IIB

115TH CONGRESS
1ST SESSION

H. R. 1624

IN THE SENATE OF THE UNITED STATES

OCTOBER 4, 2017

Received; read twice and referred to the Committee on Banking, Housing, and Urban Affairs

AN ACT

To require the appropriate Federal banking agencies to treat certain municipal obligations as no lower than level 2B liquid assets, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Municipal Finance Support Act of 2017".

SEC. 2. TREATMENT OF CERTAIN MUNICIPAL OBLIGATIONS.

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

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

(2) by adding at the end the following:

"(aa) TREATMENT OF CERTAIN MUNICIPAL OBLIGATIONS.—

"(1) IN GENERAL.—For purposes of the final rule titled 'Liquidity Coverage Ratio: Liquidity Risk Measurement Standards; Final Rule' (79 Fed. Reg. 61439; published October 10, 2014) (the 'Final Rule') and any other regulation which incorporates a definition of the term 'high-quality liquid asset', the appropriate Federal banking agencies shall treat a municipal obligation that is both liquid and readily marketable (as defined in the Final Rule) and investment grade as of the calculation date as a high-quality liquid asset that is no lower than a level 2B liquid asset.

"(2) DEFINITIONS.—For purposes of this subsection:

"(A) INVESTMENT GRADE.—With respect to an obligation, the term 'investment grade' has the meaning given that term under part 1 of title 12, Code of Federal Regulations.

"(B) MUNICIPAL OBLIGATION.—The term 'municipal obligation' means an obligation of a State or any political subdivision thereof, or any agency or instrumentality of a State or any political subdivision thereof.".

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

Passed the House of Representatives October 3, 2017.

Attest: KAREN L. HAAS,

Clerk.