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FEDERAL RESERVE SYSTEM

12 CFR Part 201

[Regulation A]

Extensions of Credit by Federal Reserve Banks; Change in Discount Rate

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final rule.

SUMMARY: The Board of Governors has amended its Regulation A on Extensions of Credit by Federal Reserve Banks to reflect its approval of a decrease in the basic discount rate at each Federal Reserve Bank. The Board acted on requests submitted by the Boards of Directors of the twelve Federal Reserve Banks.

DATES: The amendments to part 201 (Regulation A) were effective March 20, 2001. The rate changes for adjustment credit were effective on the dates specified in 12 CFR 201.51.

FOR FURTHER INFORMATION CONTACT: Jennifer J. Johnson, Secretary of the Board, at (202) 452-3259, Board of Governors of the Federal Reserve System, 20th and C Streets NW., Washington, DC 20551.

SUPPLEMENTARY INFORMATION: Pursuant to the authority of sections 10(b), 13, 14, 19, et al., of the Federal Reserve Act, the Board has amended its Regulation A (12 CFR part 201) to incorporate changes in discount rates on Federal Reserve Bank extensions of credit. The discount rates are the interest rates charged to depository institutions when they borrow from their district Reserve Banks.

The “basic discount rate” is a fixed rate charged by Reserve Banks for adjustment credit and, at the Reserve Banks’ discretion, for extended credit for up to 30 days. In decreasing the basic discount rate from 5.0 percent to

4.5 percent, the Board acted on requests submitted by the Boards of Directors of the twelve Federal Reserve Banks. The new rates were effective on the dates specified below. The 50-basis-point decrease in the discount rate was associated with a similar decrease in the federal funds rate approved by the Federal Open Market Committee (FOMC) and announced at the same time.

In a joint press release announcing these actions, the FOMC and the Board of Governors noted that persistent pressures on profit margins are restraining investment spending and, through declines in equity wealth, consumption. The associated backup in inventories has induced a rapid response in manufacturing output and, with spending having firmed a bit since last year, inventory adjustment appears to be well underway.

Although current developments do not appear to have materially diminished the prospects for long-term growth in productivity, excess productive capacity has emerged recently. The possibility that this excess could continue for some time and the potential for weakness in global economic conditions suggest substantial risks that demand and production could remain soft. In these circumstances, when the economic situation could be evolving rapidly, the Federal Reserve will need to monitor developments closely.

The Committee continues to believe that against the background of its long-run goals of price stability and sustainable economic growth and of the information currently available, the risks are weighted mainly toward conditions that may generate economic weakness in the foreseeable future.

Regulatory Flexibility Act Certification

Pursuant to section 605(b) of the Regulatory Flexibility Act (5 U.S.C. 605(b)), the Board certifies that the change in the basic discount rate will not have a significant adverse economic impact on a substantial number of small entities. The rule does not impose any additional requirements on entities affected by the regulation.

Administrative Procedure Act

The provisions of 5 U.S.C. 553(b) relating to notice and public participation were not followed in connection with the adoption of the

amendment because the Board for good cause finds that delaying the change in the basic discount rate in order to allow notice and public comment on the change is impracticable, unnecessary, and contrary to the public interest in fostering price stability and sustainable economic growth.

The provisions of 5 U.S.C. 553(d) that prescribe 30 days prior notice of the effective date of a rule have not been followed because section 553(d) provides that such prior notice is not necessary whenever there is good cause for finding that such notice is contrary to the public interest. As previously stated, the Board determined that delaying the changes in the basic discount rate is contrary to the public interest.

List of Subjects in 12 CFR Part 201

Banks, banking, Credit, Federal Reserve System.

For the reasons set out in the preamble, 12 CFR part 201 is amended as set forth below:

PART 201—EXTENSIONS OF CREDIT BY FEDERAL RESERVE BANKS (REGULATION A)

1. The authority citation for 12 CFR part 201 continues to read as follows:

Authority: 12 U.S.C. 343 *et seq.*, 347a, 347b, 347c, 347d, 348 *et seq.*, 357, 374, 374a and 461.

2. Section 201.51 is revised to read as follows:

§ 201.51 Adjustment credit for depository institutions.

The rates for adjustment credit provided to depository institutions under § 201.3(a) are:

Federal Reserve Bank	Rate	Effective
Boston	4.5	March 20, 2001.
New York	4.5	March 20, 2001.
Philadelphia	4.5	March 20, 2001.
Cleveland	4.5	March 20, 2001.
Richmond	4.5	March 20, 2001.
Atlanta	4.5	March 20, 2001.
Chicago	4.5	March 20, 2001.
St. Louis	4.5	March 21, 2001.
Minneapolis	4.5	March 20, 2001.
Kansas City	4.5	March 20, 2001.
Dallas	4.5	March 20, 2001.
San Francisco	4.5	March 20, 2001.

By order of the Board of Governors of the Federal Reserve System, April 2, 2001.

Jennifer J. Johnson,

Secretary of the Board.

[FR Doc. 01-8449 Filed 4-5-01; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 23

[Docket No. CE164; Special Conditions No. 23-106-SC]

Special Conditions: Ayres Corporation, Model LM 200, "Loadmaster" Cargo and Baggage Compartment Fire Protection

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final special conditions.

SUMMARY: These special conditions are issued for the Ayres Corporation Model LM 200 "Loadmaster" airplane. This airplane will have a novel or unusual design feature(s) associated with all-cargo and combination cargo/passenger (COMBI) interior configurations. The applicable airworthiness regulations do not contain adequate or appropriate safety standards for this design feature. These special conditions contain the additional safety standards that the Administrator considers necessary to establish a level of safety equivalent to that established by the existing airworthiness standards.

EFFECTIVE DATE: May 7, 2001.

FOR FURTHER INFORMATION CONTACT: Les Taylor, Federal Aviation Administration, Aircraft Certification Service, Small Airplane Directorate, ACE-111, 901 Locust, Room 301, Kansas City, Missouri 64106; 816-329-4134, fax 816-329-4090.

SUPPLEMENTARY INFORMATION:

Background

On April 16, 1996, Ayres Corporation, Post Office Box 3090, Albany, Georgia 31708, applied for a commuter category, all-cargo type certificate for their new Model LM 200 airplane. In May 1997, they reapplied for passenger and COMBI interior configurations. The Model LM 200 airplane is a nine-passenger, twin-engine airplane. The LM 200 will have all-cargo and COMBI versions.

The Model LM 200 all-cargo and COMBI airplanes are considered a novel design and were not considered when those airworthiness standards were promulgated. The FAA has determined that the existing regulations do not

provide adequate or appropriate safety standards for cargo and baggage compartment fire protection in these versions of the LM 200. In order to provide a level of safety that is equivalent to that afforded to occupants of the passenger version, additional airworthiness standards, in the form of additional special conditions, are necessary.

Type Certification Basis

Under the provisions of 14 CFR part 21, § 21.17, Ayres Corporation must show that the Model LM 200 meets the applicable provisions of 14 CFR part 23 as amended by Amendments 23-1 through 23-53, effective April 30, 1998, and any exemptions, equivalent level of safety findings and special conditions.

If the Administrator finds that the applicable airworthiness regulations (i.e., part 23) do not contain adequate or appropriate safety standards for the Model LM 200 because of a novel or unusual design feature, special conditions are prescribed under the provisions of § 21.16.

In addition to the applicable airworthiness regulations and special conditions, the Model LM 200 must comply with the part 23 fuel vent and exhaust emission requirements of 14 CFR part 34, and the part 23 noise certification requirements of 14 CFR part 36; and the FAA must issue a finding of regulatory adequacy pursuant to § 611 of Public Law 92-574, the "Noise Control Act of 1972."

Special conditions, as appropriate, as defined in § 11.19, are issued in accordance with § 11.38, and become part of the type certification basis in accordance with § 21.17(a)(2).

Special conditions are initially applicable to the model for which they are issued. Should the type certificate for that model be amended later to include any other model that incorporates the same novel or unusual design feature, the special conditions would also apply to the other model under the provisions of § 21.101(a)(1).

Novel or Unusual Design Features

The Model LM 200 will incorporate the following novel or unusual design features: an all-cargo and a COMBI interior configuration.

Discussion of Comments

Notice of proposed special conditions No. 23-01-01-SC for the Ayres Corporation Model LM 200 "Loadmaster" airplanes was published on January 22, 2001 (66 FR 6492). No comments were received, and the special conditions are adopted as proposed.

Applicability

As discussed above, these special conditions are applicable to the Model LM 200 airplane. Should Ayres Corporation apply at a later date for a change to the type certificate to include another model incorporating the same novel or unusual design feature, the special conditions would apply to that model as well under the provisions of § 21.101(a)(1).

Conclusion

This action affects only certain novel or unusual design features on one model of airplane. It is not a rule of general applicability, and it affects only the applicant who applied to the FAA for approval of these features on the airplane.

List of Subjects in 14 CFR Part 23

Aircraft, Aviation safety, Signs and symbols.

Citation

The authority citation for these special conditions is as follows:

Authority: 49 U.S.C. 106(g), 40113 and 44701; 14 CFR 21.16 and 21.17; and 14 CFR 11.28 and 11.49.

The Special Conditions

Accordingly, pursuant to the authority delegated to me by the Administrator, the following special conditions are issued as part of the type certification basis for the Ayres Corporation Model LM 200 airplane applicable to the all-cargo and COMBI interior configurations.

In addition to the part 23 regulations required by the certification basis of the airplane, the following are also required for cargo or baggage compartments:

(a) Flight tests must demonstrate means to exclude hazardous quantities of smoke, flames, or extinguishing agent from any compartment occupied by crew or passengers.

(b) Cargo compartments shall have either fire or smoke detection provisions, or both, unless the compartment location is such that a fire can be easily detected by the pilots while seated at their duty stations. The cargo and baggage fire protection must be in accordance with § 23.855 as well as the following:

1. The detection system must provide a visual indication to the flight crew within one minute after the start of a fire.

2. The system must be capable of detecting a fire at a temperature significantly below that at which the structural integrity of the airplane is substantially decreased.