



Sent via email to regs.comments@federalreserve.gov

Subject: Docket No. R-1712; RIN 7100-AF86

Dear Board of Governors:

This letter constitutes the comments of InterNex Capital, LLC and InterNex Capital Funding LLC (collectively, “InterNex”) on the Federal banking regulators’ recently promulgated joint Interim Final Rule titled “Regulatory Capital Rule: Paycheck Protection Program Lending Facility and Paycheck Protection Program Loans”.

InterNex is a tech-enabled asset-based lender to small- and medium-sized businesses. We were founded in 2015 by senior veterans of GE Capital who had leadership positions in its commercial lending business. We spent our first two years building the technology, risk and compliance infrastructure and treasury processes underlying our lending platform. Since 2017, we have been steadily building our portfolio of secured revolving lines of credit for small- and medium-sized businesses. We apply rigorous underwriting standards (including robust KYC) and portfolio management, and we have experienced zero loan losses to date. Wells Fargo is our treasury/cash management partner; Genpact (NYSE: G) is our infrastructure/systems partner.

Yesterday, consistent with the CARES Act’s mandate that “additional lenders” be authorized to make “PPP” loans provided they have “the necessary qualifications to process, close, disburse, and service [PPP] loans”, we submitted to the Small Business Administration (“SBA”) our application, as a non-bank, non-depository “additional lender”, to be authorized by the SBA to make PPP loans. Given our competencies in processing, closing, disbursing and servicing loans to small businesses, upon receiving approval as a PPP lender, we will be in a position to help accomplish the objectives underlying the Paycheck Protection Program, which is to get urgently needed funds to small businesses - in particular those that do not have strong existing bank relationships and therefore are facing challenges in obtaining PPP loans from banks.

But, even with such approval in hand, that will not be enough. In order for ourselves and other authorized non-bank/non-depository “additional lenders” to actually make PPP loans that bear interest at 1%, it will be necessary to obtain access to the cost-effective funding being made available under the PPPL facility.

The Interim Final Rule referred to above establishes the “PPPL facility” that would be available through the Federal Reserve Banks to provide non-recourse loans to “institutions that are eligible to make PPP covered loans, including depository institutions subject to the agencies’ capital rules.” Upon our designation as an authorized institution that is “eligible to make PPP covered loans”, that would include us. But it is unclear in the Interim Final Rule how non-bank eligible PPP lenders will be able to access the PPPL facility.



Accordingly, as an integral part of this new PPPL facility, we ask that the Board and the Federal Reserve Banks take steps to facilitate non-bank institutions authorized to make PPP loans participating as borrowers under such facility, given its express purpose of providing funds to all eligible institutions so that they can make urgently-needed PPP loans.

We stand ready to comply with such recordkeeping and internal controls requirements as may be appropriate.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Y. Lin Chua".

Y. Lin Chua
President & CFOO
InterNex Capital