

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

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Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/2018 AND ENDING 12/31/2018
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: M&T Securities, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

285 Delaware Avenue, Suite 2000

OFFICIAL USE ONLY

FIRM I.D. NO.

(No. and Street)

Buffalo

NY

14202

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Jim Stark

716-842-5773

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

PriceWaterhouseCoopers LLP

(Name - if individual, state last, first, middle name)

726 Exchange Street, Suite 1010 Buffalo

NY

14210

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:



Certified Public Accountant



Public Accountant



Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of
information contained in this form are not required to respond
unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Richard Marsh, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of M&T Securities, Inc., as of February 26, 2019, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Sworn and affirmed this 26th of February, 2019

Candice M. McARDell
Notary Public

Richard Marsh
Signature

President

Title

CANDICE M. McARDELL
No. 5603827
Notary Public, State of New York
Queens County
My Commission Expires 11/02/2022

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☒ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

M&T SECURITIES, INC.

Financial Statements and Supplemental Schedules
December 31, 2018

M&T SECURITIES, INC.
Index to Financial Statements
December 31, 2018

	<u>Page</u>
Report of Independent Registered Public Accounting Firm	1
Statement of Financial Condition	3
Statement of Income	4
Statement of Cash Flows	5
Statement of Changes in Shareholder's Equity	6
Notes to Financial Statements	7
Schedule I: Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission	16
Schedule II: Computation for Determination of Reserve Requirements and Information Relating to the Possession or Control Requirements Under Rule 15c3-3	17



Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholder
of M&T Securities, Inc.

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of M&T Securities, Inc. (the "Company") as of December 31, 2018, and the related statements of income, cash flows, and changes in shareholder's equity for the year then ended, including the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Supplemental Information

The Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission and Computation for Determination of Reserve Requirements and Information Relating to the Possession or Control Requirements Under Rule 15c3-3 has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental information is the responsibility of the Company's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with Rule 17a-5 under the Securities Exchange Act of 1934. In our opinion, the Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission and Computation for Determination of Reserve Requirements and Information Relating to the Possession or



Control Requirements Under Rule 15c3-3 are fairly stated, in all material respects, in relation to the financial statements as a whole.

PricewaterhouseCoopers LLP

Buffalo, New York
February 26, 2019

We have served as the Company's auditor since at least 1987. We have not been able to determine the specific year we began serving as auditor of the Company.

M&T SECURITIES, INC.
Statement of Financial Condition
December 31, 2018
(Dollars in thousands)

Assets:

Cash on deposit with M&T Bank	\$ 13,783
Securities owned, at fair value	8,365
Receivable from broker	17,087
Deferred income taxes	508
Due from M&T Bank	2,153
Other assets	<u>4,816</u>

Total assets	<u>\$ 46,712</u>
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Liabilities:

Commissions payable	\$ 1,278
Current income taxes payable to M&T Bank	345
Clearing broker incentive payment	5,785
Other liabilities	<u>2,991</u>

Total liabilities	<u>10,399</u>
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Shareholder's equity:

Common stock, no par value, 200 shares authorized, 30 shares issued and outstanding	75
Additional paid-in capital	30,334
Retained earnings	<u>5,904</u>

Total shareholder's equity	<u>36,313</u>
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Total liabilities and shareholder's equity	<u>\$ 46,712</u>
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See accompanying notes to financial statements.

M&T SECURITIES, INC.
Statement of Income
Year Ended December 31, 2018
(In thousands)

Revenues:	
Commissions	\$ 42,813
Fees	39,297
Trading	5,805
Interest	389
Other	<u>5,176</u>
Total revenues	<u>93,480</u>
Expenses:	
Employee compensation and benefits	53,858
Occupancy	12,859
Clearing broker fees	915
Other	<u>16,552</u>
Total expenses	<u>84,184</u>
Income before income taxes	9,296
Income taxes	<u>2,260</u>
Net income	<u><u>\$ 7,036</u></u>

See accompanying notes to financial statements.

M&T SECURITIES, INC.
Statement of Cash Flows
Year Ended December 31, 2018
(In thousands)

Cash flows from operating activities:	
Net income	\$ 7,036
Adjustments to reconcile net income to net cash provided (used) by operating activities:	
Stock-based compensation expense	870
Depreciation and amortization	82
Deferred income taxes	(99)
Net change in:	
Securities owned, at fair value	(3,139)
Receivable from broker	19,607
Current income taxes receivable from/payable to M&T Bank	757
Clearing broker incentive payment	2,127
Due to/from M&T Bank	(1,947)
Other, net	(710)
Net cash provided by operating activities	24,584
Cash flows from investing activities:	
Capital expenditures, net	(82)
Cash flows from financing activities:	
Dividend to parent	(17,000)
Net increase in cash and cash equivalents	7,502
Cash and cash equivalents at beginning of year	6,281
Cash and cash equivalents at end of year	<u>\$ 13,783</u>
Supplemental disclosure of cash flow information	
Interest received during the year	\$ 379
Income taxes paid during the year	1,602

See accompanying notes to financial statements.

M&T SECURITIES, INC.
Statement of Changes in Shareholder's Equity
Year Ended December 31, 2018
(In thousands)

	<u>Common stock</u>	<u>Additional paid-in capital</u>	<u>Retained earnings</u>	<u>Total</u>
Balance at January 1, 2018	\$ 75	\$ 29,391	\$ 15,313	\$ 44,779
Cumulative effect of change in accounting principle - revenue from contracts with customers	—	—	555	555
Net income	—	—	7,036	7,036
Dividend to parent	—	—	(17,000)	(17,000)
Stock-based compensation expense	—	870	—	870
Stock purchase plan	—	73	—	73
Balance at December 31, 2018	<u>\$ 75</u>	<u>\$ 30,334</u>	<u>\$ 5,904</u>	<u>\$ 36,313</u>

See accompanying notes to financial statements.

M&T SECURITIES, INC.
Notes to Financial Statements
December 31, 2018

1. Organization and operations

M&T Securities, Inc. ("the Company") is a wholly owned subsidiary of M&T Bank and is a registered broker-dealer with the Securities and Exchange Commission ("SEC"). The Company provides securities brokerage, investment advisory, insurance and underwriting services.

The Company has an agreement with a clearing broker under which customer account records are maintained and individual securities and mutual fund transactions are executed. The Company sells mutual funds, fixed income and other securities, and annuity and insurance products in the banking offices of M&T Bank. The mutual fund and annuity activity is either cleared utilizing the clearing broker or self-cleared directly with the mutual fund or insurance companies. Life insurance products are self-cleared directly with insurance companies.

The Company acts as both principal and riskless principal on municipal security and other fixed income government and corporate securities transactions. As principal, securities are purchased from dealers at the market rate and held until sold at a mark-up to the customer. As riskless principal, the Company purchases securities from dealers at the market rate and simultaneously delivers the securities to the customer at a mark-up. Revenues associated with these activities are included in trading revenues in the statement of income.

The Company participates in municipal securities underwriting activities as a syndicate member or as part of a selling group. The Company also acts as manager for the issuance and distribution of municipal notes and bonds. Revenues associated with these activities are included in fee revenues in the statement of income. As distributor, the Company may maintain an inventory of these municipal notes and bonds until sold.

The Company is subject to applicable federal and state securities laws and regulations, the rules of the Financial Industry Regulatory Authority and the Municipal Securities Rulemaking Board, and state insurance laws and regulations.

M&T SECURITIES, INC.
Notes to Financial Statements, continued

2. Summary of significant accounting policies

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles ("GAAP"). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and to disclose contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

A summary of significant accounting policies used in the preparation of the financial statements follows:

Statement of cash flows

For purposes of the statement of cash flows, cash and cash equivalents consist of cash on deposit with M&T Bank.

Securities owned

Securities owned are stated at fair value. Realized gains and losses and unrealized changes in fair value of securities owned are included in trading revenues in the statement of income.

Commissions and fees

Annuities and mutual fund fees include commissions and trailer fees from the sale of open-end mutual funds and fixed and variable annuity products. Annuity and mutual fund commission revenue is recorded as income at the time of transaction execution. Trailer fees from annuities and mutual funds are accrued as earned.

Insurance service fees include commissions from the sale of life insurance, accidental death and dismemberment insurance, and other insurance products. Such commissions are recorded when the policy with customers is executed. Insurance renewal commissions are recognized upon subsequent renewal of the policy.

Brokerage commissions include commissions the Company earns from buying or selling securities on behalf of customers and are recorded on a trade date basis.

Asset management fees include fees earned on managed account investment products. Such fees are recognized as revenue as the Company's performance obligations are satisfied. The Company receives asset management and other distribution fees upon initial placement of customer funds as well as in future periods as such customers continue to hold amounts in those accounts.

Clearing broker fees and other expenses are recognized as incurred.

M&T SECURITIES, INC.
Notes to Financial Statements, continued

2. Summary of significant accounting policies, continued

Clearing broker incentive payment

The Company received an incentive payment from its clearing broker as a result of the amendment of the clearing agreement. The clearing broker performs traditional operational functions including execution and clearing of trades and holding customer funds on behalf of the Company. The payment was deferred and, along with the unamortized portion of a previous incentive payment, is being amortized on a straight-line basis over the seven-year life of the new contract. During 2018, the amortization of the incentives resulted in the reduction of operating expenses of \$874,000 for the Company which was reflected in other expense in the statement of income.

Stock-based compensation

Employees of the Company have been granted restricted stock awards, comprised of restricted stock and restricted stock units of M&T Bank Corporation ("M&T"), the parent company of M&T Bank, under incentive compensation plans of M&T. In addition, a stock purchase plan provides eligible employees of M&T and its subsidiaries the right to purchase shares of M&T common stock at a discount through accumulated payroll deductions. Information regarding the incentive compensation plans of M&T is included in M&T's Annual Report (Form 10-K) as filed with the SEC.

The Company recognizes expense for stock-based compensation using the fair value method of accounting. Stock-based compensation expense is included in employee compensation and benefits expenses in the statement of income. As of December 31, 2018, unvested restricted stock awards granted to the Company's employees totaled 9,900. The unrecognized compensation expense associated with restricted stock awards was \$298,000 as of December 31, 2018 which will be recognized over a weighted-average period of approximately one year.

Furniture and equipment

Furniture and equipment are stated at cost less accumulated depreciation and are included in other assets in the statement of financial condition. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets, which are from three to ten years.

Income taxes

The Company is included in the consolidated federal and various combined state and local income tax returns of M&T. Pursuant to an intercompany tax sharing agreement with M&T, the Company remits tax payments to M&T Bank as if it filed a separate return and receives benefits for losses recognized in consolidation. The Company also files separate income tax returns in other state and local jurisdictions.

M&T SECURITIES, INC.
Notes to Financial Statements, continued

2. Summary of significant accounting policies, continued

Income taxes, continued

Deferred tax assets and liabilities are recognized for the future tax effects attributable to differences between the financial statement value of existing assets and liabilities and their respective tax bases and carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates and laws.

3. Revenue from contracts with customers

Effective January 1, 2018, the Company adopted amended accounting and disclosure guidance for revenue from contracts with customers and applied the modified retrospective approach for reporting purposes. The adoption required the Company to accelerate revenue recognition of certain insurance contracts, resulting in a \$555,000 increase to beginning retained earnings. The adjustment to beginning retained earnings as well as the impact of any changes in timing of revenue recognition within the scope of this guidance did not have a material impact on the Company's financial position or results of operations. The following table summarizes sources of the Company's income for the year ended December 31, 2018 that are subject to the amended guidance.

	Commissionable Revenues	Insurance	Brokerage Services Revenue	Underwriting Revenue	Miscellaneous Revenue	Total
	(In thousands)					
Commissions	\$ 33,270	9,543	—	—	—	\$ 42,813
Fees	—	—	37,891	1,406	—	39,297
Other	—	—	—	—	5,176	5,176
	<u>\$ 33,270</u>	<u>9,543</u>	<u>37,891</u>	<u>1,406</u>	<u>5,176</u>	<u>\$ 87,286</u>

Commissionable revenues include revenues from the sale of annuities, mutual fund, retirement and securities products. Commissionable revenues and insurance service fees are recognized at the time of transaction execution.

Brokerage services revenue is recognized as the Company's performance obligations are satisfied and include revenues related to administrative services, shareholder services and asset management.

Underwriting revenue from bond issuances is recorded when the bonds are issued.

Miscellaneous income predominantly includes service charges on brokerage accounts, revenue sharing from preferred partners and direct mail revenue. Service charges on brokerage accounts include maintenance fees, termination fees and other transactional fees that are recognized on a monthly basis. Revenue sharing from preferred partners is earned for the marketing and suitable placement of customer funds into certain mutual fund and annuity products. Revenue is recorded as earned on the placement of mutual fund accounts and accrued on a quarterly basis for annuity accounts. Direct mail revenue is recognized as earned and represents revenue generated from the Company's clients' purchase of products

M&T SECURITIES, INC.
Notes to Financial Statements, continued

3. Revenue from contracts with customers, continued

such as identity theft, privacy guard or life insurance services from a third party based upon a targeted promotional offer placed in the customer account statement mailings.

4. Fair value measurements

GAAP permits an entity to choose to measure eligible financial instruments and other items at fair value. The Company has not made any fair value elections at December 31, 2018.

Pursuant to GAAP, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-level hierarchy exists in GAAP for fair value measurements based upon the inputs to the valuation of an asset or liability.

- Level 1 — Valuation is based on quoted prices in active markets for identical assets and liabilities.
- Level 2 — Valuation is determined from quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar instruments in markets that are not active or by model-based techniques in which all significant inputs are observable in the market.
- Level 3 — Valuation is derived from model-based and other techniques in which at least one significant input is unobservable and which may be based on the Company's own estimates about the assumptions that market participants would use to value the asset or liability.

The Company maintains a trading inventory, predominantly comprised of municipal notes and bonds, as both principal and riskless principal. Valuations of investments in municipal and other bonds can generally be obtained through reference to quoted prices in less active markets for the same or similar securities or through model-based techniques in which all significant inputs are observable and, therefore, such valuations have been classified as Level 2.

The Company's other financial instruments, such as cash, receivables from or payables to broker and other third parties, amounts due to/from M&T Bank and commissions payable not measured at fair value in the statement of financial condition are carried at amounts that the Company believes approximate fair value. Those financial instruments are classified as Level 2 because all significant inputs are observable, except for cash which is classified as Level 1.

5. Pension plans and other postretirement benefits

The Company participates in M&T's noncontributory defined benefit and defined contribution pension plans covering substantially all full-time employees. Pension benefits accrue to participants based on their level of compensation and number of years of service. M&T makes contributions to its funded qualified defined benefit pension plan as required by government regulation or as deemed appropriate by management after considering factors such as the fair value of plan assets, expected returns on such assets, and the present value of benefit obligations of the plan. The Company recognized a net periodic pension expense in

M&T SECURITIES, INC.
Notes to Financial Statements, continued

5. Pension plans and other postretirement benefits, continued

2018 related to the defined benefit plan of \$172,000. The service cost component of that expense of \$591,000 is included in employee compensation and benefits expense and the other components of (\$419,000) are included in other expenses in the statement of income.

Expense recorded by the Company in 2018 related to the defined contribution plan was \$1,092,000 and is included in employee compensation and benefits expenses.

The Company also participates in M&T's defined benefit health care and life insurance plans, which provide benefits for qualified retired employees who reached the age of 55 while working for M&T or its subsidiaries. Substantially all salaried employees are eligible to select coverage in the plans. Net postretirement benefits expense (benefit) recognized by the Company in 2018 was (\$58,000). The service cost component of that benefit was an expense of \$23,000 and is included in employee compensation and benefits expense and the other components representing a benefit of (\$81,000) are included in other expenses.

Additionally, the Company participates in M&T's retirement savings plan that is a defined contribution plan in which eligible employees may defer up to 50% of qualified compensation via contributions to the plan. The Company makes an employer matching contribution in an amount equal to 75% of an employee's contribution, up to 4.5% of the employee's qualified compensation. Employee benefits expense resulting from the Company's contributions to the retirement savings plan totaled \$1,673,000 in 2018.

6. Income taxes

The components of income taxes were as follows:

	(In thousands)
Current:	
Federal	\$ 1,737
State and local	622
Total current	<u>2,359</u>
Deferred:	
Federal	(76)
State and local	(23)
Total deferred	<u>(99)</u>
Total income taxes applicable to pre-tax income	<u>\$ 2,260</u>

M&T SECURITIES, INC.
Notes to Financial Statements, continued

6. Income taxes, continued

Total income tax expense differed from the amount computed by applying the statutory federal income tax rate to income before income taxes as follows:

	(In thousands)
Income tax expense at statutory federal income tax rate	\$ 1,952
State and city income taxes, net of federal income tax effect	473
Stock-based compensation	(89)
Tax-exempt interest	(82)
Other	6
	<u>\$ 2,260</u>

Net deferred tax assets were comprised of the following:

	(In thousands)
Stock-based compensation	\$ 347
Incentive compensation plans	128
Other assets	70
Gross deferred tax asset	<u>545</u>
Depreciation and amortization	(37)
Net deferred tax asset	<u>\$ 508</u>

The Company believes that it is more likely than not that the net deferred tax asset will be realized through taxable earnings or alternative tax strategies.

7. Related party transactions

Cash and cash equivalents

The Company maintains an operating checking account with M&T Bank.

Occupancy

The Company leases space within banking offices of M&T Bank. The lease agreement remains in effect until terminated by either party with ninety days written notice. Pursuant to the terms of this agreement, rent expense incurred during 2018 related to premises of M&T Bank occupied by the Company totaled \$11,532,000, and was equal to 20% of adjusted gross commission and fee income earned by the Company from sales at certain banking offices, less marketing, promotion and other expenses incurred by the Company deductible under this agreement. The Company also occupies non-banking office space in facilities owned or rented by M&T Bank. Occupancy expenses related to those facilities amounted to \$1,302,000 in 2018.

M&T SECURITIES, INC.
Notes to Financial Statements, continued

7. Related party transactions, continued

Due to/from M&T Bank

Amounts payable to or receivable from M&T Bank resulting from the transactions noted herein are generally settled on a monthly basis.

Services performed or provided by the Company

Revenues for commissions and clearing broker fees associated with services performed by the Company on behalf of other affiliates of M&T are included in commissions and fee revenues in the statement of income and totaled \$6,047,000 and \$20,441,000, respectively, in 2018. Those affiliates included M&T, M&T Bank, Wilmington Trust, National Association, Wilmington Trust Investment Management, LLC ("WTIM"), Wilmington Funds Management Corporation, Wilmington Trust Investment Advisors, Inc. and Wilmington Trust Company. Included in the commissions and fee revenues were:

- Commissions earned by the Company in 2018 included those for providing administrative services for non-qualified retirement plans, such as rollover individual retirement accounts, and for institutional and wealth customer transactions. Commission revenues related to the administrative services provided for retirement accounts totaled \$3,230,000 in 2018. Commission revenues associated with institutional and wealth customer transactions were \$2,458,000 in 2018.
- Commissions earned by the Company associated with trade execution of M&T's common stock repurchases totaled \$359,000 in 2018.
- The majority of the fees earned from affiliates were associated with the sale and management of the M&T Bank Portfolio Architect product. During 2018, the Company received \$17,471,000 for providing those services. In addition, the Company earned fees for providing services for a similar product offered to WTIM customers totaling \$878,000 in 2018. The Company also received mutual fund shareholder services and 12b-1 fees from the Wilmington Funds, an affiliated open-end registered investment company. Those revenues totaled \$1,212,000 and \$880,000, respectively, in 2018.

Costs for data processing, personnel administration, legal and other services performed by M&T Bank on behalf of the Company are included in other expenses in the statement of income and totaled \$10,483,000 in 2018. Commission expense paid by the Company for sales of its products by M&T Bank and certain of its subsidiaries is included in employee compensation and benefits expense and totaled \$169,000 in 2018.

8. Net capital requirements

The Company is subject to the SEC Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital shall not exceed 15 to 1. The Company's net capital calculated in accordance with SEC Rule 15c3-1 (see Schedule I) was \$26,652,000 at December 31, 2018, which was

M&T SECURITIES, INC.
Notes to Financial Statements, continued

8. Net capital requirements, continued

\$25,959,000 in excess of the minimum required net capital. The Company's ratio of aggregate indebtedness to net capital was 0.39 to 1 at December 31, 2018.

9. Contingent liabilities

In the normal course of business, the Company executes transactions on behalf of customers. If such transactions do not settle because of failure to perform by a party to the transaction the Company may be required to discharge the obligation of the nonperforming party and, as a result, may incur a loss if the market value of the securities is different from the contract amount of the transaction. The Company has not incurred any material losses as a result of this type of nonperformance.

The Company clears certain of its securities transactions through a clearing broker on a fully disclosed basis. Pursuant to the terms of the agreements between the Company and the clearing broker, the clearing broker has the right to charge the Company for losses that result from a counterparty's failure to fulfill its contractual obligations. As the right to charge the Company has no maximum amount and applies to all trades executed through the clearing broker, the Company believes there is no maximum amount assignable to this right. The Company has not incurred any material losses as a result of these guarantees.

The Company has the right to pursue collection or performance from the counterparties who do not perform under their contractual obligations. The Company monitors the credit standing of the clearing broker with which it conducts business.

The amended clearing agreement with the Company's clearing broker contains termination fees if the Company were to exit the agreement prior to expiration date that decline over the term of the agreement. The termination fee was \$9,750,000 at December 31, 2018. The Company does not have any intention to terminate the clearing agreement prior to its expiration date.

In the normal course of business, the Company enters into underwriting commitments. At December 31, 2018 the Company had no outstanding obligations for municipal bonds and notes.

The Company is subject, in the normal course of business, to various pending and threatened legal proceedings in which claims for monetary damages are asserted. Management, after consultation with legal counsel, does not anticipate that the aggregate ultimate liability, if any, arising out of litigation pending and threatened against the Company will be material to the Company's financial position, but at the present time is not in a position to determine whether such litigation will have a material adverse effect on the Company's results of operations in any future reporting period.

M&T SECURITIES, INC.
Computation of Net Capital Under Rule 15c3-1 of the
Securities and Exchange Commission
(In thousands)

Net capital

Shareholder's equity	\$ 36,313
Adjustment for non-allowable assets:	
Deferred income taxes	508
Furniture and equipment	190
Various asset accounts not offset against related liabilities	<u>8,537</u>
Net capital before haircut on securities positions	27,078
Haircut on securities positions	<u>426</u>
Net capital	26,652
Required net capital (6 2/3% of aggregate allowable indebtedness of \$10,392)	<u>693</u>
Excess net capital	<u><u>\$ 25,959</u></u>

There is no difference in the amount of net capital presented above and the amount reported by the Company in Part II of Form X-17A-5 as of December 31, 2018

M&T SECURITIES, INC.

**Computation for Determination of Reserve Requirements and Information
Relating to the Possession or Control Requirements Under Rule 15c3-3
December 31, 2018**

The Company claims exemption under Rule 15c3-3 of the Securities and Exchange Commission. The Company is in compliance with the conditions of exemption under paragraphs (k)(2)(i) and (ii) of Rule 15c3-3 dealing with introducing brokers.



Report of Independent Registered Public Accounting Firm

To the Board of Directors of M&T Securities, Inc.

We have reviewed M&T Securities Inc.'s assertions, included in the accompanying M&T Securities, Inc.'s Exemption Report, in which (1) the Company identified 17 C.F.R. § 240.15c3-3(k)(2)(i) and (2)(ii) as the provision under which the Company claimed an exemption from 17 C.F.R. § 240.15c3-3 (the "exemption provision") and (2) the Company stated that it met the identified exemption provisions throughout the year ended December 31, 2018 except as described in its exemption report with respect to the exceptions listed in Appendix A to this report. The Company's management is responsible for the assertions and for compliance with the identified exemption provisions throughout the year ended December 31, 2018.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about the Company's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's assertions referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k) (2)(i) and (2)(ii) of 17 C.F.R. § 240.15c3-3.

PricewaterhouseCoopers LLP

Buffalo, New York
February 26, 2019



Appendix A

List of Exceptions reported by M&T Securities, Inc.
During the year ended December 31, 2018

Number of Exceptions	Nature of Exceptions	Dates of Exceptions
26	Checks were transmitted after 12 PM of the business day following receipt due to the Company's delay in depositing/transmitting the checks.	1/3/2018 (2), 1/11/2018, 1/22/2018, 3/1/2018, 3/15/2018, 3/20/2018, 3/23/2018, 3/26/2018 (2), 5/3/2018, 7/11/2018, 7/16/2018, 8/3/2018, 8/10/2018, 9/22/2018, 9/27/2018, 10/16/2018, 11/13/2018 (2), 11/15/2018 (3), 12/19/2018(x2), 12/31/2018



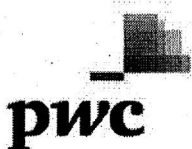
Report of Independent Accountants

To the Board of Directors and Management of M&T Securities, Inc.

In accordance with Rule 17a-5(e)(4) of the Securities Exchange Act of 1934 and with the SIPC Series 600 Rules, we have performed the procedures enumerated below, which were agreed to by M&T Securities, Inc. and the Securities Investor Protection Corporation ("SIPC") (collectively, the "specified parties") with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) of M&T Securities, Inc. for the year ended December 31, 2018, solely to assist the specified parties in evaluating M&T Securities, Inc.'s compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Management is responsible for M&T Securities, Inc.'s compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Public Company Accounting Oversight Board (United States) and in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and results thereof are as follows:

1. Compared the listed assessment payments on page 1, items 2B and 2G of Form SIPC-7 with the respective cash disbursement records entries, as follows:
 - a. Payment dated July 13, 2018 in the amount of \$48,892 was compared to the July 13, 2018 outgoing Citi Bank wire Transfer from M&T Securities Operations to SIPC and to the journal entry dated July 31, 2018 which debited General Ledger Account #4621000 Professional Services Other, obtained from Michael Sfeir/Financial Analyst/M&T Securities, Inc., noting no differences.
 - b. Payment dated January 16, 2019 in the amount of \$9,900 compared to the January 16, 2019 outgoing Fedwire wire transfer from M&T Securities Operations to SIPC and to the journal entry dated January 16, 2019 which debited General Ledger Account #4621000 Professional Services Other, obtained from Michael Sfeir/Financial Analyst/M&T Securities, Inc., noting no differences.
2. Compared the Total Revenue amount (in thousands) of \$93,480 reported on page 4 of the audited Form X-17A-5 part III for the year ended December 31, 2018 to the Total revenue amount of \$93,479,958 reported on page 2, item 2a of Form SIPC-7 for the year ended December 31, 2018, noting a difference of \$42 due to rounding.
3. Compared any adjustments reported on page 2, items 2b and 2c of Form SIPC-7 with the supporting schedules and working papers, as follows:
 - a. Compared additions on item 2b, line 6, "Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities" of \$11,040 to the net amount of activity within Account AMT890681 on the Pershing IBD Activity Summary for the period January 1, 2018 to December 31, 2018, provided by Michael Sfeir/Financial Analyst/M&T Securities, Inc., noting no differences.



- b. Compared deductions on item 2c, line 1, "Revenues from the distribution of shares of a registered open-end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory separate accounts, rendered to registered investment companies or insurance company separate accounts, and from transactions in securities futures products" of \$51,834,532 to the aggregate amounts of General Ledger Accounts #3515311 Annuity Trailers, #3515318 Fixed Annuities, #3515319 Variable Annuities, #3515306 Revenue Sharing Annuity, #3515303 12B1 Trailer Fees, #3515304 Mutual Fund Revenue, #3515305 Revenue Sharing Mutual Funds, #3517040 Direct Mail Revenue, #3521500 Insurance Revenue – 1st Year, and #3521501 Insurance Revenue – Renewal on the Hyperion MFA GLR595 Report for Company 008 (M&T Securities, Inc.) for the year ended December 31, 2018, provided by Michael Sfeir/Financial Analyst/M&T Securities, Inc., noting no differences.
 - c. Compared deductions on item 2c, line 3, "Commissions, floor brokerage, and clearance paid to other SIPC members in connection with securities transactions" of \$915, 437 to General Ledger Account #463100 Security Clearance Fees Domestic on the Hyperion MFA GLR595 Report for Company 008 (M&T Securities, Inc.) for the year ended December 31, 2018, provided by Michael Sfeir/Financial Analyst/M&T Securities, Inc., noting no differences.
 - d. Compared deductions on item 2c, line 6, "100% of commissions and markups earned from transactions in (i) certifications of deposits and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date" of \$1,553,244 to the sum of a query of the Compass and M&O Transaction File for the period from 1/1/2018 to 6/30/2018 returning Revenue from Trades of Securities with Maturities Less Than 273 Days of \$790,228 and a query of the Compass and M&O Transaction File for the period 7/1/2018 to 12/31/2018 returning Revenue from Trades of Securities with Maturities Less Than 273 Days of \$763,016, provided by Michael Sfeir/Financial Analyst/M&T Securities, Inc., noting no differences.
 - e. Compared deductions on item 2c, line 7, "Direct expenses of printing advertising and legal fees incurred in connection with our revenue related to securities business (revenue defined by Section 18(9)(L) of the Act)" of (\$6,939) to General Ledger Account #4878003 Gain on Sale of F/A on the Hyperion MFA GLR595 Report for Company 008 (M&T Securities, Inc.) for the year ended December 31, 2018, provided by Michael Sfeir/Financial Analyst/M&T Securities, Inc., noting no differences.
4. Recalculated the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers obtained in procedure 3, as follows:
- a. Recalculated the mathematical accuracy of the SIPC Net Operating Revenues on page 2, line 2d and the General Assessment @ .0015 on page 2, line 2e of \$39,194,724 and \$58,792, respectively of the Form SIPC-7, noting no differences.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Company's preparation of Form SIPC-7 in accordance with the applicable instructions. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.



This report is intended solely for the information and use of management and the Board of Directors of M&T Securities, Inc. and the Securities Investor Protection Corporation and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

Buffalo, NY
February 26, 2019

For the fiscal year ended 12/31/2018

(Read carefully the instructions in your Working Copy before completing this Form)

TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

8*8*****1413*****MIXED AADC 220

35185 FINRA DEC
M & T SECURITIES INC
ATTN: CAROL GOULDING
285 DELAWARE AVE STE 2000
BUFFALO, NY 14202-1869

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

Michael Steir - 716.651.4284

2. A. General Assessment (item 2e from page 2)

B. Less payment made with SIPC-6 filed (exclude interest)

7/13/18

Date Paid

C. Less prior overpayment applied

D. Assessment balance due or (overpayment)

E. Interest computed on late payment (see instruction E) for _____ days at 20% per annum

F. Total assessment balance and interest due (or overpayment carried forward)

G. PAYMENT: ☒ the box

Check mailed to P.O. Box ☐ Funds Wired ☐ ACH ☐

Total (must be same as F above)

\$

H. Overpayment carried forward

\$

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

M + T Securities Inc

(Name of Corporation, Partnership or other organization)

(Authorized Signature)

Dated the 16 day of January, 20 19.

FW - of _____
(Title)

{Title

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

SIPC REVIEWER

Dates:

Postmarked

Received

Reviewed

Calculations

Documentation _____

Forward Copy _____

Exceptions:

Disposition of exceptions:

AND GENERAL ASSESSMENT

Amounts for the fiscal period
beginning 1/1/2018
and ending 12/31/2018

Item No.

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

Eliminate cents

\$ 93,479,958

2b. Additions:

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.
- (2) Net loss from principal transactions in securities in trading accounts.
- (3) Net loss from principal transactions in commodities in trading accounts.
- (4) Interest and dividend expense deducted in determining item 2a.
- (5) Net loss from management of or participation in the underwriting or distribution of securities.
- (6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.
- (7) Net loss from securities in investment accounts.

Total additions

11,040

93,490,998

2c. Deductions:

- (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.
- (2) Revenues from commodity transactions.
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.
- (4) Reimbursements for postage in connection with proxy solicitation.
- (5) Net gain from securities in investment accounts.
- (6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.
- (7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).
- (8) Other revenue not related either directly or indirectly to the securities business.
(See Instruction C):

51,834,532

915,437

1,553,244

(6,939)

(Deductions in excess of \$100,000 require documentation)

- (9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income.

\$

- (ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).

\$

Enter the greater of line (i) or (ii)

Total deductions

54,296,274

2d. SIPC Net Operating Revenues

\$ 39,194,724

2e. General Assessment @ 0015

58,792

\$ 78,349

(to page 1, line 2.A.)

.0025 - Calc for July SIPC - 6.

