

in the mutual fund or unit investment trust.

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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 in this final rule are effective November 14, 2005. 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 4.75 percent to 5.00 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 5.25 percent to 5.50 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 3.75 percent to 4.00 percent) approved by the Federal Open Market Committee (Committee) and announced at the same time. A press release announcing these actions indicated that:

Elevated energy prices and hurricane-related disruptions in economic activity have temporarily depressed output and employment. However, monetary policy accommodation, coupled with robust underlying growth in productivity, is providing ongoing support to economic activity that will likely be augmented by planned rebuilding in the hurricane-affected areas. The cumulative rise in energy and other costs has the potential to add to inflation pressures; however, core inflation has been relatively low in recent months and longer-term inflation expectations remain contained.

The Committee perceives that, with appropriate monetary policy action, the upside and downside risks to the attainment of both sustainable growth and price stability should be kept roughly equal. With underlying inflation expected to be contained, 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.<sup>1</sup>

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

Federal Reserve Bank	Rate	Effective
Boston .....	5.00	November 1, 2005.
New York .....	5.00	November 1, 2005.
Philadelphia .....	5.00	November 1, 2005.
Cleveland .....	5.00	November 1, 2005.
Richmond .....	5.00	November 1, 2005.
Atlanta .....	5.00	November 1, 2005.
Chicago .....	5.00	November 1, 2005.
St. Louis .....	5.00	November 2, 2005.

<sup>1</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 Bank	Rate	Effective
Minneapolis .....	5.00	November 1, 2005.
Kansas City .....	5.00	November 1, 2005.
Dallas .....	5.00	November 1, 2005.
San Francisco .....	5.00	November 1, 2005.

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

Federal Reserve Bank	Rate	Effective
Boston .....	5.50	November 1, 2005.
New York .....	5.50	November 1, 2005.
Philadelphia .....	5.50	November 1, 2005.
Cleveland .....	5.50	November 1, 2005.
Richmond .....	5.50	November 1, 2005.
Atlanta .....	5.50	November 1, 2005.
Chicago .....	5.50	November 1, 2005.
St. Louis .....	5.50	November 2, 2005.
Minneapolis .....	5.50	November 1, 2005.
Kansas City .....	5.50	November 1, 2005.
Dallas .....	5.50	November 1, 2005.
San Francisco .....	5.50	November 1, 2005.

\* \* \* \* \*

By order of the Board of Governors of the Federal Reserve System, November 7, 2005.

**Jennifer J. Johnson,**

*Secretary of the Board.*

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## SMALL BUSINESS ADMINISTRATION

### 13 CFR Part 121

#### RIN 3245-AF43

#### Small Business Size Standards; Gulf Opportunity Pilot Loan Program

**AGENCY:** Small Business Administration.

**ACTION:** Interim final rule with request for comments.

**SUMMARY:** The U.S. Small Business Administration (SBA) is temporarily amending the size eligibility criteria for loan assistance provided under the "Gulf Opportunity Pilot Loan Program," a one-year pilot under the 7(a) Business Loan Program. The pilot program makes available on an expedited basis 7(a) loans to small businesses located in, locating to, or relocating in disaster areas declared by the President as a result of Hurricanes Katrina and Rita and any contiguous parishes or counties. This interim final rule makes financial assistance under the pilot program available to businesses that are considered small for the purpose of SBA's 7(a) Business Loan Program and businesses considered small for the purpose of SBA's Certified Development Company Program. SBA prepared this

rule as an interim final rule because its immediate implementation will facilitate the reconstruction and economic recovery of the Gulf Coast.

**DATES:** *Effective Date:* This regulation becomes effective on November 14, 2005.

*Comment Period:* Comments must be received by SBA on or before December 14, 2005.

**ADDRESSES:** You may submit comments identified by RIN 3245-AF43 through one of the following methods: (1) Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments; (2) Fax: (202) 205-6390; or (3) Mail/Hand Delivery/Courier: Gary M. Jackson, Assistant Administrator for Size Standards, 409 Third Street, SW., Mail Code 6530, Washington, DC 20416.

**FOR FURTHER INFORMATION CONTACT:** Charles W. Thomas, Director, Office of Program Development, Office of Financial Assistance, (202) 205-6656 or [charles.thomas@sba.gov](mailto:charles.thomas@sba.gov).

#### SUPPLEMENTARY INFORMATION:

##### Gulf Opportunity Pilot Loan Program

SBA, in cooperation with lending institutions, has established a Gulf Opportunity Pilot Loan Program (GO Loan Pilot or Pilot), as a pilot under the 7(a) Business Loan Program, to expedite delivery of small business financing in the form of 7(a) loans to small businesses located in, locating to, or relocating in Presidentially-declared disaster areas resulting from Hurricanes Katrina and Rita and any contiguous parishes or counties (SBA Policy Notice 5000-978, November 8, 2005).

The scope and magnitude of damage caused by Hurricanes Katrina and Rita is unprecedented. SBA has determined that the small businesses located in those communities have an extraordinary need for moderately-sized loans (\$150,000 or less) provided on an expedited basis. To respond to these extraordinary needs of the small business community, SBA developed a pilot program, which goes beyond the Agency's traditional disaster relief efforts, to deliver financial assistance to small businesses located in, locating to, or relocating in the Presidentially-declared disaster areas resulting from Hurricanes Katrina and Rita and any contiguous parishes or counties (A list of eligible parishes and counties is located at: [http://www.sba.gov/disaster\\_recov/katrinafactsheets.html](http://www.sba.gov/disaster_recov/katrinafactsheets.html)). Borrowers under this pilot must meet the geographical requirements as well as the standard eligibility requirements for the loan. The Agency structured the GO Loan Pilot to provide its full 85 percent guaranty to more strongly encourage lenders to lend to businesses in the affected communities. The GO Loan pilot will be a temporary pilot program for use in fiscal year 2006, and will expire on September 30, 2006. This interim final rule makes the expedited small business financing available to businesses that are considered small for the purpose of SBA's 7(a) Business Loan Program and businesses considered small for the purpose of SBA's Certified Development Company (CDC) Program.