

Acting Comptroller of the Currency Michael J. Hsu
Statement at the FDIC Board Meeting
July 30, 2024
NPR on Brokered Deposits Restrictions and RFI on Deposits

I support both the notice of proposed rulemaking (NPR) on brokered deposit restrictions and the request for information (RFI) on deposits.

The deposit landscape has changed significantly over the past decade. Regulations have not kept up, however, as revealed by a range of events over the past couple of years.

Not all deposits are created equal. From a bank liquidity risk perspective, some are riskier than others. Our regulations need to better differentiate between them.

The proposed RFI on deposits will help us achieve that. I am particularly focused on the need for more standardized differentiation between operational (lower risk) and non-operational (higher risk) deposits. That challenge, if surmounted, presents an opportunity to improve financial stability and the effectiveness and efficiency of regulation. I encourage commenters to propose approaches that can differentiate between operational and non-operational deposits consistently, transparently, and credibly across a wide range of banking business models.

In a similar vein, the brokered deposit NPR acknowledges that a better balance between safety and soundness and efficiency is needed, especially in light of how much the landscape has changed and given recent events. I am looking forward to reviewing those comments, as well.

Thank you to staff for their work on the NPR and RFI.