October 12, 2009

Mr. Russell Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Re: Proposed Accounting Standards Update, Fair Value Measurements and Disclosures (Topic 820), Improving Disclosures about Fair Value Measurements (File Reference No. 1710-100)

Dear Mr. Golden:

We appreciate the opportunity to comment on the Proposed Accounting Standards Update, Fair Value Measurements and Disclosures (Topic 820), Improving Disclosures about Fair Value Measurements (the “Proposed Update”). We have also contributed to the comment letters being submitted by the International Swaps and Derivatives Association (“ISDA”), the Mortgage Banker’s Association (“MBA”), and the Financial Reporting Committee (“FRC”) of the Institute of Management Accountants (“IMA”). Bank of America Corporation (“the Company”) provides a diverse range of banking and nonbanking financial services and products domestically and internationally. Bank of America is one of the largest financial services institutions in the world with assets of more than $2 trillion, and currently has over $700 billion of assets and over $200 billion of liabilities measured at fair value. We are therefore very focused on the Proposed Update.

We understand that the FASB Board (“the Board”) undertook this project in response to concerns raised by constituents regarding the adequacy of the current fair value measurement disclosures. However, most companies make significant disclosures in the footnotes to the financial statements as well as in Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) which provide ample detail for financial statement users to understand significant valuation methods as well as the breakdown of the fair value measurement of assets and liabilities. For example, in our June 30, 2009 Form 10-Q filed with the Securities and Exchange Commission, we provided 14 pages of quantitative and qualitative disclosures about fair value measurements in the footnotes and several additional pages in the MD&A. Our Investor Relations Group, who interact on a daily basis with the analyst community and investors (including large sophisticated institutional investors) have not received any significant inquiries during the past six to nine months regarding the fair value measurement of assets and liabilities in general or Level 3 instruments in particular. Therefore, we believe the current disclosures are appropriate.

Although it is believed that the additional disclosures will assist users of financial statements in evaluating a reporting entity’s performance and expected future cash flows, we are concerned that the proposed disclosures, the sensitivity analysis in particular, will provide financial statement readers a false sense of security around valuations that are complex and subjective. A sensitivity analysis for Level 3 instruments has limited usefulness in predicting changes in market liquidity or credit events.
The nature and level of disclosures in the Proposed Update will not aid in predicting adverse changes in market conditions and resulting losses from financial instruments.

While we agree with the objective of providing quality disclosures that enable users of financial statements to properly analyze a reporting entity’s financial results, we note that the current and proposed level of detail for fair value measurements is not utilized by the Company’s management for purposes of evaluating financial performance and expected future cash flows. As elaborated below, a sensitivity analysis such as the one proposed for Level 3 measurements in isolation is not relevant as the Company enters into Level 1 and Level 2 instruments which economically hedge exposures to the Level 3 instruments. For risk management purposes, portfolios of financial instruments are evaluated collectively and the offsetting benefit derived from instruments utilized as economic hedges is incorporated regardless of the level within the fair value hierarchy. Additionally, a sensitivity analysis by class of Level 3 instruments will not be comparable among companies due to the subjectivity and multiple assumptions utilized in valuing these instruments as well as differences in the application of the proposed analysis.

We do not believe the proposed disclosures to be operational given the amount of time necessary for financial institutions to develop data collection and aggregation processes at the detailed level that is being requested. We note that there appears to be a misconception that much of the information requested in the Proposed Update, especially the sensitivity analysis, already exists in a format that can be incorporated into the financial statements. Although the Company’s management reporting, risk management policies and regulatory requirements (including the “stress tests”) require that assumptions are evaluated under varying economic circumstances, the fair value hierarchy classifications (i.e., Level 1, 2 and 3) are not meaningful in that context and such information is not currently calculated based on the breakout prescribed by the fair value hierarchy. Therefore, existing results and reports are not prepared in a way that could be leveraged to meet the requirements of the Proposed Update and significant technology enhancements will be necessary to produce the proposed information.

Additionally, the Board has recently required significant additional interim and annual disclosures for derivatives, investment securities, and variable interest entities in addition to potential new disclosures for contingencies, credit quality of financing receivables and the allowance for credit losses. All of these additional requirements must be or will be required to be met in the existing time frame for reporting to the Securities and Exchange Commission. This time frame is already short considering that reporting entities must close their books, report results, and then prepare and review the numerous financial statement disclosures. The requirements in the Proposed Update will further add to the volume of information required to be presented in this time frame.

We note that on July 28, 2009 the Financial Crisis Advisory Group (FCAG) reported on the standard setting implications of the global financial crisis and indicated increasing concern over the “rapid, piecemeal, uncoordinated and prescribed changes to standards.” We believe that the Proposed Update represents another example of such an approach as opposed to a more systematic, detailed plan to improve financial reporting and disclosure. We strongly recommend that the Board consider one comprehensive disclosure for financial instruments rather than requiring another piecemeal disclosure for these instruments.

Our comments related to specific proposed amendments to the fair value measurement disclosures follow in Appendix A.
We appreciate the opportunity to express our views in this letter. Should you have any questions, please feel free to contact Randall Shearer (980.388.8433) or me (980.387.4997).

Sincerely,

John M. James
Senior Vice President and Corporate Controller

cc: Neil A. Cotty, Chief Accounting Officer
    Randall J. Shearer, Accounting Policy Executive
Level of Disaggregation

The Proposed Update requires that the current and proposed (e.g., level 3 sensitivity analysis) fair value measurement disclosures be provided for each class of assets and liabilities. Paragraph 820-10-50-2A clarifies that disclosure by class will often result in a greater level of disaggregation than the reporting entity’s financial statement line items. Guidance is provided that an entity should consider the nature and risk classification of assets and liabilities in terms of their related categorization in the fair value hierarchy and that due to varying degrees of uncertainty of inputs the number of classes may need to be greater for Level 3 instruments than for instruments with more observability (i.e., Level 1 and Level 2). In addition, it is noted that a reporting entity should also consider the level of disaggregated information that is already required for specific assets and liabilities under other U.S. GAAP, such as the level of data provided under Derivatives and Hedging (Topic 815) for disclosures relating to derivative instruments by type of contract and/or risk category (e.g., interest rate, equity, foreign exchange).

We do not believe that increasing the level of disaggregation for sensitivity analyses, recurring fair value measurement disclosures, the Level 3 rollforward as well as valuation techniques and inputs (as proposed in paragraph 820-10-55-22A) for instruments measured at fair value results in more meaningful information. For financial institutions with substantial trading activities, this will result in a significant increase in the volume of information disclosed in the financial statements both upon initial adoption and more so in subsequent reporting periods given the requirement to present comparative information. We believe such voluminous information will impair, rather than improve, the overall usefulness and relevance of this information to financial statement users. Furthermore, providing an additional level of granularity for instruments such as derivatives to be consistent with the requirements in Topic 815 will result in duplicative information being presented in multiple locations in the financial statements.

We understand that the Board’s decision to require such additional disclosure was based on feedback received that high level disclosures were found to be less useful. While analysts and other financial statement users may always request additional information, it is not articulated how this additional information is actually useful. As noted above, the Company’s management does not utilize this level of detail in making decisions or evaluating financial performance, therefore, we struggle to understand why analysts and other users would find this additional information to be beneficial. Additionally, our Investor Relations Group has not received requests for such information. Therefore, we believe that the users of our financial statements are satisfied with the contents of the existing disclosure.

As previously noted, the proposed information is not currently maintained in a single system and, in our view, there is additional complexity and costs involved in tracking and accumulating such information without a significant offsetting benefit to financial statement users. The Company’s current information technology systems do not capture the hierarchy classifications (i.e., Level 1, 2 and 3) at the instrument level since our systems pre-date the fair value measurement standard, and we are not aware of any software product on the market specifically designed to meet the fair value measurement disclosure requirements. As a result, the preparation and accumulation of data for this footnote is extremely manually intensive. This information is also accumulated in compliance with the Sarbanes-Oxley Act, which requires time-consuming internal control processes. We understand that our peers use similar methods to accumulate the information required for the existing fair value disclosures. Further, accumulating the additional level of detail required by the recently issued FSP FAS 157-4, Determining
Level 3 Sensitivity Analysis

It is noted in the Basis for Conclusions of the Proposed Update (paragraph BC 10) that the Board believed users would benefit from information about a range of fair value for Level 3 measurements due to the greater degree of uncertainty and subjectivity of such measurements. However, providing disclosure of the impact of significant changes in fair value resulting from alternative inputs for each class of financial instruments in isolation can lead to misunderstanding in interpreting an entity’s financial performance as many positions are hedged with other financial instruments that may not be included in Level 3. For example, residential mortgage-backed securities (“RMBS”) may be classified as Level 3 due to the significance of unobservable inputs in determining the instrument’s fair value (e.g., pre-payment assumptions, default rates, loss severities). However, certain risks may be economically hedged with plain vanilla interest rate swaps that are classified as Level 2 in the fair value hierarchy. Disclosure of a significant decrease in the fair value of the RMBS instruments as a result of changing one or more Level 3 inputs to reasonably possible alternative inputs can lead financial statement users to draw erroneous conclusions regarding the reporting entity’s financial performance as the offsetting benefit from the interest rate hedge is not incorporated. Further, the range of fair values reported for financial institutions with a significant number of positions could be wide, making it difficult to draw any meaningful conclusions of the effect of such changes on a reporting entity’s financial results.

We reached out to a well respected sell side senior research analyst to get his view as a user of financial statements as to the benefit he would receive from a sensitivity analysis for Level 3 instruments. In his view, providing a sensitivity analysis for Level 3 information in isolation is not informative in evaluating financial results as a sensitivity analysis of only Level 3 financial instruments without incorporating Level 1 and Level 2 economic hedges does not depict how an entity manages its exposure and, therefore, does not provide complete and useful information. He further noted that most firms caveat that their current fair value measurement disclosures related to Level 3 instruments do not take into consideration the offsetting effect of Level 1 and Level 2 financial instruments entered into to hedge certain exposures to the Level 3 positions. For other currently required sensitivity disclosures, such as those required for mortgage servicing rights (MSRs) and retained interests, we have provided cautionary language in our financial statements to warn users that such information is hypothetical and cannot be heavily relied upon for a number of reasons.

We note that the Proposed Update requires entities to consider the expected effects of correlation among changes in significant inputs when determining reasonably possible alternative inputs. However, the practical application of incorporating such correlation for instruments with more than one unobservable input is difficult and we note that the Proposed Update does not provide any further guidance on how this would actually be applied. It is also unclear whether the evaluation of the requirement to provide a sensitivity analysis in instances when changing one or more inputs would increase or decrease the fair value measurement significantly should be conducted at the instrument level (in which case it should never have a material effect on the financial statements) or at a higher level (in which case the disclosure loses relevance). Further, in each reporting period, instruments move in and out of Level 3 and as a result, a methodology will need to be developed and processes put in place to accumulate and track the
data required by the Proposed Update. For financial institutions with a substantial number of positions, providing sensitivity information for each class of instruments is operationally burdensome and costly considering the usefulness of such hypothetical data.

By definition, valuations of Level 3 assets and liabilities incorporate estimation risk, and we believe that users are fully aware of and consider this uncertainty in their analyses and projections. We believe the existing market risk disclosures (e.g., Value at Risk) provided in the Forms 10-Q and 10-K are more meaningful to financial statement users as they encompass entire portfolios and thereby include the benefit of diversification. Further, as a similar analysis is currently required under other U.S. GAAP for instruments such as MSRs and retained interests, this proposed requirement will result in duplicative information being presented in multiple locations in the financial statements for certain instruments. We therefore encourage the Board to remove this proposed requirement.

We note that the proposed sensitivity disclosure would be required for instruments measured at fair value on a non-recurring basis in addition to those measured at fair value on a recurring basis. For instruments that are not accounted for at fair value on a recurring basis, (e.g., impaired loans, assets accounted for at lower of cost or market, goodwill and intangible assets) we believe that providing a range of fair values using reasonably possible alternative inputs is even less relevant than for items that are marked to market on a recurring basis. Further the amendments to IFRS 7, Financial Instruments: Disclosures (“IFRS 7”), do not require a sensitivity analysis for non-recurring fair value measurements. If the Board decides to continue to include this requirement, we recommend that it pertain only to recurring fair value measurements.

**Effective Date**

The effective date for the proposed amendments to the fair value measurement disclosures, excluding the sensitivity disclosures for Level 3 measurements, is for interim and annual reporting periods ending after December 15, 2009. The proposed effective date for the sensitivity disclosures is for interim and annual reporting periods ending after March 15, 2010. As the comment deadline for the Proposed Update is October 12, 2009, we anticipate a final standard would not be issued until sometime in November or December 2009. We do not believe that the effective dates of the Proposed Update permit sufficient time for financial institutions to implement the disclosure requirements. As discussed above, the information being requested is not currently maintained in a single system in the manner required by the proposed disclosures and processes will need to be developed in order to accumulate and track this information.

The issuance of FAS 166, Accounting for Transfers of Financial Assets – an amendment of FASB Statement No. 140, and FAS 167, Amendments to FASB Interpretation No. 46 (R) (“FAS 166/167”), both of which are effective January 1, 2010 for calendar year-end companies, has already resulted in a substantial amount of implementation work, and firms have devoted considerable resources to this effort. Numerous implementation issues related to these standards are still being worked through and interpretations are still being developed with the Board and Big Four accounting firms.

We understand that one of the Board’s objectives in issuing the Proposed Update is to converge with IFRS and we appreciate those efforts. We note that the proposed requirements are similar to the amendments to IFRS 7 which were exposed in December 2008 and issued in March 2009. However, the amendments to IFRS 7 are currently required on an annual basis and will be effective as of December 31, 2009 for most international filers. This allows for a longer implementation period compared to the
Proposed Update. As we do not anticipate the Board will issue a final standard until November or December 2009, U.S. companies will only have three to four months to implement the new disclosure requirements for their 2009 year-end and 2010 first quarter financial reports. Additionally, IFRS filers are not in the process of implementing other major standards, such as FAS 166/167.

It is not clear which, if any, amendments in the Proposed Update would also apply to pension plan assets. FASB Staff Position FAS 132(R) – 1, *Employers’ Disclosures about Postretirement Benefit Plan Assets* (“FSP 132(R)-1”) will require that the Company provide many of the fair value measurement disclosures about pension plan assets in the December 31, 2009 Form 10-K. In its role as an Asset Manager, the Company would also be required to modify its processes for customer reporting which will necessitate sufficient lead time. If the disclosures are applicable to pension plan assets, it should be noted that with such late notice in the implementation year for FSP 132(R)-1, it is not practical for Trustees or Asset Managers to provide this information for all their customers with defined benefit plans in time for the filing deadlines of the plan sponsor’s financial statements. Furthermore, the Company provides this information in its role as Trustee of certain plans.

Firms have been required to implement numerous newly issued FASB guidance during the past year such as FAS 161, *Disclosures about Derivative Instruments and Hedging*; FASB Staff Position (FSP) No. FAS 133-1 and FIN 45-4, *Disclosures about Credit Derivatives and Certain Guarantees*; FSP FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Ordinarily*; FSP FAS 115-2, FAS 124-2 and EITF 99-20-2, *Recognition and Presentation of Other-Than-Temporary Impairments*; FSP FAS 107-1 and APB Opinion 28-1, *Interim Disclosures about Fair Value of Financial Instruments*; FSP FAS 140-4 and FIN 46(R)-8, *Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities*. Disclosure processes are often manually intensive for a substantial amount of time following the initial adoption of a standard as information technology enhancements across multiple platforms are generally long-term projects. Firms are still working through automating and updating systems for the above noted standards and the requirements in the Proposed Update will result in further enhancements.

If the Board should decide to continue moving forward with this project, we strongly urge the Board to consider delaying the effective date until the first annual reporting period ending on or after December 15, 2010 to allow for sufficient time to establish a systematic and controlled process to gather and report the required information.