



November 7, 2008

Robert E. Feldman  
Executive Secretary  
Federal Deposit Insurance Corporation  
550 17th Street Northwest  
Washington, DC 20429

SUBJECT: RIN 3064-AD35 – Notice of Proposed Rulemaking on Risk-Based Assessments

Dear Mr. Feldman:

Thank you for the opportunity to comment on the proposed amendment to 12 CFR 327, specifically relating to the manner of premium calculation for deposits placed through the Promontory Interfinancial Network's Certificate of Deposit Account Registry Service (CDARS) program.

Fidelity Bank is a locally owned institution with our roots in the communities that we serve. We currently have assets of \$1.7 billion, and 25 branch locations serving both Kansas and Oklahoma. Fidelity Bank has participated in the CDARS program for more than 6 years. Our participation in CDARS has allowed us to ensure that our customers' deposits are protected while allowing them to keep their deposits local.

For the reasons detailed below, it is our belief that CDARS deposits should not be categorized as brokered certificates of deposit for the purposes of assessing FDIC insurance premiums.

First, and foremost, CDARS reciprocal deposits behave much differently than traditional brokered deposits. While traditional brokered deposits typically have very low reinvestment rates, deposits placed through CDARS have a reinvestment rate of nearly 83% program wide. With reinvestment rates this high, banks can rely on CDARS deposits as a stable and secure source of core funding over time.

Second, funds from traditional brokered deposits are rarely local deposits as the broker chases the highest rates available across the country. Fidelity Bank only accepts CDARS deposits from customers who also have a relationship with the bank. This means that nearly all of our CDARS reciprocal deposits are local. 80 percent of CDARS customers reside within 25 miles of their local branch. We believe that this greatly reduces the risk that is associated with traditional brokered deposits, and ensures the stability of the funds placed through CDARS.

Finally, the cost of the funds for deposits placed through the CDARS program is typically less than the cost of funds for a deposit placed through a traditional brokered arrangement. In order to gather deposits from brokers, banks must typically pay premium rates that are significantly higher

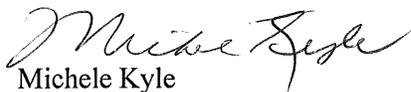
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than rates the bank is paying in their local market. This is because the bank is forced to compete with national banks in order to acquire the brokered deposits. This is not the case with CDARS deposits. The CDARS program allows our customers to keep their entire relationship with us and have the peace of mind that their deposits are fully FDIC insured.

For these reasons we believe that reciprocal deposits placed through programs such as CDARS should not be categorized as traditional brokered deposits for the purposes of this amendment. Further, I would like to respectfully request that the FDIC amend the definition of brokered deposits in the Federal Deposit Insurance Act in order to ensure that deposits placed through reciprocal programs such as CDARS are properly categorized for future legislation.

Thank you for the opportunity to comment on the proposed amendment.

Sincerely,

  
Michele Kyle  
EVP, Chief Operating Officer

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