**MEMORANDUM**

TO: Public File - Notice of Public Rulemaking: Liquidity Coverage Ratio: Liquidity Risk Measurement, Standards, and Monitoring, (RIN 3064-AE04) ("Liquidity Coverage Ratio NPR")

FROM: Greg Feder, Counsel, Legal Division

DATE: April 15, 2014

SUBJECT: Meeting with Representatives from GE Capital

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On March 28, 2014, FDIC staff, together with staff of the Board of Governors of the Federal Reserve System and the Office of the Comptroller of the Currency, met with representatives of GE Capital in connection with the Liquidity Coverage Ratio NPR, which was issued in the Federal Register of November 29, 2013 (78 FR 71818). The GE Capital representatives presented an overview of GE's business and capital strength and raised issues included in the attached materials.

The FDIC representatives at this meeting were:

- Kyle Hadley, Section Chief for Examination Support, Capital Markets/RMS
- Eric Schatten, Policy Analyst, Capital Markets/RMS
- Greg Feder, Counsel, Legal Division

GE Capital's representatives in attendance at this meeting were:

- Mike Bellora, Deputy Treasurer – Liquidity & Banking
- Mark Barber, Deputy Treasurer – Global Relations
- Kalyan Popuri, Managing Director – Liquidity
- Tom Corsi, Global Lead Regulatory Counsel
- Kevin Bailey, Supervisory Affairs Leader

# GE Capital

## U.S. LCR Notice of Proposed Rulemaking
## GE Capital Comment Letter

March 28, 2014

The information being submitted is confidential commercial or financial information. Public disclosure of this proprietary business information could cause substantial competitive harm to General Electric Company and General Electric Capital Corporation or their affiliates (collectively "GE"). Accordingly, GE requests that this information be treated as confidential and exempt from disclosure pursuant to 5 U.S.C. § 552 (b)(4). GE requests that it be notified and given a reasonable opportunity to provide additional grounds to support its request for confidential treatment should anyone submit a Freedom of Information request for this information.

# U.S. adoption of the Liquidity Coverage Ratio

## *Summary of GECC key comments on the Notice of Proposed Rulemaking*

| Key points of submission to the Agencies | Notes |
| --- | --- |
| Modify / extend implementation timeline for non-bank SIFIs/SLHCs, particularly for the daily calculation requirement:<br>• Allow 2-year phase-in period, with monthly best-efforts LCR calculations / supervisory monitoring<br>• Allow supervisory discretion to determine appropriateness for non-BHCs | Requires a multi-year process to change multiple finance / risk data systems & ledgers, implementing enhanced data governance & validation practices / procedures |
| Allow select 3rd party bank deposits to qualify as HQLA (or as cash inflows without cap) for nonbank SIFIs that can't maintain significant Federal Reserve Bank balances | GECC does not have direct access to the Federal Reserve Deposit window |
| Clarify that HQLA-eligible assets received under overnight reverse repo transactions (particularly with the Federal Reserve or other covered companies) qualify as HQLA | High certainty of settlement cash proceeds on overnight positions |
| Eliminate 10% outflow rate on Brokered CDs maturing outside the 30-day stress horizon in light of contractual terms and absence of significant customer relationship | Limited contractual outs for depositors - death or incompetence |
| Allow for pro-rata or modeled outflow that meets supervisory expectations, for non-maturity funding instruments | Proposal could effectively eliminate non-deposit funding sources |

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# U.S. adoption of the Liquidity Coverage Ratio

*Summary of GECC comments on the Notice of Proposed Rulemaking*

| Additional points of submission to the Agencies | Notes |
|---|---|
| Liquidity held within a covered company's offshore unregulated entities<br>• Clarify permitting usage to meet net cash outflows within United States<br>• Clarify that appropriate parameters will be addressed through supervisory process | In view of GECC's geographic footprint, significant amount of liquidity is held globally |
| Provide framework for recognition of qualifying foreign depository insurance regimes<br>• Sync up with Basel requirements for determination of "effectiveness", among others | Foreign deposits become unattractive and expensive |
| Revisit asymmetric assumptions for cash outflows and inflows under credit and liquidity facilities (lenders to hold liquidity, but borrowers not allowed to count inflows) | Doesn't seem to be empirically grounded or conceptually justified |

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