One supportive commenter noted that all Board expenditures must be approved by the Board members, who represent the interests of different regions and countries. Because the Board is comprised of members from six countries and the Commonwealth of Puerto Rico, the ability of the Board to come to a consensus on activities and expenditures is valuable to the entire mango industry. One comment cited the geographic diversity of the Board as a key reason for its success because a wide variety of viewpoints are represented by the Board members. The fact that the assessment increase is favored by a majority of Board members demonstrates the breadth of support for the increase from throughout the mango industry.

Another commenter stated that the proposed assessment increase has been discussed with all mango industry stakeholders, and is favored by organizations in Mexico, Peru, Guatemala, Haiti, Ecuador and Brazil. In order to determine whether foreign producers would support an assessment increase, the Board held informational meetings in each of the countries that export mangos to the United States. At these meetings, Board representatives explained the activities conducted with assessment funds and received positive feedback from attendees on the proposed assessment increase.

One of the comments in support of the assessment increase was received from a Mexican mango industry organization. In addition to their own comments, several commenters submitted correspondence from foreign agricultural organizations indicating their support for the assessment increase. Letters of support were received on behalf of organizations in Haiti, Peru, Guatemala, Ecuador, and Brazil.

One commenter opposed the assessment increase, stating that the Board can fulfill its objectives at its current funding level. As the Board stated in its proposal, without an increase in the assessment rate, spending on mango research and promotion programs would need to be reduced. As stated previously, the 2010 econometric study concluded that decreased spending on the Board's programs would correspond to declines in mango purchases.

One commenter opposed the assessment increase, stating that raising the assessment rate would harm mango importers already coping with higher freight rates and poor currency exchange rates. In response, another commenter argued that the assessment is an investment rather than an expense. This same commenter further stated that the investment in the Board would be used to improve market penetration, thereby improving returns to growers and shippers, and offsetting the higher costs. Additionally, the 2010 econometric study found that increased spending by the Board provides a large increase in revenues to importers.

One commenter opposed the assessment increase, stating that the current assessment provides a negative return on investment. Another commenter also noted that the Board should ensure that its investments are yielding reasonable returns. One commenter further stated that the assessment rate needed to sufficiently fund promotion programs would likely be 20 times the proposed rate of three quarters of a cent per pound. No evidence was offered to support this claim. According to the 2010 econometric study, every $1 currently spent by the Board adds an additional $7 to mango freight on board revenues.

The Department has considered all of the comments and is not making any changes to the proposed rule.

After consideration of all relevant material presented, the Board's recommendation, public comments and other information, it is hereby found that this rule, as published in the **Federal Register** on May 10, 2011 [76 FR 26946], is consistent with and will effectuate the purpose of the Act.

List of Subjects in 7 CFR Part 1206

Administrative practice and procedure, Advertising, Consumer information, Marketing agreements, Mango promotion, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, 7 CFR part 1206 is amended as follows:

PART 1206—MANGO PROMOTION, RESEARCH, AND INFORMATION

■ 1. The authority citation for 7 CFR part 1206 continues to read as follows:

Authority: 7 U.S.C. 7411–7425 and 7 U.S.C. 7401.

■ 2. In § 1206.42, paragraph (b) is revised to read as follows:

§ 1206.42 Assessments.

* * * * *

(b) The assessment rate shall be ¾ of a cent per pound on all mangos. The assessment rate will be reviewed and may be modified by the Board with the approval of the Department, after the first referendum is conducted as stated in § 1206.71(b). The Department will amend this section if the assessment rate is modified.

* * * * *

Dated: April 6, 2012.

David R. Shipman,

Acting Administrator, Agricultural Marketing Service.

[FR Doc. 2012–8825 Filed 4–11–12; 8:45 am]

BILLING CODE P

FEDERAL RESERVE SYSTEM

12 CFR Part 204

[Regulation D; Docket No. R–1433]

RIN 7100–AD83

Reserve Requirements of Depository Institutions: Reserves Simplification

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final rule.

SUMMARY: The Board is amending Regulation D, Reserve Requirements of Depository Institutions, to simplify the administration of reserve requirements. The final rule creates a common two-week maintenance period for all depository institutions, creates a penalty-free band around reserve balance requirements in place of carryover and routine penalty waivers, discontinues as-of adjustments related to deposit report revisions, replaces all other as-of adjustments with direct compensation, and eliminates the contractual clearing balance program. The amendments are designed to reduce the administrative and operational costs associated with reserve requirements for depository institutions, the Board, and Federal Reserve Banks.

DATES: *Effective Date:* This rule is effective on July 12, 2012, except that effective on January 24, 2013, the following sections are further amended: § 204.2(z), (ff), (gg) and (hh); § 204.5 (b)(2), (d)(4)(i), and (e); § 204.6 (a) and (b); § 204.10 (b)(1), (b)(3), and (c).

FOR FURTHER INFORMATION CONTACT: Kara Handzlik, Senior Attorney (202) 452–3852, Legal Division, or Margaret Gillis DeBoer, Assistant Director (202) 452–3139, or Heather Wiggins, Senior Financial Analyst (202) 452–3674, Division of Monetary Affairs, or for questions regarding the Private Sector Adjustment Factor, Gregory Evans, Deputy Associate Director (202) 452–3945, or Brenda Richards, Manager (202) 452–2753, Division of Reserve Bank Operations and Payment Systems; for users of Telecommunications Device for the Deaf (TDD) only, contact (202) 263–4869; Board of Governors of the

Federal Reserve System, 20th and C Streets NW., Washington, DC 20551.

SUPPLEMENTARY INFORMATION:

I. Background

Section 19 of the Federal Reserve Act (Act)[1] authorizes the Board of Governors of the Federal Reserve System (Board) to impose reserve requirements on certain deposits and other liabilities of depository institutions for the purpose of implementing monetary policy. The Board's Regulation D (Reserve Requirements of Depository Institutions, 12 CFR part 204) implements section 19 of the Act and establishes reserve requirement ratios within the limits mandated by the Act. Under Regulation D currently, transaction account balances maintained at each depository institution are subject to reserve requirement ratios of zero, three, or ten percent, depending on the level of transaction accounts at that institution.[2] A depository institution satisfies its reserve requirement by its holdings of vault cash and, if vault cash is insufficient to meet the requirement, by maintaining balances in an account at a Federal Reserve Bank (Reserve Bank). An institution may maintain balances either in the institution's own account at a Reserve Bank or in a pass-through correspondent's Reserve Bank account. The amount of balances that an institution must maintain if its reserve requirement is not satisfied by vault cash is referred to as the institution's reserve balance requirement. An institution satisfies its reserve balance requirement on average over a specified period of time, referred to as a maintenance period.

Currently, an institution may also enter into an agreement with its Reserve Bank under which the institution agrees to maintain a specific minimum balance in its account (referred to as a contractual clearing balance). Contractual clearing balances generate earning credits that the institution can use to offset service charges it incurs through its use of Federal Reserve priced services. In addition, an institution may also maintain excess balances. Excess balances are balances maintained by an institution in its account at a Reserve Bank that are in excess of the balances maintained to satisfy its reserve balance requirement and the contractual clearing balance requirement (if any).

Congress amended the Act in 2008 to authorize the Reserve Banks to pay interest on balances of eligible institutions at a rate or rates determined by the Board and not to exceed the general level of short-term interest rates.[3] The Board amended Regulation D in 2008 to allow Reserve Banks to pay interest on balances maintained to satisfy reserve balance requirements and excess balances. Both types of balances currently earn interest at the rate of 25 basis points.[4] Contractual clearing balances generate earnings credits, as noted above, but they do not earn explicit interest payments.[5]

II. Request for Public Comment and Summary of Comments Received

On October 18, 2011, the Board requested public comment on proposed amendments to Regulation D and on several issues related to the methodology used to create the Private Sector Adjustment Factor (76 FR 64250 (Oct. 18, 2011)). One comment was received on the Private Sector Adjustment Factor; the comment will be addressed in a future **Federal Register** notice along with previous comments to the Board's proposal to replace the current ''correspondent bank model'' with a model based on publicly traded firms.[6]

The Board received 43 comments in response to its request for comment on the Regulation D amendments. The responses consisted of comments from 4 depository institutions, 19 employees of financial institutions, 12 financial institution trade associations, and 8 individuals. Thirteen commenters addressed the proposed amendments to Regulation D; 8 of these 13 commenters also addressed issues not raised by the proposal. Thirty commenters addressed only issues not raised by the proposal. All but one of the 13 commenters on the proposed Regulation D amendments generally supported the proposal, but suggested (sometimes conflicting) amendments, provided support contingent on certain conditions, or requested that the Board delay the implementation date(s) of one or more of the proposed amendments. These comments are discussed in more detail below.

The majority of comments on issues not raised by the proposal concerned limits on the number of certain convenient transfers that may be made each month from savings deposit accounts. The Board most recently addressed this issue in its May 2009 Regulation D rulemaking (72 FR 25629, 25631 (May 29, 2009)) when it finalized amendments to increase from three to six the permissible monthly number of transfers or withdrawals from savings deposits by check, debit card, or similar order payable to third parties. As noted in the May 2009 rulemaking, the Board must impose reserve requirements on transaction accounts and not on other types of accounts, such as savings deposits, pursuant to section 19 of the Federal Reserve Act.[7] The Board believes the current numeric limitation is necessary for the Board to maintain the ability to distinguish between reservable and non-reservable types of deposit accounts.

III. Analysis of Proposed Simplifications and Comments

The Board proposed amendments to Regulation D that would implement the following four simplifications related to the administration of reserve requirements:

1. Create a common two-week maintenance period for all depository institutions;
2. Create a penalty-free band around reserve balance requirements in place of using carryover and routine penalty waivers;
3. Discontinue as-of adjustments related to deposit report revisions and replace all other as-of adjustments with direct compensation; and
4. Eliminate the contractual clearing balance program.

The Board also proposed to make changes to various terms used throughout Regulation D in order to clarify the meaning, enhance the accuracy, and ensure the consistent application of those terms. These proposed changes included replacing the term ''required reserve balance'' with ''balances maintained to satisfy the reserve balance requirement,'' adding a definition of ''reserve balance requirement,'' and making conforming revisions throughout the regulation.

After consideration of the comments received, the Board is adopting the amendments to Regulation D substantially as proposed, with minor technical changes. The Board considers the final amendments to Regulation D appropriate given the current approach to implementing monetary policy. If the Federal Reserve changes its monetary policy framework, which includes the payment of interest on balances held

[1] 12 U.S.C. 461.

[2] 12 CFR 204.4(f) (reserve requirement ratios).

[3] Emergency Economic Stabilization Act of 2008, Public Law 110–343, § 128, 122 Stat. 3765 (2008).

[4] 12 CFR 204.10(b) (rates of interest paid on balances maintained by eligible institutions at Reserve Banks).

[5] Earnings credits currently are computed as 80 percent of the rolling 13-week average of the three-month Treasury bill rate.

[6] 74 FR 15481 (April 6, 2009).

[7] The Act requires the Board to impose reserve requirements in a ratio from zero to fourteen percent on reservable liabilities.

with Reserve Banks, the entire framework, including the provisions of Regulation D, would be reassessed. As a result of the Board's adoption of these final amendments to Regulation D, related Federal Reserve Bank operating circulars and manuals affected by the final amendments to Regulation D will be updated accordingly.

Create a Common Two-Week Maintenance Period for All Depository Institutions

As noted above, a depository institution satisfies its reserve balance requirement on average over a period of time that is known as a maintenance period. Currently, Regulation D provides for two types of maintenance periods: a one-week maintenance period and a two-week maintenance period. The determination of which maintenance period applies to an institution depends primarily on the frequency with which it is required to report its deposits to the Federal Reserve. The Board requires depository institutions to submit deposit reports at different frequencies depending on the amount of their reservable liabilities over the previous year. Depository institutions that have reservable liabilities above a certain amount (exemption amount) are required to submit deposit data either weekly or quarterly. Regulation D currently subjects weekly reporters to a two-week maintenance period and quarterly reporters to a one-week maintenance period. Institutions that have reservable liabilities below the exemption amount either submit deposit reports annually or are not required to report at all. Annual reporters and nonreporters with a contractual clearing balance are currently subject to a one-week maintenance period. Institutions that have neither reserve requirements nor clearing balance requirements receive interest payments at the excess balance rate because they do not maintain balances to satisfy reserve balance requirements.

From one year to another, some depository institutions switch reporting frequency because of changes in the levels of the institution's reservable liabilities. Specifically, some depository institutions may switch from a two-week maintenance period to a one-week maintenance period, or vice versa. In certain instances, depository institutions that become eligible to shift to a quarterly instead of weekly reporting frequency elect to remain at the higher reporting frequency in order to maintain the flexibility of satisfying reserve requirements over a two-week maintenance period instead of a one-week maintenance period.

The Board proposed to create a common two-week maintenance period for all depository institutions. Accordingly, the Board proposed to retain the two-week maintenance period requirement for weekly reporters in § 204.5(b)(1) of Regulation D, but to amend § 204.5(b)(2) to include quarterly reporters in the two-week maintenance period requirement. As set forth in the proposal, the common two-week maintenance period would tend to benefit depository institutions, Reserve Banks, and the Board by (1) providing greater flexibility to depository institutions that currently satisfy reserve balance requirements over a one-week maintenance period; (2) reducing unnecessary complexity in the existing maintenance period structure; (3) reducing administrative and operational costs for depository institutions that may otherwise have had to change maintenance periods when deposit reporting categories (and therefore length of maintenance period) changed; and (4) reducing the operational and administrative cost for Reserve Banks and the Board by eliminating business processes and controls associated with maintaining two maintenance periods.

The Board received 12 comments on the proposed common two-week maintenance period. Of these comments, 11 supported the creation of a common two-week maintenance period, and generally agreed that a common two-week maintenance period would reduce burden. One commenter expressed concern that annual reporters would face increased burden under the common two-week maintenance period if they were required to submit two weeks of data rather than a single day of data. The proposed common two-week maintenance period, however, does not change the frequency or the amount of data an institution must report, but rather changes the period of time over which an institution would satisfy its reserve balance requirement (if any). Annual reporters will continue to be required to report one day's worth of data, once a year, and have a reserve requirement of zero.

The Board is adopting the common two-week maintenance period as proposed. As noted in the proposal, for depository institutions that report their deposits weekly, the relationship between weekly reporting periods and two-week maintenance periods will be maintained in § 204.5(b)(1) of Regulation D. For depository institutions that report their deposits quarterly, the quarterly reporting periods will not change, but the relationship of quarterly reporting periods to two-week maintenance periods will be new. Revised § 204.5(b)(2) provides that, for quarterly reporters, each quarterly report will be used to calculate the reporter's reserve balance requirement for an interval of either six or seven consecutive two-week maintenance periods, depending on when the interval begins and ends. The interval will begin on the fourth Thursday following the end of each quarterly reporting period if that Thursday is the first day of a two-week maintenance period. If the fourth Thursday following the end of a quarterly reporting period is not the first day of a two-week maintenance period, then the interval will begin on the fifth Thursday following the end of the quarterly reporting period. The interval will end on the fourth Wednesday following the end of the subsequent quarterly reporting period if that Wednesday is the last day of a two-week maintenance period. If the fourth Wednesday following the end of the subsequent quarterly reporting period is not the last day of a two-week maintenance period, then the interval will conclude on the fifth Wednesday following the end of the subsequent quarterly reporting period.[8]

Annual reporters and nonreporters will continue to receive interest on their average balances maintained with Reserve Banks; however, the interest payments will be calculated on the average balance maintained over a two-week period at the excess balance rate instead of a one-week period at the excess balance rate.

Create a Penalty-Free Band Around Reserve Balance Requirements in Place of Carryover and Routine Penalty Waivers

As noted above, Regulation D requires a depository institution to satisfy its reserve balance requirement on average over that depository institution's maintenance period. Currently, § 204.5(e) of Regulation D permits a depository institution that has a modest deficiency in its balances maintained to satisfy a reserve balance requirement over a given maintenance period to make up that deficiency by holding a higher level of balances in the subsequent maintenance period. Correspondingly, § 204.5(e) also permits

[8] The Board currently provides quarterly reporters with reserve maintenance calendars that link quarterly reporting periods to a group of one-week maintenance periods. See *http://www.frbservices.org/centralbank/reservescentral/index.html#rmc.* The Board will update these reserve maintenance calendars to reflect the new rule.

a depository institution that has a modest excess of balances maintained to satisfy its reserve balance requirement over a maintenance period to use that excess by holding a lower level of balances in the next maintenance period. This ''carryover'' provision (the ability to carry an excess or deficiency from one maintenance period over to the next) essentially prevents a Reserve Bank from determining whether a depository institution has satisfied its reserve balance requirement, or is in an excess or deficient position, until the completion of the subsequent maintenance period. As a result, Reserve Banks must delay the payment of interest and assessment of deficiency charges on eligible institutions' balances. Section 204.6(a) currently authorizes Reserve Banks to assess deficiency charges against depository institutions that fail to satisfy their reserve balance requirements. Section 204.6(b) currently permits Reserve Banks to waive the imposition of these charges under certain conditions through the use of ''routine penalty waivers.''

The Board proposed to create a penalty-free band around each depository institution's reserve balance requirement and to eliminate the carryover and routine penalty waiver provisions of Regulation D. Specifically, proposed § 204.2(gg) defined the top of the penalty-free band as an amount equal to an institution's reserve balance requirement plus an amount that is the greater of 10 percent of the institution's reserve balance requirement or $50,000. Proposed § 204.2(hh) defined the bottom of the penalty-free band as an amount equal to an institution's reserve balance requirement less an amount that is the greater of 10 percent of an institution's reserve balance requirement or $50,000. For pass-through correspondents, the Board proposed setting the dollar amount used to establish the top and bottom of the penalty-free band at an amount that is equal to the greater of 10 percent of the aggregate reserve balance requirement of the correspondent (if any) and all of its respondents or $50,000.

Proposed § 204.2(z) revised the definition of ''excess balance'' to mean the average balance maintained in a Reserve Bank account by or on behalf of an institution over a reserve maintenance period that exceeds the top of the penalty-free band, and proposed § 204.2(ff) defined ''deficiency'' as the bottom of the penalty-free band less the average balance maintained in a Reserve Bank account by or on behalf of an institution over a reserve maintenance period. Under the proposed structure, a depository institution that maintained balances that exceeded the reserve balance requirement, but fell within the band, would be remunerated at the interest rate paid on balances maintained to satisfy a reserve balance requirement. Balances that exceeded the top of the penalty-free band would be remunerated at the interest rate paid on excess balances. A depository institution that maintained balances below its reserve balance requirement would not be assessed a deficiency charge unless the balances fell below the bottom of the penalty-free band. The Board also proposed to remove § 204.5(e) and amend §§ 204.6(a) and (b) to eliminate the application of carryover and routine penalty waivers, respectively. Reserve Banks would, however, retain the authority to waive charges for deficiencies based on an evaluation of the circumstances in each individual case. Finally, the Board proposed conforming amendments to § 204.10(b)(1) and (b)(3), and (c) to replace ''required reserve balances'' with ''balances up to the top of the penalty-free band.''

Six commenters generally supported the Board's proposal to create a penalty-free band around each depository institution's reserve balance requirement and to eliminate the carryover and routine waiver provisions of Regulation D. However, two of the commenters that supported this simplification requested different dollar amounts be used to establish the top and bottom of the penalty-free band. One commenter suggested a smaller dollar amount equal to the greater of $50,000 or 6 percent of a depository institution's reserve balance requirement. This commenter stated that institutions would be provided with sufficient flexibility if the band were defined in this manner. The other commenter requested the dollar amount be calculated similarly to the current carryover amount, using the greater of $50,000 or 4 percent of a depository institution's total reserve requirement (as opposed to 10 percent of its reserve balance requirement). This commenter was concerned that a band based on a reserve balance requirement may affect the Federal Reserve's ability to implement monetary policy in the event that all depository institutions' reserve balance requirements were zero.

The Board is adopting the penalty-free band as proposed, with one technical addition, and is eliminating the use of carryover and routine penalty waivers as proposed. The Board is clarifying that in no case will the bottom of the penalty-free band be less than zero. The Board believes that the proposed width of the penalty-free band will roughly replicate the amount of flexibility currently provided under the carryover provision. On average, reserve balance requirements are just under half of total reserve requirements. Therefore, the flexibility provided by the existing 4 percent carryover provision, when expressed in terms of reserve balance requirements, equates to roughly 10 percent of the reserve balance requirement for a typical depository institution. In addition, the Board believes a band constructed in terms of reserve balance requirements (rather than reserve requirements) is appropriate. Reserve balance requirements are more relevant than reserve requirements for implementing monetary policy and controlling the federal funds rate, because reserve balance requirements determine the amount of balances depository institutions are required to maintain in Reserve Bank accounts. The Board also acknowledges that the penalty-free band is applicable only in monetary policy frameworks where reserve balance requirements are non-zero. If in the future all reserve balance requirements were zero, which could result from either a significant change to the Federal Reserve's monetary policy framework or from depository institutions' limiting the amount of their reservable liabilities, the Board would reassess the penalty-free band and other aspects of the monetary policy framework accordingly.

The Board received four comments on the proposed elimination of the carryover provision. These commenters supported the elimination provided that interest is paid soon after a maintenance period ends on balances maintained to satisfy a reserve balance requirement and excess balances. The Board anticipates that the elimination of carryover will allow for faster crediting of interest payments.

Discontinue as-of Adjustments Related to Deposit Report Revisions and Replace All Other as-of Adjustments With Direct Compensation

As-of Adjustments for Deposit Report Revisions

Depository institutions are required to submit revisions to past deposit reports to correct for reporting errors. Currently, when those revisions result in a change in the depository institution's reserve balance requirement, an as-of adjustment is used to correct the depository institution's level of balances maintained. For example, if a reserve balance requirement for a given period is revised upwards, the as-of adjustment is used so that the depository institution must hold a greater level of balances in a future maintenance period in order to meet its reserve balance requirement.

The Board proposed to eliminate the use of as-of adjustments for deposit report revisions. The payment of interest on balances maintained to satisfy reserve balance requirements essentially eliminates the need for as-of adjustments for deposit report revisions, because the interest rate paid effectively removes the implicit tax imposed by reserve requirements. The Board received no comments opposing the elimination of as-of adjustments for deposit report revisions and is adopting this provision as proposed. The Board notes that revisions to deposit reports to correct for reporting errors will still be required, because these reports are used to calculate and publish the monetary aggregates.

All As-of Adjustments Other Than Those Related to Deposit Report Revisions

In addition to use for deposit report revisions, as-of adjustments are currently used for other purposes as well. These purposes include, but are not limited to, correcting transaction errors, recovering float, and penalizing an institution for a reserve deficiency in lieu of assessing monetary charges. An as-of adjustment for a transaction-based error corrects the average level of balances maintained by the depository institution to the level that would have resulted had the error not occurred. An as-of adjustment to recover float compensates the Reserve Bank for the float that is created by an institution's request to defer check and ACH charges for days in which the institution is closed. Finally, an as-of adjustment to penalize an institution for a reserve deficiency can be used instead of imposing an explicit monetary charge to the institution's Reserve Bank account.

The Board proposed replacing as-of adjustments for transaction-based errors with direct compensation (that is, either a debit or credit applied to an account to offset the effect of an error). The Board proposed replacing as-of adjustments for recovering float with explicit billing charges when float arises from temporary institution closings. Finally, the Board proposed eliminating the use of as-of adjustments for reserve deficiency penalties and relying solely on the assessment of explicit deficiency charges. The Board proposed to pay (or charge) an institution in these situations at a rate based on the federal funds rate.[9]

Three commenters supported the replacement of as-of adjustments with direct compensation for all as-of adjustments other than those related to deposit report revisions, provided that institutions may continue to obtain detailed information on the error that occurred and the calculation of the compensation amount. These commenters stated that such detailed information is needed to verify the error, to reconcile accounts, and to allocate charges (or payments) by correspondents to the appropriate respondents. Five commenters supported the use of the federal funds rate to compensate depository institutions for transaction-based errors. No alternative compensation rate was suggested.

The Board is adopting the final rule as proposed.[10] The Board anticipates that the Reserve Banks will make the appropriate information and documentation available to depository institutions as may be needed to permit institutions to reconcile accounts and allocate charges or payments. For example, information will be available that helps describe the calculation of direct compensation entries including the error amount, the start and end date of the error, and identification of the originating service area. The Board also anticipates that Reserves Banks will provide institutions with contact information for service areas processing direct compensation entries so that inquiries can be addressed.

Eliminate the Contractual Clearing Balance Program

As noted above, a depository institution may voluntarily agree with a Reserve Bank to maintain a level of balances in excess of the amount necessary to satisfy its reserve balance requirement. The actual amount that a depository institution maintains under such an agreement is known as a clearing balance.[11] Reserve Banks do not pay explicit interest on clearing balances. Instead, clearing balances generate earnings credits that a depository institution may then use to pay for Reserve Bank priced services.

The Board proposed to eliminate the contractual clearing balance program. The Board proposed to amend Regulation D to remove the definitions of ''clearing balance'' (§ 204.2(v)), ''clearing balance allowance'' (§ 204.2(w)), and ''contractual clearing balance'' (§ 204.2(x)), along with the removal of any other references to clearing balances and contractual clearing balances elsewhere in Regulation D.

Commenters generally supported the elimination of the contractual clearing balance program. However, one commenter stated that the elimination of the program may increase the possibility of overdrafts in depository institutions' Reserve Bank accounts if it was ever the case that the rate paid on balances held at Reserve Banks is below the federal funds rate and trading in the federal funds market is more active. This commenter suggested the Board announce its intent to continue the payment of interest on such balances at a rate equal to or greater than the federal funds rate.

The Board is adopting the elimination of the contractual clearing balance program as proposed. The elimination of the contractual clearing balance program will enhance the Federal Reserve's ability to carry out monetary policy by eliminating the complexities associated with maintaining different balance requirements for different kinds of balances and different kinds and levels of interest rates (explicit and implicit). The elimination of the contractual clearing balance program will not have any effect on a Reserve Bank's ability to require institutions to maintain a minimum level of balances in their Reserve Bank accounts in order for Reserve Banks to protect against overdrafts.[12] The Board established the rate of interest paid on balances maintained to satisfy reserve balance requirements at a level that implements monetary policy and that eliminates the implicit tax imposed by reserve requirements. The Board will continue to evaluate the appropriate level of interest rates to achieve these stated objectives and will communicate changes when necessary.

Effective Dates

The Board proposed to eliminate the contractual clearing balance program and the use of as-of adjustments no earlier than the first quarter of 2012, and to implement a common maintenance period and the penalty-free band around reserve balance requirements no earlier than the third quarter of 2012. Four commenters stated that the proposed effective date for the elimination of

[9] The federal funds rate is used in other instances of direct compensation by Reserve Banks. *See, e.g.,* § 210.32(b)(1)(ii) of Regulation J (federal funds rate applies if compensation interest rate not otherwise determined by agreement or rule).

[10] Consistent with these amendments to Regulation D, elsewhere in the **Federal Register** the Board is finalizing conforming changes to the provisions in Regulation J that refer to as-of adjustments.

[11] 12 CFR 204.2(v) (definition of clearing balance).

[12] *See* Reserve Bank Operating Circulars at *http://www.frbservices.org/regulations/operating_circulars.html.*

clearing balances and as-of adjustments was too aggressive in light of other regulatory changes, and suggested implementation of these simplifications no earlier than the beginning of the third quarter of 2012, 90 days after publication of the final rule, or a period of nine months. Four other commenters requested that the implementation of all simplifications be delayed for either a period of nine months or at least until the first quarter of 2013. Additionally, a subset of these commenters requested that the Board provide for a staggered implementation of the simplifications.

The Board will eliminate the contractual clearing balance program and the use of as-of adjustments earlier than it will implement the common maintenance period and the penalty-free band. Given that commenters generally noted that few operational changes would be necessary to prepare for the proposed amendments, the Board will eliminate the contractual clearing balance program on July 12, 2012. Also on this date, as-of adjustments will no longer be created and issuance of direct compensation will begin. This date is approximately 90 days after the publication of the final rule and is within the time period suggested by some commenters as appropriate to prepare for the amendments. The Board will implement the common two-week maintenance period, the penalty-free band, and the elimination of carryover and routine penalty waivers on January 24, 2013. The Board will provide public notice no later than November 1, 2012, if the January 24, 2013 date will be delayed.

IV. Final Regulatory Flexibility Analysis

The Regulatory Flexibility Act (the ''RFA'') (5 U.S.C. 601 *et seq.*) requires agencies either to provide a final regulatory flexibility analysis with a final rule or to certify that the rule will not have a significant economic impact on a substantial number of small entities. In accordance with the RFA, the Board reviewed the final rule, which would apply to all depository institutions. Based on current information, the Board believes that, although a significant number of ''small banking organizations'' will be affected by the rule, the rule will not have a significant economic impact on these small entities because the Board expects the amendments to decrease costs for all institutions, including smaller institutions. The Board prepared an initial regulatory flexibility analysis in accordance with 5 U.S.C. 603 of the RFA in its notice of proposed rulemaking and sought comment on the potential impact of the proposed rule on small entities. The Board did not receive any comments on the initial regulatory flexibility analysis.

1. *Statement of the need for, objectives of, and legal basis for, the final rule.* The Board proposed to amend Regulation D to simplify the administration of reserve requirements. Section 19 of the Federal Reserve Act requires the Board to impose reserve requirements on certain deposits and other liabilities of depository institutions solely for the purposes of implementing monetary policy. The Board's Regulation D implements section 19 of the Act. The Board believes that the amendments to Regulation D will reduce the administrative and operational costs associated with reserve requirements for depository institutions.

2. *Summary of significant issues raised by public comment on the Board's initial analysis of issues, and a statement of any changes made as a result.* The Board did not receive any public comments on the proposed rule addressing matters relating to the Board's initial regulatory flexibility analysis.

3. *Small entities affected by the final rule.* The final rule applies to all depository institutions. Pursuant to regulations issued by the Small Business Administration (the ''SBA'') (13 CFR 121.201), a ''small banking organization'' includes a depository institution with $175 million or less in total assets. Based on data reported as of December 31, 2011, the Board believes that there are approximately 10,313 small depository institutions. Out of these small depository institutions, the Board believes that small institutions affected by the final rule include approximately 3,181 small depository institutions that maintain balances to satisfy reserve balance requirements over a one-week maintenance period; approximately 1,775 small depository institutions with contractual clearing balances; and approximately 197 small depository institutions that received at least one as-of adjustment in 2011.

4. *Recordkeeping, reporting, and other compliance requirements.* Although the final rule imposes certain compliance requirements on depository institutions, the Board believes that the overall effect of the final rule on depository institutions, including small depository institutions, will be positive. Under new § 204.5(b)(2), small depository institutions that satisfy their reserve balance requirement on a one-week maintenance period (approximately 3,181) will be subject to a two-week maintenance period. A depository institution may choose, however, not to change its internal systems accordingly, because it could continue to satisfy its requirement weekly within the two-week maintenance period. The final rule will also eliminate the contractual clearing balance program, currently used by approximately 1,775 small depository institutions. Although the contractual clearing program will be eliminated, the Board does not anticipate that small depository institutions will be negatively affected because small depository institutions will receive explicit interest payments on excess balances instead of earnings credits on clearing balances. Small depository institutions can then use this explicit interest to pay for Reserve Bank priced services or for other purposes, providing them with increased flexibility. In addition, the final rule eliminates the use of as-of adjustments for deposit revisions. The Board does not believe the elimination of as-of adjustments for deposit revisions will negatively affect small depository institutions because the interest rate paid on balances maintained to satisfy a reserve balance requirement effectively removes the implicit tax imposed by reserve requirements.

5. *Identification of duplicative, overlapping, or conflicting Federal rules.* The Board has not identified any Federal rules that duplicate, overlap, or conflict with the final rule. In a separate rulemaking, the Board is finalizing amendments to Regulation J to remove references to as-of adjustments in order to conform that regulation to this rule.

6. *Significant alternatives to the proposed rule.* The Board designed the reserve simplifications to reduce administrative and operational burdens on depository institutions. Commenters did not suggest any alternatives to the final rule that accomplish that objective.

V. Paperwork Reduction Act Analysis

In accordance with the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. 3506; 5 CFR part 1320 Appendix A.1), the Board reviewed the final rule under the authority delegated to the Board by the Office of Management and Budget (OMB). Although the mandatory data collected on the deposits reporting forms [13] are used by the Federal Reserve for administering Regulation D and for constructing, analyzing, and monitoring

[13] Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900; OMB No. 7100–0087), Annual Report of Total Deposits and Reservable Liabilities (FR 2910a; OMB No. 7100–0175), Report of Foreign (Non-U.S.) Currency Deposits (FR 2915; OMB No. 7100–0237), and Allocation of Low Reserve Tranche and Reservable Liabilities Exemption (FR 2930; OMB No. 7100–0088).

the monetary and reserve aggregates, none of the revisions in this rulemaking change the deposits reporting forms. The rule contains no collections of information under the PRA. *See* 44 U.S.C. 3502(3). Accordingly, no paperwork burden is associated with the rule. The Board received no comments on this analysis.

List of Subjects in 12 CFR Part 204

Banks, banking, Federal Reserve System, Reporting and recordkeeping requirements.

For the reasons stated in the preamble, the Board is amending 12 CFR part 204 as follows:

PART 204—RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS (REGULATION D)

■ 1. The authority citation for part 204 continues to read as follows:

Authority: 12 U.S.C. 248(a), 248(c), 461, 601, 611, and 3105.

■ 2. Effective July 12, 2012, § 204.1 paragraph (b) is revised to read as follows:

§ 204.1 Authority, purpose and scope.

* * * * *

(b) *Purpose.* This part relates to reserve requirements imposed on depository institutions for the purpose of facilitating the implementation of monetary policy by the Federal Reserve System.

* * * * *

■ 3. Effective July 12, 2012, § 204.2 is amended by:

■ A. Removing and reserving paragraphs (v) through (x);

■ B. Revising paragraphs (z) and (bb); and

■ C. Adding paragraphs (ee) and (ff).

The additions and revisions read as follows:

§ 204.2 Definitions.

* * * * *

(z) *Excess balance* means the average balance maintained in an account at a Federal Reserve Bank by or on behalf of an institution over a reserve maintenance period that exceeds the balance maintained to satisfy a reserve balance requirement.

* * * * *

(bb) *Balance maintained to satisfy a reserve balance requirement* means the average balance held in an account at a Federal Reserve Bank by or on behalf of an institution over a reserve maintenance period to satisfy a reserve balance requirement of this part.

* * * * *

(ee) *Reserve balance requirement* means the balance that a depository institution is required to maintain on average over a reserve maintenance period in an account at a Federal Reserve Bank if vault cash does not fully satisfy the depository institution's reserve requirement imposed by this part.

(ff) *Deficiency* means the reserve balance requirement less the average balance maintained in an account at a Federal Reserve Bank by or on behalf of an institution over a reserve maintenance period.

* * * * *

■ 4. Effective January 24, 2013, § 204.2 is further amended by:

■ A. Revising paragraphs (z) and (ff); and

■ B. Adding paragraphs (gg) and (hh).

The additions and revisions read as follows:

§ 204.2 Definitions.

* * * * *

(z) *Excess balance* means the average balance maintained in an account at a Federal Reserve Bank by or on behalf of an institution over a reserve maintenance period that exceeds the top of the penalty-free band.

* * * * *

(ff) *Deficiency* means the bottom of the penalty-free band less the average balance maintained in an account at a Federal Reserve Bank by or on behalf of an institution over a reserve maintenance period.

(gg) *Top of the penalty-free band* means an amount equal to an institution's reserve balance requirement plus an amount that is the greater of 10 percent of the institution's reserve balance requirement or $50,000. The top of the penalty-free band for a pass-through correspondent is an amount equal to the aggregate reserve balance requirement of the correspondent (if any) and all of its respondents plus an amount that is the greater of 10 percent of that aggregate reserve balance requirement or $50,000.

(hh) *Bottom of the penalty-free band* means an amount equal to an institution's reserve balance requirement less an amount that is the greater of 10 percent of the institution's reserve balance requirement or $50,000. The bottom of the penalty-free band for a pass-through correspondent is an amount equal to the aggregate reserve balance requirement of the correspondent (if any) and all of its respondents less an amount that is the greater of 10 percent of that aggregate reserve balance requirement or $50,000. In no case will the penalty-free band be less than zero.

■ 5. Effective July 12, 2012, in § 204.4 revise paragraphs (d) and (e), and the introductory text of paragraph (f), to read as follows:

§ 204.4 Computation of required reserves.

* * * * *

(d) For institutions that file a report of deposits weekly, reserve requirements are computed on the basis of the institution's daily average balances of deposits and Eurocurrency liabilities during a 14-day computation period ending every second Monday.

(e) For institutions that file a report of deposits quarterly, reserve requirements are computed on the basis of the institution's daily average balances of deposits and Eurocurrency liabilities during the 7-day computation period that begins on the third Tuesday of March, June, September, and December.

(f) For all depository institutions, Edge and Agreement corporations, and United States branches and agencies of foreign banks, reserve requirements are computed by applying the reserve requirement ratios below to net transaction accounts, nonpersonal time deposits, and Eurocurrency liabilities of the institution during the computation period.

* * * * *

■ 6. Effective July 12, 2012, § 204.5 is amended by revising paragraphs (a)(1), (b), (c), (d), and (e) to read as follows:

§ 204.5 Maintenance of required reserves.

(a)(1) A depository institution, a U.S. branch or agency of a foreign bank, and an Edge or Agreement corporation shall satisfy reserve requirements by maintaining vault cash and, if vault cash does not fully satisfy the institution's reserve requirement, in the form of a balance maintained

(i) In the institution's account at the Federal Reserve Bank in the Federal Reserve District in which the institution is located, or

(ii) With a pass-through correspondent in accordance with § 204.5(d).

* * * * *

(b)(1) For institutions that file a report of deposits weekly, the balances maintained to satisfy reserve balance requirements shall be maintained during a 14-day maintenance period that begins on the third Thursday following the end of a given computation period.

(2) For institutions that file a report of deposits quarterly, the balances maintained to satisfy reserve balance requirements shall be maintained during each of the 7-day maintenance periods during the interval that begins on the fourth Thursday following the end of the institution's computation

period and ends on the fourth Wednesday after the close of the institution's next computation period.

(c) Cash items forwarded to a Federal Reserve Bank for collection and credit are not included in an institution's balance maintained to satisfy its reserve balance requirement until the expiration of the time specified in the appropriate time schedule established under Regulation J, ''Collection of Checks and Other Items by Federal Reserve Banks and Funds Transfers Through Fedwire'' (12 CFR part 210). If a depository institution draws against items before that time, the charge will be made to its account if the balance is sufficient to pay it; any resulting deficiency in balances maintained to satisfy the institution's reserve balance requirement will be subject to the penalties provided by law and to the deficiency charges provided by this part. However, the Federal Reserve Bank may, at its discretion, refuse to permit the withdrawal or other use of credit given in an account for any time for which the Federal Reserve Bank has not received payment in actually and finally collected funds.

(d)(1) A depository institution, a U.S. branch or agency of a foreign bank, or an Edge or Agreement corporation with a reserve balance requirement (''respondent'') may select only one pass-through correspondent under this section, unless otherwise permitted by the Federal Reserve Bank in whose District the respondent is located. Eligible pass-through correspondents are Federal Home Loan Banks, the National Credit Union Administration Central Liquidity Facility, and depository institutions, U.S. branches or agencies of foreign banks, and Edge and Agreement corporations that maintain balances to satisfy their own reserve balance requirements which may be zero, in an account at a Federal Reserve Bank. In addition, the Board reserves the right to permit other institutions, on a case-by-case basis, to serve as pass-through correspondents.

(2) Respondents or correspondents may institute, terminate, or change pass-through correspondent agreements by providing all documentation required for the establishment of the new agreement or termination of or change to the existing agreement to the Federal Reserve Banks involved within the time period specified by those Reserve Banks.

(3) Balances maintained to satisfy reserve balance requirements of a correspondent's respondents shall be maintained along with the balances maintained to satisfy a correspondent's reserve balance requirement (if any), in a single commingled account of the correspondent at the Federal Reserve Bank in whose District the correspondent is located. Balances maintained in the correspondent's account are the property of the correspondent and represent a liability of the Reserve Bank solely to the correspondent, regardless of whether the funds represent the balances maintained to satisfy the reserve balance requirement of a respondent.

(4)(i) A pass-through correspondent shall be responsible for maintaining balances to satisfy its own reserve balance requirement (if any) and the reserve balance requirements of all of its respondents. A Federal Reserve Bank will compare the total reserve balance requirement to be satisfied by the correspondent with the total balance maintained to satisfy a reserve balance requirement by the correspondent for purposes of determining deficiencies, imposing or waiving charges for deficiencies and for other reserve maintenance purposes. A charge for a deficiency in the correspondent's account will be imposed by the Reserve Bank on the correspondent maintaining the account.

(ii) Each correspondent is required to maintain detailed records for each of its respondents that permit Reserve Banks to determine whether the respondent has provided a sufficient funds to the correspondent to satisfy the reserve balance requirement of the respondent. The correspondent shall maintain such records and make such reports as the Board or Reserve Bank may requires in order to ensure the correspondent's compliance with its responsibilities under this section and shall make them available to the Board or Reserve Bank as required.

(iii) The Federal Reserve Bank may terminate any pass-through agreement under which the correspondent is deficient in its recordkeeping or other responsibilities.

(iv) Interest paid on supplemental reserves (if such reserves are required under § 204.7) held by a respondent will be credited to the account maintained by the correspondent.

(e) Any excess or deficiency in an institution's balance maintained to satisfy its reserve balance requirement shall be carried over and applied against the balance maintained in the next maintenance period as specified in this paragraph. The amount of any such excess or deficiency that is carried over shall not exceed the greater of:

(1) The amount obtained by multiplying 0.04 times the depository institution's reserve requirement; or

(2) $50,000. Any carryover not offset during the next period may not be carried over to subsequent periods.

■ 7. Effective January 24, 2013, § 204.5 is further amended by:

■ A. Revising paragraphs (b)(2) and (d)(4)(i); and

■ B. Removing paragraph (e).

The additions and revisions read as follows:

§ 204.5 Maintenance of required reserves.

* * * * *

(b) * * *

(2) For institutions that file a report of deposits quarterly, the balances maintained to satisfy reserve balance requirements shall be maintained during an interval of either six or seven consecutive 14-day maintenance periods, depending on when the interval begins and ends. The interval will begin on the fourth Thursday following the end of each quarterly reporting period if that Thursday is the first day of a 14-day maintenance period. If the fourth Thursday following the end of a quarterly reporting period is not the first day of a 14-day maintenance period, then the interval will begin on the fifth Thursday following the end of the quarterly reporting period. The interval will end on the fourth Wednesday following the end of the subsequent quarterly reporting period if that Wednesday is the last day of a 14-day maintenance period. If the fourth Wednesday following the end of the subsequent quarterly reporting period is not the last day of a 14-day maintenance period, then the interval will conclude on the fifth Wednesday following the end of the subsequent quarterly reporting period.

* * * * *

(d) * * *

(4)(i) A pass-through correspondent shall be responsible for maintaining balances to satisfy its own reserve balance requirement (if any) and the reserve balance requirements of all of its respondents. A charge for any deficiency in the correspondent's account will be imposed by the Reserve Bank on the correspondent maintaining the account.

* * * * *

■ 8. Effective July 12, 2012, § 204.6 is amended by revising the section heading and paragraphs (a) and (b), to read as follows:

§ 204.6 Charges for deficiencies.

(a) Deficiencies in a depository institution's balance maintained to satisfy its reserve balance requirement after application of the carryover provided in § 204.5(e), are subject to deficiency charges. Federal Reserve Banks are authorized to assess charges for deficiencies at a rate of 1 percentage point per year above the primary credit rate, as provided in § 201.51(a) of this chapter, in effect for borrowings from the Federal Reserve Bank on the first day of the calendar month in which the deficiencies occurred. Charges shall be assessed on the basis of daily average deficiencies during each maintenance period.

(b) Reserve Banks may waive the charges for deficiencies except when the deficiency arises out of a depository institution's gross negligence or conduct that is inconsistent with the principles and purposes of reserve requirements. Decisions by Reserve Banks to waive charges are based on an evaluation of the circumstances in each individual case and the depository institution's reserve maintenance record. For example, a waiver may be appropriate for a small charge or once during a two-year period for a deficiency that does not exceed a certain percentage of the depository institution's reserve requirement. If a depository institution has demonstrated a lack of due regard for the proper maintenance of balances to satisfy its reserve balance requirement, the Reserve Bank may decline to exercise the waiver privilege and assess all charges regardless of amount or reason for the deficiency.

* * * * *

■ 9. Effective January 24, 2013, § 204.6 is further amended by revising paragraphs (a) and (b) to read as follows:

§ 204.6 Charges for deficiencies.

(a) Federal Reserve Banks are authorized to assess charges for deficiencies at a rate of 1 percentage point per year above the primary credit rate, as provided in § 201.51(a) of this chapter, in effect for borrowings from the Federal Reserve Bank on the first day of the calendar month in which the deficiencies occurred. Charges shall be assessed on the basis of daily average deficiencies during each maintenance period.

(b) Reserve Banks may waive the charges for deficiencies based on an evaluation of the circumstances in each individual case.

* * * * *

■ 10. Effective July 12, 2012, § 204.10 is amended by revising paragraphs (b)(1), (b)(3), (c), (d)(3) and (e)(2) to read as follows:

§ 204.10 Payment of interest on balances.

* * * * *

(b) * * *

(1) For balances maintained to satisfy reserve balance requirements, at ¼ percent;

* * * * *

(3) For balances maintained to satisfy reserve balance requirements, excess balances, and term deposits, at any other rate or rates as determined by the Board from time to time, not to exceed the general level of short-term interest rates. For purposes of this paragraph (b), ''short-term interest rates'' are rates on obligations with maturities of no more than one year, such as the primary credit rate and rates on term federal funds, term repurchase agreements, commercial paper, term Eurodollar deposits, and other similar instruments.

(c) *Pass-through balances.* A pass-through correspondent that is an eligible institution may pass back to its respondent interest paid on balances maintained to satisfy a reserve balance requirement of that respondent. In the case of balances maintained by a pass-through correspondent that is not an eligible institution, a Reserve Bank shall pay interest only on the balances maintained to satisfy a reserve balance requirement of one or more respondents, and the correspondent shall pass back to its respondents interest paid on balances in the correspondent's account.

(d) * * *

(3) Balances maintained in an excess balance account will not satisfy any institution's reserve balance requirement.

* * * * *

(e) * * *

(2) A term deposit will not satisfy any institution's reserve balance requirement.

* * * * *

■ 11. Effective January 24, 2013, § 204.10 is further amended by revising paragraphs (b)(1), (b)(3), and (c) to read as follows:

§ 204.10 Payment of interest on balances.

* * * * *

(b) * * *

(1) For balances up to the top of the penalty-free band, at ¼ percent;

* * * * *

(3) For balances up to the top of the penalty-free band, excess balances, and term deposits, at any other rate or rates as determined by the Board from time to time, not to exceed the general level of short-term interest rates. For purposes of this subsection, ''short-term interest rates'' are rates on obligations with maturities of no more than one year, such as the primary credit rate and rates on term federal funds, term repurchase agreements, commercial paper, term Eurodollar deposits, and other similar instruments.

(c) *Pass-through balances.* A pass-through correspondent that is an eligible institution may pass back to its respondent interest paid on balances maintained to satisfy a reserve balance requirement of that respondent. In the case of balances maintained by a pass-through correspondent that is not an eligible institution, a Reserve Bank shall pay interest only on the balances maintained to satisfy a reserve balance requirement of one or more respondents up to the top of the penalty-free band, and the correspondent shall pass back to its respondents interest paid on balances in the correspondent's account.

* * * * *

By order of the Board of Governors of the Federal Reserve System, April 5, 2012.

Robert deV. Frierson,

Deputy Secretary of the Board.

[FR Doc. 2012–8562 Filed 4–11–12; 8:45 am]

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FEDERAL RESERVE SYSTEM

12 CFR Part 210

[Regulation J; Docket No. R–1434]

RIN 7100 AD 84

Collection of Checks and Other Items by Federal Reserve Banks and Funds Transfers Through Fedwire: Elimination of ''As-of Adjustments'' and Other Clarifications

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final rule.

SUMMARY: The Board is amending Regulation J (Collection of Checks and Other Items by Federal Reserve Banks and Funds Transfers through Fedwire). The final rule eliminates references to ''as-of adjustments'' consistent with the Board's final amendments to Regulation D to simplify reserves administration; clarifies that an institution's Administrative Reserve Bank is deemed to have accepted deposit of a check or other item even if the institution sends the item directly to another Federal Reserve Bank; further clarifies that Regulation J continues to apply to a Fedwire funds transfer even if the funds transfer also meets the definition of ''remittance transfer'' under the Electronic Fund Transfer Act; and makes other conforming revisions.

DATES: This final rule is effective July 12, 2012.

FOR FURTHER INFORMATION CONTACT: Kara Handzlik, Senior Attorney (202) 452–