

## Equipment Leasing Comment Letter Regarding Proposed Revisions to Regulation AB

As part of Chapman and Cutler LLP's commitment to the equipment leasing and finance industry, attorneys Todd Plotner and Melanie Gnazzo participated in the Equipment Leasing Finance Association's (ELFA) committee to draft an equipment finance industry response to the SEC's Notice of Proposed Rulemaking for Regulation AB.

If enacted in their proposed form, the changes to Regulation AB would have a profound effect on the availability of securitization financing for equipment lessors and lenders by affecting the offering process, disclosure, and reporting for asset-backed securities. Among other things, the proposed revisions would require:

- (i) enhanced asset-level disclosure on each lease or loan included in the collateral,
- (ii) public disclosure of certain aspects of private 144A and Reg D transactions,
- (iii) residual value information for individual items of equipment,
- (iv) obligor-specific information such as credit scores,
- (v) enhanced reporting on servicers and other service providers,
- (vi) disclosure of originators of the underlying pool assets,
- (vii) periodic asset-level data files, and
- (viii) a waterfall computer program describing the flow of funds within the transaction.

The ELFA comment letter addresses all of the above and, for example, advocates that unless an individual lease or loan represents more than 3% of the total transaction size, no asset-level information should be required, and that issuers who (with their affiliates) issue no more than \$300 Million in Asset Backed Securities annually during the prior 3 calendar years should be exempt from the enhanced disclosure requirements because smaller and infrequent issuers do not present the same systemic risk to the U.S. financial system.

"It is important to preserve access to the capital market for smaller equipment finance companies both because they are an important component of the overall U.S. economy and to allow investors in asset backed securities access to a wider array of issuances for their overall portfolio diversification," Plotner said.

The comment letter was submitted by ELFA on July 22, 2010. A copy of the submission (which is a matter of public record) is linked here for your review.

Chapman and Cutler is continuing to monitor the array of regulatory proposals, including the Dodd-Frank Wall Street Reform and Consumer Protection Act, that affect our many clients in the equipment leasing and finance industry. Where appropriate, we will participate in industry groups to provide our insights on the impact of those regulatory proposals on this important sector of the economy.

As always, if we can be of assistance in helping you to navigate the regulatory changes affecting the financial services industry or in any other matter, please contact the Chapman attorney with whom you usually work or visit us at [chapman.com](http://chapman.com)

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