

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 established IORB at 4.9 percent.⁶

II. Amendment to IORB

The Board is amending § 204.10(b)(1) of Regulation D to establish IORB at 4.65 percent. The amendment represents a 0.25 percentage point decrease in IORB. This decision was announced on November 7, 2024, with an effective date of November 8, 2024, in the Federal Reserve Implementation Note that accompanied the FOMC’s statement on November 7, 2024. The FOMC statement stated that the Committee decided to lower the target range for the federal funds rate to 4½ to 4¾ percent.

The Federal Reserve Implementation Note stated:

The Board of Governors of the Federal Reserve System voted unanimously to lower the interest rate paid on reserve balances to 4.65 percent, effective November 8, 2024.

As a result, the Board is amending § 204.10(b)(1) of Regulation D to establish IORB at 4.65 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 change for IORB that is reflected in the final amendment to Regulation D was 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 this final amendment 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.

Authority and Issuance

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)(1) to read as follows:

§ 204.10 Payment of interest on balances.

* * * * *

(b) * * *

(1) For balances maintained in an eligible institution’s master account, interest is the amount equal to the interest on reserve balances rate (“IORB rate”) on a day multiplied by the total balances maintained on that day. The IORB rate is 4.65 percent.

* * * * *

By order of the Board of Governors of the Federal Reserve System.

Ann E. Misback,
Secretary of the Board.

[FR Doc. 2024–26991 Filed 11–19–24; 8:45 am]

BILLING CODE 6210–01–P

FEDERAL RESERVE SYSTEM

12 CFR Part 204

[Regulation D; Docket No. R–1848]

RIN 7100–AG 88

Reserve Requirements of Depository Institutions

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final rule.

SUMMARY: The Board is amending Regulation D, Reserve Requirements of Depository Institutions, to reflect the annual indexing of the reserve requirement exemption amount and the low reserve tranche for 2025. The annual indexation of these amounts is required notwithstanding the Board’s action in March 2020 of setting all

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) & (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)(1).

⁷ 5 U.S.C. 551 *et seq.*

⁸ 5 U.S.C. 553(b)(3)(A).

⁹ 5 U.S.C. 553(d).

¹⁰ 5 U.S.C. 603, 604.

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

reserve requirement ratios to zero. The Board is amending Regulation D to set the reserve requirement exemption amount at \$37.8 million (increased from \$36.1 million in 2024) and the amount of the low reserve tranche at \$645.8 million (increased from \$644.0 million in 2024). The adjustments to both of these amounts are derived using statutory formulas specified in the Federal Reserve Act (the “Act”). The annual indexation of the reserve requirement exemption amount and low reserve tranche is required by statute but will not affect depository institutions’ reserve requirements, which will remain zero.

DATES:

Effective date: December 20, 2024.

Compliance date: The new exemption amount and low reserve tranche will apply beginning January 1, 2025.

FOR FURTHER INFORMATION CONTACT:

Benjamin Snodgrass, Senior Counsel (202/263–4877), Legal Division; Kristen Payne, Lead Financial Institution and Policy Analyst (202/306–9573), Division of Monetary Affairs; for users of TTY/TRS, please call 711 from any telephone, anywhere in the United States, or (202/263–4869); Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551.

SUPPLEMENTARY INFORMATION: 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 and nonpersonal time deposits, as prescribed by Board regulations, for the purpose of implementing monetary policy. The Board’s actions with respect to this provision are discussed below.

I. Reserve Requirements

Section 19(b) of the Act authorizes different ranges of reserve requirement ratios depending on the amount of transaction account balances at a depository institution. Section 19(b)(11)(A) of the Act (12 U.S.C. 461(b)(11)(A)) provides that a zero percent reserve requirement ratio 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)(11)(B) provides that, before December 31 of each year, the Board shall issue a regulation adjusting the reserve requirement exemption amount for the next calendar year if total reservable liabilities held at all depository institutions increase from one year to the next. The Act requires the percentage increase in the reserve requirement exemption amount to be 80

percent of the percentage increase in total reservable liabilities of all depository institutions over the one-year period that ends on the June 30 prior to the adjustment. No adjustment is made to the reserve requirement exemption amount if total reservable liabilities held at all depository institutions should decrease during the applicable time period.

Total reservable liabilities of all depository institutions increased by 5.7 percent, from \$19,079 billion to \$20,172 billion, between June 30, 2023, and June 30, 2024.¹ Accordingly, the Board is amending Regulation D to set the reserve requirement exemption amount for 2025 at \$37.8 million, an increase of \$1.7 million from its level in 2024.²

Pursuant to Section 19(b)(2) of the Act (12 U.S.C. 461(b)(2)), 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, may be subject to a reserve requirement ratio of not more than 3 percent (and which may be zero). Transaction account balances over the low reserve tranche may be subject to a reserve requirement ratio of not more than 14 percent (and which may be zero). Section 19(b)(2) also provides that, before December 31 of each year, the Board shall issue a regulation adjusting the low reserve tranche for the next calendar year. The Act requires the adjustment in the low reserve tranche to be 80 percent of the percentage increase or decrease in total transaction accounts of all depository institutions over the one-year period that ends on the June 30 prior to the adjustment.

Net transaction accounts of all depository institutions increased 0.3 percent, from \$16,048 billion to \$16,102 billion, between June 30, 2023, and June 30, 2024.³ Accordingly, the Board is amending Regulation D to set the low reserve tranche for net transaction accounts for 2025 at \$645.8 million, an increase of \$1.8 million from 2024.

The new reserve requirement exemption amount and low reserve tranche will be effective for all depository institutions beginning January 1, 2025.

¹The June 30th value for 2023 may differ from the value used in the previous year’s calculation because depository institutions may revise their deposit data to correct for inaccuracies.

²Consistent with Board practice, the low reserve tranche and reserve requirement exemption amounts have been rounded to the nearest \$0.1 million.

³The June 30th value for 2023 may differ from the value used in the previous year’s calculation because depository institutions may revise their deposit data to correct for inaccuracies.

Effective March 26, 2020, the Board reduced reserve requirement ratios on all net transaction accounts to zero percent, eliminating reserve requirements for all depository institutions. The annual indexation of the reserve requirement exemption amount and the low reserve tranche for 2025 is required by statute but will not affect depository institutions’ reserve requirements, which will remain zero.

II. Regulatory Analysis

Administrative Procedure Act

The provisions of 5 U.S.C. 553(b) relating to notice of proposed rulemaking have not been followed in connection with the adoption of these amendments. The amendments involve expected, ministerial adjustments prescribed by statute and by the Board’s policy concerning reporting practices. The adjustments in the reserve requirement exemption amount and the low reserve tranche serve to reduce regulatory burdens on depository institutions. Accordingly, the Board finds good cause for determining, and so determines, that notice in accordance with 5 U.S.C. 553(b) is unnecessary.

Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA) does not apply to a rulemaking where a general notice of proposed rulemaking is not required.⁴ As noted previously, the Board has determined that it is unnecessary 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 of 1995,⁵ the Board reviewed this final rule. No collections of information pursuant to the Paperwork Reduction Act are contained in the final rule.

List of Subjects in 12 CFR Part 204

Banks, Banking, Reporting and recordkeeping requirements.

Authority and Issuance

For the reasons set forth in the preamble, the Board is amending 12 CFR part 204 as follows:

⁴ 5 U.S.C. 603 and 604.

⁵ 44 U.S.C. 3506; 5 CFR 1320.

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 204.4 is amended by revising paragraph (f) to read as follows:

§ 204.4 Computation of required reserves.

* * * * *

(f) For all depository institutions, Edge and Agreement corporations, and United States branches and agencies of

foreign banks, required reserves are computed by applying the reserve requirement ratios in table 1 to this paragraph (f) to net transaction accounts, nonpersonal time deposits, and Eurocurrency liabilities of the institution during the computation period.

TABLE 1 TO PARAGRAPH (f)

Reservable liability	Reserve requirement
Net Transaction Accounts:	
\$0 to reserve requirement exemption amount (\$37.8 million)	0 percent of amount.
Over reserve requirement exemption amount (\$37.8 million) and up to low reserve tranche (\$645.8 million).	0 percent of amount.
Over low reserve tranche (\$645.8 million)	\$0 plus 0 percent of amount over \$645.8 million.
Nonpersonal time deposits	0 percent.
Eurocurrency liabilities	0 percent.

By order of the Board of Governors of the Federal Reserve System, acting through the Director of the Division of Monetary Affairs under delegated authority, November 12, 2024.

Ann E. Misback,
Secretary of the Board.

[FR Doc. 2024-26981 Filed 11-19-24; 8:45 am]

BILLING CODE 6210-01-P

SMALL BUSINESS ADMINISTRATION

13 CFR Part 123

RIN 3245-A120

Disaster Assistance Loan Program Updates

AGENCY: U.S. Small Business Administration.

ACTION: Direct final rule.

SUMMARY: This direct final rule amends the U.S. Small Business Administration’s (SBA or Agency) regulations governing the SBA Disaster Loan Program by revising the definition of contiguous counties, clarifying the timeline for a governor’s request to be delivered to an SBA Disaster Assistance Field Operations Center, and modernizing language for clarity and consistency.

DATES:

Effective date: This final rule is effective January 21, 2025 without further action. If significant adverse comment is received, SBA will publish a timely withdrawal of the rule in the **Federal Register**.

Applicability date: This rule is applicable for disasters declared on or after January 21, 2025.

Comment date: Comments must be received on or before December 20, 2024.

ADDRESSES: You may submit comments, identified by docket number SBA–2024–0015 through the Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.

SBA will post all comments on www.regulations.gov. If you wish to submit confidential business information (CBI) as defined in the User Notice at www.regulations.gov, please send an email to Eric Wall at eric.wall@sba.gov and highlight the information that you consider to be CBI and explain why you believe SBA should hold this information as confidential. All other comments must be submitted through the Federal eRulemaking Portal described above. 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 whether it will publish the information.

FOR FURTHER INFORMATION CONTACT: Eric Wall, Office of Disaster Recovery and Resilience, 409 3rd St. SW, Washington, DC 20416, (202) 205-6739.

SUPPLEMENTARY INFORMATION:

I. Background

The SBA’s Disaster Loan Program provides critical assistance to communities after a disaster. Pursuant to Section 7(b) of the Small Business Act, 15 U.S.C. 636(b) (the Act), the SBA is authorized to make direct loans to homeowners, renters, businesses, and non-profit organizations that have been adversely affected by a disaster. Also pursuant to the Act, the SBA may declare an Agency disaster in areas demonstrating substantial physical or economic damage because of natural or other disasters.

With natural disasters increasing in size, severity, and frequency across the United States and its territories, SBA is expanding the definition of contiguous counties, clarifying certain aspects of disaster declaration requests, and simplifying language to ensure consistency.

SBA believes these changes are necessary to:

- Increase efficiencies in the administration and delivery of the disaster loan program to better achieve mission and improve outcomes for economic recovery,
- Recognize the unique economic circumstances of island chains,
- Clarify the timeline for Governor submissions of disaster requests, and
- Ensure consistency and clarity of language within SBA guidance documents.

II. Description of Regulatory Changes

SBA is amending the language in 13 CFR 123.2 (What are disaster loans and disaster declarations?), 123.3 (How are disaster declarations made?), and 123.4 (What is a disaster area and why is it important?) to update the language from “disaster victims” to “disaster survivors.” This update will modernize the language in the CFR to reflect the strength of those who have survived a disaster. The change will also align the regulations with the terminology currently used by the SBA Disaster Loan Program.

SBA is amending 13 CFR 123.2 to subdivide the paragraph into two separate paragraphs. This technical change separates the definition of disaster loans and disaster declarations into a format easier to comprehend.

SBA is amending the first sentence in 13 CFR 123.3(a)(3)(i), How are disaster declarations made?, to replace the word U.S. possession with “territory” to