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October 1, 2018

Legislative and Regulatory Affairs Division  
Office of the Comptroller of the Currency  
400 7<sup>th</sup> Street SW  
Suite 3E-218  
Washington, DC 20219

Ms. Ann E. Misback  
Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue NW  
Washington, DC 20551

Mr. Robert E. Feldman  
Executive Secretary  
Attention: Comments/Legal ESS  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street NW  
Washington, DC 20429

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

Dear Ladies and Gentlemen:

The Independent Community Bankers of America (ICBA)<sup>1</sup> appreciates the opportunity to comment on the interim final rule *Liquidity Coverage Ratio Rule: Treatment of Certain Municipal Obligations as High-Quality Liquid Assets*. This interim final rule is being enacted as a result of the ICBA-supported Economic Growth, Regulatory Relief, and Consumer Protection Act passed by Congress and enacted in May 2018. The interim final rule expands the population of high-quality liquid assets eligible for inclusion in level 2 of the liquidity coverage ratio, which generally applies to bank holding companies, savings and loan holding companies, and

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<sup>1</sup> The Independent Community Bankers of America®, the nation's voice for nearly 5,700 community banks of all sizes and charter types, is dedicated exclusively to representing the interests of the community banking industry and its membership through effective advocacy, best-in-class education and high-quality products and services. With nearly 52,000 locations nationwide, community banks employ 760,000 Americans, hold \$4.9 trillion in assets, \$3.9 trillion in deposits, and \$3.3 trillion in loans to consumers, small businesses, and the agricultural community. For more information, visit ICBA's website at [www.icba.org](http://www.icba.org).

depository institutions with total consolidated assets of \$250 billion or more. Under the interim final rule, municipal obligations will qualify as high-quality liquid assets when they are liquid, readily marketable, and investment grade. Prior to this interim final rule, certain municipal securities like revenue bonds could not qualify for inclusion as high-quality liquid assets because they were not general obligation securities.

ICBA would like to thank your agencies for implementing the interim final rule as a component of a larger regulatory relief effort. ICBA appreciates the quick action to finalize this part of the legislation in a timely manner. Although community banks are exempt from the provisions of the liquidity coverage ratio, community bankers exhibited a great deal of concern about disruption in liquidity of municipal securities both held on balance sheet and potential acquisitions in the capital markets. This interim final rule will help to restore the use of impacted municipal securities in fortifying bank balance sheets and better reflect the high quality of these investments when issued by government agencies.

ICBA appreciates the opportunity to comment on this interim final rule. If you have any questions or would like additional information, please do not hesitate to contact me at (202) 659-8111.

Sincerely,



James Kendrick  
First Vice President, Accounting and Capital Policy