TD Bank

October 11, 2010

Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429
Attention: Comments

Re: *Notice of Proposed Rulemaking (RIN 3064-AD37) concerning Unlimited Coverage for Noninterest-bearing Transaction Accounts*

Dear Secretary Feldman:

Thank you very much for the opportunity to comment on the Federal Deposit Insurance Corporation's ("FDIC") proposed rulemaking concerning unlimited FDIC deposit insurance coverage for noninterest-bearing transaction accounts (the "Proposal"). TD Bank, N.A. (the "Bank") is an indirectly wholly-owned subsidiary of The Toronto-Dominion Bank and is one of the 15 largest banks in the United States based on assets. While the Bank endorses most of the provisions contained in the Proposal, we do note that by failing to separately assess noninterest bearing transaction accounts the Proposal has the, perhaps unintended, consequence of disproportionately increasing the cost of deposit insurance (relative to coverage) at those insured depository institutions ("IDIs") for which such deposits are a relatively small percentage of the overall assessment base.

The Bank initially participated in the Transaction Account Guarantee Program ("TAGP") component of the FDIC's Temporary Liquidity Guarantee Program ("TLGP"), including the first extension of the TAGP, but opted out of the second extension of TAGP. The Bank did not participate in the Debt Guarantee Program component of TLGP. Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act") amends the Federal Deposit Insurance Act to extend the full deposit insurance coverage beyond the standard $250,000 amount to the total amount held in noninterest-bearing transaction accounts by any depositor at an insured depository institution through December 31, 2012.[1] As noted in the Proposal, Section 343 of the Act is similar to the TAGP but differs in that it applies to all IDIs (no opt-out provision), does not cover low-

[1] Public Law 111-203 § 343(a)(3) (July 21,2010)

interest bearing NOW or IOLTA accounts and does not provide for a separate assessment for noninterest-bearing transaction accounts. As at June 30, 2010 (the date of the Bank's most recent Call Report filing), the Bank had assets of approximately $153 billion and total deposits of approximately $122 billion, $3.3 billion of which represent noninterest-bearing transaction accounts that would be covered under the Proposal.[2] These deposits constitute approximately 2.7 percent of the Bank's total deposit base. The Proposal notes that "[T]he FDIC does not intend to charge a separate assessment for the insurance of noninterest-bearing accounts pursuant to Section 343 of the...Act...[and] will take into account the cost for this additional insurance coverage in determining the amount of the general assessment the FDIC charges IDIs under its risk-based assessment system."[3]

We believe that bundling the insurance cost associated with the noninterest bearing accounts into one general assessment "bucket" with no differentiation in insurance premiums will result in disproportionate charges relative to insurance coverage. For example, IDIs for which noninterest-bearing transaction accounts are but a relatively small portion of the entire base will effectively subsidize those IDIs with relatively larger exposures. TD Bank's proportion of balances covered by the Proposal relative to the assessment base is relatively small compared to the top 100 banks. Further, we have estimated that the effect of increasing the overall assessment (to pay for the Proposal) by allocating a flat assessment rate increase to all IDIs would result in a surcharge of $5.6 million above the cost of coverage in 2011 and a similar amount in 2012.

IDIs should pay a fair price for the insurance coverage provided by the FDIC and to the extent that a premium is to be exacted for increased coverage it should only apply to that portion of the deposit base that poses increased risk to the deposit insurance fund and not on the IDIs total assessment base. This is especially so at a time when regulatory emphasis is being placed on deposits rather than the capital markets as the source to fund a bank's operations. While the Bank would prefer that the FDIC assess a separate charge for the incremental coverage associated with noninterest bearing transaction accounts, an adjustment (similar to the current adjustments to the base assessment rate) to the assessment rate may be appropriate. With the proposed changes to schedule RC-O (M.5.a and M.5.b) the FDIC will have the information necessary to accurately calculate the incremental assessment amounts at the specific IDI level.

[2] Information is being provided solely for TD Bank, N.A.

[3] 75 FR 60344 (September 30, 2010)

We very much appreciate the opportunity to comment on the Proposal. Please feel free to contact Matthew Elia, Senior Accountant at 207-535-2436 or the undersigned at 856-874-2409 with any questions or comments you or the FDIC staff may have.

Very truly yours,

Stephen J. Boyle
Chief Financial Officer