Scott T. Parker
Executive Vice President
Chief Financial Officer

April 30, 2012

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW,
Washington, DC 20551

Re: Enhanced Prudential Standards and Early Remediation Requirements; Regulation YY; Docket No. 1438; RIN 7100-AD-86

Dear Ms. Johnson:

CIT Group Inc.[1] (CIT) appreciates the opportunity to submit this comment letter in response to the Federal Reserve Board's (Board) proposed rule to establish enhanced prudential standards and early remediation requirements for bank holding companies with more than $50 billion in assets and nonbank financial companies subject to supervision by the Federal Reserve Board (Proposal).

Our letter relates to Subpart F of the Proposal, the supervisory stress testing requirements, and specifically addresses Question 72 in the Preamble to the Proposal. In Question 72, the Board asks "What alternative models or methodologies for estimating a covered company's losses and revenues should the Board consider?" As discussed further below, we recommend that the Board's supervisory model be refined to recognize and differentiate specialized assets from other types of assets.

The Board's Stress Testing Model Should Recognize and Differentiate Specialized Assets from Other Types of Assets

CIT acknowledges that stress testing can be a useful tool in the identification of risk exposures and the establishment of capital levels. We also appreciate the Board's desire, as stated in the Preamble to the Proposal, for an appropriate level of "standardization" in its supervisory stress testing.[2] To be most effective, however, we believe the Board's supervisory stress test models should capture a broad range of lines of business, including specialized assets.

Some banking organizations, including CIT, have portfolios of specialized assets in greater proportion than many other banks. We believe that the Board's supervisory model should recognize and differentiate these assets from other types of assets. Otherwise, the model can result in inaccurate risk assessments.

[1] CIT Group Inc. is a bank holding company that provides commercial financing and leasing products and other services to small and middle market businesses across a wide variety of industries.
[2] 77 Fed. Reg. 626 (January 5, 2012).

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In its 2012 Comprehensive Capital Analysis and Review, the Board recognized the need to recognize and differentiate among various types of wholesale and retail loans, as well as certain sub-categories of loans.[3] It is our recommendation, therefore, that in implementing this Proposal, the Board further refine its supervisory stress model to recognize and differentiate specialized assets from other types of assets. We believe that such a refinement would increase the accuracy of the risk assessment of these assets, and could be achieved without impairing the Board's desire for standardized tests.

As the Board moves forward with the implementation of the Proposal, we would welcome the opportunity to discuss with Board staff the range of approaches that we have developed for addressing specialized assets in our macro risk factor stress testing. Based upon our experience, we believe that we could provide a helpful insight into the characteristics and performance of these assets in comparison to other types of assets.

Thank you again for the opportunity to comment on the Proposal. If you have any questions, please feel free to contact Lon Goldstein, Senior Vice President of Government Relations, at (202) 756-3010.

Sincerely,

Scott Parker
Chief Financial Officer
CIT Group Inc.

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[3] *Comprehensive Capital Analysis and Review 2012: Methodology and Results for Stress Scenario Projections*, Board of Governors of the Federal Reserve System, March 13, 2012, p. 44.

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