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Michael R. Spychala
Senior Vice President
and Controller

October 28, 2009

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

Re: FDIC Notice of Proposed Rulemaking on Prepaid Assessments
RIN 3064-AD49

Dear Mr. Feldman:

M&T Bank appreciates the opportunity to comment on the FDIC's proposal to replenish Deposit Insurance Fund (DIF) reserves by requiring member banks to prepay their regular assessments for the fourth quarter of this year and for 2010-2012. We have aligned our comments with the six issues specifically outlined on pages 16 and 17 of the notice of proposed rulemaking issued on September 28, 2009.

1. *As an alternative to prepaid assessments, should the FDIC meet its liquidity needs by imposing one or more special assessments?*
    - We believe the FDIC's recommendation to strengthen its reserves by requiring participating banks to prepay their 2010-2012 base FDIC assessments is well structured provided it is a one-time exercise that will neither be followed by near-term future special assessments nor signal the beginning of a trend of continued prepayments or materially elevated base rates (above the 3 basis point increase planned to begin in 2011).
    - Prepaid assessments provide the FDIC with immediate relief while imposing minimal incremental capital burden on participating banks during a time when industry earnings and capital levels are already lowered. While the FDIC has immediate access to the funds, banks will expense assessments in the quarter when due and, as suggested in your proposal, the prepaid asset will likely carry a 0% risk-weighting. In contrast, special assessments would have an immediate negative impact on the financial services industry and participating institutions.

2. *Should the FDIC pursue one or more of the other alternatives to the prepaid assessments, such as borrowing from Treasury or the Federal Financing Bank?*
    - We recommend that DIF needs beyond what can be addressed from the prepayment should be met by borrowing from Treasury.

3. *Should prepaying assessments be voluntary rather than mandatory?*
    - If prepaid assessments are adopted, it is our position that all member institutions deemed able to pay should be required to prepay. A voluntary prepayment process could result in insufficient collections forcing the FDIC to pursue other funding sources, including additional special assessments. Those consequences could lead to an unfavorable accounting treatment and a large negative earnings impact for those that volunteered to prepay.

4. *Should the FDIC estimate the growth in the assessment base at a rate other than 5 percent for 2009, 2010, 2011 and 2012? Should the FDIC use different assessment rate assumptions than those proposed?*
    - The 5% annual deposit growth rate is aggressive. Bank deposit levels and share are at historical highs as very low money fund rates coupled with elevated FDIC coverage on all domestic deposits and unlimited coverage on checking accounts have encouraged fund migration from the money funds to banks. This is likely to reverse as rates rise and TAGP expires. We expect that funds will flow from FDIC insured accounts to other vehicles, therefore we recommend assuming no deposit growth. Should the industry experience growth, incremental base assessments could be levied to compensate the FDIC for the associated incremental coverage. In fact, we recommend quarterly or annual alignment of the prepaid funds with the actual expense incurred (charging or refunding banks as appropriate) rather than the proposed plan to offset an institution's quarterly assessments by the amount prepaid until that amount is exhausted or until December 30, 2014.
    - We do support the assessment rate assumptions provided the FDIC has employed adequate rigor to ensure the funds derived from the prepayment will be sufficient and that no additional special assessments or prepayments will be required.

5. *Should the FDIC require prepayment of estimated assessments over a different period or in installments?*
    - We believe that the three year period covered by the proposal should not be extended nor should installments be used. We support action by the FDIC to take this one-time opportunity to replenish its DIF and not spread the payments over time.

6. *Should the FDIC's Amended Restoration Plan incorporate a provision requiring a special assessment or a temporarily higher assessment rate schedule that brings the reserve ratio back to a positive level within a specified time frame (one year or less) from January 1, 2011?*
    - We do support setting a reasonable deadline so that the FDIC is working to bring the DIF reserve ratio back to its minimum level by a target date, however, we support a deadline that would not require additional special assessments.

Very truly yours,

Michael R. Spychala
Senior Vice President
and Controller