BANK OF AMERICA CORPORATION, ALASTAIR BORTHWICK

Proposal and Comment Information

Title: GSIB-Regulatory Capital Rule: Risk-Based Capital Surcharges for Global Systemically Important Bank Holding Companies; Systemic Risk Report (FR Y-15), R-1889

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Submitter Information

Organization Name: Bank of America Corporation

Organization Type: Company

Name: Alastair Borthwick

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Bank of America Corporation comment letter in response to Docket No. 1889, RIN 7100-AH22

BANK OF AMERICA

June 18, 2026

Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, D.C. 20551
Attention: Benjamin W. McDonough, Secretary

Re: Notice of Proposed Rulemaking regarding Regulatory Capital Rule (Regulation Q): Risk-Based Capital Surcharges for Global Systemically Important Bank Holding Companies; Systemic Risk Report (FR Y-15) [Docket No. 1889 and RIN 7100-AH22]

Ladies and Gentlemen:

Bank of America Corporation ("Bank of America", "we" or "our") appreciates the opportunity to comment on the notice of proposed rulemaking issued by the Board of Governors of the Federal Reserve System (the "Board") regarding its proposed modifications to the Risk-Based Capital Surcharges for Global Systemically Important Bank Holding Companies (the "Proposal").[1]

The Financial Services Forum, the International Association of Credit Portfolio Managers and the Securities Industry and Financial Markets Association and the International Swaps and Derivatives Association, Inc. have provided important comments in letters on behalf of the banking industry ("Industry Letters"). Bank of America fully supports the recommendations included in these Industry Letters. Most notably, we reiterate the recommendations to fully update the method 2 coefficients to account for economic growth and inflation since inception of the framework, eliminate the required reporting of certain daily and monthly averages and address the potential volatility in Global Systemically Important Bank ("GSIB") holding company surcharges that may result from the timing of the transition from the current rule to the proposed rule.

Bank of America supports the Federal Reserve Board's (the "Board") intent to modernize large bank capital requirements by improving risk sensitivity while reducing burden.[2] To that end, we propose two refinements to the Proposal that will further these objectives: First, that the final GSIB rule should retain a denominator in the short-term wholesale funding ("STWF") calculation; and second, that adjusted average assets (the denominator of the Tier 1 Leverage Ratio) should replace RWA as that denominator. Retaining a denominator would ensure the STWF score continues to serve its intended purpose of measuring an institution's reliance on STWF, incentivizing firms of all sizes to manage their reliance on STWF, and eliminating the uneven impact to banking organizations that would result if the current Proposal were finalized.

[1] Regulatory Capital Rule (Regulation Q): Risk-Based Capital Surcharges for Global Systemically Important Bank Holding Companies; Systemic Risk Report (FR Y-15), 91 Fed. Reg. 14,908 (proposed Mar. 27, 2026) [hereinafter the "Proposal"].

[2] *See e.g.*, Michelle Bowman, Vice Chair of Supervision, Fed. Reserve, Address at the Cato Institute Policy Forum: Basel III and Bank Capital Rules: Capital Rules for the Real Economy (Mar. 12, 2026).

The Proposal removes the average risk-weighted assets ("RWA") denominator from the calculation of a firm's STWF score.[3] The Board notes this approach would simplify the calculation of the STWF indicator, provide a direct measurement of the potential transmission effect of fire-sales resulting from a GSIB's failure and ensure outcomes are more aligned with systemic risk.[4] Since US GSIBs publicly report STWF and RWA each quarter, however, the current calculation is already a fairly simple one. Further, removal of any sort of denominator in the STWF calculation is difficult to reconcile with the indicator's stated purpose.[5] The current GSIB framework, which assesses proportional STWF, reflects the Board's longstanding view that the relevant systemic concern is not the gross amount of STWF in isolation, but the degree to which a firm relies on that funding source.[6] Since finalizing the current rule, the Board has continued to recognize the reliance on STWF, as measured by STWF as a percentage of total assets, as a source of systemic risk.[7]

The Board points to the regulatory tailoring framework's use of STWF without a denominator as support for removing the RWA scalar from the GSIB STWF indicator.[8] That comparison conflates two frameworks designed to measure fundamentally different concepts. The tailoring framework uses the absolute amount of STWF as a proxy for firm size and complexity.[9] By contrast, the GSIB surcharge framework is expressly intended to capture systemic risk externalities – specifically, a banking organization's reliance on runnable short-term funding and the associated likelihood of destabilizing runs and contagion.[10] Eliminating a denominator in the STWF calculation under the Proposal transforms a reliance-based metric into a size-based metric, despite the fact that size is already separately and explicitly captured elsewhere in the GSIB methodology.[11] Doing so also reduces the incentive for smaller GSIBs to manage their reliance on STWF, which could cause such firms to pose greater systemic risk.

Bank of America appreciates that RWA may not be the most appropriate denominator to measure the proportionality of STWF in a banking organization's funding strategy, for the reasons the Board has

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[3] Proposal at 14,915.

[4] Id. at 14,915-16.

[5] Proposal at 14,915 ("The method 2 framework includes a measure of a firm's reliance on short-term wholesale funding as an indicator of systemic risk. The 2007-09 financial crisis highlighted how banking organizations' reliance on short-term wholesale funding can create vulnerabilities during periods of stress that undermine financial stability").

[6] Risk-Based Capital Guidelines: Implementation of Capital Requirements for Global Systemically Important Bank Holding Companies, 79 Fed. Reg. 75,474 (Proposed Dec. 18, 2014) [hereinafter, the "2014 GSIB Proposal"] ("The Financial Crisis also revealed dangers that can emerge as a result of firms' reliance on short-term wholesale funding...During periods of stress, however, reliance on short-term wholesale funding can leave firms vulnerable to runs that undermine financial stability."). *See also,* 2014 GSIB Proposal at 75,489 (asking commenters what other approaches could be used to ensure that a GSIB's reliance on short-term wholesale funding is adequately measured).

[7] *See, e.g.*, Bd. of Governors of the Fed. Reserve System, Federal Supervision and Regulation Report 4 (May 2026) ("[A]ggregate wholesale funding as a share of total assets was roughly unchanged, though G-SIB banks increased short-term wholesale funding, which can be more costly and less stable than insured deposits"). *See also*, William Dudley, President and CEO, Fed. Reserve Bank of New York, Remarks at New York Bankers Association's 2013 Annual Meeting & Economic Forum: Fixing Wholesale Funding to Build a More Stable Financial System (Feb. 1, 2013) (noting that extensive reliance on short-term wholesale funding exposes the financial system to the risk of a series of "intertwined downward spirals in asset and funding markets").

[8] Proposal at 14,915.

[9] 12 C.F.R. § 252.5.

[10] GSIB NPR, *supra* note 6.

[11] 2014 GSIB Proposal at 75,484 ("A banking organization's size is a key measure of its systemic importance. A banking organization's distress or failure is more likely to negatively impact the financial markets and the economy more broadly if the banking organization's activities comprise a relatively large share of total financial activities. Moreover, the size...[is] indicative or the extent to which...the broader financial system could suffer disruption if the firm were to fail or become distressed").

enumerated.[12] A more appropriate denominator is adjusted average assets.[13] Dividing STWF by the Tier 1 leverage ratio denominator will give an accurate indicator of a banking organization's reliance on STWF to fund its balance sheet, and thus, the associated potential systemic risk. Measuring reliance on STWF rather than a GSIB's absolute STWF will eliminate the possibility of misleading comparisons between institutions of varying sizes and business models, reduce uneven effects across firms and better align the indicator with the purpose described in the original proposal and final rule.

Finally, the removal of the STWF denominator causes the Proposal to affect firms unevenly. Utilizing gross STWF with no denominator may overstate risk for a larger firm with lower relative reliance on STWF. We illustrate this effect below. Figure 1 displays each GSIB's STWF score, total GSIB score and corresponding surcharge as of December 31, 2025, under the current rule. Figure 2 displays the impact to each banking organization of recalibrating each indicator coefficient before removing the RWA divisor from the STWF indicator. Figure 3 displays the impact to each banking organization of removal of the RWA divisor from the STWF indicator. The proposed approach would result in substantially greater reductions in the surcharge for banking organizations with smaller gross STWF footprints but higher reliance on short-term wholesale funding than larger banking organizations with larger gross STWF footprints but that are less reliant on STWF. Replacing average RWA with adjusted average assets as shown in Figure 4 would mitigate adverse firm-specific effects introduced by removing the RWA scalar and would result in outcomes that are broadly comparable to, or more balanced than, the unscaled approach.

Figure 1 STWF Score, Total Score and Surcharge by GSIB Under Current Rule

As of 12/31/25	Bank of America	US GSIB A	US GSIB B	US GSIB C	US GSIB D	US GSIB E	US GSIB F	US GSIB G
Total STWF ($ Mil.)	*$742*	*$903*	*$552*	*$537*	*$503*	*$194*	*$89*	*$47*
STWF Reliance (Avg Wt STWF/RWA)	*42%*	*47%*	*77%*	*40%*	*95%*	*16%*	*51%*	*35%*
STWF Score	149	165	271	142	332	54	179	124
GSIB Score	754	1089	803	790	706	378	310	223
GSIB Surcharge	**4.0%**	**5.5%**	**4.0%**	**4.0%**	**3.5%**	**2.0%**	**1.5%**	**1.0%**

Figure 2 Scores with Proposed Coefficient Recalibration, 20% STWF Weight, Retention of RWA Denominator

As of 12/31/25	Bank of America	US GSIB A	US GSIB B	US GSIB C	US GSIB D	US GSIB E	US GSIB F	US GSIB G
STWF Score	78	87	143	75	175	29	94	65
GSIB Score	583	857	586	615	487	298	203	148
GSIB Surcharge*	3.0%	4.4%	3.0%	3.2%	2.5%	1.6%	1.1%	1.0%
Variance to 12/31/25	**-1.0%**	**-1.1%**	**-1.0%**	**-0.8%**	**-1.0%**	**-0.4%**	**-0.4%**	**0.0%**

Figure 3 Scores with Proposed Coefficient Recalibration, 20% STWF Weight, Removal of RWA Denominator

As of 12/31/25	Bank of America	US GSIB A	US GSIB B	US GSIB C	US GSIB D	US GSIB E	US GSIB F	US GSIB G
STWF Score	171	208	127	124	116	45	21	11
GSIB Score	676	979	570	664	427	315	130	94
GSIB Surcharge*	3.5%	5.0%	3.0%	3.4%	2.2%	1.7%	1.0%	1.0%
Impact of Removing RWA Denominator	**-0.5%**	**-0.5%**	**-1.0%**	**-0.6%**	**-1.3%**	**-0.3%**	**-0.5%**	**0.0%**

[12] Proposal at 14,916.

[13] Adjusted average assets as reported on the Consolidated Financial Statements for Bank Holding Companies (FR Y-9C) report minus amounts deducted from tier 1 capital under 12 C.F.R. § 217.22(a), (c) and (d), or, the Tier 1 Leverage Ratio denominator.

Figure 4 Scores with Proposed Coefficient Recalibration, 20% STWF Weight, Adj. Avg. Assets Denominator

As of 12/31/25	Bank of America	US GSIB A	US GSIB B	US GSIB C	US GSIB D	US GSIB E	US GSIB F	US GSIB G
STWF Reliance (Avg Wt STWF/Adj. Avg Assets^)	*22%*	*20%*	*30%*	*20%*	*36%*	*9%*	*21%*	*14%*
STWF Score	103	94	142	93	170	44	96	65
GSIB Score	608	865	585	633	481	314	205	148
GSIB Surchage*	3.1%	4.4%	3.0%	3.3%	2.5%	1.7%	1.1%	1.0%
Impact of replacing RWA w/ Avg Adj Assets	**-0.9%**	**-1.1%**	**-1.0%**	**-0.7%**	**-1.0%**	**-0.3%**	**-0.4%**	**0.0%**

**Includes impact of proposed surcharge buckets*

^Adj. Avg Assets is adjusted average assets for the purposes of calculating the Tier 1 leverage ratio

To ensure the STWF indicator continues to measure reliance on STWF, we recommend the Board replace the RWA denominator in the current rule with adjusted average assets. Utilizing adjusted average assets as a denominator in the STWF indicator offers several advantages over RWA. It is consistent with the Board's own approach to scaling and assessing relative firm importance elsewhere in its supervisory framework[14], produces more consistent results across firms and—by relying solely on on-balance-sheet assets—better reflects the STWF indicator's intended focus on STWF reliance.[15] Should the Board decide not to utilize adjusted average assets as the denominator for the STWF calculation, we strongly urge the Board to retain RWA or some other denominator to ensure that component of the score measures US GSIBs' reliance on STWF, consistent with the intent of that element of the method 2 framework.

Bank of America appreciates the opportunity to comment on the Proposal and looks forward to continuing constructive engagement on all four pillars of the large bank capital framework. If you have any questions, please contact Shannon Lilly by email at shannon.lilly@bofa.com. We would welcome the opportunity to discuss these recommendations with Board staff. Thank you for your consideration of our comments.

Respectfully submitted,

Alastair Borthwick
Chief Financial Officer

[14] Federal Supervision and Regulation Report, *supra* note 7.

[15] 2014 GSIB Proposal, *supra* note 6.