Banking and Finance Law Daily Wrap Up, FINANCIAL STABILITY—OCC amends short-term investment fund rule, (Mar. 23, 2020)

Banking and Finance Law Daily Wrap Up

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The rule allows the OCC to authorize banks to temporarily extend maturity limits of these funds. The OCC also extended the maturity limits for STIFs affected by the market effects of COVID-19.

The Office of the Comptroller of the Currency issued an interim final rule, effective March 22, 2020, to revise its short-term investment fund (STIF) rule for national banks acting in a fiduciary capacity. In its press release, the OCC said the rule allows the agency to authorize banks to temporarily extend maturity limits of these funds since the financial markets are in a period of significant stress negatively affecting the ability of banks to operate in compliance with maturity limits identified in the rule. Comments on the rule must be received within 45 days of its publication in the *Federal Register*.

Simultaneous to announcing the interim final rule, the OCC also announced an order extending the maturity limits for STIFs affected by the market effects of COVID-19. The order provides that a bank will be deemed in compliance with the rule if:

- 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);
- 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 SEC pursuant to Rule 2a-7 for money market mutual funds (17 CFR 270.2a-7);
- the bank is acting in the best interests of the STIF under applicable law in connection with using these temporary limits; and
- the bank makes any necessary amendments to the written plan for the STIF to reflect these temporary changes.

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