

SCHWARTZ & BALLEN LLP
1990 M STREET, N.W. • SUITE 500
WASHINGTON, DC 20036-3465
WWW.SCHWARTZANDBALLEN.COM

TELEPHONE
(202) 776-0700

FACSIMILE
(202) 776-0720

MEMORANDUM

December 12, 2019

To Our Clients and Friends

Re: FDIC Chairman Previews Proposed Brokered Deposit Rules

In remarks today at the Brookings Institution, FDIC Chairman Jelena McWilliams previewed proposed rules regarding brokered deposits the FDIC Board will be considering at its Thursday meeting. In December 2018, the FDIC issued an advanced notice of proposed rulemaking requesting public comment on how to update and modernize the FDIC's brokered deposit rules. After reviewing the comments received, McWilliams stated the proposal will include the following:

- Clarify that various types of existing partnerships in which a consumer maintains a direct relationship with a bank generally would not result in a brokered deposit
- The FDIC will analyze whether the primary purpose exception to the definition of deposit broker was met by looking at the business relationship between the third party and the customers for whom it is placing, or facilitating the placement of, deposits
- Brokered CDs will continue to be treated as brokered deposits
- Consider changes to deposit insurance assessment pricing to address concentrations in funding, including unaffiliated sweeps that qualify for the primary purpose exception under the proposal and certain listing service deposits
- Establish an easy-to understand, bright-line standard for determining whether an entity satisfies the statutory definition of a deposit broker as well as an application process for implementing the primary purpose exception

A copy of Chairman McWilliams's speech is available on our website at <http://schwartzandballen.com/news.html>.

For more information, please call Gilbert Schwartz, Robert Ballen, Heidi Wicker, or Victor Razon at (202) 776-0700.