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FEDERAL RESERVE SYSTEM

12 CFR Part 204

[Docket No. R-1663; RIN 7100-AF 50]

Regulation D: Reserve Requirements of Depository Institutions

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 Regulation D (Reserve Requirements of Depository Institutions) to revise the rate of interest paid on balances maintained to satisfy reserve balance requirements (“IORR”) and the rate of interest paid on excess balances (“IOER”) maintained at Federal Reserve Banks by or on behalf of eligible institutions. The final amendments specify that IORR is 2.35 percent and IOER is 2.35 percent, a 0.05 percentage point decrease from their prior levels. The amendments are intended to enhance the role of such rates of interest in maintaining the Federal funds rate into the target range established by the Federal Open Market Committee (“FOMC” or “Committee”).

DATES: *Effective date:* This rule is effective May 10, 2019.

Applicability date: The IORR and IOER rate changes were applicable on May 2, 2019.

FOR FURTHER INFORMATION CONTACT: Clinton Chen, Senior Attorney (202-452-3952), or Sophia Allison, Senior Special Counsel (202-452-3565), Legal Division, or Kristen Payne, Senior Financial Institution & Policy Analyst (202-452-2872), or Laura Lipscomb, Assistant Director (202-912-7964), Division of Monetary Affairs; 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. Statutory and Regulatory Background

For monetary policy purposes, section 19 of the Federal Reserve Act (“the Act”) imposes reserve requirements on certain types of deposits and other liabilities of depository institutions.¹ Regulation D, which implements section 19 of the Act, requires that a depository institution meet reserve requirements by holding cash in its vault, or if vault cash is insufficient, by maintaining a balance in an account at a Federal Reserve Bank (“Reserve Bank”).² Section 19 also provides that balances maintained by or on behalf of certain institutions in an account at a Reserve Bank may receive earnings to be paid by the Reserve Bank at least once each quarter, at a rate or rates not to exceed the general level of short-term interest rates.³ Institutions that are eligible to receive earnings on their balances held at Reserve Banks (“eligible institutions”) include depository institutions and certain other institutions.⁴ Section 19 also provides that the Board may prescribe regulations concerning the payment of earnings on balances at a Reserve Bank.⁵ Prior to these amendments, Regulation D specified a rate of 2.40 percent for both IORR and IOER.⁶

II. Amendments to IORR and IOER

The Board is amending § 204.10(b)(5) of Regulation D to specify that IORR is 2.35 percent and IOER is 2.35 percent, a 0.05 percentage point decrease in each rate. The Board announced this decision on May 1, 2019, with an effective date of May 2, 2019, in the Federal Reserve Implementation Note that accompanied the FOMC’s statement on May 1, 2019. The FOMC statement stated that the Committee decided to maintain the target range for the federal funds rate at 2-1/4 to 2-1/2 percent.

The Federal Reserve Implementation Note stated:

The Board of Governors of the Federal Reserve System voted unanimously to set the interest rate paid on required and excess reserve balances at 2.35 percent, effective May 2, 2019. Setting the interest rate paid on required and excess reserve balances 15 basis points below

the top of the target range for the federal funds rate is intended to foster trading in the federal funds market at rates well within the FOMC’s target range.

As a result, the Board is amending section 204.10(b)(5) of Regulation D to change IORR to 2.35 percent and IOER to 2.35 percent.

III. Administrative Procedure Act

In general, the Administrative Procedure Act (“APA”) ⁷ imposes three principal requirements when an agency promulgates legislative rules (rules made pursuant to congressionally delegated authority): (1) Publication with adequate notice of a proposed rule; (2) followed by a meaningful opportunity for the public to comment on the rule’s content; and (3) publication of the final rule not less than 30 days before its effective date. The APA provides that notice and comment procedures do not apply if the agency for good cause finds them to be “unnecessary, impracticable, or contrary to the public interest.” ⁸ Section 553(d) of the APA also provides that publication at least 30 days prior to a rule’s effective date is not required for (1) a substantive rule which grants or recognizes an exemption or relieves a restriction; (2) interpretive rules and statements of policy; or (3) a rule for which the agency finds good cause for shortened notice and publishes its reasoning with the rule.⁹

The Board has determined that good cause exists for finding that the notice, public comment, and delayed effective date provisions of the APA are unnecessary, impracticable, or contrary to the public interest with respect to these final amendments to Regulation D. The rate decreases for IORR and IOER that are reflected in the final amendments to Regulation D were made with a view towards accommodating commerce and business and with regard to their bearing upon the general credit situation of the country. Notice and public comment would prevent the Board’s action from being effective as promptly as necessary in the public interest and would not otherwise serve any useful purpose. Notice, public comment, and a delayed effective date would create uncertainty about the finality and effectiveness of the Board’s

¹ 12 U.S.C. 461(b).

² 12 CFR 204.5(a)(1).

³ 12 U.S.C. 461(b)(1)(A) and (b)(12)(A).

⁴ See 12 U.S.C. 461(b)(1)(A) and (b)(12)(C); see also 12 CFR 204.2(y).

⁵ See 12 U.S.C. 461(b)(12)(B).

⁶ See 12 CFR 204.10(b)(5).

⁷ 5 U.S.C. 551 *et seq.*

⁸ 5 U.S.C. 553(b)(3)(A).

⁹ 5 U.S.C. 553(d).

action and undermine the effectiveness of that action. Accordingly, the Board has determined that good cause exists to dispense with the notice, public comment, and delayed effective date procedures of the APA with respect to these final amendments to Regulation D.

IV. Regulatory Flexibility Analysis

The Regulatory Flexibility Act (“RFA”) does not apply to a rulemaking where a general notice of proposed rulemaking is not required.¹⁰ As noted previously, the Board has determined that it is unnecessary and contrary to the public interest to publish a general notice of proposed rulemaking for this final rule. Accordingly, the RFA’s requirements relating to an initial and final regulatory flexibility analysis do not apply.

V. Paperwork Reduction Act

In accordance with the Paperwork Reduction Act (“PRA”) of 1995,¹¹ the Board reviewed the final rule under the authority delegated to the Board by the Office of Management and Budget. The final rule contains no requirements subject to the PRA.

List of Subjects in 12 CFR Part 204

Banks, Banking, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, the Board amends 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. Section 204.10 is amended by revising paragraph (b)(5) to read as follows:

§ 204.10 Payment of interest on balances.

* * * * *

(b) * * *

(5) The rates for IORR and IOER are:

	Rate (percent)
IORR	2.35
IOER	2.35

* * * * *

¹⁰ 5 U.S.C. 603, 604.

¹¹ 44 U.S.C. 3506; see 5 CFR part 1320 Appendix A.1.

By order of the Board of Governors of the Federal Reserve System, May 7, 2019.

Ann Misback,
Secretary of the Board.

[FR Doc. 2019-09687 Filed 5-9-19; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA-2018-0903; Product Identifier 2018-NM-113-AD; Amendment 39-19616; AD 2019-07-05]

RIN 2120-AA64

Airworthiness Directives; Airbus SAS Airplanes

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule; correction.

SUMMARY: The FAA is correcting an airworthiness directive (AD) that published in the **Federal Register**. That AD applies to all Airbus SAS Model A318 series airplanes; Model A319 series airplanes; Model A320-211, -212, -214, -216, -231, -232, and -233 airplanes; and Model A321-111, -112, -131, -211, -212, -213, -231, and -232 airplanes. As published, that AD contains an incomplete compliance time for the initial inspection for certain airplanes. This document corrects that error. In all other respects, the original document remains the same.

DATES: This correction is effective May 24, 2019.

The effective date of AD 2019-07-05 remains May 24, 2019.

The Director of the Federal Register approved the incorporation by reference of certain publications listed in this AD as of May 24, 2019 (84 FR 16386, April 19, 2019).

ADDRESSES: For service information identified in this final rule, contact Airbus SAS, Airworthiness Office—EIAS, Rond-Point Emile Dewoitine No: 2, 31700 Blagnac Cedex, France; telephone +33 5 61 93 36 96; fax +33 5 61 93 44 51; email account.airworth-eas@airbus.com; internet <http://www.airbus.com>. You may view this referenced service information at the FAA, Transport Standards Branch, 2200 South 216th St., Des Moines, WA. For information on the availability of this material at the FAA, call 206-231-3195. It is also available on the internet at <http://www.regulations.gov> by searching for and locating Docket No. FAA-2018-0903.

Examining the AD Docket

You may examine the AD docket on the internet at <http://www.regulations.gov> by searching for and locating Docket No. FAA-2019-0903; or in person at Docket Operations between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this final rule, the regulatory evaluation, any comments received, and other information. The address for Docket Operations (phone: 800-647-5527) is U.S. Department of Transportation, Docket Operations, M-30, West Building Ground Floor, Room W12-140, 1200 New Jersey Avenue SE, Washington, DC 20590.

FOR FURTHER INFORMATION CONTACT: Sanjay Ralhan, Aerospace Engineer, International Section, Transport Standards Branch, FAA, 2200 South 216th St., Des Moines, WA 98198; telephone and fax 206-231-3223.

SUPPLEMENTARY INFORMATION: AD 2019-07-05, Amendment 39-19616 (84 FR 16386, April 19, 2019) (“AD 2019-07-05”), currently requires repetitive inspections for cracking of the 10VU rack fitting lugs, and repair of any cracking. That AD applies to all Airbus SAS Model A318 series airplanes; Model A319 series airplanes; Model A320-211, -212, -214, -216, -231, -232, and -233 airplanes; and Model A321-111, -112, -131, -211, -212, -213, -231, and -232 airplanes.

Need for the Correction

As published, table 1 to paragraph (h)(1) of AD 2019-07-05 contains an incomplete compliance time. The first row in table 1 to paragraph (h)(1) of AD 2019-07-05 inadvertently omitted certain clarifying compliance-time language (*i.e.*, “whichever occurs first”) to distinguish the initial compliance thresholds. The intent of AD 2019-07-05 was to match the content and intent of European Aviation Safety Agency (EASA) AD 2018-0131, dated June 19, 2018, which provides the complete compliance threshold. In addition, the substance of paragraph (h)(1) of AD 2019-07-05 was retained from superseded AD 2016-19-14, Amendment 39-18663 (81 FR 71602, October 18, 2016).

Related Service Information Under 14 CFR Part 51

AD 2019-07-05 requires Airbus Service Bulletins A320-92-1087, Revision 03, dated July 31, 2017; and A320-92-1119, dated July 28, 2017; which the Director of the Federal Register approved for incorporation by reference as of May 24, 2019 (84 FR