

## ELFA and Secured Finance Network Joint Statement on Proposed Basel III Regulatory Capital Rule

**Washington, D.C., June 18, 2026** – In separate comment letters submitted this week to Federal bank regulatory agencies, the [Equipment Leasing & Finance Association](#) (ELFA) and the [Secured Finance Network](#) (SFNet) urged the agencies to consider additional recommendations to the proposed Basel III rulemaking to preserve the critical role of asset-based lending in financing businesses and driving U.S. economic activity.

The comments were submitted to the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency (OCC), and the Federal Deposit Insurance Corporation (FDIC), in response to the jointly proposed revised rulemaking modernizing regulatory capital requirements.

As organizations representing a broad range of financial institutions, including banks, specialty finance providers, and other commercial finance market participants, [ELFA](#) and [SFNet](#) share a commitment to maintaining a safe and sound banking system. Both associations expressed appreciation for the agencies' work on this revised proposal and the extended comment period, while advocating for the agencies to address three primary areas of concern to preserve asset-based loans that provide vital working capital to U.S. small and medium-sized businesses:

- Changes to credit conversion factors for commitments
- The newly proposed definition of a “commitment”
- The need to recognize the value of non-financial collateral such as receivables inventory and marketable equipment, in determining capital requirements

The asset-based lending, equipment finance, factoring, and secured finance sectors play a critical role in providing capital to businesses of all sizes. This financing, secured by assets such as receivables, inventory, and equipment, is particularly important for middle-market companies and businesses operating in cyclical industries which was reflected in both letters. Extending credit based on the value of collateral rather than solely on a borrower's cash flow or earnings has proven to be a dependable source of capital, particularly during economic downturns when traditional sources of credit may become constrained.

ELFA and SFNet stand ready to offer further input, particularly if the agencies commit to collecting additional data on non-financial collateral and, following that assessment, addressing the true value and risks of underlying credit exposures.

### **About Secured Finance Network**

Founded in 1944, the [Secured Finance Network](#) is an international trade association connecting the interests of companies and professionals who deliver and enable secured financing to businesses. With more than 1,000 member organizations throughout the US, Europe, Canada and around the world, SFNet brings together the people, data, knowledge, tools and insights that put capital to work. For more information, please visit [SFNet.com](#).

### **About ELFA**

*The Equipment Leasing & Finance Association (ELFA) represents financial services companies and manufacturers in the \$1.3 trillion U.S. equipment finance sector. ELFA's over 600 member companies provide essential financing that helps businesses acquire the equipment they need*

*to operate and grow. Learn how equipment finance contributes to businesses' success, U.S. economic growth, manufacturing and jobs at [www.elfaonline.org](http://www.elfaonline.org).*

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