

Proposal: FR Y-14A/Q/M Capital Assessments and Stress Testing Reports, (ICP 2020-10 Pub'd 3/19/20)

Description: Proposal to approve under OMB delegated authority the extension, for three years, with revision, the Capital Assessments and Stress Testing Reports (FR Y-14A/Q/M).

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Comment ID: 137259

From: Regs Comments Mail [regs.comments@frb.gov]

Proposal:

Subject: FR Y-14A/Q/M Capital Assessments and Stress Testing Reports

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Comments:

Good evening,

BAC would like to submit a comment/question regarding the FRB proposed new instructions, for the reporting on interest fields for fully undrawn commitments, effective for quarter ending 9/30/2020 - commentary period to close out on or before May 18, 2020. Attached is the complete question in QA template form submitted to our FR Y14Q Data Aggregator. Summarized below as well for your convenience. Can you please confirm receipt and next steps please?

There are many facilities that allow for: 1) multiple election options for of interest rates index (i.e. LIBOR or Base), 2) multiple frequency rate reset scenarios (i.e. 1-month LIBOR, 6-month LIBOR, 12-month LIBOR), and 3) pricing based on performance metrics (e.g. Leverage based pricing grids). In these cases, on what rate selection should the BHC base the reporting of interest fields for unfunded commitments?

Point 1:

Ex:

If the Borrower has the option to either borrow at a Libor or Base rate index plus a spread that is dependent upon that index (e.g. +325bps for LIBOR / +225bps for Base ) then the reported I/R elements could be considerably different. If we assume a LIBOR election and the pricing was L+3.25 (assuming LIBOR was 1%), then we would report 4.25% for the all in rate; however, if we assume a BASE rate of B+2.25 (assuming Base is 2.25%), then we would report an all-in rate of 4.50%.

Legal Language:

Within the limits of each Revolving Credit Lender's Revolving Credit Commitment, and subject to the other terms and conditions hereof, Borrower may borrow under this Section 2.01(b), prepay under Section 2.05, and re-borrow under this Section 2.01(b). Revolving Credit Loans may be Base Rate Loans or Eurodollar Rate Loans, as further provided herein.

Point 2:

Ex:

Assuming a LIBOR index is selected, there may be possible election of the durations of the index which could affect the LIBOR pricing. For example, if 3 month LIBOR is priced at 1% and 12 month LIBOR is 1.50%, the duration is selected could affect the all-in rate.

Legal Language:

"Interest Period" means as to each Eurodollar Rate Loan, the period commencing on the date such Eurodollar Rate Loan is disbursed or converted to or continued as a Eurodollar Rate Loan and ending on the date one (1) month, three (3) months, six (6) months or, subject to availability, fourteen (14) days or two (2) months thereafter, as selected by Borrower in its Committed Loan Notice; provided that:

Point 3:

Legal Language:

Applicable Margin" means:

(a) Subject to clause (b) below, the following percentages per annum, based upon the Leverage Ratio as set forth in the most-recent Compliance Certificate received by Administrative Agent pursuant to Section 8.02(a).

Regards,

Gabriel E Bernal

SFA - Regulatory Reporting

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# FR Y-14 Q&A: Question Submission Form

This form is provided by the Federal Reserve for FR Y-14 filing firms to submit questions regarding the FR Y-14 information collection. Forms with the required information provided can be sent to your firm's Reserve Bank (FR Y-14A/Q) or Data Aggregator (FR Y-14M) contact for entry into the Q&A system.

Except as provided in the disclaimer below, all questions submitted and responses received as part of the Q&A process will be reproduced without alteration and made available to the public via the Board's public website.

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Individual Name	Phone Number	E-mail Address	Submitted on:
<input type="text" value="Jessica Ricker"/>	<input type="text" value="980-387-7351"/>	<input type="text" value="jessica.ricker@bofa."/>	<input type="text"/>
Firm Name	<input type="text" value="Bank Of America"/>		

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Report	Schedule	Sub-Schedule	Data Quarter
<input type="text" value="FR Y-14Q"/>	<input type="text" value="Schedule H"/>	<input type="text"/>	<input type="text"/>

Question (Character Limit: 6000)

The FRB has proposed new instructions for the reporting on interest fields for fully undrawn commitments. There are many facilities that allow for: 1) multiple election options for of interest rates index (i.e. LIBOR or Base), 2) multiple frequency rate reset scenarios (i.e. 1-month LIBOR, 6-month LIBOR, 12-month LIBOR), and 3) pricing based on performance metrics (e.g. Leverage based pricing grids).

Is confidentiality being requested?    ☐ Yes    ☒ No

Confidentiality Justification (if yes):

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