

participate in Committee deliberations. Like all Committee meetings, the October 17, 2007, meeting was a public meeting and all entities, both large and small, were able to express their views on this issue. Finally, interested persons are invited to submit information on the regulatory and informational impacts of this action on small businesses.

A small business guide on complying with fruit, vegetable, and specialty crop marketing agreements and orders may be viewed at: <http://www.ams.usda.gov/fv/moab.html>. Any questions about the compliance guide should be sent to Jay Guerber at the previously mentioned address in the **FOR FURTHER INFORMATION CONTACT** section.

This rule invites comments on a change to the salable quantity and allotment percentage for Native spearmint oil for the 2007–2008 marketing year. Any comments received will be considered prior to finalization of this rule.

After consideration of all relevant material presented, including the Committee's recommendation, and other information, it is found that this interim final rule, as hereinafter set forth, will tend to effectuate the declared policy of the Act.

Pursuant to 5 U.S.C. 553, it is also found and determined upon good cause that it is impracticable, unnecessary, and contrary to the public interest to give preliminary notice prior to putting this rule into effect and that good cause exists for not postponing the effective date of this rule until 30 days after publication in the **Federal Register** because: (1) This rule increases the quantity of Native spearmint oil that may be marketed during the marketing year, which ends on May 31, 2008; (2) the current quantity of Native spearmint oil may be inadequate to meet demand for the 2007–2008 marketing year, thus making the additional oil available as soon as is practicable will be beneficial to both handlers and producers; (3) the Committee recommended these changes at a public meeting and interested parties had an opportunity to provide input; and (4) this rule provides a 60-day comment period and any comments received will be considered prior to finalization of this rule.

List of Subjects in 7 CFR Part 985

Marketing agreements, Oils and fats, Reporting and recordkeeping requirements, Spearmint oil.

■ For the reasons set forth in the preamble, 7 CFR part 985 is amended as follows:

PART 985—MARKETING ORDER REGULATING THE HANDLING OF SPEARMINT OIL PRODUCED IN THE FAR WEST

■ 1. The authority citation for 7 CFR part 985 continues to read as follows:

Authority: 7 U.S.C. 601–674.

■ 2. In § 985.226, paragraph (b) is revised to read as follows:

Note: This section will not appear in the annual Code of Federal Regulations.

§ 985.226 Salable quantities and allotment percentages—2007–2008 marketing year.

* * * * *

(b) Class 3 (Native) oil—a salable quantity of 1,172,956 pounds and an allotment percentage of 53 percent.

Dated: December 12, 2007.

Lloyd C. Day,

Administrator, Agricultural Marketing Service.

[FR Doc. 07–6075 Filed 12–13–07; 12:42 pm]

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FEDERAL RESERVE SYSTEM

12 CFR Part 201

[Regulation A; Docket No. R–1304]

Extensions of Credit by Federal Reserve Banks

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final rule.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) is amending its Regulation A, effective December 12, 2007, to allow the Board to authorize a temporary Term Auction Facility (TAF) under section 10B of the Federal Reserve Act. A TAF is a credit facility that allows a depository institution to obtain an advance from its local Federal Reserve Bank at an interest rate that is determined as the result of an auction. A TAF is expected to permit depository institutions to obtain credit on a secured basis from the Federal Reserve at rates that meet the market demand for credit of relatively short terms. The Board is also announcing the immediate authorization of a TAF, subject to the terms and conditions specified herein.

DATES: The amendments to part 201 (Regulation A) are effective December 12, 2007.

FOR FURTHER INFORMATION CONTACT: Scott G. Alvarez, General Counsel (202/452–3583); Heatherun Sophia Allison, Senior Counsel (202/452–3565); for users of Telecommunication Devices for

the Deaf (TDD) only, contact 202/263–4869.

SUPPLEMENTARY INFORMATION: Section 10B of the Federal Reserve Act (12 U.S.C. 347b(a)) authorizes any Federal Reserve Bank, under rules and regulations prescribed by the Board, to make advances to depository institutions that have maturities of not more than four months and that are secured to the satisfaction of the Federal Reserve Bank. Under this authority, the Board has determined to amend Regulation A, effective immediately, to authorize a TAF, subject to such further terms and conditions as the Board may specify from time to time in connection with the TAF. The interest rate at which credit is extended under a TAF will be determined through an auction procedure. A TAF is expected to permit depository institutions to obtain credit on a secured basis from the Federal Reserve at rates that meet the market demand for credit of relatively short terms.

Final Rule. The final rule provides that advances under a TAF will be made only to depository institutions that are in generally sound financial condition, are expected to remain in that condition during the term of the advance and are eligible to receive advances under section 10B of the Federal Reserve Act. The final rule also provides that credit extended under a TAF will be granted at the rate based on the auction. The final rule further provides that the terms and conditions applicable to a TAF will be specified by the Board from time to time in connection with the TAF. Those terms and conditions may include but are not limited to requirements governing the condition of participants, size and duration of the facility, minimum and maximum bid amounts, term of advance, use of proceeds, and schedule of auction dates. All institutions that seek credit under the TAF agree to be bound by the terms and conditions of the TAF as set out in the documents issued by the Board governing the TAF. The Board may appoint one or more Reserve Banks or others to conduct the auction. The amendment to Regulation A authorizing the TAF is being adopted in response to current market conditions as discussed below and is intended to be a temporary change. Consequently, the final rule provides that the TAF will end on such date as set by the Board. In the event the Board determines to adopt these changes to Regulation A on a permanent basis, the Board expects to seek public comment on the changes.

Immediate Authorization of TAF. The Board has determined immediately to

authorize a TAF. Unless otherwise provided, the TAF will be subject to the following terms and conditions. The first auction will take place during the week of December 17, 2007, with a second auction occurring on or about December 20, 2007. Additional auctions will be held beginning in January 2008, until and unless otherwise determined by the Board. The amount available at each auction, a minimum bid amount, a maximum bid amount, and a minimum bid rate will be announced before each auction. The rate determined by the auction will be announced after completion of the auction, and will in general be the maximum bid rate that allows advances to be extended up to the maximum amount allocated for that week's auction. Bidding schedules will be announced in advance of each auction.

The auction will be open to depository institutions that are in generally sound financial condition and are expected to remain so during the term of the advance. Unless otherwise provided, any eligible depository institution that wishes to participate in the TAF may submit to the Reserve Bank in whose district the institution is located (local Reserve Bank) no more than two bids containing the amount of advances it is seeking and its interest rate bids. The auction will be administered by an auction agent appointed by the Board.

All advances to a depository institution made under the TAF will be made by its local Reserve Bank and must be secured to the satisfaction of the local Reserve Bank. Advances made under the TAF are expected to be for a term of at least 28 days, as set at the time of the auction. An advance awarded under the TAF is an "Advance," as such term is defined in Operating Circular No. 10, as amended and supplemented from time to time (OC-10) and shall be governed by OC-10 (including, without limitation, provisions relating to interest, the addition or substitution of Collateral, repayment of Advances and remedies upon the occurrence of an Event of Default), except that no depository institution may elect to prepay an advance made under the TAF before the stated maturity date. Repayment of an advance prior to stated maturity, or change in the terms of the advance, may be required in the event that the depository institution does not remain in generally sound financial condition during the term of the loan, or as otherwise provided by the Reserve Bank or Board in the notices or other documentation regarding advances under the TAF. An advance under the

TAF shall also be subject to the terms and conditions of the TAF as set from time to time by the Board. All advances under the TAF are extended at the discretion of the local Reserve Bank, and neither the TAF terms and conditions nor Regulation A afford any depository institution any legal right to bid in the TAF or to receive any advance from any Reserve Bank.

Regulatory Flexibility Act Certification

Pursuant to the Regulatory Flexibility Act (5 U.S.C. 605(b)), the Board certifies that the new auction credit facility will not have a significantly adverse economic impact on a substantial number of small entities because the final rule does not impose any additional requirements on entities affected by the regulation.

Administrative Procedure Act

In accordance with the Administrative Procedure Act (APA), the Board has determined that prior notice and opportunity for public comment on this amendment to Regulation A is not required. First, notice and comment are not required for matters relating to public loans.¹ The TAF implements the System's lending authority. Second, the Board believes that good cause supports a finding in this case that delay in adopting the amendments to Regulation A would be impracticable, unnecessary and contrary to the public interest.² Short-term bank funding markets have been strained for some time and these pressures have intensified in recent weeks. These developments have occurred against the backdrop of considerable tightening in overall financial conditions. The current difficulties in bank funding markets could contribute to a further deterioration in financial market conditions and tightening of credit availability that, in turn, could adversely affect prospects for economic growth. In these circumstances, the Board believes that any delay in implementing a temporary Term Auction Facility to allow for a full public comment period could well prove contrary to the public interest.

List of Subjects in 12 CFR Part 201

Banks, Banking, Federal Reserve System, Reporting and recordkeeping.

Authority and Issuance

■ For the reasons set forth in the preamble, the Board is amending 12 CFR Chapter II to read as follows:

¹ 5 U.S.C. 553(a)(2).

² 5 U.S.C. 553(b)(3)(B).

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

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

Authority: 12 U.S.C. 248(i)–(j), 343 *et seq.*, 347a, 347b, 347c, 348 *et seq.*, 357, 374, 374a, and 461.

■ 2. In § 201.4, a new paragraph (e) is added to read as follows:

§ 201.4 Availability and terms of credit.

(e) *Term auction facility.* (1) A Federal Reserve Bank may make an advance to a depository institution pursuant to an auction conducted under this paragraph and at the rate specified in § 201.51(e) if, in the judgment of the Reserve Bank, the depository institution is in generally sound financial condition and is expected to remain in that condition during the term of the advance. An auction under this paragraph shall be conducted subject to such conditions, including conditions regarding the participants, size and duration of the facility, minimum bid amount, maximum bid amount, term of advance, minimum bid rate, use of proceeds, and schedule of auction dates, as the Board may establish from time to time in connection with the term auction facility. The Board may appoint one or more Reserve Banks or others to conduct the auction.

(2) Authorization for the term auction facility established by § 201.4(e)(1) shall expire on such date as set by the Board.

■ 3. In § 201.51, a new paragraph (e) is added to read as follows:

§ 201.51 Interest rates applicable to credit extended by a Federal Reserve Bank.

* * * * *

(e) *Term auction facility.* The interest rate on advances to depository institutions made pursuant to an auction under § 201.4(e) is the rate at which all bids at that auction may be fulfilled, up to the maximum auction amount and subject to any minimum bid rate and other conditions as set by the Board.

By order of the Board of Governors of the Federal Reserve System, December 12, 2007.

Jennifer J. Johnson,

Secretary of the Board.

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