

**To:** Basel II NPR Public File  
**From:** Mark Van Der Weide  
**Date:** August 30, 2006  
**Re:** Meeting with representatives of the Institute of International Finance

On August 28, 2006, Governor Bies and Board staff met with representatives of the Institute of International Finance (“IIF”) to further discuss, among other things, the interagency notice of proposed rulemaking to implement the Basel II capital accord (“Basel II NPR”).

The IIF indicated that adoption of the Basel II capital accord on a globally consistent basis is strongly in the interest of global banks and bank regulators. The IIF stated that Basel II would reinforce sound risk management practices at banks, narrow the gap between economic capital and regulatory capital, and improve prudential supervision. The IIF expressed general concerns that the draft Basel II NPR is too prescriptive and inconsistent in material ways from the June 2004 text of the Basel II capital accord. The IIF expressed a desire for the Basel Committee to increase its level of engagement in the global Basel II implementation process. The IIF listed operational risk, the trading book, home-host issues, Pillar 2, and the use test as areas in need of additional attention. The IIF indicated that it would expand upon these issues in its formal written comment on the Basel II NPR.

Attendees included:

Charles Dallara	IIF
David Schraa	IIF
Governor Bies	Board
Roger Cole	Board
Steve Roberts	Board
David Wright	Board
Mark Van Der Weide	Board