

House Passes Bill To Amend Treatment of Municipal Bonds under Liquidity Rules

October 3, 2017 | Client Update

On Tuesday the House of Representatives passed a bill (H.R. 1624) that would require the federal banking agencies to amend their liquidity rules (including the LCR Rule) to treat all “municipal obligations” (as defined in the bill) as level 2B high quality liquid assets (HQLAs), provided that they are (a) “liquid and readily marketable” (as currently defined in the LCR Rule) and (b) “investment grade” (as defined in the OCC’s Investment Securities Rule). A substantially identical companion bill was introduced with bipartisan support in the Senate in April, where it was referred to the Committee on Banking, Housing and Urban Affairs.

We wrote about H.R. 1624 last month in a blog post available [here](#).

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

Luigi L. De Ghenghi

+1 212 450 4296

luigi.deghenghi@davispolk.com

Andrew Rohrkemper

+1 212 450 3207

andrew.rohrkemper@davispolk.com

This communication, which we believe may be of interest to our clients and friends of the firm, is for general information only. It is not a full analysis of the matters presented and should not be relied upon as legal advice. This may be considered attorney advertising in some jurisdictions. Please refer to the firm's privacy notice for further details.