

Chief Counsel's Office
Office of the Comptroller of the Currency
400 7th Street S.W.
Washington, DC 20219

Interpretive Letter 1196
September 2026

September 15, 2026

Adam Lee
Bank of America Corporation
One Bryant Park
New York, NY 10036

Subject: Bank of America Corporation, Request for No-Action Position in Connection with Interaffiliate Margin

Dear Mr. Lee:

This letter is in response to your September 8, 2026, email and the April 9, 2026, letter submitted by Sullivan & Cromwell, LLP, on behalf of Bank of America Corporation (the Bank), requesting relief from the interaffiliate initial margin collection requirement of the Office of the Comptroller of the Currency's (OCC) swap margin rule at 12 C.F.R. part 45. Based on the Bank's representations in the letter and supplementary submissions, and for the reasons discussed below, OCC staff will not recommend that the OCC take enforcement action against the Bank or its subsidiaries that are covered swap entities for failing to collect initial margin from affiliates under 12 C.F.R. § 45.11(a) of the swap margin rule.

The OCC, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Farm Credit Administration, and Federal Housing Finance Agency (prudential regulators) enacted the swap margin rule to establish minimum margin requirements for covered swap entities subject to their respective jurisdictions. Related margin rules adopted by the Commodity Futures Trading Commission (CFTC) and the Securities and Exchange Commission (SEC) apply to swap dealers and security-based swap dealers that are not subject to the prudential regulators' rule.

The swap margin rules generally require covered swap entities to exchange initial and variation margin on non-cleared swaps and non-cleared security-based swaps (swaps). Unlike the CFTC's or SEC's rules, the prudential regulators' swap margin rule also includes distinct initial margin collection obligations for swaps between affiliates. Specifically, the prudential regulators' rule requires covered swap entities not only to exchange variation margin with affiliates, but also to calculate the initial margin amount for certain affiliates and collect initial margin if the aggregate amount of initial margin across those affiliates exceeds 15 percent of the covered swap entity's tier 1 capital. When the prudential regulators adopted this 15 percent interaffiliate margin threshold, no covered swap entity had met or was approaching that threshold.¹

¹ Margin and Capital Requirements for Covered Swap Entities, 85 FR 39754, 39762 (Jul. 1, 2020).

Banks use interaffiliate swaps for internal risk management and to centrally manage market and credit risk, while reducing transaction costs. Emphasizing these points, the Bank has requested relief from the OCC's interaffiliate initial margin collection requirement because—according to the Bank—the requirement creates a practical impediment to the Bank's risk-reducing internal hedging, including during periods of market volatility or increased client activity. In particular, the Bank asserts that the interaffiliate initial margin collection requirement creates operational complexities, impedes prudent risk management practices, and imposes funding costs. The Bank also notes that because the SEC and CFTC do not have similar interaffiliate initial margin collection requirements, the prudential regulators' requirement leads to competitive disparities.

Moreover, the Bank states that its interaffiliate trading volumes and composition have increased since 2020 based on, among other things, market conditions and internal risk management demands. Various factors have shifted how risk is allocated across the Bank, including post-COVID market volatility, higher equity market activity, evolving client demand, and enhanced stress testing, liquidity, and collateral management practices. [

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Interaffiliate swaps are valuable in managing market and credit risk across complex banking organizations. Moreover, several other regulatory safeguards—including variation margin and affiliate transaction restrictions—help to mitigate potential affiliate-related risks. In addition, the Bank's common equity, tier 1, and total capital ratios all exceed 12 percent, as reported on the Bank's most recent Call Report. In light of these circumstances and the Bank's representations, OCC staff will not recommend that the OCC take enforcement action against the Bank or its subsidiaries for noncompliance with the requirement to collect initial margin under 12 C.F.R. § 45.11.

The no-action relief described in this letter is based on the Bank's representations and facts specific to the Bank. Different facts could require different conclusions. In addition, this no-action relief is limited to three years and to the current swap margin rule's interaffiliate initial margin collection requirement. The Bank must continue to exchange variation margin with covered affiliate counterparties. If you have any questions about this matter, please contact Allison Hester-Haddad, Special Counsel, or Mark O'Horo, Special Counsel, at 202-649-5490.

Sincerely,

/s/

Will Giles
Principal Deputy Chief Counsel

cc: Bank of America Corporation Supervisory Office; CNBE