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(Original Signature of Member)

114TH CONGRESS
1ST SESSION

H. R.

To require the appropriate Federal banking agencies to treat certain municipal obligations as level 2A liquid assets, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. MESSER introduced the following bill; which was referred to the Committee on _____

A BILL

To require the appropriate Federal banking agencies to treat certain municipal obligations as level 2A liquid assets, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. TREATMENT OF CERTAIN MUNICIPAL OBLIGA-**
4 **TIONS.**

5 (a) IN GENERAL.—Section 18 of the Federal Deposit
6 Insurance Act (12 U.S.C. 1828) is amended—

7 (1) by moving subsection (z) so that it appears
8 after subsection (y); and

1 (2) by adding at the end the following:

2 “(aa) TREATMENT OF CERTAIN MUNICIPAL OBLIGA-
3 TIONS.—

4 “(1) IN GENERAL.—For purposes of the final
5 rule titled ‘Liquidity Coverage Ratio: Liquidity Risk
6 Measurement Standards; Final Rule’ (79 Fed. Reg.
7 61439; published October 10, 2014) (the ‘Final
8 Rule’) and any other regulation which incorporates
9 a definition of the term ‘high-quality liquid asset’,
10 the appropriate Federal banking agencies shall treat
11 a municipal obligation that is both liquid and read-
12 ily-marketable (as defined in the Final Rule) and in-
13 vestment grade as of the calculation date as a high-
14 quality liquid asset that is a level 2A liquid asset.

15 “(2) DEFINITIONS.—For purposes of this sub-
16 section:

17 “(A) INVESTMENT GRADE.—With respect
18 to an obligation, the term ‘investment grade’
19 has the meaning given that term under part 1
20 of title 12, Code of Federal Regulations.

21 “(B) MUNICIPAL OBLIGATION.—The term
22 ‘municipal obligation’ means an obligation of a
23 State or any political subdivision thereof, or any
24 agency or instrumentality of a State or any po-
25 litical subdivision thereof.”.

1 (b) AMENDMENT TO LIQUIDITY COVERAGE RATIO
2 REGULATIONS.—Not later than the end of the 3-month
3 period beginning on the date of the enactment of this Act,
4 the Federal Deposit Insurance Corporation, the Board of
5 Governors of the Federal Reserve System, and the Comp-
6 troller of the Currency shall amend the final rule titled
7 “Liquidity Coverage Ratio: Liquidity Risk Measurement
8 Standards; Final Rule” (79 Fed. Reg. 61439; published
9 October 10, 2014) to implement the amendments made
10 by this Act.