

**§ 1831f. Brokered deposits****(a) In general**

An insured depository institution that is not well capitalized may not accept funds obtained, directly or indirectly, by or through any deposit broker for deposit into 1 or more deposit accounts.

**(b) Renewals and rollovers treated as acceptance of funds**

Any renewal of an account in any troubled institution and any rollover of any amount on deposit in any such account shall be treated as an acceptance of funds by such troubled institution for purposes of subsection (a).

**(c) Waiver authority**

The Corporation may, on a case-by-case basis and upon application by an insured depository institution which is adequately capitalized (but not well capitalized), waive the applicability of subsection (a) upon a finding that the acceptance of such deposits does not constitute an unsafe or unsound practice with respect to such institution.

**(d) Limited exception for certain conservatorships**

In the case of any insured depository institution for which the Corporation has been appointed as conservator, subsection (a) shall not apply to the acceptance of deposits (described in such subsection) by such institution if the Corporation determines that the acceptance of such deposits—

- (1) is not an unsafe or unsound practice;
- (2) is necessary to enable the institution to meet the demands of its depositors or pay its obligations in the ordinary course of business; and
- (3) is consistent with the conservator's fiduciary duty to minimize the institution's losses.

Effective 90 days after the date on which the institution was placed in conservatorship, the institution may not accept such deposits.

**(e) Restriction on interest rate paid**

Any insured depository institution which, under subsection (c) or (d), accepts funds obtained, directly or indirectly, by or through a deposit broker, may not pay a rate of interest on such funds which, at the time that such funds are accepted, significantly exceeds—

- (1) the rate paid on deposits of similar maturity in such institution's normal market area for deposits accepted in the institution's normal market area; or
- (2) the national rate paid on deposits of comparable maturity, as established by the Corporation, for deposits accepted outside the institution's normal market area.

**(f) Additional restrictions**

The Corporation may impose, by regulation or order, such additional restrictions on the acceptance of brokered deposits by any institution as the Corporation may determine to be appropriate.

**(g) Definitions relating to deposit broker****(1) Deposit broker**

The term "deposit broker" means—

(A) any person engaged in the business of placing deposits, or facilitating the placement of deposits, of third parties with insured depository institutions or the business of placing deposits with insured depository institutions for the purpose of selling interests in those deposits to third parties; and

(B) an agent or trustee who establishes a deposit account to facilitate a business arrangement with an insured depository institution to use the proceeds of the account to fund a prearranged loan.

**(2) Exclusions**

The term "deposit broker" does not include—

(A) an insured depository institution, with respect to funds placed with that depository institution;

(B) an employee of an insured depository institution, with respect to funds placed with the employing depository institution;

(C) a trust department of an insured depository institution, if the trust in question has not been established for the primary purpose of placing funds with insured depository institutions;

(D) the trustee of a pension or other employee benefit plan, with respect to funds of the plan;

(E) a person acting as a plan administrator or an investment adviser in connection with a pension plan or other employee benefit plan provided that that person is performing managerial functions with respect to the plan;

(F) the trustee of a testamentary account;

(G) the trustee of an irrevocable trust (other than one described in paragraph (1)(B)), as long as the trust in question has not been established for the primary purpose of placing funds with insured depository institutions;

(H) a trustee or custodian of a pension or profitsharing plan qualified under section 401(d) or 403(a) of title 26; or

(I) an agent or nominee whose primary purpose is not the placement of funds with depository institutions.

**(3) Inclusion of depository institutions engaging in certain activities**

Notwithstanding paragraph (2), the term "deposit broker" includes any insured depository institution that is not well capitalized (as defined in section 1831o of this title), and any employee of such institution, which engages, directly or indirectly, in the solicitation of deposits by offering rates of interest which are significantly higher than the prevailing rates of interest on deposits offered by other insured depository institutions in such depository institution's normal market area.

**(4) Employee**

For purposes of this subsection, the term "employee" means any employee—

(A) who is employed exclusively by the insured depository institution;

(B) whose compensation is primarily in the form of a salary;

(C) who does not share such employee's compensation with a deposit broker; and

(D) whose office space or place of business is used exclusively for the benefit of the insured depository institution which employs such individual.

**(h) Deposit solicitation restricted**

An insured depository institution that is undercapitalized, as defined in section 1831o of this title, shall not solicit deposits by offering rates of interest that are significantly higher than the prevailing rates of interest on insured deposits—

(1) in such institution's normal market areas; or

(2) in the market area in which such deposits would otherwise be accepted.

(Sept. 21, 1950, ch. 967, §2[29], as added Pub. L. 101-73, title II, §224(a), Aug. 9, 1989, 103 Stat. 273; amended Pub. L. 102-242, title III, §301(a), (c), Dec. 19, 1991, 105 Stat. 2343, 2345; Pub. L. 102-550, title XVI, §1605(a)(1), Oct. 28, 1992, 106 Stat. 4084; Pub. L. 103-325, title III, §337, Sept. 23, 1994, 108 Stat. 2235.)

AMENDMENTS

1994—Subsec. (g)(3). Pub. L. 103-325 inserted “that is not well capitalized (as defined in section 1831o of this title)” after “includes any insured depository institution”, substituted “of such institution” for “of any insured depository institution”, and struck out “(with respect to such deposits)” after “offering rates of interest” and “having the same type of charter” after “other insured depository institutions”.

1992—Subsec. (a). Pub. L. 102-550, §1605(a)(1)(A), substituted “An insured” for “A insured”.

Subsec. (c). Pub. L. 102-550, §1605(a)(1)(B), substituted “capitalized (but not well capitalized)” for “capitalized”.

1991—Subsec. (a). Pub. L. 102-242, §301(a)(1), substituted “insured depository institution that is not well capitalized” for “troubled institution”.

Subsec. (c). Pub. L. 102-242, §301(a)(2), substituted “insured depository institution which is adequately capitalized” for “insured depository institution”.

Subsec. (d). Pub. L. 102-242, §301(a)(3), added pars. (2) and (3) and closing provisions, struck out “and” at end of par. (1), and struck out former par. (2) which read as follows: “either—

“(A) is necessary to enable the institution to meet the demands of its depositors or pay its obligations in the ordinary course of business; or

“(B) is consistent with the conservator's fiduciary duty to minimize the losses of the institution.”

Subsecs. (e) to (h). Pub. L. 102-242, §301(a)(4)-(6), (c), added subsec. (e), redesignated former subsec. (e) as (f) and struck out “troubled” before “institution as the”, redesignated former subsecs. (f) and (g) as (g) and (h), respectively, added subsec. (h), and struck out former subsec. (h), as previously redesignated, which defined “troubled institution”.

EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-550 effective as if included in the Federal Deposit Insurance Corporation Improvement Act of 1991, Pub. L. 102-242, as of Dec. 19, 1991, see section 1609(a) of Pub. L. 102-550, set out as a note under section 191 of this title.

EFFECTIVE DATE

Pub. L. 101-73, title II, §224(b), Aug. 9, 1989, 103 Stat. 275, provided that: “The amendment made by subsection (a) [enacting this section] shall apply to deposits accepted after the end of the 120-day period beginning on the date of the enactment of this Act [Aug. 9, 1989].”

REGULATIONS

Pub. L. 102-242, title III, §301(d), Dec. 19, 1991, 105 Stat. 2345, provided that: “The Corporation shall pro-

mulgate final regulations to carry out the amendments made under subsections (a), (b), and (c) [enacting section 1831f-1 of this title and amending this section] not later than 150 days after the date of enactment of this Act [Dec. 19, 1991], and those regulations shall become effective not later than 180 days after that date of enactment, except that such regulations shall not apply to any specific time deposit made before that date of enactment until the stated maturity of the time deposit.”

**§ 1831f-1. Repealed. Pub. L. 106-569, title XII, § 1203, Dec. 27, 2000, 114 Stat. 3032**

Section, act Sept. 21, 1950, ch. 967, §2[29A], as added Pub. L. 102-242, title III, §301(b), Dec. 19, 1991, 105 Stat. 2344, related to deposit broker notification and record-keeping.

**§ 1831g. Contracts between depository institutions and persons providing goods, products, or services**

**(a) In general**

An insured depository institution may not enter into a written or oral contract with any person to provide goods, products, or services to or for the benefit of such depository institution if the performance of such contract would adversely affect the safety or soundness of the institution.

**(b) Rulemaking**

The Corporation shall prescribe such regulations and issue such orders, including definitions consistent with this section, as may be necessary to administer and carry out the purposes of, and prevent evasions of, this section.

**(c) Enforcement**

Any action taken by any appropriate Federal banking agency under section 1818 of this title to enforce compliance on the part of any insured depository institution with the requirements of this section may include a requirement that such institution properly reflect the transaction on its books and records.

**(d) No private right of action**

This section may not be construed as creating any private right of action.

**(e) Study**

**(1) In general**

The Attorney General and the Comptroller General of the United States shall jointly conduct a study on the extent to which—

(A) insured depository institutions are entering into contracts with vendors under which the vendors agree to purchase stock or assets from insured depository institutions or to invest capital in or make deposits in such institutions; and

(B) if such practices occur, the extent to which such practices are having an anti-competitive effect and should be prohibited.

**(2) Report to Congress**

Before the end of the 1-year period beginning on August 9, 1989, the Attorney General and the Comptroller General shall submit a report to the Congress on the results of the study conducted pursuant to paragraph (1).

(Sept. 21, 1950, ch. 967, §2[30], as added Pub. L. 101-73, title II, §225, Aug. 9, 1989, 103 Stat. 275;