

From: Lavacca, Mike [mailto:mike.lavacca@firstcitizens.com]
Sent: Thursday, July 23, 2009 7:28 AM
To: Comments
Cc: Willingham IV, Ed; Woodward, Allen; Williams, Cara; Black, Ken
Subject: RIN 3064-AD37

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

Re: RIN No. 3064-AD37

Comments on Notice of Proposed Rulemaking – Potential Extension of Transaction
Account Guarantee Program

Dear. Mr. Feldman:

First Citizens Bank appreciates the opportunity to comment on the Federal Deposit Insurance Corporation's (FDIC) Notice of Proposed Rulemaking (NPR) regarding the potential extension of the Transaction Account Guarantee (TAG) Program. Two alternatives are outlined in the NPR. Alternative A would result in no change to the FDIC's current regulation, allowing it to expire on December 31, 2009. Alternative B would extend the TAG Program until June 30, 2010, and increase applicable participation premiums from 10 basis points to 25 basis points during the proposed extension period.

While First Citizens recognizes the important part the TAG Program has played in restoring consumer confidence in financial institutions during the financial crisis, we support adoption of Alternative A. The FDIC should allow the program to end on the originally established expiration date of December 31, 2009. We support Alternative A given the moderation of market volatility and risk aversion since the fall of 2008. In addition, expiration of the TAG Program will allow banks to reallocate the 10 basis point premium and add liquidity back to their balance sheets. Extension of the program, along with an increase in the premium to 25 basis points, will serve to further reduce participating bank liquidity that could provide additional access to much needed credit in the communities we serve.

First Citizens Bank and other well-capitalized financial institutions have no need to extend their participation in the TAG Program and, in turn, be assessed additional, increased fees. If Alternative B is chosen, sound banks that elect to opt-out would be obligated to disclose the opt-out and be subject to identification on the FDIC website. These disclosures increase the risk that sound banks will lose deposit relationships to potentially weaker banks that need the additional deposit insurance guarantee to retain large depositors.

Again, First Citizens Bank appreciates the opportunity to comment on this proposed rulemaking. Our bank is headquartered in Raleigh, North Carolina, and has more than \$14 billion in assets. We serve five states and operate 347 branches. If you have any questions or need additional information, please contact me by e-mail at Ed.Willingham@firstcitizens.com or by telephone at (919) 716-2697.

Sincerely,

Ed Willingham IV
President, First Citizens Bank