Bank of America

January 31, 2014

Office of the Comptroller of the Currency
400 7th Street SW
Suite 3E-218
Mail Stop 9W-11
Washington, DC 20219
Attention: Legislative and Regulatory Activities Division
Docket ID OCC–2013–0016

Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551
Attention: Robert deV. Frierson, Secretary

Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429
Robert E. Feldman
Attention: Comments/Legal ESS

Re: Comments on the Notice of Proposed Rulemaking, *Liquidity Coverage Ratio: Liquidity Risk Measurement, Standards, and Monitoring*

Ladies and Gentlemen:

Bank of America Corporation ("BAC") appreciates the opportunity to comment on the proposed Liquidity Coverage Ratio ("LCR") rule issued by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (collectively, "the Agencies") entitled "*Liquidity Coverage Ratio: Liquidity Risk Measurement, Standards, and Monitoring*" (the "Proposal").[1] BAC supports the Agencies' efforts to "promote the short-term resilience of the liquidity risk profile of internationally active banking organizations, thereby improving the banking sector's ability to absorb shocks arising from financial and economic stress, as well as improvements in the measurement and management of liquidity risk".[2]

BAC has worked with banking industry peers to identify potential issues and technical concerns with the Proposal. Greater detail of these issues and technical concerns may be found in the comment letter submitted to the Agencies, separately by The Clearing House Association L.L.C., the American Bankers Association, the Securities Industry & Financial Markets Association, the Financial Services Roundtable, the Institute of International Bankers, the International Association of Credit Portfolio Managers and the Structured Finance Industry Group (collectively, the "Associations"). BAC supports the issues raised and observations provided in that letter. BAC also wishes to highlight or add emphasis to certain issues of particular importance.

BAC's primary concern is that the Agencies may have underestimated the incremental liquidity that covered institutions will be required to hold to meet the Proposal, primarily due to many new or increased stress outflows, the proposed application of the LCR to both the bank holding company and to certain depository institution subsidiaries, and the practical need to maintain surplus liquidity over the regulatory minimum at each level. We believe that this will result in many firms increasing the size of their balance sheets to accommodate additional liquid assets. We endorse the points made in Section II.A. of the Associations' letter outlining these concerns in further detail.

Additionally, the US Proposal includes a number of new operational requirements, including a daily calculation requirement, that introduce uncertainties and unnecessary burdens that would increase the operational risk of

[1] "Liquidity Coverage Ratio: Liquidity Risk Measurement, Standards, and Monitoring (Joint notice of proposed rulemaking)." 78 Fed. Reg. 230 (November 29, 2013), pp.71818-71867.
[2] Proposal, at page 71818

implementing the LCR, particularly given the compressed timeframe available for implementation. We endorse the discussion in Section V of the Associations' letter regarding the operational challenges associated with the Proposal.

BAC further notes that the Proposal would only apply the full LCR with daily measurements and 30-day peak outflow calculations to a handful of US banks while other US banks with the same exposures would be subject to the modified LCR or no LCR at all. As proposed, the modified LCR implicitly assumes that deposit outflows, commitment draws, and certain other outflows will be 30% less severe for smaller banks. This tiered approach to assessment of liquidity risks among US banks raises the potential unintended consequence that certain risks the Agencies wish to ensure are backed by adequate liquidity will migrate to those institutions that are not required to hold as much, or any, liquidity against such risks. As a result, BAC asks the Agencies to reconsider the appropriateness of the modified LCR for certain institutions.

Lastly, there are certain aspects of the draft US proposal that are subject to differing reasonable interpretations, including the clarifications highlighted in Section VI of the Associations' letter. We recommend that the Agencies clarify these and further areas as a matter of urgency given work that firms will need to undertake in order to ensure readiness by the proposed timeline of January 2015.

Thank you for considering the concerns mentioned in this letter. If you have any questions or would like to discuss our concerns in greater detail, please contact the undersigned.

Sincerely,

Gregory R. Hackworth
Corporate Treasurer
Bank of America Corporation