April 30, 2015

Technical Director
File Reference No. 2015-220
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Dear Technical Director:

Re: Proposed Accounting Standards Update, Derivatives and Hedging (Topic 815), *Disclosures about Hybrid Financial Instruments with Bifurcated Embedded Derivatives*

We appreciate the opportunity to comment on the Proposed Accounting Standards Update, Derivatives and Hedging (Topic 815), *Disclosures about Hybrid Financial Instruments with Bifurcated Embedded Derivatives*. Bank of America Corporation (BAC) provides a diverse range of banking and non-banking financial services and products domestically and internationally. We are one of the largest banks in the U.S. in terms of total assets and routinely transact in hybrid instruments. We are very focused on the efforts of the Financial Accounting Standards Board (FASB) related to additional financial statement disclosures for financial instruments.

We understand that the FASB is proposing disclosures for hybrid financial instruments to assist financial statement users in identifying bifurcated embedded derivatives and their related financial instrument host contracts. However, the FASB does not provide sufficient rationale as to why this additional information is necessary or how investors would utilize this information on a periodic basis.

Currently, Topic 815 requires several detailed financial statements disclosures related to derivative instruments including: information on how and why a reporting entity utilizes derivatives; disaggregation of notional and gross asset and liability balances by risk; disaggregation of gross asset and liability balances by trading platform and whether or not the derivative is governed by a legally enforceable netting agreement; disaggregation of income and loss by risk; and information on the existence and nature of own credit-risk related contingent features and the circumstances in which such features could be triggered. In light of the FASB’s current Disclosure Framework project, which has the objective of improving the effectiveness of disclosures by focusing on the most important information and the indirect goal of reducing the volume of information provided (i.e., simplification), these additional proposed disclosures appear inconsistent with the purpose of that project.

BAC, similar to most large financial institutions, has elected to account for substantially all our hybrid financial instruments under the fair value option election in Accounting Standards Codification (ASC) 825-10-25, *Financial Instruments - Recognition*. Therefore, the entire instrument (inclusive of the
embedded derivative) is accounted for at fair value. It is also operationally more efficient to elect the fair value option rather than separately analyze each instrument for embedded derivatives as required under Topic 815.

Additionally, the FASB has not allowed the fair value option election for nonfinancial hybrid instruments. If allowed then we most likely would elect it and further reduce instances where an embedded derivative is accounted for separately from the related host contract. We do not support expanding the scope of the proposed amendments to include these instruments for the reasons stated above. That is, we are unclear as to the benefit derived from this additional information and believe this to be inconsistent with the spirit of the Disclosure Framework project to simplify financial statement disclosures.

We urge the FASB to re-evaluate the overall objective of this proposal and usefulness of this additional information to financial statement readers given the level of information already required for derivative instruments and the efforts to achieve simplification for financial statement disclosures. We recommend additional outreach to investors to better understand any need for this information.

Lastly, we also note that International Financial Reporting Standards (IFRS) do not require such disclosures.

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

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cc: Bruce Thompson, Chief Financial Officer
    Rudolf Bless, Chief Accounting Officer
    Randall J. Shearer, Accounting Policy Executive