

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,<sup>6</sup> 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 is revised 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.<sup>3</sup>

(a) *Primary credit.* The interest rate at each Federal Reserve Bank for primary credit provided to depository institutions under § 201.4(a) is 3.00 percent.

(b) *Secondary credit.* The interest rate at each Federal Reserve Bank for secondary credit provided to depository institutions under § 201.4(b) is 3.50 percent.

\* \* \* \* \*

By order of the Board of Governors of the Federal Reserve System, December 20, 2018.

**Ann Misback,**

*Secretary of the Board.*

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<sup>6</sup> 44 U.S.C. 3506; see 5 CFR part 1320, appendix A.1.

<sup>3</sup> 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 SYSTEM

### 12 CFR Part 204

[Docket No. R–1646]

RIN 7100–AF35

### 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 2.40 percent and IOER is 2.40 percent, a 0.20 percentage point increase from their prior levels. The amendments are intended to enhance the role of such rates of interest in moving the Federal funds rate into the target range established by the Federal Open Market Committee ("FOMC" or "Committee").

#### DATES:

*Effective date:* The amendments to part 204 (Regulation D) are effective January 31, 2019.

*Applicability date:* The IORR and IOER rate changes were applicable on December 20, 2018.

#### 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.<sup>1</sup> 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").<sup>2</sup> 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.<sup>3</sup> Institutions that are eligible to receive earnings on their balances held at Reserve Banks ("eligible institutions") include depository institutions and certain other institutions.<sup>4</sup> Section 19 also provides that the Board may prescribe regulations concerning the payment of earnings on balances at a Reserve Bank.<sup>5</sup> Prior to these amendments, Regulation D specified a rate of 2.20 percent for both IORR and IOER.<sup>6</sup>

### II. Amendments to IORR and IOER

The Board is amending § 204.10(b)(5) of Regulation D to specify that IORR is 2.40 percent and IOER is 2.40 percent. This 0.20 percentage point increase in the IORR and IOER was associated with an increase in the target range for the federal funds rate, from a target range of 2 to 2¼ percent to a target range of 2¼ to 2½ percent, announced by the FOMC on December 19, 2018, with an effective date of December 20, 2018. The FOMC's press release on the same day as the announcement noted that:

Information received since the Federal Open Market Committee met in November indicates that the labor market has continued to strengthen and that economic activity has been rising at a strong rate. Job gains have been strong, on average, in recent months, and the unemployment rate has remained low. Household spending has continued to grow strongly, while growth of business fixed investment has moderated from its rapid pace earlier in the year. On a 12-month basis, both overall inflation and inflation for items other than food and energy remain near 2 percent. Indicators of longer-term inflation expectations are little changed, on balance.

Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee judges that some further gradual increases in the target range for the federal funds rate will be consistent with sustained expansion of economic activity, strong labor market conditions, and inflation near the Committee's symmetric 2 percent objective over the medium term. The Committee judges that risks to the economic outlook are roughly balanced, but will continue to monitor global economic and financial

<sup>2</sup> 12 CFR 204.5(a)(1).

<sup>3</sup> 12 U.S.C. 461(b)(1)(A) & (b)(12)(A).

<sup>4</sup> See 12 U.S.C. 461(b)(1)(A) & (b)(12)(C); see also 12 CFR 204.2(y).

<sup>5</sup> See 12 U.S.C. 461(b)(12)(B).

<sup>6</sup> See 12 CFR 204.10(b)(5).

<sup>1</sup> 12 U.S.C. 461(b).

developments and assess their implications for the economic outlook.

In view of realized and expected labor market conditions and inflation, the Committee decided to raise the target range for the federal funds rate to 2¼ to 2½ percent.

A Federal Reserve Implementation note released simultaneously with the announcement stated:

The Board of Governors of the Federal Reserve System voted unanimously to raise the interest rate paid on required and excess reserve balances to 2.40 percent, effective December 20, 2018. Setting the interest rate paid on required and excess reserve balances 10 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 § 204.10(b)(5) of Regulation D to change IORR to 2.40 percent and IOER to 2.40 percent.

### III. Administrative Procedure Act

In general, the Administrative Procedure Act ("APA")<sup>7</sup> 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."<sup>8</sup> 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.<sup>9</sup>

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 increases 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 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.<sup>10</sup> 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,<sup>11</sup> 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 .....	2.40
IOER .....	2.40

\* \* \* \* \*

By order of the Board of Governors of the Federal Reserve System, December 20, 2018.

**Ann Misback,**

*Secretary of the Board.*

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## BUREAU OF CONSUMER FINANCIAL PROTECTION

### 12 CFR Part 1003

RIN 3170–AA92

### Home Mortgage Disclosure (Regulation C) Adjustment to Asset-Size Exemption Threshold

**AGENCY:** Bureau of Consumer Financial Protection.

**ACTION:** Final rule; official commentary.

**SUMMARY:** The Bureau of Consumer Financial Protection (Bureau) is amending the official commentary that interprets the requirements of the Bureau's Regulation C (Home Mortgage Disclosure) to reflect the asset-size exemption threshold for banks, savings associations, and credit unions based on the annual percentage change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). Based on the 2.6 percent increase in the average of the CPI-W for the 12-month period ending in November 2018, the exemption threshold is adjusted to increase to \$46 million from \$45 million. Therefore, banks, savings associations, and credit unions with assets of \$46 million or less as of December 31, 2018, are exempt from collecting data in 2019.

**DATES:** *Effective date:* This rule is effective January 31, 2019.

*Applicability date:* This rule is applicable on January 1, 2019, consistent with relevant statutory or regulatory provisions.

**FOR FURTHER INFORMATION CONTACT:** Monique Chenault, Paralegal Specialist, Office of Regulations, at (202) 435–7700. If you require this document in an alternative electronic format, please contact [CFPB\\_Accessibility@cfpb.gov](mailto:CFPB_Accessibility@cfpb.gov).

**SUPPLEMENTARY INFORMATION:**

<sup>7</sup> 5 U.S.C. 551 *et seq.*

<sup>8</sup> 5 U.S.C. 553(b)(3)(A).

<sup>9</sup> 5 U.S.C. 553(d).

<sup>10</sup> 5 U.S.C. 603, 604.

<sup>11</sup> 44 U.S.C. 3506; see 5 CFR part 1320, appendix A.1.