



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 24, 2007

Gregory A. Baer, Esq.
Deputy General Counsel
Bank of America Corporation
730 15th Street, NW
Washington, D.C. 20005

Dear Mr. Baer:

This letter concerns the notice filed January 29, 2007, under section 4 of the Bank Holding Company Act (“BHC Act”) by Bank of America Corporation (“Bank of America”), Charlotte, North Carolina, to engage on a limited basis in physical commodity trading activities (“Commodity Trading Activities”).¹

Bank of America states in the notice that it currently engages principally through its subsidiary, Bank of America, N.A. (“BANA”), Charlotte, North Carolina, in commodity derivative activities that are permissible for bank holding companies under the BHC Act (“Commodity Derivatives Activities”). These activities include trading in cash-settled swaps, forwards, options, and other derivatives based on commodities.² Bank of America has requested approval to expand its current trading activities to include engaging in physically settled commodity derivatives, taking or making delivery of commodities in settlement of those derivatives, taking inventory positions in physical commodities, and trading activities in the spot market in physical commodities.

¹ Bank of America would engage in Commodity Trading Activities through a wholly owned subsidiary, Bank of America Commodities, Inc. (“BACI”), New York, New York.

² 12 CFR 225.28(b)(8)(ii).

The Board has previously determined that taking and making delivery of a physical commodity complements the financial activity of engaging regularly as principal in Commodity Derivatives Activities based on that commodity pursuant to Regulation Y.³ The Board has delegated to the Director of the Division of Banking Supervision and Regulation, with the concurrence of the General Counsel, the authority to approve requests by financial holding companies to engage in Commodity Trading Activities as an activity that is complementary to Commodity Derivatives Activities, if the proposal meets the conditions imposed by the Board when approving previous requests to engage in Commodity Trading Activities and does not raise significant legal, policy, or supervisory issues.

In evaluating the risks posed by the proposal, the Director and the General Counsel have considered that Bank of America already incurs the price risk of commodities through its Commodity Derivatives Activities. Permitting Bank of America to engage in the limited amount and types of physical commodity trading activities described above, within the limits described in the appendix to this letter, would not appear to increase significantly its potential exposure to commodity price risk. To minimize potential increased risks associated with the Commodity Trading Activities (including, but not limited to, storage, transportation, legal, and environmental risks), Bank of America has committed to the Board that it will not (i) own, operate, or invest in facilities for the extraction, transportation, storage, or distribution of commodities; or (ii) process, refine, store, or otherwise alter a physical commodity itself. Bank of America has further committed to the Board that it will limit the aggregate market value of physical commodities that it and any of its subsidiaries hold at any one time to 5 percent of Bank of America's tier 1 capital. Bank of America also has established and maintained policies and systems for monitoring and controlling the risks associated with the Commodity Trading Activities. Going

³ See 12 CFR 225.28(b)(8)(ii); Board letters dated March 27, 2007, regarding Credit Suisse Group, September 29, 2006, regarding Fortis S.A./N.V., and April 13, 2006, regarding Wachovia Corporation; Société Générale, 92 Federal Reserve Bulletin C113 (2006); Deutsche Bank AG, 92 Federal Reserve Bulletin C54 (2006); JPMorgan Chase & Co., 92 Federal Reserve Bulletin C57 (2006); Barclays Bank PLC, 90 Federal Reserve Bulletin 511 (2004); UBS AG, 90 Federal Reserve Bulletin 215 (2004); and Citigroup Inc., 89 Federal Reserve Bulletin 508 (2003).

forward, Bank of America is expected to continue to maintain effective risk-management policies and systems pertaining to its Commodity Trading Activities. Approval of the proposal would likely benefit Bank of America's customers by enhancing its ability to provide efficiently a full range of commodity-related services and improving its understanding of the commodity markets.

Based on the record, including all the commitments made to the Board in connection with the notice and the conditions imposed by the Board in previous cases, the Director, with the concurrence of the General Counsel, has determined that the proposed Commodity Trading Activities are complementary to the Commodities Derivatives Activities conducted by Bank of America; that the proposal would not appear to pose a substantial risk to Bank of America, depository institutions operated by Bank of America, or the financial system generally; and that the proposal can reasonably be expected to produce benefits to the public that outweigh any potential adverse effects.

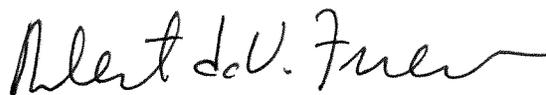
In making these determinations, the Director and the General Counsel relied on all the information, representations, and commitments provided by Bank of America to the Board in connection with the notice and, in particular, the commitments set forth in the appendix to this letter and those conditions contained in the Board's previous decisions noted above regarding these activities. These commitments and conditions are critical to the determination that the Commodity Trading Activities would not pose a substantial risk to the safety and soundness of Bank of America, other financial institutions, or the financial system generally. These commitments and conditions are deemed to be conditions imposed in writing by the Board in connection with the notice and this approval and, as such, may be enforced in proceedings under applicable law.

This approval is specifically conditioned on Bank of America's compliance with all the commitments made to the Board in connection with the proposal, including those set forth in the appendix. This determination is also subject to all the conditions set forth in Regulation Y, including those in section 225.7,⁴ to the conditions contained in the Board's previous decisions noted above regarding these activities, and to the Board's authority to require

⁴ 12 CFR 225.7.

modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, or to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Robert deV. Frierson". The signature is written in a cursive style with a long, sweeping tail on the final letter.

Robert deV. Frierson
Deputy Secretary of the Board

Appendix

cc: Federal Reserve Bank of Richmond

Appendix

Commitments

1. Bank of America commits to the Board of Governors of the Federal Reserve System (“Board”) that it will limit the aggregate market value of physical commodities that it and any of its subsidiaries hold at any one time as a result of the Commodity Trading Activities to 5 percent of Bank of America’s consolidated tier 1 capital. Bank of America will include in this 5 percent limit the market value of any physical commodities it holds as a result of a failure of reasonable efforts to avoid taking delivery in commodities transactions conducted pursuant to section 225.28(b)(8)(ii)(B) of Regulation Y. In addition, Bank of America agrees to notify the Federal Reserve Bank of Richmond if the aggregate market value of commodities held by it under the approval exceeds 4 percent of Bank of America’s tier 1 capital.
2. Bank of America commits to the Board that it will take and make physical delivery only of commodities for which derivative contracts have been authorized for trading on U.S. futures exchanges by the Commodity Futures Trading Commission (unless specifically excluded by the Board) or other commodities that have been specifically authorized by the Board.
3. Bank of America commits to the Board that it will not own, invest in, or operate facilities for the extraction, transportation, storage, or distribution of commodities (except in satisfaction of debts previously contracted or in connection with a non-performing loan, or where such investment is otherwise permissible for a financial holding company).
4. Bank of America commits to the Board that it will not process, refine, or otherwise alter a physical commodity itself. Bank of America will contract with a third party for any services that are needed in connection with the handling of any commodity.
5. Bank of America commits to the Board that it will not store or transport physical commodities on its own but will only use storage and transportation facilities owned and operated by third parties. Bank of America will enter into service agreements only with accredited, reputable independent third-party facilities.