FACT SHEET │ **Notice of Proposed Rulemaking on Brokered Deposits Restrictions**

The Federal Deposit Insurance Corporation (FDIC) published a proposed rule to modernize its regulations relating to brokered deposits.

MEETS EVOLVING CUSTOMER NEEDS: The proposal seeks to ease access to deposits for U.S. customers, including unbanked and underbanked customers.

- o Today, customers want to access banking services through different channels, and the proposed framework would remove regulatory disincentives that limit banks' ability to serve customers the way customers want to be served.

MODERNIZES THE REGULATORY FRAMEWORK: The proposal would modernize the FDIC's brokered deposit regulations, which were put in place in 1989, to reflect technological changes and innovations across the banking industry.

- o The proposal seeks to balance the need to promote safe and sound banking practices while ensuring that the classification of a deposit as brokered appropriately reflects changes in the banking system, including banks' use of new technologies to engage and interact with their customers.

PROVIDES CLARITY AND TRANSPARENCY: The proposal would bring clarity and transparency to the process for determining what constitutes a brokered deposit.

- o The proposal would establish a bright-line standard for determining whether an entity satisfies the statutory definition of "deposit broker," and would establish a transparent application process for applicants seeking the "primary purpose exception."

- o The FDIC also intends to codify staff opinions of general applicability that continue to be relevant and rescind any staff opinions that are superseded or obsolete.

MINIMZE RISK TO THE DIF

- o Brokered CDs, the core product Congress sought to address when enacting brokered deposits restrictions in 1989, will remain brokered under the proposed framework.

- o The FDIC plans to consider modifications to the deposit assessment rule in light of any changes made to the brokered deposit regulation in a future rulemaking.

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