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

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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.

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