

To: Basel II NPR Public File
From: Allison Breault
Date: May 16, 2007
Re: Meeting with Equipment Leasing and Finance Association (“ELFA”)

On May 15, 2007, Board staff met with representatives of ELFA to discuss the interagency notice of proposed rulemaking (“NPR”) to implement a new risk-based capital framework based on the Basel II capital accord issued by the Basel Committee on Banking Supervision. Specifically, the ELFA representatives sought clarification that leases to small business customers with a credit exposure under \$1 million would be treated as wholesale exposures under the NPR if they are individually managed and underwritten. ELFA representatives indicated that equipment leases provided by ELFA members are generally individually tailored to customers rather than managed on a pool basis. They expressed concern that treating such equipment leases with a credit exposure of under \$1 million as retail exposures would create undue burden by requiring banks to artificially bifurcate their management of equipment leases based on the amount of credit exposure to each lessee.

The attendees included:

Board

Mark Van Der Weide
Anna Lee Hewko
Allison Breault

ELFA

Kenneth E. Bentsen, Jr., ELFA
John D. Hawke, Jr., Arnold & Porter LLP
Paul A. Larkins, Key National Finance
John M. McQueen, Wells Fargo Equipment Finance, Inc.
Edward J. Perkowski, Chase Equipment Leasing
Robert J. Rinaldi, National City Commercial Capital