

Bond Case Briefs

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House Passes Senate-Approved Bank Regulatory Reform Bill - BDA's Advocacy Efforts Help Classify Muni Bonds as HQLA.

On May 22, 2018, the US House of Representatives passed by a vote of 258-159 the Senate's bank regulatory reform bill, *The Economic Growth, Regulatory Relief, and Consumer Protection Act* (S. 2155). With the bill's passage in both Chambers, the President is expected to sign it into law before the start of the weekend.

A legislative success for BDA members in the bill is a provision (Section 403) that directs the FDIC, the Federal Reserve, and the OCC to classify qualifying investment-grade, liquid and readily-marketable municipal securities as level 2B liquid assets under the agencies' liquidity coverage ratio (LCR) rules. This classification ensures that municipal bonds remain an attractive and low-cost financing tool for public infrastructure.

Working in tandem with state, local, and issuer groups, BDA has supported and advocated for the high-quality liquid asset (HQLA) provision in the bill. BDA's work on this issue can be viewed [here](#).

Next Steps

The BDA will be tracking and updating members as the federal banking agencies amend LCR regulations to reflect the change in law.

Section 403 directs all the banking agencies to amend their LCR rules and any other regulation that incorporates similar liquidity definitions within 90 days after the date of enactment of the legislation.

Bond Dealers of America

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