(d) *Closing.* Each RBIC may conduct more than one closing to raise the specific amount of Regulatory Capital that the Applicant had projected in its application that it would raise (see § 4290.310(b)). One or more closings may take place subsequent to licensing as an RBIC to raise the difference between the required Regulatory Capital as provided under paragraphs (a) and (b) of this section and the specific amount of Regulatory Capital that the Applicant had projected to raise in its application.

§ 4290.230 [Amended]

■ 5. Amend § 4290.230(c)(5) by removing the word ''collectibility'' and adding in its place ''collectability''.

Subpart D—Application and Approval Process for RBIC Licensing

■ 6. Revise § 4290.330 to read as follows:

§ 4290.330 Guarantee fee.

In cases of Leveraged Applications, the Applicant must pay to the Agency an issuance fee for each grant or debenture guarantee. The Agency may charge such fees as the Agency considers appropriate, so long as those fees are proportionally equal for each rural business investment company, with respect to any guarantee or grant issued under this subchapter.

Subpart E—Evaluation and Selection of RBICs

§ 4290.340 [Amended]

■ 7. Amend § 4290.340 introductory text by removing ''Agency on behalf of USDA'' and adding in its place ''Administrator of RBS''.

■ 8. Amend § 4290.370 by revising the introductory text and paragraph (h) to read as follows:

§ 4290.370 Evaluation criteria.

Of those Applicants whose management team is considered qualified for venture capital investing and who have submitted an eligible and complete application, the Administrator of RBS and the Administrator on behalf of SBA, in their sole discretion, will evaluate and select an Applicant for participation in the RBIC program by considering the following criteria:

* * * * *

(h) The extent to which the Applicant will concentrate its activities on serving Smaller Enterprises located in the Rural Area in which it intends to invest, including the ratio of resources that it proposes to invest in such Enterprises as compared to other Enterprises;

* * * * *

■ 9. Amend § 4290.380 by revising the first sentence to read as follows:

§ 4290.380 Selection.

From among the Applicants that have submitted eligible and complete applications, the Administrator of RBS and the Administrator on behalf of SBA, in their sole discretion, will select some, all, or none of such Applicants to participate in the RBIC program. * * *

■ 10. Amend § 4290.390 by revising paragraph (b) to read as follows:

§ 4290.390 Licensing as a RBIC.

* * * * *

(b) *Licensing as a RBIC.* If the selected Applicant has satisfactorily met all the conditions specified in paragraph (a) of this section, as determined within the sole discretion of the Agency, then the Administrator of RBS and the Administrator on behalf of SBA will license the Applicant as a RBIC.

* * * * *

Subpart H—Recordkeeping, Reporting, and Examination Requirements for RBICs

§ 4290.610 [Amended]

■ 11. Amend § 4290.610 by removing paragraph (b) and redesignating paragraphs (c) and (d) as paragraphs (b) and (c), respectively.

Subpart I—Financing of Enterprises by RBICs

■ 12. Revise § 4290.700 to read as follows:

§ 4290.700 Requirements concerning types of Enterprises to receive Financing.

(a) *Financing requirements.* Beginning after the third fiscal year after the issuance of your RBIC license and at the close of each of your fiscal years thereafter, you must be in compliance with the Financing percentages specified in this paragraph (a).

(1) *Rural Business Concerns.* At least 75 percent of your Financings (in total dollars) to your Portfolio Concerns must have been to Rural Business Concerns.

(2) *Smaller Enterprises.* More than 50 percent of your Financings (in total dollars) to your Portfolio Concerns must have been to Smaller Enterprises that, at the time of the initial Financing to such Enterprise, meet either the net worth/net income test or the size standard set forth in the ''Smaller Enterprise'' definition in § 4290.50.

(3) *Urban Areas.* No more than 10 percent of your Financings (in total dollars) to your Portfolio Concerns must have been made to Portfolio Concerns located in an Urban Area.

(b) *Non-compliance.* If you are not in compliance with any of the Financing percentages specified in paragraph (a) of this section at the end of the third fiscal year after the issuance of your RBIC license or any fiscal year thereafter, you must come into compliance by the end of the following fiscal year. For as long as you remain out of compliance, you are not eligible for additional Leverage (see § 4290.1120).

■ 13. Amend § 4290.720 by:
■ a. Revising paragraph (g)(2);
■ b. In paragraph (i), removing ''25 percent'' and adding in its place ''50 percent''; and
■ c. In paragraph (k), removing ''of ownership'' from the heading and adding ''in control'' in its place and removing ''ownership of'' and adding ''more than 50 percent control of'' in its place.

The revision reads as follows:

§ 4290.720 Enterprises that may be ineligible for Financing.

* * * * *

(g) * * *

(2) *Exception.* This paragraph (g) does not prohibit either:

(i) A Financing used to acquire foreign materials and equipment or foreign property rights for use or sale in the United States; or

(ii) A Financing in a subsidiary based in the United States of foreign-owned entities with at least 51 percent U.S. ownership.

* * * * *

§ 4290.760 [Amended]

■ 14. Amend § 4290.760(a) by removing the words ''or Small Business Concern''.

Dated: March 13, 2020.

Mark Brodziski,

Acting Administrator, Rural Business-Cooperative Service.

Dated: March 13, 2020.

Chad Rupe,

Administrator, Rural Utilities Service.

[FR Doc. 2020–05746 Filed 3–23–20; 8:45 am]

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FEDERAL RESERVE SYSTEM

12 CFR Part 201

[Docket No. R–1700; RIN 7100–AF 74]

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 a decrease in the rate for primary credit at each Federal Reserve Bank. The secondary credit rate at each Reserve Bank automatically decreased by formula as a result of the Board's primary credit rate action.

DATES:

Effective date: The amendments to part 201 (Regulation A) are effective March 24, 2020.

Applicability date: The rate changes for primary and secondary credit were applicable on March 16, 2020.

FOR FURTHER INFORMATION CONTACT: Sophia H. Allison, Senior Special Counsel (202–452–3565), Legal Division, or Lyle Kumasaka, Lead Financial Institution & Policy Analyst (202–452–2382), 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: 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 review and determination of the Board.

On March 15, 2020, the Board voted to approve a 1.50 percentage point decrease in the primary credit rate in effect at each of the twelve Federal Reserve Banks, thereby decreasing from 1.75 percent to 0.25 percent the rate that each Reserve Bank charges for extensions of primary credit. In addition, the Board had previously approved the renewal of the secondary credit rate formula, the primary credit rate plus 50 basis points. Under the formula, the secondary credit rate in effect at each of the twelve Federal Reserve Banks decreased by 1.50 percentage point as a result of the Board's primary credit rate action, thereby decreasing from 2.25 percent to 0.75 percent the rate that each Reserve Bank charges for extensions of secondary credit. The amendments to Regulation A reflect these rate changes.

The 1.50 percentage point decrease in the primary credit rate was associated with a 1.00 percentage point decrease in the target range for the federal funds rate (from a target range of 1 percent to 1¼ percent to a target range of zero percent to ¼ percent) announced by the Federal Open Market Committee on March 15, 2020, as described in the Board's amendment of its Regulation D published elsewhere in today's **Federal Register**.

Administrative Procedure Act

In general, the Administrative Procedure Act (''APA'')[1] 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.''[2] 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.[3] The APA further provides that the notice, public comment, and delayed effective date requirements of 5 U.S.C. 553 do not apply ''to the extent that there is involved . . . a matter relating to agency management or personnel or to public property, *loans,* grants, benefits, or contracts.''[4]

Regulation A establishes the interest rates that the twelve Reserve Banks charge for extensions of primary credit and secondary credit. The Board has determined that the notice, public comment, and delayed effective date requirements of the APA do not apply to these final amendments to Regulation A. The amendments involve a matter relating to loans and are therefore exempt under the terms of the APA. Furthermore, because delay would undermine the Board's action in responding to economic data and conditions, the Board has determined that ''good cause'' exists within the meaning of the APA to dispense with the notice, public comment, and delayed effective date procedures of the APA with respect to the final amendments to Regulation A.

Regulatory Flexibility Analysis

The Regulatory Flexibility Act (''RFA'') does not apply to a rulemaking where a general notice of proposed rulemaking is not required.[5] As noted previously, a general notice of proposed rulemaking is not required if the final rule involves a matter relating to loans. Furthermore, 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.

Paperwork Reduction Act

In accordance with the Paperwork Reduction Act (''PRA'') of 1995,[6] 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.

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.[3]

(a) *Primary credit.* The interest rate at each Federal Reserve Bank for primary credit provided to depository institutions under § 201.4(a) is 0.25 percent.

(b) *Secondary credit.* The interest rate at each Federal Reserve Bank for

[1] 5 U.S.C. 551 *et seq.*

[2] 5 U.S.C. 553(b)(3)(A).

[3] 5 U.S.C. 553(d).

[4] 5 U.S.C. 553(a)(2) (emphasis added).

[5] 5 U.S.C. 603, 604.

[6] 44 U.S.C. 3506; see 5 CFR part 1320 Appendix A.1.

[3] 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.

secondary credit provided to depository institutions under § 201.4(b) is 0.75 percent.

* * * * *

[3] 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.

By order of the Board of Governors of the Federal Reserve System, March 16, 2020.

Ann Misback,

Secretary of the Board.

[FR Doc. 2020–05804 Filed 3–23–20; 8:45 am]

BILLING CODE 6210–01–P

FEDERAL RESERVE SYSTEM

12 CFR Part 204

[Docket No. R–1702; RIN 7100–AF 76]

Regulation D: Reserve Requirements of Depository Institutions

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Interim final rule, request for public comment.

SUMMARY: The Board of Governors of the Federal Reserve System (''Board'') is amending its Regulation D (Reserve Requirements of Depository Institutions, 12 CFR part 204) to lower reserve ratios on transaction accounts maintained at depository institutions to zero percent.

DATES:

Effective date: The amendments to part 204 (Regulation D) are effective on March 24, 2020.

Applicability date: The changes to reserve requirement ratios are applicable on March 26, 2020.

Comments: Comments must be received on or before May 26, 2020.

ADDRESSES: You may submit comments, identified by Docket Number R–1702; RIN 7100–AF 76, by any of the following methods:

- *Agency Website: http://www.federalreserve.gov.* Follow the instructions for submitting comments at *http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm.*
- *Email: regs.comments@federalreserve.gov.* Include the docket number and RIN in the subject line of the message.
- *Fax:* (202) 452–3819 or (202) 452–3102.
- *Mail:* Ann E. Misback, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue NW, Washington, DC 20551.

All public comments are available from the Board's website at *http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm* as submitted, unless modified for technical reasons or to remove personally identifiable information at the commenter's request. Accordingly, comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper in Room 146, 1709 New York Avenue NW, Washington, DC 20006, between 9 a.m. and 5 p.m. on weekdays.

FOR FURTHER INFORMATION CONTACT: Sophia H. Allison, Senior Special Counsel, (202–452–3565), Legal Division, or Matthew Malloy (202–452–2416), Division of Monetary Affairs, or Heather Wiggins (202–452–3674), 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

Section 19 of the Federal Reserve Act (the ''Act'') imposes reserve requirements on certain types of deposits and other liabilities of depository institutions. Specifically, section 19(b)(2) of the Act (12 U.S.C. 461(b)(2)) requires each depository institution to maintain reserves against its transaction accounts, nonpersonal time deposits, and Eurocurrency liabilities, as prescribed by Board regulations, for the purpose of implementing monetary policy. Reserve requirements for nonpersonal time deposits and Eurocurrency liabilities have been set at zero percent since 1990.

Depository institutions satisfy reserve requirements by maintaining cash in their vault or, if vault cash is insufficient, by maintaining a balance in an account at a Federal Reserve Bank. The amount that a depository institution must maintain is known as the depository institution's reserve requirement. *See* 12 CFR 204.4 (computation of reserve requirements). The amount that a depository institution must maintain in an account at a Reserve Bank over and above the amount of its vault cash is known as the depository institution's reserve balance requirement. 12 CFR 204.2(ee) (definition of ''reserve balance requirement''). Currently, over 2,500 depository institutions maintain, in aggregate, $150 billion in account balances to satisfy reserve balance requirements.

Transaction account balances maintained at each depository institution are subject to reserve requirement ratios of zero, three, or ten percent. Section 19(b)(11)(A) of the Act (12 U.S.C. 461(b)(11)(A)) provides that a zero percent reserve requirement shall apply at each depository institution to total reservable liabilities that do not exceed a certain amount, known as the reserve requirement exemption amount. Section 19(b)(2) of the Act (12 U.S.C. 461(b)(2)) provides that transaction account balances maintained at each depository institution over the reserve requirement exemption amount and up to a certain amount, known as the low reserve tranche, are subject to a three percent reserve requirement. Transaction account balances over the low reserve tranche are subject to a ten percent reserve requirement. The reserve requirement exemption amount and the low reserve tranche are adjusted annually pursuant to formulas set forth in the Act.

The reserve requirement ratios implemented by the Board pursuant to Section 19 of the Act are set forth in Section 204.4(f) of Regulation D. Currently, the reserve requirement exemption amount is $16.9 million, and the low reserve tranche amount is $127.5 million.

II. Discussion

A. Recent Developments

For many years, reserve requirements played a central role in the implementation of monetary policy by creating a stable demand for reserves. In January 2019, the FOMC announced its intention to implement monetary policy in an ample reserves regime. Reserve requirements do not play a significant role in this operating framework. In light of the shift to an ample reserves regime, the Board has determined to reduce the reserve requirement ratios to zero percent effective March 26, 2020. This action eliminates reserve requirements for thousands of depository institutions and will help to support lending to households and businesses.

III. Request for Comment

The Board seeks comment on all aspects of this interim final rule.

IV. Administrative Procedure Act

In accordance with the Administrative Procedure Act (''APA'') section 553(b) (5 U.S.C. 553(b)), the Board finds, for good cause, that providing notice and an opportunity for public comment before the effective date of this rule would be contrary to the public interest. In addition, pursuant to APA section 553(d) (5 U.S.C. 553(d)), the Board finds good