

# Joint Press Release

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May 05, 2020

## Federal bank regulatory agencies modify liquidity coverage ratio for banks participating in Money Market Mutual Fund Liquidity Facility and Paycheck Protection Program Liquidity Facility

Board of Governors of the Federal Reserve System

Federal Deposit Insurance Corporation

Office of the Comptroller of the Currency

For release at 3:30 p.m. EDT

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To support the flow of credit to households and businesses, the federal bank regulatory agencies today announced an interim final rule that modifies the agencies' Liquidity Coverage Ratio (LCR) rule to support banking organizations' participation in the Federal Reserve's Money Market Mutual Fund Liquidity Facility and the Paycheck Protection Program Liquidity Facility.

In particular, the interim final rule facilitates participation in these facilities by neutralizing the LCR impact associated with the non-recourse funding provided by these facilities. The rule does not otherwise alter the LCR or its calibration.

The LCR rule requires large banks to hold a buffer of high-quality liquid assets so that they can meet their short-term liquidity needs. The two facilities were established by the Federal Reserve to support the economy in light of the disruptions caused by COVID-19.

The rule is effective immediately and comments will be accepted for 30 days after publication in the *Federal Register*.

[Federal Register notice: Liquidity Coverage Ratio Rule: Treatment of Certain Emergency Facilities \(PDF\)](#)

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Money Market Mutual Fund Liquidity Facility

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