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MEMORANDUM

October 24, 2013

To Our Clients and Friends

Re: Proposed Liquidity Coverage Ratio for Large Financial Institutions

The Federal Reserve Board (the "Board") has issued a proposed rule to create a standardized, uniform minimum liquidity requirement for large, internationally-active banking organizations as well as for non-bank financial companies designated as systemically important by the Financial Stability Oversight Council. The Office of the Comptroller of the Currency and Federal Deposit Insurance Corporation are also expected to shortly issue the proposed rule. Comments are due by January 31, 2014.

Each institution subject to the proposed rule would be required to hold in high-quality, liquid assets ("HQLA"), such as central bank reserves or governnment or corporate debt, an amount equal to or greater than its cash outflows minus cash inflows, as projected during a short-term stress period. The proposal sets forth permitted categories of HQLA, as well as how projected net cash outflows during a stress period would be calculated.

The Board is also proposing a less stringent liquidity coverage ratio for bank or savings and loan holding companies with more than $50 billion in total consolidated assets that are not internationally active. Bank or savings and loan holding companies with substantial insurance subsidiaries and non-bank, systemically important financial institutions with substantial insurance operations would not be subject to the proposal.

Institutions subject to the rule will enter a transition period beginning on January 1, 2015, and will be required to comply by January 1, 2017.

The proposed rule can be found at our website at http://www.schwartzandballen.com/news.html

If you have any questions, please call Gilbert Schwartz, Robert Ballen, Tom Fox, Heidi Wicker, or Ben Gray at (202) 776-0700.