



October 1, 2026

Jennifer M. Jones
Deputy Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Re: Response to Interim Final Rule and Request for Comment on Reciprocal
Deposits: Implementing the 21st Century ROAD to Housing Act

Dear Ms. Jones,

On behalf of the American Fintech Council (AFC),¹ I submit this comment letter in response to the Federal Deposit Insurance Corporation's (FDIC) interim final rule and request for comment regarding reciprocal deposits under section 29 of the Federal Deposit Insurance Act (FDI Act), as amended by section 902 of the 21st Century ROAD to Housing Act (Interim Final Rule).² AFC appreciates the FDIC's prompt implementation of the statutory amendments and its effort to provide additional clarity concerning the treatment of reciprocal deposits under the federal brokered deposit framework.

AFC is a standards-based organization and the largest and most diverse trade association representing financial technology companies and innovative banks. On behalf of more than 150 member companies and partners, AFC promotes a transparent, inclusive, and customer-centric financial system by supporting responsible innovation in financial services and encouraging sound public policy. AFC's membership includes banks, technology platforms, payments providers, lenders, and other financial services companies whose operations provide direct insight into the importance of stable funding, prudent liquidity management, and clear regulatory treatment of modern deposit arrangements.

AFC has been actively engaged in the broader policy discussion surrounding the FDIC's treatment of brokered deposits, including through prior comments on the agency's brokered deposit framework and support for the Community Bank Deposit Access Act.³ Although those efforts addressed distinct deposit structures, they reflect AFC's consistent view that regulatory classifications should account for the characteristics and risk profile of the underlying funding source. That same principle informs AFC's recommendations regarding reciprocal deposits.

¹ American Fintech Council's (AFC) membership spans banks, non-bank lenders, payments providers, EWA providers, loan servicers, credit bureaus, and personal financial management companies.

² Federal Deposit Insurance Corporation, "Reciprocal Deposits: Implementing the 21st Century ROAD to Housing Act," *Federal Register* 91, no. 168 (September 1, 2026): 56022–56029.

³ American Fintech Council, "Letter in Support of the Community Bank Deposit Access Act," September 16, 2025; American Fintech Council, "Comment Letter to FDIC: Brokered Deposits Proposed Rule," November 2024.

Reciprocal deposits present distinct considerations within the broader brokered deposit framework. They can enable banks to retain important customer relationships, provide customers with access to deposit insurance coverage across participating institutions, and support a diversified funding base without severing the relationship between the customer and the originating institution. These characteristics warrant a regulatory approach that recognizes the operational and funding benefits of reciprocal deposits while preserving appropriate prudential safeguards.

The Interim Final Rule seeks to advance those objectives in several important respects. In particular, the revised general cap and expanded eligibility of well-capitalized institutions with CAMELS composite ratings of 1, 2, or 3 provide a more practical framework for the responsible use of reciprocal deposits. As the FDIC moves toward a permanent final rule, AFC encourages the agency to preserve these statutory expansions while providing additional clarity regarding the treatment of nonmaturity reciprocal deposits, the calculation and operation of the special cap, and related reporting requirements. The recommendations that follow are intended to promote a framework that is clear, administrable, and appropriately calibrated to the risks presented by reciprocal deposit activity.

I. AFC Supports an Expanded and Risk-Based Reciprocal Deposit Exception that Strengthens Bank Funding Flexibility and Preserves Appropriate Prudential Guardrails

Reciprocal deposits can provide insured depository institutions with a stable and operationally useful source of funding while allowing banks to preserve valuable customer relationships. Their regulatory treatment should therefore remain closely tied to the actual risk presented by the institution and its funding profile, rather than to the mere use of a deposit placement network. As the FDIC finalizes the rule, it should preserve a framework that allows qualifying institutions meaningful flexibility to use reciprocal deposits while continuing to address institution-specific liquidity or funding concerns through ordinary prudential supervision.

That principle is especially important in the application of the revised general cap. A tiered structure that scales permissible reciprocal deposits according to an institution's liabilities would provide greater flexibility than a uniform ceiling that may bear little relationship to the size or funding needs of the institution. At the same time, the statutory maximum continues to provide a clear outer boundary on the exception. The FDIC should retain this structure in the final rule and avoid adopting supplemental limitations that would effectively narrow the increased capacity Congress provided. For community and regional banks in particular, the ability to retain customer deposits through reciprocal networks can support funding stability while allowing customers to obtain expanded deposit insurance coverage without moving their broader banking relationship elsewhere.

Consistent implementation of the expanded agent institution definition is equally important. A well-capitalized institution with a CAMELS composite rating of 3 should be permitted to rely on the reciprocal deposit exception on the same objective terms established by statute. A composite rating of 3 may reflect a range of supervisory considerations and does not, standing alone,

establish that reciprocal deposits constitute an unsafe or inappropriate source of funding for the institution. Accordingly, the FDIC should not supplement the statutory eligibility standard with additional qualitative conditions, heightened approval expectations, or informal supervisory limitations that would effectively recreate the narrower framework Congress amended.

Where an institution presents heightened funding or liquidity risk, those concerns can be addressed more precisely through the FDIC's existing supervisory authorities. Examiners remain able to evaluate liquidity management, funding concentrations, capital adequacy, and the sustainability of an institution's overall funding model based on the circumstances of the individual institution. The final rule should therefore make clear that eligibility for the reciprocal deposit exception does not preclude that supervisory review, but neither should individualized supervisory concerns be converted into categorical restrictions applicable to all otherwise qualifying institutions.

Providing that clarity would also help ensure that implementation remains consistent across institutions and examination teams. The FDIC should therefore confirm in the final rule or accompanying guidance that institutions satisfying the statutory agent institution criteria may rely on the applicable general cap without obtaining separate supervisory approval or demonstrating an additional need for reciprocal deposits. Any concerns regarding the manner or extent of an institution's reliance on reciprocal deposits should instead be addressed through established risk-based supervisory processes.

Taken together, these principles would preserve the expanded flexibility Congress intended while maintaining the FDIC's ability to respond to genuine safety and soundness concerns. A clear separation between eligibility under the reciprocal deposit exception and institution-specific supervisory judgment would provide banks with greater certainty regarding their permissible funding activities while allowing regulatory attention to remain focused on identifiable risk.

II. AFC Supports an Aggregate and Institution-Driven Definition of Receipt that Promotes Predictable Network Operations and Avoids Unnecessary Reclassification

A workable definition of when an institution "receives" reciprocal deposits should focus on conduct attributable to the institution itself. In the context of nonmaturity reciprocal deposits, routine reallocations or rebalancing undertaken by a deposit placement network should not independently trigger a new receipt where the institution has not submitted additional covered deposits for placement. The FDIC should preserve this distinction in the final rule and make clear that receipt occurs only when an institution takes an affirmative action that results in the placement of new covered deposits through the network.

This approach is particularly important because deposit placement networks may alter the composition of deposits for reasons that do not reflect any change in the participating institution's funding strategy. Individual depositors may enter or leave the network, balances may shift among participating institutions, and network operators may rebalance allocations in the ordinary course of processing activity. Where those changes do not increase the aggregate amount of reciprocal deposits attributable to new placements by the institution, they should not cause the institution to be treated as having received additional reciprocal deposits. The FDIC

should therefore expressly confirm that network-directed changes in depositor identity, balance composition, or allocation do not constitute receipt absent a corresponding new placement by the agent institution.

Framing the standard in this manner would also provide institutions with a more objective and administrable compliance rule. Banks should be able to determine whether they have received additional reciprocal deposits by reference to their own placement activity and aggregate reciprocal deposit position, rather than through continuous monitoring of operational changes occurring within the network. Accordingly, the final rule should establish aggregate balances, rather than changes in the identity or composition of underlying deposits, as the relevant measure for determining whether additional reciprocal deposits have been received.

Further clarification regarding the point at which those balances are measured would enhance the rule's practical application. Nonmaturity deposit networks may experience intraday movements as deposits are placed, withdrawn, or reallocated. Treating temporary intraday fluctuations as determinative could create compliance consequences unrelated to an institution's actual end-of-day funding position. To avoid that result, the FDIC should clarify that compliance with the applicable special cap for nonmaturity reciprocal deposits is assessed using an end-of-day aggregate balance or another comparably objective measurement convention that disregards temporary processing activity.

The same emphasis on objective standards should govern requalification as an agent institution. Once an institution has reduced its reciprocal deposit holdings below the applicable special cap, requalification should occur automatically upon satisfaction of the regulatory threshold rather than depend on the passage of an additional reporting period or further supervisory approval. The FDIC should retain this approach in the final rule and clarify that an institution may resume qualifying activity immediately once the relevant conditions are again satisfied.

Effectively implementing these clarifications would give institutions a compliance framework centered on observable conduct, measurable balances, and defined regulatory thresholds. By distinguishing an institution's own deposit placement decisions from routine network administration, the FDIC can reduce the risk of inadvertent reclassification while preserving the special cap as a meaningful constraint on additional reciprocal deposit activity.

III. AFC Supports a Current and Risk-Sensitive Special Cap Methodology that Preserves Funding Continuity During Supervisory Transitions

The special cap should operate as a practical transition mechanism when an institution ceases to qualify under the ordinary agent institution criteria. To serve that function effectively, the calculation should bear a meaningful relationship to the institution's recent reciprocal deposit activity and current funding profile. A methodology that instead relies on balances from a remote historical period could produce a cap that no longer reflects the institution's size, customer relationships, or actual reliance on reciprocal deposits. The FDIC should therefore interpret the applicable four-quarter period, to the fullest extent permitted by section 29, in a manner that remains closely connected to the supervisory event that causes the institution to lose ordinary agent institution eligibility.

This concern becomes particularly significant where a well-capitalized institution operates with a CAMELS composite rating of 3 for an extended period before subsequently receiving a rating of 4. Because the statutory language governing the special cap continues to reference the quarter in which an institution was found not to have a composite condition of “outstanding or good,” the current formulation may require the institution to look back to reciprocal deposit balances that substantially predate the rating change that actually causes it to lose eligibility under the amended first prong. Such a result could create a special cap based on an earlier and materially different balance sheet. Rather than allowing that historical disconnect to dictate an institution’s transition, the final rule should, where legally permissible, use the four calendar quarters immediately preceding the quarter in which the institution ceases to satisfy the current agent institution standard.

A more contemporaneous calculation would also better advance the prudential purpose of the special cap. Recent reciprocal deposit balances provide a more reliable measure of the institution’s existing funding position and allow the institution to adjust its activities without abruptly disrupting established deposit relationships. Accordingly, for a well-capitalized institution that moves from a CAMELS composite rating of 3 to 4, AFC recommends that the FDIC treat the four quarters immediately preceding that downgrade as the relevant measurement period. Applying the special cap in this manner would constrain additional reciprocal deposit activity while avoiding an arbitrary reduction or expansion in permissible balances caused solely by historical timing.

If the FDIC determines that section 29 does not permit this interpretation, the final rule should provide as much certainty and transition relief as the statute allows. At a minimum, the FDIC should expressly preserve an institution’s ability to continue holding reciprocal deposits received before it became subject to the special cap and should clarify that a change in eligibility does not require the institution to divest previously permissible balances. Institutions should also receive clear notice of the applicable measurement period and sufficient guidance to calculate the special cap before a change in status affects their ability to place additional covered deposits. Greater specificity would be particularly helpful for institutions with multiple supervisory rating changes over time. The FDIC should include illustrative examples addressing common rating trajectories, including transitions from CAMELS 2 to 3 and subsequently to 4, as well as circumstances involving changes in both supervisory rating and capital category. These examples should identify the precise quarters used to calculate the special cap and explain how previously received reciprocal deposits are treated once the institution becomes subject to that limit. Providing this guidance would reduce interpretive variation among institutions and examination teams and allow banks to incorporate potential changes in eligibility into their liquidity and funding planning.

A special cap grounded in an institution’s recent funding position would provide a more orderly transition when supervisory circumstances change without diminishing the significance of the applicable rating or capital threshold. By adopting a current measurement methodology where legally available, and clear transition rules where it is not, the FDIC can preserve meaningful prudential constraints while avoiding unnecessary disruption to established funding and customer relationships.

IV. AFC Supports Confidential and Coordinated Reporting Standards that Protect Supervisory Information and Facilitate Efficient Implementation

Reciprocal deposit reporting should provide regulators with the information necessary to administer the framework without creating a parallel risk that confidential supervisory information can be inferred from public data. That concern is especially acute where changes in reported brokered reciprocal deposits could signal that an institution no longer satisfies the applicable agent institution criteria. The FDIC should therefore preserve confidential treatment for any reporting field that, either independently or when viewed alongside other Call Report data, could reasonably reveal an institution's nonpublic supervisory status.

This principle should guide the treatment of Schedule RC-O, item 9. The FDIC has identified the possibility that changes in brokered reciprocal deposit reporting, when compared with total reciprocal deposits, could allow outside observers to infer a change in an institution's CAMELS composite rating.⁴ Because supervisory ratings are confidential and can carry significant funding and reputational consequences, the final rule should confirm that Schedule RC-O, item 9 will remain confidential and should direct the FFIEC to maintain that treatment in future reporting revisions. The same analysis should extend beyond a single line item. Before adopting any additional public reporting requirement related to reciprocal deposits, the FDIC should evaluate whether combinations of publicly available fields could indirectly disclose information that is otherwise protected.

A coordinated implementation process is equally important. Institutions should not be required to reconcile differing interpretations across the regulatory text, Call Report instructions, supervisory guidance, and examination practice. The FDIC should work through the FFIEC to establish a single and internally consistent reporting framework addressing the general cap, agent institution eligibility, special cap treatment, requalification, and the classification of reciprocal deposits. Where interpretive questions arise, written instructions or formal guidance should control rather than informal expectations that may vary across examination teams.

The transition to the revised framework also warrants clear implementation guidance. Institutions are being asked to incorporate new eligibility standards, cap calculations, and reporting classifications into existing systems and processes on an accelerated basis. The FDIC should therefore provide illustrative reporting examples and written guidance addressing common scenarios before institutions are expected to apply the revised requirements in a routine reporting cycle. That guidance should include examples involving rating changes, movement above or below the special cap, and the treatment of reciprocal deposits that remain on an institution's balance sheet following a change in eligibility.

Consistent with that approach, the FDIC should allow institutions to correct immaterial reporting errors without adverse supervisory inference where the institution made a reasonable and documented effort to comply with the revised framework. A measured good-faith compliance

⁴ Federal Deposit Insurance Corporation, "Reciprocal Deposits: Implementing the 21st Century ROAD to Housing Act," 91 Fed. Reg. 56,022, 56,026 (September 1, 2026).

standard would encourage prompt correction, improve reporting accuracy, and avoid converting technical implementation issues into supervisory concerns where no underlying safety and soundness problem exists. Such treatment would be particularly appropriate during the initial implementation period while institutions update systems and incorporate revised FFIEC instructions.

The totality of these measures would help ensure that the reporting framework adequately supports effective supervision without introducing avoidable disclosure risks or inconsistent implementation. By preserving confidentiality, coordinating reporting instructions, and providing a reasonable transition framework, the FDIC can improve both the administrability of the rule and the quality of the information institutions report.

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AFC appreciates the FDIC's efforts to implement the statutory changes governing reciprocal deposits and to provide greater clarity regarding their treatment under the brokered deposit framework. A clear and appropriately calibrated final rule can preserve the important role reciprocal deposits play in bank funding while maintaining appropriate prudential safeguards.

AFC welcomes continued dialogue with the FDIC and stands ready to serve as a resource as the agency finalizes the reciprocal deposit framework.

Sincerely,

A handwritten signature in black ink, appearing to read "Ian P. Moloney", with a stylized flourish at the end.

Ian P. Moloney
Chief Policy Officer
American Fintech Council