United States Senate
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS
WASHINGTON, DC 20510–6075

July 21, 2023

Hon. Martin J. Gruenberg
Chair
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

RE: RIN 3064-AF93

Dear Chair Gruenberg:

Following the rapid deterioration and ultimate failures of Silicon Valley Bank and Signature Bank, regulators invoked the systemic risk determination to protect depositors and strengthen public confidence in the banking system. Under this emergency determination, the costs of such actions must be repaid through a special assessment on insured depository institutions, and the Federal Deposit Insurance Corporation (FDIC) is required to consider the types of entities that benefit from the actions taken or assistance provided, economic conditions, the effects on the industry, and other appropriate and relevant factors.[1]

During this tumultuous period, many small and midsized institutions were concerned about depositors fleeing to the largest megabanks. While the FDIC's proposed special assessment does not apply to most community banks, it does impact some Main Street-focused regional banks.

Regional banks in Ohio play a critical role in the strength of our local, state, and regional economies. They use deposits to fund mortgages and affordable housing developments, lend to small businesses, and invest in their communities. Ohio regional banks, unlike Silicon Valley Bank, also have more traditional business models and a significantly smaller proportion of uninsured deposits, certain of which are also less likely to "run" in a crisis. For example, these institutions are the banks for many government and public depositors, whose deposits are collateralized. They also hold the deposits for their own affiliates.

In implementing the special assessment, we urge the FDIC to focus on the types of uninsured deposits that were at the greatest run risk during the recent turmoil, and tailor the special assessment to those deposits. As such, the FDIC should consider excluding collateralized and affiliate deposits when calculating an institutions' amount of uninsured deposits. The FDIC should also consider using post-failure deposit data from March 31, 2023, to better reflect the

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[1] 12 U.S.C. 1823(c)(4)(G).

migration of deposits to the largest megabanks who already have a disproportionate competitive advantage in our banking system.

Thank you for your attention to this important matter.

Sincerely,

Sherrod Brown
Chairman

JD Vance
U.S. Senator

cc: James P. Sheesley, Assistant Executive Secretary, FDIC