March 29, 2018

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Susan M. Cosper, Technical Director
File Reference No. 2018-220
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
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Submitted via electronic mail to director@fasb.org

Re: File Reference: No. 2018-220, Exposure Draft: ***Proposed Accounting Standards Update ("ASU"): Derivatives and Hedging (Topic 815): Inclusion of the Overnight Index Swap (OIS) Rate Based on the Secured Overnight Financing Rate (SOFR) as a Benchmark Interest Rate for Hedge Accounting Purposes ("Proposed ASU")***

Dear Technical Director:

General Motors Company ("we" or "GM") designs, builds and sells cars, trucks, crossovers and automobile parts worldwide. We also provide global automotive financing services through General Motors Financial Company, Inc. ("GM Financial"). More information on GM and its subsidiaries can be found on our website at http://www.gm.com. Information on GM Financial can also be found at http://www.gmfinancial.com.

GM and GM Financial use derivative financial instruments to manage exposure to interest rate, commodity price and foreign exchange risk. Both entities have utilized hedge accounting rules promulgated by the Financial Accounting Standards Board ("FASB" or "Board") for certain derivatives in recent years to better reflect the economic performance of derivatives used to mitigate those risks in our financial statements. GM Financial has specifically elected to apply hedge accounting using certain interest rate derivatives. Like many entities applying hedge accounting, we have entered into large numbers of interest rate derivative contracts based on the London Interbank Offered Rate ("LIBOR") and designated certain of those hedging relationships with LIBOR as the benchmark interest rate. As the Board acknowledges in the Proposed ASU, the Alternative Reference Rates Committee ("ARRC"), convened by the Federal Reserve Board and the Federal Reserve Bank of New York due to concerns about the sustainability of LIBOR, has developed a transition plan to introduce a term rate referencing the underlying SOFR in 2021. This timing aligns with the U.K. Financial Conduct Authority ("FCA") announcement in July 2017 that LIBOR will not be required to be quoted after 2021 and, therefore, is likely to be replaced with an alternative benchmark interest rate determined by the Intercontinental Exchange Benchmark Administration ("Administration"). We understand the Administration may continue to produce LIBOR, but banks would not be obligated to participate. We further understand that the International Swaps and Derivatives Association ("ISDA") is considering development of a protocol to amend legacy derivative contracts that reference LIBOR. While it is not clear that LIBOR will be fully eliminated as an available benchmark interest rate, we understand it could become so thinly traded that entities would begin opting to use another benchmark interest rate.

As noted in our comment letter dated November 22, 2016, we supported the adoption of FASB ASU No. 2017-12, codified in ASC 815 and we have elected to adopt the standard effective January 1, 2018. We believe ASU No. 2017-12 improves the presentation of the economic results of our risk management activities when hedge accounting is applied. In this regard, we continue to support the Board's overall objective to portray hedging activities more clearly in the financial statements, while also providing the opportunity to simplify and expand the use of hedge accounting where it is incumbent upon management to employ risk management strategies. With that background, we welcome the opportunity to comment on the Board's Proposed ASU. We strongly support the inclusion of the OIS rate based on SOFR as an additional benchmark interest rate acceptable for use in hedge accounting. We believe inclusion of an additional benchmark interest rate as an alternative, in this case the OIS rate based on SOFR, will be beneficial to entities applying hedge accounting as adding an additional benchmark interest rate (1) expands the ability to apply hedge accounting to more risk management strategies and (2) facilitates the broader use of the underlying SOFR in the marketplace, which could lead to the expansion of tenors for SOFR beyond just the overnight rate. We understand financial markets will begin quoting SOFR in April 2018 and we anticipate that futures markets will begin developing immediately, resulting in acceptance of SOFR as a benchmark interest rate. We also support including a broader rate based on SOFR or longer tenor rate based on SOFR as additional U.S. benchmark interest rate(s) in addition to the OIS rate based on SOFR. As the Board is aware, U.S. Dollar (USD) LIBOR is published in seven tenors, from overnight to one-year. The vast majority of the floating legs of interest rate derivatives are based on three-month LIBOR and we believe demand will be strongest for a three-month tenor. Over the longer-term horizon, we support the development of tenors greater than overnight for SOFR; however, we do not believe this should preclude adding the overnight tenor currently as an additional benchmark interest rate.

While we strongly support the Board's decision to include the OIS rate based on SOFR as a benchmark interest rate, we are concerned that we will face a number of challenges related to the transition from LIBOR to SOFR (or other alternative reference rate(s) identified to replace LIBOR as an existing benchmark interest rate in different jurisdictions). As such, we also recommend that the Board provide transition relief upon designation of SOFR as a benchmark interest rate. We believe the Board should consider a multitude of situations where LIBOR based debts, assets, or derivative contracts transition to different benchmarks as LIBOR is phased out, which could occur because of decisions of (1) an outside group, such as ISDA, (2) trust administrators overseeing debt calculations, or (3) companies themselves. The timing of these changes may or may not align between the assets and liabilities being hedged and the existing derivative contract traded to hedge those assets or liabilities, which further complicates these issues. We also believe the Board should consider whether to provide examples to accompany the transition relief to ensure hedge accounting can be reasonably applied into the future and avoid diversity in practice.

By way of illustration, consider a fair value hedge of a company's own fixed-rate, ten-year bond issuance in 2018 that is swapped to a floating-rate based upon three-month USD LIBOR. The hedge is perfectly effective, with shortcut hedge accounting treatment being applied. This contract will be in effect until 2028, seven years after the last year LIBOR will be required to be published. Starting in 2022, one potential outcome is for ISDA to adopt a protocol where new SOFR based rates replace LIBOR in interest calculations for floating legs on all swaps. The company would need relief to adjust (1) the floating leg of the trade from LIBOR plus or minus the spread to SOFR plus or minus the spread to preserve the fair value of the derivative for both counterparties and (2) the hedged risk in the related hedging documentation from LIBOR to SOFR. In our opinion, the company should be allowed to maintain shortcut hedge accounting treatment as the fixed leg would still perfectly match the debt. Further, under a cash flow hedge accounting scenario, the results may be even more complicated. For example, the benchmark interest rate for both the debt itself and the hedging instrument will likely change and could change at separate times and to different indices as deal documents may allow for alternative rates that could be adopted that may be different than ISDA adopted rates for derivatives.

As another example, consider a company who has a bank line with a variable interest rate based on one-month USD LIBOR, which it has hedged using a pay-fixed derivative swap based upon one-month USD LIBOR. The hedge is expected to be highly effective and provide the company assurances of its interest cost. In this example, the company may need transition relief resulting from a number of potential outcomes. In one outcome, the bank instrument could transition to the same alternative rate as the swap contract, but at a different time. In another outcome, the swap contract and the bank instrument could transition to different alternative rates. In a third outcome, one instrument could transition to an alternative rate while the other instrument does not transition at all. There are likely other outcomes too, all of which could be detrimental to the existing hedging relationship. We believe the FASB should avoid penalizing companies as they manage through these various events. While hedge accounting should certainly retain the principle that the company is hedging identifiable risk relating to a benchmark interest rate, the FASB should consider relief to prevent highly effective hedging relationships from being terminated as a result of any situations arising from the interplay between benchmark interest rates and between the hedging instrument and the debt or asset it is designed to hedge due to the change from LIBOR to SOFR.

We believe the preceding discussion addresses the most significant aspects of the Board's questions outlined in the Proposed ASU. All remaining questions outlined in the Proposed ASU are attached as Exhibit A.

We appreciate the opportunity to provide comments and thank the Board in advance for consideration of the various points outlined herein. For any questions or further discussion, please contact Mr. Thomas Timko at (313) 667-3434 or Ms. Connie Coffey at (817) 302-7061.

Sincerely,

/s/ Thomas S. Timko

Thomas S. Timko
Vice President, Global Business Solutions and Chief Accounting Officer
General Motors Company

/s/ Connie Coffey

Connie Coffey
Executive Vice President, Corporate Controller and Chief Accounting Officer
General Motors Financial Company, Inc.

Exhibit A

Question 4: Should additional disclosures be required? If yes, please explain what specific additional disclosures should be required and why.

Answer 4: No. We do not believe additional disclosures should be required because of the Proposed ASU as currently drafted, as existing disclosure requirements should adequately inform the users of the financial statements. However, we would support additional disclosures such as transition relief availed and the impact of applying such relief should transition relief, as discussed in response to the FASB's question 3 in the body of this letter, be provided.

Question 5: Should the proposed amendments be applied on a prospective basis only for qualifying new or redesignated hedging relationships? If not, please explain why.

Answer 5: Yes. We believe prospective application would be the most appropriate treatment for the addition of a new benchmark interest rate that is not replacing an existing benchmark interest rate. Should additional benchmark interest rates be added to replace LIBOR as a benchmark interest rate, we believe prospective application would again be the most appropriate treatment and would request transition relief to maintain hedge accounting for highly effective hedging relationships with LIBOR as the benchmark interest rate existing at that time, as discussed in response to the FASB's question 3 in the body of this letter.

Question 6: Should the effective date of the proposed amendments coincide with the effective date of Update 2017-12? If not, when should the proposed amendments be effective? Please explain why.

Answer 6: No. We believe the proposed amendments should be effective upon issuance.