of their communities. As such, the definition of "brokered deposits" needs to include an exemption for all third parties that provide services to a community bank where the bank offers deposit accounts directly to individual depositors and the third party has no contractual relationship with any individual depositor to place, manage or control any of the depositor's funds. It is also important to point out that if the rule were to be adopted as currently written, third party vendors such as JHA may have to apply for a "primary purpose exemption" for each line of business (not just one application as a whole, which would be a burden and exceedingly inefficient).

In addition, the FDIC should exclude all transaction account deposits and other types of deposits (such as savings, MMAs, and CDs) from the "brokered deposit" definition when a direct relationship is established between a bank and an individual depositor. These types of deposits do not cause any safety or soundness concerns or increased risk to the Deposit Insurance Fund (DIF) because they are owned and controlled by the bank and are associated with a direct depositor relationship.

With these factors in mind, we urge the FDIC to incorporate the above exemptions as outlined above.

Should you have any questions regarding JHA's comments, please contact Dennis Gorges (GM, Director of Enterprise Risk Management) at dgorges@jackhenry.com or Jennifer Kilgore (Compliance Manager) at jkilgore@jackhenry.com or at (417) 235-6652.

Sincerely,

JACK HENRY & ASSOCIATES, INC.

Jennifer Kilgore
Compliance Manager

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