Meeting Between Staff of the Federal Reserve Board, the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC), and GE Capital
March 28, 2014

Participants: David Emmel, Kevin Littler, April Snyder, Dafina Stewart, Jahad Atieh, Blaine Frantz (Federal Reserve Board)

Tena Alexander, Jill Cetina, Kerri Corn, Douglas Robertson, Adam Trost, Tiffany Eng (OCC)

Kyle Hadley, Greg Feder, Eric Schatten (FDIC)

Michael Bellora, Kalyan Popuri, Tom Corsi, Kevin Bailey, Mark Barber (GE Capital)

Summary: Staff of the Federal Reserve Board, the OCC, and the FDIC met with representatives of GE Capital to discuss the proposed Liquidity Coverage Ratio rule, which would implement the Basel III liquidity standards in the United States. Meeting participants discussed the proposed rule and its application to nonbank financial companies designated by the Financial Stability Oversight Council for supervision by the Federal Reserve Board. A copy of the materials provided by GE Capital is attached.

Attachment.

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: • Allow 2-year phase-in period, with monthly best-efforts LCR calculations / supervisory monitoring • 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

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 • Clarify permitting usage to meet net cash outflows within United States • 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 • 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