DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

12 CFR Part 50

[Docket ID OCC–2018–0013]

RIN 1557–AE36

FEDERAL RESERVE SYSTEM

12 CFR Part 249

[Docket No. R–1616]

RIN 7100–AF10

FEDERAL DEPOSIT INSURANCE CORPORATION

12 CFR Part 329

RIN 3064–AE77

Liquidity Coverage Ratio Rule: Treatment of Certain Municipal Obligations as High-Quality Liquid Assets

AGENCY: Office of the Comptroller of the Currency (OCC), Treasury; Board of Governors of the Federal Reserve System (Board); and Federal Deposit Insurance Corporation (FDIC).

ACTION: Interim final rule with request for comment.

SUMMARY: The OCC, the Board, and the FDIC (collectively, the agencies) are jointly issuing and inviting comment on an interim final rule that amends the agencies' liquidity coverage ratio (LCR) rule to treat liquid and readily-marketable, investment grade municipal obligations as high-quality liquid assets (HQLA). Section 403 of the Economic Growth, Regulatory Relief, and Consumer Protection Act amends section 18 of the Federal Deposit Insurance Act and requires the agencies, for purposes of their LCR rule and any other regulation that incorporates a definition of the term ''high-quality liquid asset'' or another substantially similar term, to treat a municipal obligation as HQLA (that is a level 2B liquid asset) if that obligation is, as of the LCR calculation date, ''liquid and readily-marketable'' and ''investment grade.''

DATES: The interim final rule is effective on August 31, 2018. Comments on the interim final rule must be received by October 1, 2018.

ADDRESSES: Comments should be directed to:

OCC: Commenters are encouraged to submit comments through the Federal eRulemaking Portal or email, if possible. Please use the title ''Liquidity Coverage Ratio Rule: Treatment of Certain Municipal Obligations as High-Quality Liquid Assets'' to facilitate the organization and distribution of the comments. You may submit comments by any of the following methods:

- *Federal eRulemaking Portal—* ''*Regulations.gov*'': Go to *www.regulations.gov.* Enter ''Docket ID OCC–2018–0013'' in the Search box and click ''Search.'' Click on ''Comment Now'' to submit public comments. Click on the ''Help'' tab on the *Regulations.gov* home page to get information on using *Regulations.gov*, including instructions for submitting public comments.
- *Email: regs.comments@occ.treas.gov.*
- *Mail:* Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, 400 7th Street SW, Suite 3E–218, Washington, DC 20219.
- *Hand Delivery/Courier:* 400 7th Street SW, suite 3E–218, Washington, DC 20219.
- *Fax:* (571) 465–4326.

Instructions: You must include ''OCC'' as the agency name and ''Docket ID OCC–2018–0013'' in your comment. In general, OCC will enter all comments received into the docket and publish the comments on the *Regulations.gov* website without change, including any business or personal information that you provide such as name and address information, email addresses, or phone numbers. Comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not include any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

You may review comments and other related materials that pertain to this rulemaking action by any of the following methods:

- *Viewing Comments Electronically:* Go to *www.regulations.gov.* Enter ''Docket ID OCC–2018–0013'' in the Search box and click ''Search.'' Click on ''Open Docket Folder'' on the right side of the screen. Comments and supporting materials can be viewed and filtered by clicking on ''View all documents and comments in this docket'' and then using the filtering tools on the left side of the screen. Click on the ''Help'' tab on the *Regulations.gov* home page to get information on using *Regulations.gov.* The docket may be viewed after the close of the comment period in the same manner as during the comment period.
- *Viewing Comments Personally:* You may personally inspect comments at the OCC, 400 7th Street SW, Washington, DC 20219. For security reasons, the OCC requires that visitors make an appointment to inspect comments. You may do so by calling (202) 649–6700 or, for persons who are deaf or hearing-impaired, TTY, (202) 649–5597. Upon arrival, visitors will be required to present valid government-issued photo identification and submit to security screening in order to inspect comments.

Board: When submitting comments, please consider submitting your comments by email or fax because paper mail in the Washington, DC area and at the Board may be subject to delay. You may submit comments, identified by Docket No. R–1616 and RIN 7100–AF10, by any of the following methods:

- *Agency website: http://www.federalreserve.gov.* Follow the instructions for submitting comments at *http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm.*
- *Email: regs.comments@federalreserve.gov.* Include docket and RIN numbers in the subject line of the message.
- *FAX:* (202) 452–3819 or (202) 452–3102.
- *Mail:* Ann E. Misback, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue NW, Washington, DC 20551.

Instructions: All public comments will be made available on the Board's website at *http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm* as submitted, unless modified for technical reasons or to remove personally identifiable information at the commenter's request. Accordingly, comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper in Room 3515, 1801 K Street NW (between 18th and 19th Streets NW), Washington, DC 20006 between 9:00 a.m. and 5:00 p.m. on weekdays. For security reasons, the Board requires that visitors make an appointment to inspect comments. You may do so by calling (202) 452–3684. Upon arrival, visitors will be required to present valid government-issued photo identification and to submit to security screening in order to inspect and photocopy comments.

FDIC: You may submit comments, identified by FDIC RIN 3064–AE77, by any of the following methods:

- *Agency website: http://www.FDIC.gov/regulations/laws/federal/.*
- *Mail:* Robert E. Feldman, Executive Secretary, Attention: Comments/Legal ESS, Federal Deposit Insurance

Corporation, 550 17th Street NW, Washington, DC 20429.

- *Hand Delivery:* Comments may be hand-delivered to the guard station at the rear of the 550 17th Street NW building (located on F Street), on business days between 7:00 a.m. and 5:00 p.m.
- *Email: comments@FDIC.gov.*

Instructions: Comments submitted must include ''FDIC'' and ''RIN 3064–AE77.'' Comments received will be posted without change to *http://www.FDIC.gov/regulations/laws/federal/,* including any personal information provided.

FOR FURTHER INFORMATION CONTACT:

OCC: Christopher McBride, Director, James Weinberger, Technical Expert, or Ang Middleton, Bank Examiner (Risk Specialist), (202) 649–6360, Treasury & Market Risk Policy; David Stankiewicz, Special Counsel, Securities and Corporate Practices Division, (202) 649–5510; Henry Barkhausen, Counsel, or Daniel Perez, Attorney, Legislative and Regulatory Activities Division, (202) 649–5490; for persons who are deaf or hearing-impaired, TTY, (202) 649–5597, Office of the Comptroller of the Currency, 400 7th Street SW, Washington, DC 20219.

Board: Constance Horsley, Deputy Associate Director, (202) 452–5239, Peter Clifford, Manager, (202) 785–6057, J. Kevin Littler, Senior Supervisory Financial Analyst, (202) 475–6677, or Christopher Powell, Supervisory Financial Analyst, (202) 452–3442, Division of Banking Supervision and Regulation; Laurie Schaffer, Associate General Counsel, (202) 452–2272, Benjamin W. McDonough, Assistant General Counsel, (202) 452–2036, Steve Bowne, Senior Attorney, (202) 452–3900, or Laura Bain, Senior Attorney, (202) 736–5546, Legal Division, Board of Governors of the Federal Reserve System, 20th and C Streets NW, Washington, DC 20551. For the hearing impaired only, Telecommunication Device for the Deaf (TDD), (202) 263–4869, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue NW, Washington, DC 20551.

FDIC: Bobby R. Bean, Associate Director, (202) 898–6705, Michael E. Spencer, Chief, (202) 898–7041, Eric W. Schatten, Senior Policy Analyst, (202) 898–7063, Andrew D. Carayiannis, Senior Policy Analyst, (202) 898–6692, or Nana Ofori-Ansah, Capital Markets Policy Analyst, (202) 898–3572, Capital Markets Branch, Division of Risk Management Supervision; Suzanne J. Dawley, Counsel, (202) 898–6509 (*sudawley@fdic.gov*), Andrew B. Williams, II, Counsel, (202) 898–3591, or Alexander S. Bonander, Attorney (202) 898–3621, Supervision and Corporate Operations Branch, Legal Division, Federal Deposit Insurance Corporation, 550 17th Street NW, Washington, DC 20429. For the hearing impaired only, Telecommunication Device for the Deaf (TDD), (800) 925–4618.

SUPPLEMENTARY INFORMATION:

I. Background

The Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (Board), and the Federal Deposit Insurance Corporation (FDIC) (collectively, the agencies) adopted the liquidity coverage ratio (LCR) rule [1] in 2014. The LCR rule established a quantitative liquidity requirement that is designed to promote the short-term resilience of the liquidity risk profile of large and internationally active banking organizations. The intent of the agencies in issuing the LCR rule was to improve the banking sector's ability to absorb shocks arising from financial and economic stress and the measurement and management of liquidity risk.[2] The LCR rule generally applies to a bank holding company, savings and loan holding company, or depository institution if: (1) It has total consolidated assets equal to $250 billion or more; (2) it has total consolidated on-balance sheet foreign exposure equal to $10 billion or more; or (3) it is a depository institution with total consolidated assets equal to $10 billion or more and is a consolidated subsidiary of a firm that is subject to the LCR rule (each, a covered company).[3] Covered companies generally must maintain an amount of high-quality liquid assets (HQLA) equal to or greater than their projected total net cash outflows over a prospective 30 calendar-day period.[4] The LCR rule defines three categories of HQLA—level 1, level 2A, and level 2B liquid assets—and sets forth qualifying criteria for HQLA and limitations for an asset's inclusion in the HQLA amount.

In 2016, the Board amended its LCR rule to include certain U.S. municipal securities as HQLA, subject to certain limitations (2016 Amendments).[5] To qualify as level 2B liquid assets under the 2016 Amendments, the U.S. municipal securities must be general obligation securities of public sector entities (*i.e.,* a state, local authority, or other governmental subdivision below the U.S. sovereign entity level).[6] Under the 2016 Amendments, a general obligation is defined as a bond or similar obligation that is backed by the full faith and credit of a public sector entity.[7] To be treated as HQLA, the general obligation securities also must: (1) Be investment grade under 12 CFR part 1 as of the calculation date; (2) be issued or guaranteed by a public sector entity whose obligations have a proven record as a reliable source of liquidity in repurchase or sales markets during stressed market conditions; [8] and (3) not be an obligation of a financial sector entity or a financial sector entity's consolidated subsidiary, unless it is only guaranteed by a financial sector entity or its consolidated subsidiary and otherwise eligible.[9] The 2016 Amendments limited the inclusion of general obligation securities in the HQLA amount to 5 percent of the covered company's total HQLA amount.[10] The 2016 Amendments also limited the inclusion of general obligation securities of any single public sector entity to two times the average daily trading volume during the previous four quarters of all general obligation securities issued by that public sector entity.[11]

The Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA) was enacted on May 24, 2018.[12] Section 403 of the EGRRCPA amends section 18 of the Federal Deposit Insurance Act [13] and requires the agencies, for purposes of the LCR

[1] 79 FR 61440 (October 10, 2014), codified at 12 CFR part 50 (OCC), 12 CFR part 249 (Board), and 12 CFR part 329 (FDIC).

[2] *Id.*

[3] *See* section 1 of the LCR rule.

[4] The Board separately adopted a modified LCR requirement for bank holding companies and certain savings and loan holding companies that, in each case, (A) have $50 billion or more in total consolidated assets and (B) are not internationally active (each, a modified LCR holding company). Under the Board's LCR rule, modified LCR holding companies must maintain an amount of HQLA equal to or greater than 70 percent of their projected total net cash outflows on the last business day of the applicable calendar month. 12 CFR 249 subpart G. This interim final rule's changes to the Board's LCR rule also apply to modified LCR holding companies.

[5] 81 FR 21223 (April 11, 2016), codified at 12 CFR part 249 (Board).

[6] 12 CFR 249.20(c)(2).

[7] 12 CFR 249.3.

[8] This is demonstrated by (A) the market price of the security or equivalent securities of the issuer declining by no more than 20 percent during a 30 calendar-day period of significant stress or (B) the market haircut demanded by counterparties to secured lending and secured funding transactions that are collateralized by the security or equivalent securities of the issuer increasing by no more than 20 percentage points during a 30 calendar-day period of significant stress. 12 CFR 249.20(c)(2).

[9] *Id.*

[10] 12 CFR 249.21.

[11] 12 CFR 249.22(c).

[12] Public Law 115–174, 132 Stat. 1296–1368 (2018).

[13] 12 U.S.C. 1828(aa).

rule and any other regulation that incorporates a definition of the term ''high-quality liquid asset'' or another substantially similar term, to treat a municipal obligation as HQLA that is a level 2B liquid asset if that obligation is, as of the calculation date, (A) liquid and readily-marketable and (B) investment grade. Section 403 defines ''investment grade'' as having the meaning given the term in § 1.2 of title 12, Code of Federal Regulations, or any successor thereto. Section 403 defines ''liquid and readily-marketable'' as having the meaning given the term in § 249.3 of title 12, Code of Federal Regulations, or any successor thereto. Section 403 defines ''municipal obligation'' as ''an obligation of—(i) a State or any political subdivision thereof; or (ii) any agency or instrumentality of a State or any political subdivision thereof.''

II. Description of the Interim Final Rule

This interim final rule amends the agencies' LCR rule to implement section 403 of the EGRRCPA. Section 403 requires the agencies to treat a municipal obligation as a level 2B liquid asset if the obligation, as of the calculation date, is liquid and readily-marketable and investment grade.[14] To effect this change, the interim final rule makes certain amendments to each agency's LCR rule that incorporate the provisions of section 403 of the EGRRCPA.

The interim final rule adds a definition to the agencies' rule for the term ''municipal obligations,'' which, consistent with the EGRRCPA, means an obligation of (1) a state or any political subdivision thereof or (2) any agency or instrumentality of a state or any political subdivision thereof.

The interim final rule amends the HQLA criteria with respect to level 2B liquid assets by adding municipal obligations that, as of the calculation date, are both (1) liquid and readily-marketable and (2) investment grade (under 12 CFR part 1) to the list of assets that are eligible for treatment as level 2B liquid assets.[15] The OCC's definition of ''investment grade'' under 12 CFR 1.2 provides that ''[i]nvestment grade means the issuer of a security has an adequate capacity to meet financial commitments under the security for the projected life of the asset or exposure. An issuer has an adequate capacity to meet financial commitments if the risk of default by the obligor is low and the full and timely repayment of principal and interest is expected.'' [16] A municipal obligation is required to meet this definition of ''investment grade'' as of the calculation date to be treated as a level 2B liquid asset under the interim final rule.

Consistent with section 403, the interim final rule also amends the definition of ''liquid and readily-marketable'' in the FDIC's and OCC's rules so that the term has the same meaning given to it under the Board's rules. Under this provision of the Board's rules, a ''liquid and readily-marketable'' security is a security that is traded in an active secondary market with: (1) More than two committed market makers; (2) a large number of non-market maker participants on both the buying and selling sides of transactions; (3) timely and observable market prices; and (4) a high trading volume.[17] As described above, a municipal obligation is required to be liquid and readily-marketable as of the date of calculation to be treated as a level 2B liquid asset under the interim final rule.

As part of the interim final rule, the Board is rescinding the 2016 Amendments so that municipal obligations under the Board's LCR rule will be treated consistently with section 403 of the EGRRCPA. As a result of the above changes, covered companies will be able to count municipal obligations as HQLA that qualify as level 2B liquid assets, provided the municipal obligations meet the HQLA criteria under the LCR rule.[18] Accordingly, covered companies will have greater flexibility in meeting the minimum requirements under the LCR rule as more types of assets will be eligible as HQLA. For FDIC- and OCC-regulated institutions, these changes will mark the first time that such institutions may treat any municipal obligations as HQLA. For Board-regulated institutions, these changes are expected to broaden the number of municipal obligations that can be counted as HQLA. In particular, for purposes of the types of assets eligible for treatment as HQLA, municipal obligations will no longer be required to be general obligation securities.[19] As a result, many issuances of revenue bonds will now qualify as municipal obligations.

Only municipal obligations that meet the LCR rule's definition for liquid and readily-marketable and that are investment grade under 12 CFR part 1 will qualify for treatment as HQLA under this interim final rule.[20] The interim final rule does not otherwise affect covered companies' obligations under the LCR rule.

III. Request for Comment

The definition of ''municipal obligation'' and the criteria for treating municipal obligations as level 2B liquid assets were established by section 403 of the EGRRCPA. Consistent with section 403, in what ways, if any, could the agencies clarify aspects of these provisions (*e.g.,* by clarifying the terms ''state'' or ''political subdivision'')? The agencies invite comment on this question and all other aspects of this interim final rule.

IV. Regulatory Analysis

A. Administrative Procedure Act and Effective Date

The agencies are issuing the interim final rule without prior notice and the opportunity for public comment and the 30 day delayed effective date ordinarily prescribed by the Administrative Procedure Act (APA).[21] Pursuant to section 553(b)(B) of the APA, general notice and the opportunity for public comment are not required prior to the issuance of a final rule if an agency, for good cause, finds (and incorporates the finding and a brief statement of reasons therefor in the rules issued) that ''notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest.'' [22]

[14] 12 CFR part 50 (OCC), 12 CFR part 249 (Board), and 12 CFR part 329 (FDIC).

[15] 12 CFR 50.20 (OCC), 12 CFR 249.20 (FRB), and 12 CFR 329.20 (FDIC).

[16] 12 CFR 1.2.

[17] 12 CFR 249.3.

[18] Corresponding changes will be made to the Complex Institution Liquidity Monitoring Report (FR 2052a). These changes will be described in a separate **Federal Register** notice.

[19] Additionally, to count as HQLA, municipal obligations will not (1) be required to be issued or guaranteed by a public sector entity whose obligations have a proven record as a reliable source of liquidity in repurchase or sales markets during stressed market conditions, as demonstrated by the quantitative metrics included in the 2016 Amendments; or (2) be prohibited from being an obligation of a financial sector entity or a financial sector entity's consolidated subsidiary. In addition, the amount of municipal obligations that can be included in Board-regulated institutions' HQLA amount will no longer be limited to 5 percent of the total HQLA amount. The limit on the amount of municipal obligations of a single issuer that may be included as eligible HQLA will also no longer apply to Board-regulated institutions.

[20] This interim final rule does not affect other requirements under the LCR rule that serve to restrict HQLA, such as the 50 percent haircut for level 2B liquid assets under section 21(b) and the restriction that level 2B assets cannot exceed more than 15 percent of the total HQLA amount. In addition, this interim final rule does not affect the section 22 requirements, which address the operational and generally applicable criteria for eligible HQLA. With regard to net cash outflows, the interim final rule does not affect the requirements under sections 32 and 33, which address the calculation of outflow and inflow amounts, respectively.

[21] 5 U.S.C. 553.

[22] 5 U.S.C. 553(b)(B).

As discussed above, this interim final rule implements the provisions of section 403 of the EGRRCPA, which became effective on May 24, 2018, and directs the agencies to make certain changes to the criteria for HQLA. The interim final rule adopts without change the statutory definition for ''municipal obligations'' and the requirement that municipal obligations be treated as level 2B liquid assets if the obligations are liquid and readily-marketable and investment grade. Because these changes to the LCR rule are mandated by the EGRRCPA, the agencies have determined that publishing a notice of proposed rulemaking is unnecessary. In addition, the agencies believe that the public interest is best served by implementing Congress's legislative directive as soon as possible because immediate implementation would provide clarity to the public regarding the liquidity rules and would be consistent with Congress's directive to the agencies under section 403(b) of the EGRRCPA to amend the LCR rule within 90 days after enactment of the EGRRCPA.

The effective date of this interim final rule is August 31, 2018. Pursuant to section 553(d)(3) of the APA, the required publication or service of a substantive rule shall be made not less than 30 days before its effective date, except as otherwise provided by the agency for good cause found and published with the rule.[23] For the reasons described above in connection with APA section 553(b)(B), the agencies find good cause to publish the rule with an immediate effective date.

B. Riegle Community Development and Regulatory Improvement Act

Pursuant to section 302(a) of the Riegle Community Development and Regulatory Improvement Act (RCDRIA),[24] in determining the effective date and administrative compliance requirements for a new regulation that imposes additional reporting, disclosure, or other requirements on insured depository institutions, each federal banking agency must consider any administrative burdens that such regulation would place on depository institutions and the benefits of such regulation. In addition, section 302(b) of the RCDRIA [25] requires such new regulation to take effect on the first day of a calendar quarter that begins on or after the date on which the regulations are published in final form, with certain exceptions, including for good cause. For the reasons described above in connection with the APA section 553(b)(B) requirement, the agencies find good cause exists under section 302 of RCDRIA to publish this interim final rule with an immediate effective date.

While the agencies believe there is good cause to issue the rules without advance notice and comment and with an immediate effective date, the agencies are interested in the views of the public and request comment on all aspects of the interim final rule.

C. Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA) does not apply to a rulemaking when a general notice of proposed rulemaking is not required. 5 U.S.C. 603 and 604. As noted previously, the agencies have determined that it is unnecessary to publish a general notice of proposed rulemaking for this interim final rule. Accordingly, the RFA's requirements relating to an initial and final regulatory flexibility analysis do not apply. Nonetheless, the agencies observe that in light of the way the interim final rule operates, they believe that, with respect to the entities subject to the interim final rule and within each agency's respective jurisdiction, the interim final rule would not have a significant economic impact on a substantial number of small entities.[26]

D. Paperwork Reduction Act of 1995

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3521) states that no agency may conduct or sponsor, nor is the respondent required to respond to, an information collection unless it displays a currently valid Office of Management and Budget control number. The agencies have determined that this interim final rule does not create any new, or revise any existing, collections of information pursuant to the Paperwork Reduction Act.

E. Unfunded Mandates Reform Act of 1995

Section 202 of the Unfunded Mandates Reform Act of 1995 (Unfunded Mandates Act), 2 U.S.C. 1532, requires the OCC to prepare a budgetary impact statement before promulgating any final rule for which a general notice of proposed rulemaking was published. As discussed above, the OCC has determined that the publication of a general notice of proposed rulemaking is unnecessary. Accordingly, this interim final rule is not subject to section 202 of the Unfunded Mandates Act.

List of Subjects

12 CFR Part 50

Administrative practice and procedure, Banks, Banking, Liquidity, Reporting and recordkeeping requirements, Savings associations.

12 CFR Part 249

Administrative practice and procedure, Banks, Banking, Federal Reserve System, Holding companies, Liquidity, Reporting and recordkeeping requirements.

12 CFR Part 329

Administrative practice and procedure, Banks, Banking, Federal Deposit Insurance Corporation, FDIC, Liquidity, Reporting and recordkeeping requirements.

Authority and Issuance

For the reasons stated in the preamble, the OCC amends 12 CFR part 50, the Board amends 12 CFR part 249, and the FDIC amends 12 CFR part 329 as follows:

Department of the Treasury

Office of the Comptroller of the Currency

PART 50—LIQUIDITY RISK MEASUREMENT STANDARDS

■ 1. The authority citation for part 50 is revised to read as follows:

Authority: 12 U.S.C. 1 *et seq.,* 93a, 481, 1818, 1828, and 1462 *et seq.*

■ 2. Section 50.3 is amended by revising the definition for ''Liquid and readily-marketable'' and adding the definition for ''Municipal obligation'' in alphabetical order to read as follows:

§ 50.3 Definitions.

* * * * *

Liquid and readily-marketable has the meaning given the term in 12 CFR 249.3.

* * * * *

Municipal obligation means an obligation of:

(1) A state or any political subdivision thereof; or

(2) Any agency or instrumentality of a state or any political subdivision thereof.

* * * * *

■ 3. Section 50.20 is amended by:

■ a. Republishing paragraph (c) introductory text;

■ b. Removing the ''or'' at the end of paragraph (c)(1)(iii);

[23] 5 U.S.C. 553(d).

[24] 12 U.S.C. 4802(a).

[25] 12 U.S.C. 4802(b).

[26] Under regulations issued by the Small Business Administration, a small entity includes a depository institution, bank holding company, or savings and loan holding company with total assets of $550 million or less and trust companies with total assets of $38.5 million or less.

■ c. Removing the period at the end of paragraph (c)(2)(vi) and adding ''; or'' in its place; and
■ d. Adding paragraph (c)(3).

The republication and addition read as follows:

§ 50.20 High-quality liquid asset criteria.

* * * * *

(c) *Level 2B liquid assets.* An asset is a level 2B liquid asset if the asset is liquid and readily-marketable and is one of the following types of assets:

* * * * *

(3) A municipal obligation that is investment grade under 12 CFR part 1 as of the calculation date.

Federal Reserve System

PART 249—LIQUIDITY RISK MEASUREMENT STANDARDS (REGULATION WW)

■ 4. The authority citation for part 249 continues to read as follows:

Authority: 12 U.S.C. 248(a), 321–338a, 481–486, 1467a(g)(1), 1818, 1828, 1831p–1, 1831o–1, 1844(b), 5365, 5366, 5368.

■ 5. Amend § 249.3 by removing the definition for ''General obligation'' and adding the definition for ''Municipal obligation'' in alphabetical order to read as follows:

§ 249.3 Definitions.

* * * * *

Municipal obligation means an obligation of:

(1) A state or any political subdivision thereof; or

(2) Any agency or instrumentality of a state or any political subdivision thereof.

* * * * *

■ 6. Amend § 249.20 by republishing paragraph (c) introductory text, removing the ''or'' at the end of paragraph (c)(1)(iii), removing paragraph (c)(2), redesignating paragraph (c)(3) as (c)(2), removing the period at the end of newly redesignated paragraph (c)(2)(vi) and adding ''; or'' in its place, and adding a new paragraph (c)(3) to read as follows:

§ 249.20 High-quality liquid asset criteria.

* * * * *

(c) *Level 2B liquid assets.* An asset is a level 2B liquid asset if the asset is liquid and readily-marketable and is one of the following types of assets:

* * * * *

(3) A municipal obligation that is investment grade under 12 CFR part 1 as of the calculation date.

§ 249.21 [Amended]

■ 7. Amend § 249.21 by:
■ a. Removing paragraph (b)(4);
■ b. Removing ''; plus'' at the end of paragraph (c)(2) and adding in its place a period;
■ c. Removing paragraphs (c)(3), (f), and (g)(4);
■ d. Removing ''; plus'' at the end of paragraph (h)(2) and adding in its place a period;
■ e. Removing paragraphs (h)(3) and (k); and
■ f. Redesignating paragraphs (g) through (j) as paragraphs (f) through (i), respectively.

§ 249.22 [Amended]

■ 8. Amend § 249.22 by removing paragraph (c) and redesignating paragraph (d) as paragraph (c).

Federal Deposit Insurance Corporation

PART 329—LIQUIDITY RISK MEASUREMENT STANDARDS

■ 9. The authority citation for part 329 continues to read as follows:

Authority: 12 U.S.C. 1815, 1816, 1818, 1819, 1828, 1831p–1, 5412.

■ 10. Section 329.3 is amended by revising the definition for ''Liquid and readily-marketable'' and adding the definition for ''Municipal obligation'' in alphabetical order to read as follows:

§ 329.3 Definitions.

* * * * *

Liquid and readily-marketable has the meaning given the term in 12 CFR 249.3.

* * * * *

Municipal obligation means an obligation of:

(1) A state or any political subdivision thereof; or

(2) Any agency or instrumentality of a state or any political subdivision thereof.

* * * * *

■ 11. Section 329.20 is amended by:
■ a. Republishing paragraph (c) introductory text;
■ b. Removing the ''or'' at the end of paragraph (c)(1)(iii);
■ c. Removing the period at the end of paragraph (c)(2)(vi) and adding ''; or'' in its place; and
■ d. Adding paragraph (c)(3).

The republication and addition read as follows:

§ 329.20 High-quality liquid asset criteria.

* * * * *

(c) *Level 2B liquid assets.* An asset is a level 2B liquid asset if the asset is liquid and readily-marketable and is one of the following types of assets:

* * * * *

(3) A municipal obligation that is investment grade under 12 CFR part 1 as of the calculation date.

Dated: August 20, 2018.

Joseph M. Otting,

Comptroller of the Currency.

By order of the Board of Governors of the Federal Reserve System, August 21, 2018.

Ann E. Misback,

Secretary of the Board.

Dated at Washington, DC, on August 22, 2018.

By order of the Board of Directors.

Federal Deposit Insurance Corporation.

Valerie Jean Best,

Assistant Executive Secretary.

[FR Doc. 2018–18610 Filed 8–30–18; 8:45 am]

BILLING CODE 4810–33–P; 6210–01–P; 6714–01–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 31

[Docket No. FAA–2018–0566; Notice No. 31–002–SC]

Special Conditions: Ultramagic S.A., Model M–56, M–56C, M–65, M–65C, M–77, M–77C, M–90, M–105, M–120, M–130, M–145, M–160, N–180, N–210, N–250, N–300, N–355, N–425, S–70, S–90, S–105, S–130, S–160, T–150, T–180, T–210, V–56, V–65, V–77, V–90, and V–105 Balloons; Balloon Passenger Basket, Model CV–08, Seat Installation

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final special conditions.

SUMMARY: These special conditions are issued for Ultramagic S.A. Models M–56, M–56C, M–65, M–65C, M–77, M–77C, M–90, M–105, M–120, M–130, M–145, M–160, N–180, N–210, N–250, N–300, N–355, N–425, S–70, S–90, S–105, S–130, S–160, T–150, T–180, T–210, V–56, V–65, V–77, V–90, and V–105 balloons. These balloons will have novel or unusual design features associated with a standard construction basket with a singular distribution that includes four occupant seats and a lower sidewall. The applicable airworthiness regulations do not contain adequate or appropriate safety standards for these design features. These special conditions contain the additional safety standards the Administrator considers necessary to establish a level of safety equivalent to that established by the existing airworthiness standards.

DATES: These special conditions are effective August 31, 2018.