July 30, 2010

Securities and Exchange Commission
100 F Street N.E.
Washington, D.C. 20549-1090

Via e-mail: rule-comments@sec.gov

Ladies and Gentlemen:

Re: Proposed Rules for Asset-Backed Securities (SEC File No. S7-08-10)

This letter is in response to the SEC's Proposed Rules with respect to asset-backed securities (Release Nos. 33-9117; 34-61858). The American Automotive Leasing Association (AALA) represents companies engaged in commercial and government vehicle fleet leasing. Our members represent the top US commercial fleet leasing companies which as an industry in 2009 managed slightly more than 3 million vehicles in the United States.[1] In 2009, commercial fleet registrations of new cars, SUVs and light trucks were 456,317 or 4.5% of total vehicle registrations in the United States.[2] As the vast majority of commercial and government fleet purchases are from the "Detroit 3", the fleet industry has been a large and consistent buyer of vehicles from domestic manufacturers.

The fleet leasing client base ranges from small and medium businesses with under 5 vehicles in their leased fleet to large, global companies with leased fleets of well over 1,000 vehicles to states and municipalities. Beyond the lease of a vehicle, our members offer their clients comprehensive value added services including facilitation of vehicle acquisition, management of ongoing maintenance, accident repair, fuel and emissions management, regulatory compliance, disposal and valuable performance and cost information on fleets. This activity involves millions of individual transactions. The commercial fleet leasing industry operates across the country and throughout the year employing hundreds of thousands of contractors and other service providers.

[1] "Automotive Fleet" 2010 Statistics pg 44
[2] "Automotive Fleet" 2010 Statistics – 2009 – MY registrations

Existing vehicle portfolios and new acquisitions are largely funded by external financing and many are financed through asset backed securities that are distributed through the private and public markets. Losses in ABS transactions in the commercial fleet leasing industry have been minimal. There has been almost no client, portfolio or asset induced turmoil brought to our investors. Cash flow and industry dynamics have been largely stable. However, the commercial vehicle fleet leasing industry has not been spared the increased cost, market volatility and investor uncertainty brought on by the market turmoil in other asset classes.

Our purpose in writing to the SEC is to specifically communicate that the needs of this industry could be better met with modifications to the currently proposed Schedule L templates. We request the SEC to consider a unique template for Fleet Lessors. Under the Term Asset-Backed Securities Loan Facility (TALF) established by the Federal Reserve Bank of New York, fleet leases were categorized as a separate asset class. Alternatively, the SEC should allow for inclusion of the Commercial Fleet Leasing Sector within the Equipment Lease template in Schedule L – Item 7 and Schedule L-D – Item 7.

While our members typically lease on-road vehicles, largely cars, light and medium duty trucks, the sector does not fit into the Automobile Lease template contained in Schedule L or Schedule L-D as currently proposed. Our clients are businesses and governments, not individuals.

While the commercial fleet leasing industry also offer clients closed end leases, our typical financing is in the form of a "TRAC Lease" where the lessee is bearing the ongoing cost of maintenance and insurance as well as, in most cases, the residual value risk of the vehicle on its ultimate disposal. This in turn means that the holder of a security backed by the cash flows from an open end lease has minimal exposure to the risk of a decline in value of the underlying vehicle or equipment. As a result, investor evaluation regarding the risk of securities backed by commercial fleet leases has typically focused on the credit quality and diversification of the lessees. We have available for the SEC's consideration a sample of rating agency and analyst evaluations of transactions that demonstrate this risk perspective. While both Closed and Open end leases are deemed "True" Leases, they differ in which party (of the Lessee or Lessor) is taking the preponderant risk on residual value of the vehicle.

Individual FICO scores, dealer location and residual value estimates are not relevant variables in this sector. As an industry, we believe the commercial fleet lease sector is better aligned with other categories of Equipment Leasing.

Using the Equipment Lease template as the basis of discussion, we would propose several specific modifications to accommodate commercial fleet vehicle assets. Our suggested changes in Item 7 of Schedule L are as follows identified by item number:

7(a)(1) Lease Type

Propose to make two additions to the currently proposed categories. Add "Closed end Leases" which defines a true lease where the preponderance of economic risk on residual value of the vehicle resides with the Lessor. Also add, "TRAC or Open end leases reflect that the lessee bears the responsibility of maintenance, insurance and ultimate residual value on disposal.

7(b)(1) Equipment Type

Propose to adopt and expand the definition of vehicles contained in 5(b)(6) as follows:
1 = Full Size Car
2 = Full Size Truck
3 = Full Size SUV
4 = Mid Size SUV
5 = Compact Van/Truck
6 = Economy/Compact Car
7 = Mid size Car
8 = Sports Car
9 = Motor Cycle
10 = Medium Heavy Truck
11 = Heavy Duty Truck
12 = Trailer
98 = Other
99 = Unknown

7(b)(3) Residual Value

Propose to add "TRAC /Open End Lease" in addition to the current categories. This input would replace in this field an absolute dollar amount for other categories of leases.

7(c)(1) Obligor Industry

Propose that the SEC adopt SIC codes for this element.
As an industry our internal reporting and for those in the industry who securitize, we report industry concentrations using SIC codes. We believe our investors and their stakeholders view this standard is an effective means of disclosing industry distribution. I propose to add "Food" and "Chemicals" to the existing industry list if the SEC chooses not to adopt SIC codes.

7(c)(2) Geographic Location
As most commercial fleet lessees operate units in multiple regions and the source of lease payment is generally sourced from a regional or national business foot print, the ZIP code of the lessee is a less important variable. Instead, we would propose the ZIP code of where the vehicle is regularly garaged.

Our suggested changes in Item 7 of Schedule L-D are as follows identified by item number:

7(a) Updated Residual Value

As the leases are “TRAC/Open End”, the corporate lessee is bearing the residual value risk of the vehicle, we propose that there is no update. We believe this item should be deleted or enable “TRAC/Open End Lease” as an acceptable response

7(b) Source of Updated Residual Value

Propose the following change:

3 = Closed End Lease
4 = TRAC/Open End Lease”
5 = Other

The remaining items in both schedules are consistent with the form of financing in the industry and require no further modifications to base level data to be provided for such transactions. We also trust that the SEC recognizes that these financing structures are often highly tailored. We as an industry appreciate that the schedules provide latitude to add other variables to the information templates (e.g. industry, vehicle or geographic concentrations, ancillary or service cash flows etc.) which would provide greater insight to our investors on a specific financing.

As an industry, we believe the modifications recommended above provide the investor increased clarity into the risks of this asset class while permitting the industry to more clearly convey the key variables in the prospective transaction.

On behalf of our members, we hope that the SEC will concur with our recommendations. Should you wish to discuss our observations further, please feel free to contact the undersigned.

Sincerely,

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