



PRESS RELEASE

Federal Deposit Insurance Corporation • Each Depositor insured to at least \$250,000

December 15, 2020

Media Contact:
Brian Sullivan
202-412-1436
brsullivan@FDIC.gov

FDIC Board Approves Final Rule on Brokered Deposit and Interest Rate Restrictions

WASHINGTON – The Federal Deposit Insurance Corporation (FDIC) Board of Directors today approved a final rule to establish a new framework for analyzing whether deposits made through deposit arrangements qualify as brokered deposits, including those between insured depository institutions (IDIs) and third parties, such as financial technology companies. The final rule also amends the methodology for calculating the interest rate restrictions that apply to less than well capitalized IDIs.

“The new framework for brokered deposits would achieve several objectives,” said FDIC Chairman Jelena McWilliams. “First, the framework would create a more transparent and consistent regulatory approach by establishing bright line tests for the ‘facilitation’ prong of the deposit broker definition and a consistent process for application of the primary purpose exception. Second, the final rule would encourage innovation in how banks offer services and products to customers by reducing obstacles to certain types of partnerships. And, it would continue to protect the Deposit Insurance Fund.”

Brokered Deposit Restrictions: The new brokered deposit rule establishes bright-line standards for determining whether an entity meets the statutory definition of “deposit broker,” and identifies a number of business relationships (or “designated exceptions”) that automatically meet the “primary purpose exception.” The rule also establishes a transparent application process for entities that seek a “primary purpose exception” but do not meet one of the “designated exceptions.” The new brokered deposit rule reflects technological changes across the banking industry and removes regulatory disincentives that limit banks’ ability to serve their customers. Through these regulatory changes, the FDIC will continue to promote safe and sound practices, while ensuring that the classification of a deposit as “brokered” appropriately reflects changes in the banking landscape since 1989, when the law on brokered deposits was first enacted.

National and Local Market Rate Restrictions: The FDIC will define the “National Rate” as the weighted average of rates paid by all IDIs and credit unions on a given deposit product (for which data are available) based on each institution’s market share of domestic deposits. The new rule also defines the “National Rate Cap” as the higher of (1) the national rate plus 75 basis points; or (2) for maturity deposits, 120 percent of

the current yield on similar maturity U.S. Treasury obligations and, for nonmaturity deposits, the federal funds rate plus 75 basis points. The FDIC will continue to publish these rates on its website. The rule also provides that the local market rate cap will be 90 percent of the highest offered rate in the institution's local market area for a specific deposit product.

Attachments:

[Final Rule on Brokered Deposit and Interest Rate Restrictions Applicable to Less Than Well Capitalized Banks](#)

[Fact Sheet on Brokered Deposits](#)

[Fact Sheet on Interest Rate Restrictions](#)

[Chairman's Statement](#)



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

FDIC press releases and other information are available on the Internet at www.fdic.gov, by subscription electronically (go to www.fdic.gov/about/subscriptions/index.html) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). PR-136-2020