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FEDERAL RESERVE SYSTEM

12 CFR Part 201

[Regulation A]

Extensions of Credit by Federal Reserve Banks

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final rule.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) has adopted final amendments to its Regulation A to reflect the Board's approval of an increase in the primary credit rate at each Federal Reserve Bank. The secondary credit rate at each Reserve Bank automatically increased by formula as a result of the Board's primary credit rate action.

DATES: The amendments to part 201 (Regulation A) are effective November 19, 2004. The rate changes for primary and secondary credit were effective on the dates specified in 12 CFR 201.51, as amended.

FOR FURTHER INFORMATION CONTACT: Jennifer J. Johnson, Secretary of the Board (202) 452-3259; for users of Telecommunication Devices for the Deaf (TDD) only, contact (202) 263-4869.

SUPPLEMENTARY INFORMATION: The Federal Reserve Banks make primary and secondary credit available to depository institutions as a backup source of funding on a short-term basis, usually overnight. The primary and secondary credit rates are the interest rates that the twelve Federal Reserve Banks charge for extensions of credit under these programs. In accordance with the Federal Reserve Act, the primary and secondary credit rates are established by the boards of directors of the Federal Reserve Banks, subject to the review and determination of the Board.

The Board approved requests by the Reserve Banks to increase by 25 basis

points the primary credit rate in effect at each of the twelve Federal Reserve Banks, thereby increasing from 2.75 percent to 3.00 percent the rate that each Reserve Bank charges for extensions of primary credit. As a result of the Board's action on the primary credit rate, the rate that each Reserve Bank charges for extensions of secondary credit automatically increased from 3.25 percent to 3.50 percent under the secondary credit rate formula. The final amendments to Regulation A reflect these rate changes.

The 25-basis-point increase in the primary credit rate was associated with a similar increase in the target for the federal funds rate (from 1.75 percent to 2.00 percent) approved by the Federal Open Market Committee (Committee) and announced at the same time. A press release announcing these actions indicated that:

The Committee believes that, even after this action, the stance of monetary policy remains accommodative and, coupled with robust underlying growth in productivity, is providing ongoing support to economic activity. Output appears to be growing at a moderate pace despite the rise in energy prices, and labor market conditions have improved. Inflation and longer-term inflation expectations remain well contained.

The Committee perceives the upside and downside risks to the attainment of both sustainable growth and price stability for the next few quarters to be roughly equal. With underlying inflation expected to be relatively low, the Committee believes that policy accommodation can be removed at a pace that is likely to be measured. Nonetheless, the Committee will respond to changes in economic prospects as needed to fulfill its obligation to maintain price stability.

Regulatory Flexibility Act Certification

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

Administrative Procedure Act

The Board did not follow the provisions of 5 U.S.C. 553(b) relating to notice and public participation in connection with the adoption of these amendments because the Board for good cause determined that delaying implementation of the new primary and

secondary credit rates in order to allow notice and public comment would be unnecessary and contrary to the public interest in fostering price stability and sustainable economic growth. For these same reasons, the Board also has not provided 30 days prior notice of the effective date of the rule under section 553(d).

12 CFR Chapter II

List of Subjects in 12 CFR Part 201

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

Authority and Issuance

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

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

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

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

■ 2. In § 201.51, paragraphs (a) and (b) are revised to read as follows:

§ 201.51 Interest rates applicable to credit extended by a Federal Reserve Bank.¹

(a) **Primary credit.** The interest rates for primary credit provided to depository institutions under § 201.4(a) are:

| Federal Reserve Bank | Rate | Effective |
|----------------------|------|----------------|
| Boston | 3.00 | Nov. 10, 2004. |
| New York | 3.00 | Nov. 10, 2004. |
| Philadelphia | 3.00 | Nov. 10, 2004. |
| Cleveland | 3.00 | Nov. 10, 2004. |
| Richmond | 3.00 | Nov. 10, 2004. |
| Atlanta | 3.00 | Nov. 10, 2004. |
| Chicago | 3.00 | Nov. 10, 2004. |
| St. Louis | 3.00 | Nov. 12, 2004. |
| Minneapolis | 3.00 | Nov. 10, 2004. |
| Kansas City | 3.00 | Nov. 10, 2004. |
| Dallas | 3.00 | Nov. 12, 2004. |
| San Francisco | 3.00 | Nov. 10, 2004. |

(b) **Secondary credit.** The interest rates for secondary credit provided to depository institutions under 201.4(b) are:

¹ The primary, secondary, and seasonal credit rates described in this section apply to both advances and discounts made under the primary, secondary, and seasonal credit programs, respectively.

| Federal Reserve Bank | Rate | Effective |
|----------------------|------|----------------|
| Boston | 3.50 | Nov. 10, 2004. |
| New York | 3.50 | Nov. 10, 2004. |
| Philadelphia | 3.50 | Nov. 10, 2004. |
| Cleveland | 3.50 | Nov. 10, 2004. |
| Richmond | 3.50 | Nov. 10, 2004. |
| Atlanta | 3.50 | Nov. 10, 2004. |
| Chicago | 3.50 | Nov. 10, 2004. |
| St. Louis | 3.50 | Nov. 12, 2004. |
| Minneapolis | 3.50 | Nov. 10, 2004. |
| Kansas City | 3.50 | Nov. 10, 2004. |
| Dallas | 3.50 | Nov. 12, 2004. |
| San Francisco | 3.50 | Nov. 10, 2004. |

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By order of the Board of Governors of the Federal Reserve System, November 15, 2004.

Jennifer J. Johnson,
Secretary of the Board.

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 23

[Docket No. CE213; Special Conditions No. 23-152-SC]

Special Conditions: Thielert Aircraft Engines; Cessna Model 172 K, L, M, N, P, R, and S Series Airplanes; Installation of Thielert TAE-125-01 Aircraft Diesel Engine for Full Authority Digital Engine Control (FADEC) System and the Protection of the System From the Effects of High Intensity Radiated Fields (HIRF)

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final special conditions; request for comments.

SUMMARY: These special conditions are issued to Thielert Aircraft Engines, GmbH, Lichtenstein, Germany for a supplemental type certificate for the Cessna Model 172 series airplanes. The supplemental type certificate for these airplanes will have a novel or unusual design feature associated with the installation of an aircraft diesel engine that uses an electronic engine control system instead of a mechanical control system. The applicable airworthiness regulations do not contain adequate or appropriate safety standards for this design feature. These special conditions contain the additional safety standards that the Administrator considers necessary to establish a level of safety equivalent to that established by the existing airworthiness standards.

DATES: The effective date of these special conditions is: November 1, 2004.

Comments must be received on or before December 20, 2004.

ADDRESSES: Comments on this proposal may be mailed in duplicate to: Federal Aviation Administration (FAA), Regional Counsel, ACE-7, Attention: Rules Docket, Docket No. CE213, 901 Locust, Room 506, Kansas City, Missouri 64106, or delivered in duplicate to the Regional Counsel at the above address. Comments must be marked: Docket No. CE213. Comments may be inspected in the Rules Docket weekdays, except Federal holidays, between 7:30 a.m. and 4 p.m.

FOR FURTHER INFORMATION CONTACT: Pete Rouse, Federal Aviation Administration, Aircraft Certification Service, Small Airplane Directorate, ACE-111, 901 Locust, Room 301, Kansas City, Missouri 64106; telephone: (816) 329-4135, fax: (816) 329-4090.

SUPPLEMENTARY INFORMATION: The FAA has determined that notice and opportunity for prior public comment hereon are impracticable because these procedures would significantly delay issuance of the design approval and thus delivery of the affected aircraft. In addition, the substance of these special conditions has been subject to the public comment process in several prior instances with no substantive comments received. The FAA, therefore, finds that good cause exists for making these special conditions effective upon issuance.

Comments Invited

Interested persons are invited to submit such written data, views, or arguments as they may desire. Communications should identify the regulatory docket or special condition number and be submitted in duplicate to the address specified above. All communications received on or before the closing date for comments will be considered by the Administrator. The special conditions may be changed in light of the comments received. All comments received will be available in the Rules Docket for examination by interested persons, both before and after the closing date for comments. A report summarizing each substantive public contact with FAA personnel concerning this rulemaking will be filed in the docket. Commenters wishing the FAA to acknowledge receipt of their comments submitted in response to this notice must include a self-addressed, stamped postcard on which the following statement is made: "Comments to Docket No. CE213." The postcard will be date stamped and returned to the commenter.

Background

On February 11, 2002, Thielert Aircraft Engines applied for a supplemental type certificate for the Cessna Model 172 series airplanes. The supplemental type certificate will allow Thielert Aircraft Engines to install a Thielert Aircraft engine (TAE 125-01 aircraft diesel engine (ADE)) that is equipped with an electronic engine control system with full authority capability in these airplanes.

Type Certification Basis

Under the provisions of 14 CFR, part 21, § 21.101, Thielert Aircraft Engines must show that the Cessna Model 172 meets the applicable provisions of the original certification basis of the Cessna Model 172, as listed on Type Certificate No. 3A12, issued on November 4, 1955; exemptions, if any; and the special conditions adopted by this rulemaking action. The Cessna Model 172 was originally certified under part 3 of the Civil Air Regulations.

If the Administrator finds that the applicable airworthiness regulations (i.e., CAR 3; 14 CFR, part 23) do not contain adequate or appropriate safety standards for the Cessna 172 because of a novel or unusual design feature, special conditions are prescribed under the provisions of § 21.16.

Special conditions, as appropriate, as defined in § 11.19, are issued in accordance with § 11.38, and become part of the certification basis for the supplemental type certification basis in accordance with § 21.101. Special conditions are initially applicable to the model for which they are issued. Should the applicant apply for a supplemental type certificate to modify any other models that are listed on the same type certificate to incorporate the same novel or unusual design features, the special conditions would also apply under the provisions of § 21.101.

Novel or Unusual Design Features

The Thielert Aircraft Engines modified Cessna Model 172 will incorporate a novel or unusual design feature, an engine that includes an electronic control system with full authority digital engine control (FADEC) capability.

Many advanced electronic systems are prone to either upsets or damage, or both, at energy levels lower than analog systems. The increasing use of high power radio frequency emitters mandates requirements for improved high intensity radiated fields (HIRF) protection for electrical and electronic equipment. Since the electronic engine control system used on the Thielert