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SMALL BUSINESS ADMINISTRATION

13 CFR Part 107

RIN 3245–AI28

Small Business Investment Company (SBIC) Accrual Regulatory Amendments

AGENCY: U.S. Small Business Administration.

ACTION: Direct final rule.

SUMMARY: The U.S. Small Business Administration (''SBA'' or ''Agency'') is publishing this direct final rule (DFR) to modify regulations to provide for a clarification in the Annual Charges assessed for Leverage between SBIC licenses and Accrual SBIC licenses.

DATES: Effective on January 20, 2026, without further action, unless significant adverse comment is received no later than January 5, 2026. If significant adverse comment is received, SBA will publish a timely withdrawal of the rule in the **Federal Register**.

ADDRESSES: You may submit comments, identified by RIN: 3245–AI28, by any of the following methods:

- *Federal eRulemaking Portal: https://www.regulations.gov.* Follow the instructions for submitting comments for Docket Number SBA–2025–0168 or RIN 3245–AI28.
- *Mail or Hand Delivery/Courier:* Joshua Carter, Associate Administrator for the Office of Investment and Innovation, U.S. Small Business Administration, 409 Third Street SW, Washington, DC 20416.

SBA will post all comments on *https://www.regulations.gov.* If you wish to submit confidential business information (''CBI''), as defined in the User Notice at *https://www.regulations.gov,* please submit the information to Paul Van Eyl, Director of Financial Policy, Office of Investment and Innovation, Small Business Administration, 409 Third Street SW, Washington, DC 20416, or send an email to *oii.policy@sba.gov* with ''RIN 3245–AI28 Direct Final Rule'' in the subject heading. Highlight the information that you consider to be CBI and explain why you believe SBA should hold this information as confidential. SBA will review the information and make the final determination on whether it will publish the information.

In accordance with 5 U.S.C. 553(b)(4), a summary of this rule may be found *https://www.regulations.gov.*

FOR FURTHER INFORMATION CONTACT:

Policy: Joshua Carter, Associate Administrator of the Office of Investment and Innovation, U.S. Small Business Administration, *oii.policy@sba.gov,* 202–205–7159. This phone number may also be reached by individuals who are deaf or hard of hearing, or who have speech disabilities, through the Federal Communications Commission's TTY-Based Telecommunications Relay Service teletype service at 711.

*Regulatory Comments/**Federal Register** Docket:* Paul Van Eyl, Director of Financial Policy, Office of Investment and Innovation, U.S. Small Business Administration, *oii.policy@sba.gov,* 202–257–5955. This phone number can also be reached by individuals who are deaf or hard of hearing, or who have speech disabilities, through the Federal Communications Commission's TTY-Based Telecommunications Relay Service teletype service at 711.

SUPPLEMENTARY INFORMATION:

I. Background Information

A. Small Business Investment Company Program

SBA's small business investment company (''SBIC'') program is designed to enhance small business access to capital by stimulating and supplementing ''the flow of private equity capital and long-term loan funds which small-business concerns need for the sound financing of their business operations and for their growth, expansion, and modernization, and which are not available in adequate supply.'' Small Business Investment Act of 1958, as amended, 15 U.S.C. 661, *et seq.* (the ''Act''). SBICs are privately owned and managed investment funds, licensed and regulated by SBA, that use capital raised from private investors to make equity and debt investments in qualifying small businesses. SBICs pursue investments in a broad range of industries, geographic areas, and stages of investment. SBA licenses SBICs to issue SBA-guaranteed debentures (''Debentures''), typically with a ten year term, the repayment of which is guaranteed by SBA using the full faith and credit of the United States.

On July 18, 2023, SBA issued a final rule (88 FR 46012) implementing a new and distinct type of Debenture (''Accrual Debenture'') designed to align with the cash flows of long-term, equity-oriented funds (''Accrual SBICs''). The issuance of Accrual Debentures is currently limited only to those SBICs approved as an Accrual SBIC and/or a Reinvestor SBIC. To be eligible for an Accrual SBIC license, an SBIC applicant must, among other things, demonstrate an investment strategy that is equity oriented. There are currently three types of Debentures available for investment funds that have received an SBIC license: a ''Standard'' Debenture, a ''Discount'' Debenture and an ''Accrual'' Debenture, each of which have different and distinct terms and conditions.

As required by the Act and pursuant to 13 CFR 107.1130(d), in addition to a three percent (3%) Leverage fee (split between a Leverage commitment and a Leverage draw) SBICs are also required to pay an additional charge (''Annual Charge'') that is payable on the same terms and conditions as interest applicable to such Debentures.

SBA is clarifying that SBICs issuing a standard Debenture or Discount Debenture and SBICs issuing an Accrual Debenture may be subject to separate Annual Charges within the permitted Annual Charge ceiling and floor as published in the existing regulations and subject to publication in the Federal Credit Supplement for each fiscal year. The Annual Charge for SBA Leverage (as defined in the Act) has been broken out by the type of instrument utilized (*e.g.,* Debentures, Participating Securities, etc.). Under this rulemaking, Annual Charges for different types of Debentures issued may differ as terms and conditions are different and distinct. The calculations of the Annual Charge are made to keep the SBIC program budget neutral and are included in the annually published Federal Credit Supplement which provides detailed information on federal loan programs, subsidy rates, and budgetary implications for federal credit activities.

SBA publishes the Annual Charges on its website for each federal fiscal year of leverage commitments obligated to SBICs based on the type of Debenture issued. The Annual Charge is calculated on an annual basis to keep the SBIC program budget neutral and are subject to a ceiling not to exceed 1.38 percent per annum and a floor set pursuant to section 303(b) of the Act and 13 CFR 107.1130(d)(1).

SBA is modifying 13 CFR 107.1130(d) to further clarify that SBICs issuing Accrual Debentures may be subject to an Annual Charge that may differ from SBICs issuing standard Debentures or Discount Debentures in order to keep the SBIC program budget neutral. SBA notes this will be consistent with the calculations performed and are included in the annual Federal Credit Supplement.

II. Justification for Publication as Direct Final Rule

In general, SBA publishes a rule for public comment before issuing a final rule in accordance with the Administrative Procedure Act. 5 U.S.C. 553. The Administrative Procedure Act provides an exception to this standard rulemaking process, however, where an agency finds good cause to adopt a rule without prior public participation. 5 U.S.C. 553(b)(B). The good cause requirement is satisfied when prior public participation is impracticable, unnecessary, or contrary to the public interest.

SBA is publishing this rule as a direct final rule because public participation is unnecessary. SBA has determined this rulemaking as non-controversial as it provides clarification on the Annual Charge applicable to different Debenture types which have differing terms and conditions.

This rule will be effective on the date shown in the **DATES** section unless SBA receives significant adverse comment on or before the deadline for comments. Significant adverse comments are comments that provide strong justifications for why the rule should not be adopted or for changing the rule. SBA does not expect to receive any significant adverse comments because the accrual debenture program focuses on long-duration, equity- oriented investment strategies which differ than investment strategies implemented with standard licensed SBICs. SBA discussed the potential of distinct charges between accrual debenture and standard debenture instruments with existing licensed Accrual SBICs, which did not provide negative feedback. If SBA receives any significant adverse comments, it will publish a document in the **Federal Register** withdrawing this rule before the effective date. If SBA receives no significant adverse comments, the rule will be effective 45 days after publication without further notice.

As such, this rule is being implemented as a direct final rule.

III. Section by Section Analysis

A. Section 107.1130—Leverage Fees and Annual Charges

This regulation identifies the fees and other charges associated with SBA-guaranteed Leverage. Paragraph (d) of 13 CFR 107.1130 identifies the Annual Charge (as defined in 13 CFR 107.50) applicable to SBICs with outstanding Debentures. SBA is modifying paragraph (d) of 13 CFR 107.1130 to clarify that SBA may calculate Annual Charges based on the type of Debentures issued (*e.g.,* Accrual Debentures and other Debentures). The Annual Charge rates by type of Debenture are designed to be fiscally neutral in the aggregate, offsetting reductions and increases across licensee categories without increasing total program cost and keep the SBIC program budget neutral in line with the overall rate and components of the subsidy rate as calculated and reported annually in the Federal Credit Supplement.

IV. Compliance With Executive Orders 12866, 12988, and 13132, the Paperwork Reduction Act (44 U.S.C., Ch. 35), the Congressional Review Act (5 U.S.C. 801–808) and the Regulatory Flexibility Act (5 U.S.C. 601–612)

A. Executive Order 12866

The Office of Management and Budget (''OMB'') has determined that this rule is not a ''significant regulatory action'' under Executive Order 12866. The modification to section 13 CFR 107.1130 is not a material change to existing regulations and is only being clarified in this rulemaking to expressly state Annual Charge calculations are assessed individually between Accrual Debentures and other Debentures as has been SBA's historical practice. Further, less than 4% of currently licensed SBICs are Accrual Debenture SBICs, accordingly, the direct final rule would not have a significant effect on the overall number of active licensed SBICs and would not have an annual effect on the U.S. economy of more than $100 million nor have an adverse effect on the U.S. economy in any material way. The direct final rule also will not have a material effect on employment levels, competition, productivity, innovation, public health, safety, the environment, or state, local, or tribal governments or communities. Lastly, as this direct final rule is a clarification of existing obligations in accordance with historical practices, it does not create new obligations, rescind existing rights, or establish novel policy directions.

B. Executive Order 14192

This direct final rule is not an Executive Order 14192 regulatory action because it is not significant under Executive Order 12866.

C. Executive Order 12988

This action meets applicable standards set forth in Sections 3(a) and 3(b)(2) of Executive Order 12988, Civil Justice Reform, to minimize litigation, eliminate ambiguity, and reduce burden. The action does not have a retroactive or preemptive effect.

D. Executive Order 13132

This direct final rule does not have federalism implications as defined in Executive Order 13132. It would not have substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government, as specified in the Executive Order. As such it does not warrant the preparation of a Federalism Assessment. Additionally, the rule will not require new compliance activities or reporting by state, local, or tribal governments.

E. Paperwork Reduction Act, 44 U.S.C., Ch. 35

SBA has determined that this direct final rule does not affect any existing collection of information and does not propose any new collection of information.

F. Congressional Review Act, 5 U.S.C. 801–808

Subtitle E of the Small Business Regulatory Enforcement Fairness Act of 1996, also known as the Congressional Review Act, 5 U.S.C. 801 *et seq.,* provides that before a rule may take effect, the agency promulgating the rule must submit a rule report, which includes a copy of the rule, to each House of the Congress and to the Comptroller General of the United States. SBA will submit a report containing this rulemaking and other required information to the U.S. Senate, the U.S. House of Representatives, and the Comptroller General of the United States. This rulemaking has been reviewed and determined not to meet the criteria set forth in 5 U.S.C. 804(2).

G. Regulatory Flexibility Act, 5 U.S.C. 601–612

The Regulatory Flexibility Act (RFA), 5 U.S.C. 601, requires administrative agencies to consider the effect of their actions on small entities, small nonprofit enterprises, and small local governments. Pursuant to the RFA, when an agency issues a rulemaking, the agency must prepare a regulatory flexibility analysis which describes the impact of the rule on small entities. However, the RFA requires such analysis only where notice and comment rulemaking is required. As discussed above, SBA has found good cause that notice and public comment are impracticable, unnecessary, or contrary to the public interest. Accordingly, SBA is not required to conduct a regulatory flexibility analysis and is publishing this rule as a direct final rule without advance notice and public comment. The narrow applicability and clarifying nature of the amendments ensure that no substantial number of small entities will experience a material impact from this rule.

List of Subjects in 13 CFR Part 107

Investment companies, Loan programs-business, Reporting and recordkeeping requirements, Small businesses.

Accordingly, for the reasons stated in the preamble, SBA amends 13 CFR part 107 as follows:

PART 107—SMALL BUSINESS INVESTMENT COMPANIES

■ 1. The authority citation for part 107 continues to read as follows:

Authority: 15 U.S.C. 662, 681–687, 687b–h, 687k–m.

■ 2. Amend § 107.1130 by revising paragraph (d)(1) to read as follows:

§ 107.1130 Leverage fees and Annual Charges.

* * * * *

(d) * * *

(1) *Debentures.* You must pay to SBA an Annual Charge, not to exceed 1.38 percent per annum, on the outstanding principal amount of your Debentures (including both Accrual Debentures and standard Debentures), payable under the same terms and conditions as the interest on the applicable Debentures. SBA may establish and publish an Annual Charge for Accrual Debentures at a different rate than the Annual Charge established for other Debentures. Unless otherwise determined by SBA, for Leverage issued pursuant to Leverage commitments relating to any Debentures (including both Accrual Debentures and standard Debentures), the Annual Charge, established and published, shall not be less than 0.25 percent per annum, subject to the following provisions:

(i) For Leverage issued pursuant to Leverage commitments approved on or after October 1, 2026, the Annual Charge, established and published, shall not be less than 0.30 percent per annum.

(ii) For Leverage issued pursuant to Leverage commitments approved on or after October 1, 2027, the Annual Charge, established and published annually, shall not be less than 0.35 percent per annum.

(iii) For Leverage issued pursuant to Leverage commitments approved on or after October 1, 2028, the Annual Charge, established and published annually, shall not be less than 0.40 percent per annum.

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Kelly Loeffler,

Administrator.

[FR Doc. 2025–22055 Filed 12–4–25; 8:45 am]

BILLING CODE 8026–09–P

DEPARTMENT OF TRANSPORTATION

Office of the Secretary

14 CFR Parts 260 and 399

[Docket No. DOT–OST–2022–0089, DOT–OST–2025–2285]

RIN 2105–AF04, 2105–AF36

Airline Refunds and Other Consumer Protections

AGENCY: Office of the Secretary of Transportation (OST), U.S. Department of Transportation.

ACTION: Notification of enforcement discretion.

SUMMARY: Under the U.S. Department of Transportation's (Department or DOT) refund regulations in 14 CFR parts 260 and 399, a flight that is given a different flight number than was assigned when the consumer purchased the ticket is considered a new flight and the original flight is considered a cancelled flight for which the consumer is eligible for a refund. This document announces that the Department is exercising its discretion to not enforce the requirements in 14 CFR 260.6, 260.9 and 14 CFR 399.80(l) regarding refunds and other consumer protections for a cancelled flight when a flight is renumbered so long as the passenger is rebooked on the flight under the new number and the flight is operated without any ''significant change or delay'' as defined in 14 CFR 260.2 and 14 CFR 399.80(l). The Department is taking this interim step of pausing enforcement of its refund requirements under these specific limited circumstances while it engages in a new rulemaking to consider whether to modify the definition of cancelled flight through rulemaking.

DATES: As of December 5, 2025, the Department is pausing until June 30, 2026 the enforcement of airline refunds requirements regarding cancelled flights under 14 CFR parts 260 and 399 for flights that are operated under a different flight number than was held out to consumers at the time of ticket purchases so long as the flights impose no significant change or delay to consumers' itineraries.

ADDRESSES: This notification of enforcement discretion may be viewed online at *www.regulations.gov* using the docket numbers listed above. Electronic retrieval help and guidelines are available on the website. It is available 24 hours each day, 365 days each year. An electronic copy of this document may also be downloaded from the Office of the Federal Register' website at *www.federalregister.gov* and the Government Publishing Office's website at *www.GovInfo.gov.*

FOR FURTHER INFORMATION CONTACT: Clereece Kroha or Blane Workie, Office of Aviation Consumer Protection, U.S. Department of Transportation, 1200 New Jersey Avenue SE, Washington, DC 20590, 202–366–9342 (phone), 202–366–7152 (fax), *clereece.kroha@dot.gov,* or *blane.workie@dot.gov* (email).

SUPPLEMENTARY INFORMATION: On April 26, 2024, DOT published in the **Federal Register** a final rule on ''Airline Refunds and Other Consumer Protection'' (Refund I) that, among other things, requires airlines and ticket agents to provide prompt refunds to consumers when their flights are cancelled, significantly delayed, or significantly changed and the consumers are not offered or reject alternative transportation, travel credits, vouchers, or other compensation.[1] The rule also requires carriers to provide notifications to affected consumers that they are entitled to a refund when a flight cancellation or significant delay or change occurs.[2] The rule defines a ''cancelled flight or flight cancellation'' to mean a covered flight with a specific flight number scheduled to be operated between a specific origin-destination city pair that was published in the carrier's Computer Reservation System

[1] 89 FR 32760, 14 CFR 260.6.

[2] *Id.,* 14 CFR 260.9.