AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

take appropriate action to remedy any significant deficiencies or material weaknesses in its compliance program and to terminate any violations of section 13 of the BHC Act or this part.

V. TRAINING

Banking entities must provide adequate training to personnel and managers of the banking entity engaged in activities or investments governed by section 13 of the BHC Act or this part, as well as other appropriate supervisory, risk, independent testing, and audit personnel, in order to effectively implement and enforce the compliance program. This training should occur with a frequency appropriate to the size and the risk profile of the banking entity's trading activities and covered fund activities or investments.

VI. RECORDKEEPING

Banking entities must create and retain records sufficient to demonstrate compliance and support the operations and effectiveness of the compliance program. A banking entity must retain these records for a period that is no less than 5 years or such longer period as required by the Board in a form that allows it to promptly produce such records to the Board on request.

PART 249—LIQUIDITY RISK MEASUREMENT STANDARDS (REGULATION WW)

Subpart A—;General Provisions

Sec.
249.1 Purpose and applicability.
249.2 Reservation of authority.
249.3 Definitions.
249.4 Certain operational requirements.

Subpart B—Liquidity Coverage Ratio

249.10 Liquidity coverage ratio.

Subpart C—High-Quality Liquid Assets

249.20 High-quality liquid asset criteria.
249.21 High-quality liquid asset amount.
249.22 Requirements for eligible high-quality liquid assets.

Subpart D—Total Net Cash Outflow

249.30 Total net cash outflow amount.
249.31 Determining maturity.
249.32 Outflow amounts.
249.33 Inflow amounts.

Subpart E—Liquidity Coverage Shortfall

249.40 Liquidity coverage shortfall: Supervisory framework.

Subpart F—Transitions

249.50 Transitions.

Subpart G—Liquidity Coverage Ratio for Certain Bank Holding Companies

249.60 Applicability.
249.61 Liquidity coverage ratio.
249.62 High-quality liquid asset amount.
249.63 Total net cash outflow.

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.

SOURCE: 79 FR 61523, 61539, Oct. 10, 2014, unless otherwise noted.

EDITORIAL NOTE: Nomenclature changes to part 249 appear at 79 FR 61539, Oct. 10, 2014.

Subpart A—General Provisions

§ 249.1 Purpose and applicability.

(a) *Purpose*. This part establishes a minimum liquidity standard for certain Board-regulated institutions on a consolidated basis, as set forth herein.

(b) *Applicability*. (1) A Board-regulated institution is subject to the minimum liquidity standard and other requirements of this part if:

(i) It has total consolidated assets equal to $250 billion or more, as reported on the most recent year-end (as applicable):

(A) Consolidated Financial Statements for Holding Companies reporting form (FR Y–9C), or, if the Board-regulated institution is not required to report on the FR Y–9C, its estimated total consolidated assets as of the most recent year end, calculated in accordance with the instructions to the FR Y–9C; or

(B) Consolidated Report of Condition and Income (Call Report);

(ii) It has total consolidated on-balance sheet foreign exposure at the most recent year-end equal to $10 billion or more (where total on-balance sheet foreign exposure equals total cross-border claims less claims with a head office or guarantor located in another country plus redistributed guaranteed amounts to the country of the head office or guarantor plus local country claims on local residents plus revaluation gains on foreign exchange and derivative transaction products,

calculated in accordance with the Federal Financial Institutions Examination Council (FFIEC) 009 Country Exposure Report);

(iii) It is a depository institution that is a consolidated subsidiary of a company described in paragraphs (b)(1)(i) or (ii) of this section and has total consolidated assets equal to $10 billion or more, as reported on the most recent year-end Consolidated Report of Condition and Income;

(iv) It is a covered nonbank company;

(v) It is a covered depository institution holding company that meets the criteria in § 249.60(a) but does not meet the criteria in paragraphs (b)(1)(i) or (ii) of this section, and is subject to complying with the requirements of this part in accordance with subpart G of this part; or

(vi) The Board has determined that application of this part is appropriate in light of the Board-regulated institution's asset size, level of complexity, risk profile, scope of operations, affiliation with foreign or domestic covered entities, or risk to the financial system.

(2) Subject to the transition periods set forth in subpart F of this part:

(i) A Board-regulated institution that is subject to the minimum liquidity standard and other requirements of this part under paragraph (b)(1) of this section on September 30, 2014, must comply with the requirements of this part beginning on January 1, 2015;

(ii) A Board-regulated institution that becomes subject to the minimum liquidity standard and other requirements of this part under paragraphs (b)(1)(i) through (iii) of this section after September 30, 2014, must comply with the requirements of this part beginning on April 1 of the year in which the Board-regulated institution becomes subject to the minimum liquidity standard and other requirements of this part, except:

(A) From April 1 to December 31 of the year in which the Board-regulated institution becomes subject to the minimum liquidity standard and other requirements of this part, the Board-regulated institution must calculate and maintain a liquidity coverage ratio monthly, on each calculation date that is the last business day of the applicable calendar month; and

(B) Beginning January 1 of the year after the first year in which the Board-regulated institution becomes subject to the minimum liquidity standard and other requirements of this part under paragraph (b)(1) of this section, and thereafter, the Board-regulated institution must calculate and maintain a liquidity coverage ratio on each calculation date; and

(iii) A Board-regulated institution that becomes subject to the minimum liquidity standard and other requirements of this part under paragraph (b)(1)(vi) of this section after September 30, 2014, must comply with the requirements of this part subject to a transition period specified by the Board.

(3) This part does not apply to:

(i) A bridge financial company as defined in 12 U.S.C. 5381(a)(3), or a subsidiary of a bridge financial company; or

(ii) A new depository institution or a bridge depository institution, as defined in 12 U.S.C. 1813(i).

(4) A Board-regulated institution subject to a minimum liquidity standard under this part shall remain subject until the Board determines in writing that application of this part to the Board-regulated institution is not appropriate in light of the Board-regulated institution's asset size, level of complexity, risk profile, scope of operations, affiliation with foreign or domestic covered entities, or risk to the financial system.

(5) In making a determination under paragraphs (b)(1)(vi) or (4) of this section, the Board will apply, as appropriate, notice and response procedures in the same manner and to the same extent as the notice and response procedures set forth in 12 CFR 263.202.

(c) *Covered nonbank companies.* The Board will establish a minimum liquidity standard for a designated company under this part by rule or order. In establishing such standard, the Board will consider the factors set forth in sections 165(a)(2) and (b)(3) of the Dodd-Frank Act and may tailor the application of the requirements of this part to the designated company based on the

nature, scope, size, scale, concentration, interconnectedness, mix of the activities of the designated company or any other risk-related factor that the Board determines is appropriate.

§ 249.2 Reservation of authority.

(a) The Board may require a Board-regulated institution to hold an amount of high-quality liquid assets (HQLA) greater than otherwise required under this part, or to take any other measure to improve the Board-regulated institution's liquidity risk profile, if the Board determines that the Board-regulated institution's liquidity requirements as calculated under this part are not commensurate with the Board-regulated institution's liquidity risks. In making determinations under this section, the Board will apply notice and response procedures as set forth in 12 CFR 263.202.

(b) Nothing in this part limits the authority of the Board under any other provision of law or regulation to take supervisory or enforcement action, including action to address unsafe or unsound practices or conditions, deficient liquidity levels, or violations of law.

§ 249.3 Definitions.

For the purposes of this part:

Affiliated depository institution means with respect to a Board-regulated institution that is a depository institution, another depository institution that is a consolidated subsidiary of a bank holding company or savings and loan holding company of which the Board-regulated institution is also a consolidated subsidiary.

Asset exchange means a transaction in which, as of the calculation date, the counterparties have previously exchanged non-cash assets, and have each agreed to return such assets to each other at a future date. Asset exchanges do not include secured funding and secured lending transactions.

Bank holding company is defined in section 2 of the Bank Holding Company Act of 1956, as amended (12 U.S.C. 1841 *et seq.*).

Board means the Board of Governors of the Federal Reserve System.

Board-regulated institution means a state member bank, covered depository institution holding company, or covered nonbank company.

Brokered deposit means any deposit held at the Board-regulated institution that is obtained, directly or indirectly, from or through the mediation or assistance of a deposit broker as that term is defined in section 29 of the Federal Deposit Insurance Act (12 U.S.C. 1831f(g)), and includes a reciprocal brokered deposit and a brokered sweep deposit.

Brokered sweep deposit means a deposit held at the Board-regulated institution by a customer or counterparty through a contractual feature that automatically transfers to the Board-regulated institution from another regulated financial company at the close of each business day amounts identified under the agreement governing the account from which the amount is being transferred.

Calculation date means any date on which a Board-regulated institution calculates its liquidity coverage ratio under § 249.0.

Client pool security means a security that is owned by a customer of the Board-regulated institution that is not an asset of the Board-regulated institution, regardless of a Board-regulated institution's hypothecation rights with respect to the security.

Collateralized deposit means:

(1) A deposit of a public sector entity held at the Board-regulated institution that is secured under applicable law by a lien on assets owned by the Board-regulated institution and that gives the depositor, as holder of the lien, priority over the assets in the event the Board-regulated institution enters into receivership, bankruptcy, insolvency, liquidation, resolution, or similar proceeding; or

(2) A deposit of a fiduciary account held at the Board-regulated institution for which the Board-regulated institution is a fiduciary and sets aside assets owned by the Board-regulated institution as security under 12 CFR 9.10 (national bank) or 12 CFR 150.300 through 150.320 (Federal savings associations) and that gives the depositor priority over the assets in the event the Board-