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c/o Fleet Capital Leasing
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The Leasing Exchange, Inc.

November 3, 2003

Office of the Comptroller of the Currency
250 E Street, SW.
Public Information Room, Mailstop 1-5
Washington, DC 20219
Attention: Docket No. 03-14

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

Dear Sir or Madam:

The Leasing Exchange, Inc. (TLE) appreciates the opportunity to comment on the advanced notice of proposed rulemaking (ANPR) dated August 4, 2003 which describes significant elements of the Advanced Internal Ratings-Based approach for credit risk and the Advanced Measurement Approaches for operational risk. TLE is a nonprofit corporation dedicated to the advancement of portfolio management techniques and technology that enables members to actively manage the risk/return elements of their portfolios of lease and lease-related investments. TLE members include bank owned and corporate owned leasing companies, independent finance companies and lease investment companies.

Our response highlights the specific area within the ANPR that addresses residual value risk. (Federal Register, Vol. 68, No. 149, page 45916.) This response reflects the views of TLE and not necessarily the views of its individual member organizations.

The ANPR is unclear as to whether the 100% risk weight is assigned to the residual value amount or the "residual value risk, namely the risk of the fair value of the assets declining below the banking organization's estimate of residual risk at lease inception." If it were the residual value amount (i.e. booked residual), TLE strongly believes that 100% risk weighting unfairly penalizes the leasing industry. Assessing capital against the amount rather than the risk of a change in value gives no recognition to the durability and market value of physical assets.

Residual value management is a core competency of a lessor. Most lessors keep historical records documenting their experience in selling equipment at the end of a lease. In addition, for most assets there are historical price guides reflecting well-established secondary markets. Therefore, TLE recommends that the agencies consider an approach based on actual historical experience. This would make the methodology for residual risk consistent with the one used for the calculation of PD and LGD.

Respectfully,

The Leasing Exchange, Inc.
Board of Directors