Title: BOFA Securities Commercial Paper to pay off Senior Notes. Jockeying for bankruptcy position?
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Below is a theory DD I wanted to get a discussion started started on.

A lot has been in the news lately regarding Bank of America and BOFA Securities. I have been monitoring commercial paper issuances for a while and now believe this should be an item of interest as investors begin jockeying for the most money in bankruptcy.

As I said above I monitor new commercial paper issuances almost daily. On Monday BOFA Securities, a name I had not seen in a while popped up with a large amount (1.6 billion) and higher yield. That tells me 2 things, they want unsecured funding and they want it fast (yield they are offering was more than double other "blue chips")

Something else strange happened with BOFA Securities on Monday. They redeemed over 2 billion worth of senior notes. https://investor.bankofamerica.com/press-releases/detail/1881/bank-of-america-announces-redemptions-of-2-503-senior

This is where it is still theory and more wrinkle brained apes can help disprove or fill it out. Commercial paper can be used for operating expenses, payroll, accounts payable and other short term liabilities. A short term liability is one that is to be paid within the year. Guess what date are on all of those redeemed notes.

OCTOBER of 2022 or still classified as a short term liability available to be paid with commercial paper proceeds.

Ok but why does this matter? This matters because if they are paying off senior notes that have a high priority in bankruptcy proceedings with commercial paper that is unsecured it could be a sign they are already planning how BOFA investors can get higher in the bankruptcy hierarchy.

I think we are close to the end, I will continue to keep an eye on CP and this is heartbreaking because the institutions buying CP are likely pensions and municipalities that are going to be left holding the bag.

Edit 1: Commercial Paper had a huge impact during the 2008 financial crisis. Once institutions (pensions, governments) lose faith in their liquidity or if they lose the necessary ratings to invest the real liquidity problems will start for banks. Below is a link to a paper on CP in 2008

https://www.aeaweb.org/articles?id=10.1257/jep.24.1.29