[BILLING CODE:]

Office of the Comptroller of the Currency
Order of Temporary Extension of Maturity Limits
for Short-term Investment Funds

Section 9.18 of the OCC's regulations (12 CFR § 9.18) sets out regulatory requirements for certain bank-managed fiduciary investment funds that hold pooled assets which are funded through contributions by the fund's participants. For Short-term Investment Funds (STIFs) subject to section 9.18, these requirements include section 9.18(b)(4)(iii)(B), requiring the STIF to be operated pursuant to a written, board-approved plan under 12 CFR 9.18(b)(1)[1] that requires the fund to maintain a dollar-weighted average portfolio maturity of 60 days or less and a dollar-weighted average portfolio life maturity of 120 days or less, as determined in the same manner as is required by the Securities and Exchange Commission pursuant to Rule 2a-7 for money market mutual funds (17 CFR 270.2a-7).

Pursuant to section 9.18(b)(4)(iv), the OCC has reserved the authority to, among other things, issue an order temporarily extending these limits if the OCC determines the financial markets are in a period of market stress negatively affecting, on a temporary basis, the ability of banks to operate in compliance with the requirements of section 9.18(b)(4)(iii)(B).

Recent events have significantly and adversely impacted global financial markets, and the OCC is concerned about the potential effects on STIFs operated by national

[1] Section 9.18(b)(a) also permits the written plan to be approved by a committee authorized by the board.

banks. The spread of the Coronavirus Disease 2019 (COVID-2019) has slowed economic activity in many countries, including the United States. Sudden disruptions in financial markets have put increasing liquidity pressure on money market mutual funds, as they have been faced with redemption requests from clients with immediate cash needs. The Board of Governor of the Federal Reserve System, with the approval of the Secretary of the Treasury, has authorized the Federal Reserve Bank of Boston to establish the Money Market Mutual Fund Liquidity Facility, pursuant to section 13(3) of the Federal Reserve Act,[2] as a measure to ameliorate these liquidity pressures. Although STIFs do not serve the same broad investor market as MMMFs, the OCC remains concerned that, in light of the acute effects the COVID-2019 virus is triggering across the markets broadly, there may be elevated participation interest withdrawals for STIFs operated by national banks, notwithstanding these differences between STIFs and MMMFs. Regulatory authorities supervising other categories of banks operating STIFs – in accordance with the legal requirements governing those banks and incorporating the OCC's STIF rules as part of those requirements – have conveyed similar concerns to the OCC.

In addition to the OCC's concerns about unusual withdrawal levels, the OCC observes that STIF investment portfolios are generally made up of the same types of securities and investments as those held by MMMFs. Accordingly, liquidity pressures related to the COVID-2019 virus in the marketplace for those assets raises similar concerns for STIFs as those presented for MMMFs. Acute market-wide disturbances in

[2] 12 U.S.C. 343(3).

the depth of liquidity available for a bank seeking to purchase and sell portfolio assets to maintain a STIF's liquidity put pressure on the bank's ability to perform these functions.

In light of these reasons and pursuant to section 9.18(b)(4)(iv), the OCC hereby determines that, effective immediately, banks seeking to comply with the requirements of section 9.18(b)(4)(iii)(B) will be deemed to be in compliance with that section if:

1. The STIF maintains a dollar-weighted average portfolio maturity of 120 days or less, as determined in the same manner as is required by the Securities and Exchange Commission pursuant to Rule 2a-7 for money market mutual funds (17 CFR 270.2a-7);

2. The STIF maintains a dollar-weighted average portfolio life maturity of 180 days or less, as determined in the same manner as is required by the Securities and Exchange Commission pursuant to Rule 2a-7 for money market mutual funds (17 CFR 270.2a-7);

3. The bank makes a determination that using these temporary limits would be in the best interests of the STIF under applicable law. This determination may be made under the bank's standard procedures for making such determinations in regards to the best interests of its collective investment funds; and

4. The bank must make any necessary amendments to the written plan for the STIF to reflect these temporary changes.

5. The OCC also hereby determines that the relief provided by this administrative order terminates on July 20, 2020, unless the OCC revises this order to provide otherwise before that date.

By authority of the Comptroller of the Currency:

DATED: March 21, 2020

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Morris R. Morgan,
First Deputy Comptroller, Comptroller of the Currency.