Ohio Administrative Code
Rule 1301:9-2-08 Liquidity.
Effective: July 8, 2024

(A) Pursuant to division (C) of section 1733.31 of the Revised Code, the superintendent defines "liquidity fund" as the sum of all cash on hand or on deposit, plus all investments maturing within one year of the date the calculation in paragraph (C)(1) of this rule is performed.

(B)

The superintendent may require a particular credit union or all credit unions to establish a liquidity fund greater than five per cent of shares. Factors that could prompt such a determination by the superintendent include, but are not limited to, elevated market risk, systemic liquidity issues in financial institutions generally, an unsound liquidity management program, and the amount of liabilities due within one year and non-member deposits maturing within one year for a particular credit union.

(C) Each credit union shall:

(1) calculate its liquidity fund relative to shares on a monthly basis, not later than the tenth day of each month; and

(2) in the event the liquidity fund falls below five percent of shares, notify the superintendent within five business days and provide details on how and when the credit union will replenish the Liquidity Fund to a level of at least five percent of shares.

(D) The superintendent may require any additional reporting or information related to a credit union's liquidity fund or liquidity generally.

(E) For purposes of this rule, a sound liquidity management program encompasses the following:

(1) A sound liquidity management policy that provides a board-approved framework for managing

liquidity and a list of contingent liquidity sources that can be employed under adverse circumstances.

(2) Stress tests commensurate with the credit union's risk profile.

(3) For credit unions in excess of $50 million, a board-approved contingency funding plan. A contingency funding plan should be commensurate with the credit union's complexity, risk profile, and scope of operations that sets out strategies for addressing liquidity shortfalls in emergency situations. The contingency funding plan may be a separate policy or may be incorporated into an existing policy such as an asset/liability policy, a funds management policy, or a business continuity policy. At a minimum, the contingency funding plan should address the following:

(a) the sufficiency of the credit union's liquidity sources to meet normal operating requirements as well as contingent events;

(b) the identification of contingent liquidity sources;

(c) policies to manage a range of stress environments, identification of some possible stress events, and identification of likely liquidity responses to such events;

(d) lines of responsibility within the credit union to respond to liquidity events;

(e) management processes that include clear implementation and escalation procedures for liquidity events; and

(f) the frequency that the credit union will test and update the plan.

(F) A credit union may seek a waiver from any provision in this rule or in division (C) of section 1733.31 of the Revised Code if the credit union submits a written request for a waiver along with a complete and detailed explanation of why it is requesting a waiver. The superintendent has forty-five days from receipt to respond to the waiver request. The superintendent's decision will be based on safety and soundness, as well as other considerations. If the superintendent does not respond within forty-five days to the waiver request such request is deemed approved.