

Rules and Regulations

Federal Register

Vol. 82, No. 36

Friday, February 24, 2017

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FEDERAL RESERVE SYSTEM

12 CFR Part 209

[Regulation I; Docket No. R-1560]

RIN 7100-AE 68

Federal Reserve Bank Capital Stock

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final rule.

SUMMARY: The Board of Governors (Board) is publishing a final rule that applies an inflation adjustment to the \$10 billion total consolidated asset threshold in Regulation I, which implements the provision of the “Fixing America’s Surface Transportation Act” (FAST Act) that sets the dividend rate that member banks with more than \$10 billion in total consolidated assets earn on their Federal Reserve Bank (Reserve Bank) stock. The FAST Act requires that the Board annually adjust the \$10 billion total consolidated asset threshold to reflect the change in the Gross Domestic Product Price Index, published by the Bureau of Economic Analysis. Based on the change in the Gross Domestic Product Price Index as of September 29, 2016, the total consolidated asset threshold will be \$10,122,000,000 through December 31, 2017.

DATES: This final rule is effective March 27, 2017.

FOR FURTHER INFORMATION CONTACT: Evan Winerman, Counsel (202/872-7578), Legal Division; or Kimberly Zaikov, Financial Project Leader (202/452-2256), Reserve Bank Operations and Payments Systems Division. For users of Telecommunications Device for the Deaf (TDD) only, contact (202) 263-4869.

SUPPLEMENTARY INFORMATION:

I. Background

Regulation I governs the issuance and cancellation of capital stock by the Reserve Banks. Under section 5 of the Federal Reserve Act¹ and Regulation I,² a member bank must subscribe to capital stock of the Reserve Bank of its district in an amount equal to six percent of the member bank’s capital and surplus. The member bank must pay for one-half of this subscription on the date that the Reserve Bank approves its application for capital stock, while the remaining half of the subscription shall be subject to call by the Board.³

Prior to January 1, 2016, all member banks were entitled to a six percent dividend on their paid-in capital stock. As of January 1, 2016, the FAST Act⁴ amended section 7(a)(1) of the Federal Reserve Act⁵ to provide that stockholders with more than \$10 billion in total consolidated assets shall receive a dividend on paid-in capital stock equal to the *lesser* of six percent and “the rate equal to the high yield of the 10-year Treasury note auctioned at the last auction held prior to the payment of such dividend,” while stockholders with \$10 billion or less in total consolidated assets shall continue to receive a six percent dividend. The FAST Act also provides that the Board must adjust the \$10 billion threshold for total consolidated assets annually to reflect the change in the Gross Domestic Product Price Index, published by the Bureau of Economic Analysis.

On November 23, 2016, the Board published a final rule (FAST Act Final Rule) in the **Federal Register** that amended Regulation I to implement section 32203 of the FAST Act.⁶ Regulation I now includes multiple references in §§ 209.2, 209.3, and 209.4 to banks with total consolidated assets of either “\$10,000,000,000 or more” or “less than \$10,000,000,000.”⁷ As

¹ 12 U.S.C. 287.

² 12 CFR 209.4(a).

³ 12 U.S.C. 287 and 12 CFR 209.4(c)(2).

⁴ Public Law 114-94, 129 Stat. 1312 (2015). See <https://www.congress.gov/114/bills/hr22/BILLS-114hr22enr.pdf/>.

⁵ 12 U.S.C. 289(a)(1).

⁶ 81 FR 84415 (Nov. 23, 2016). The final rule adopted, without change, an interim final rule that the Board published in the **Federal Register** on February 24, 2016 (81 FR 9082).

⁷ Regulation I defines “total consolidated assets” as “the total assets on the stockholder’s balance sheet as reported by the stockholder on its Consolidated Report of Condition and Income (Call

required by the FAST Act, Regulation I provides that all references to the \$10 billion total consolidated asset threshold shall be adjusted annually to reflect the change in the Gross Domestic Product Price Index.⁸ The preamble to the FAST Act Final Rule noted that “[t]he Board expects to make this adjustment using the final second quarter estimate of the Gross Domestic Product Price Index for each year, published by the Bureau of Economic Analysis.”⁹

II. Adjustment

As of the effective date, the total consolidated asset threshold in Regulation I shall be \$10,122,000,000. This is based on the final second quarter 2016 Gross Domestic Product Price Index estimate published by Bureau of Economic Analysis (111.268), which is 1.22% higher than the final second quarter 2015 Gross Domestic Product Price Index estimate (109.922).

III. Administrative Law Matters

Administrative Procedure Act

Under the Administrative Procedure Act, notice and opportunity for public comment are not required if the Board finds that notice and public comment are impracticable, unnecessary, or contrary to the public interest.¹⁰ The amendment in this document is technical and applies the method previously set forth in the FAST Act Final Rule.¹¹ For these reasons, the Board has determined that publishing a notice of proposed rulemaking and providing opportunity for public comment are unnecessary. Therefore, the amendments are adopted in final form.

Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA) does not apply to a rulemaking where a general notice of proposed rulemaking is not required.¹² As noted previously,

Report) as of the most recent December 31, except in the case of a new member or the surviving stockholder after a merger ‘total consolidated assets’ means (until the next December 31 Call Report becomes available) the total consolidated assets of the new member or the surviving stockholder at the time of its application for capital stock.” 12 CFR 209.1(d)(3).

⁸ 12 CFR 209.4(f).

⁹ 81 FR at 84417.

¹⁰ 5 U.S.C. 553(b)(B).

¹¹ See 12 CFR 209.4(f).

¹² 5 U.S.C. 603 and 604.

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 1995,¹³ the Board has 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 209

Banks and banking, Federal Reserve System, Reporting and recordkeeping requirements, Securities.

Authority and Issuance

For the reasons set forth in the preamble, the Board amends Regulation I, 12 CFR part 209, as follows:

PART 209—ISSUE AND CANCELLATION OF FEDERAL RESERVE BANK CAPITAL STOCK (REGULATION I)

■ 1. The authority citation for part 209 continues to read as follows:

Authority: 12 U.S.C. 222, 248, 282, 286–288, 289, 321, 323, 327–328, and 466.

■ 2. In part 209, remove all references to “\$10,000,000,000” and add in their place “\$10,122,000,000”, wherever they appear.

By order of the Board of Governors of the Federal Reserve System, February 17, 2017.

Robert deV. Frierson,
Secretary of the Board.

[FR Doc. 2017–03568 Filed 2–23–17; 8:45 am]

BILLING CODE 6210–01–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2015–0674; Directorate Identifier 2014–SW–019–AD; Amendment 39–18792; AD 2017–03–01]

RIN 2120–AA64

Airworthiness Directives; Airbus Helicopters Deutschland GmbH (Previously Eurocopter Deutschland GmbH) Helicopters

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: We are superseding airworthiness directive (AD) 2014–05–06 for Eurocopter Deutschland GmbH (ECD) (now Airbus Helicopters Deutschland GmbH) Model EC135 and MBB–BK 117 C–2 helicopters to correct an error in the compliance time. AD 2014–05–06 required inspecting the flight-control bearings and installing bushings and washers. This AD requires the same actions. These actions are intended to prevent an unsafe condition on these products.

DATES: This AD is effective March 31, 2017.

The Director of the Federal Register approved the incorporation by reference of certain publications listed in this AD as of April 14, 2014 (79 FR 13196, March 10, 2014).

ADDRESSES: For service information identified in this final rule, contact Airbus Helicopters, Inc., 2701 N. Forum Drive, Grand Prairie, TX 75052; telephone (972) 641–0000 or (800) 232–0323; fax (972) 641–3775; or at <http://www.airbushelicopters.com/techpub>. You may review the referenced service information at the FAA, Office of the Regional Counsel, Southwest Region, 10101 Hillwood Pkwy, Room 6N–321, Fort Worth, TX 76177. It is also available on the Internet at <http://www.regulations.gov> by searching for and locating Docket No. FAA–2015–0674.

Examining the AD Docket

You may examine the AD docket on the Internet at <http://www.regulations.gov> by searching for and locating Docket No. FAA–2015–0674; or in person at the Docket Operations Office between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this AD, the European Aviation Safety Agency (EASA) AD, any incorporated-by-reference service information, the economic evaluation, any comments received, and other information. The street address for the Docket Operations Office (phone: 800–647–5527) is U.S. Department of Transportation, Docket Operations Office, M–30, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE., Washington, DC 20590.

FOR FURTHER INFORMATION CONTACT: Matt Fuller, Senior Aviation Safety Engineer, Safety Management Group, Rotorcraft Directorate, FAA, 10101 Hillwood Pkwy, Fort Worth, TX 76177; telephone (817) 222–5110; email matthew.fuller@faa.gov.

SUPPLEMENTARY INFORMATION:

Discussion

We issued a notice of proposed rulemaking (NPRM) to amend 14 CFR part 39 to remove AD 2014–05–06, Amendment 39–17779 (79 FR 13196, March 10, 2014) and add a new AD. AD 2014–05–06 required inspecting the flight control bearings repetitively, replacing any loose bearing with an airworthy flight control bearing, and installing bushings and washers. The NPRM published in the **Federal Register** on March 30, 2015 (80 FR 16603). The NPRM proposed to retain all of the required actions and correct an error in the compliance time. AD 2014–05–06 should have required installing the bushings and washers on Model EC135 helicopters within the next 100 hours time-in-service or at the next annual inspection, whichever occurs first. However, we omitted the word “first” from that sentence, which changes the meaning of the required compliance time.

AD 2014–05–06 was prompted by the discovery of loose flight control bearings because of incorrect installation. This condition could result in the affected control lever shifting, contacting the helicopter structure. The actions in AD 2014–05–06 were intended to prevent this unsafe condition, which could reduce control of the helicopter.

Also since we issued AD 2014–05–06, ECD changed its name to Airbus Helicopters Deutschland GmbH (Airbus Helicopters). This AD reflects that change and updates the contact information to obtain service documentation.

Comments

After our NPRM (80 FR 16603, March 30, 2015) was published, we received comments from one commenter.

Request

Airbus Helicopters first requested revising the compliance times for the repetitive inspections to match that in its current service information. For the Model EC135 P1, P2, P2+, T1, T2, and T2+ helicopters, Airbus Helicopters requested increasing the 800 hour interval to 1000 hours with an additional 10% margin. For MBB–BK 117 C–2 helicopters, Airbus Helicopters requested increasing the 600 hour interval to 800 hours with an additional 10% margin.

We disagree. Airbus Helicopters did not provide any technical justification to support this request. The final rule has not been changed as a result of this comment.

Airbus Helicopters also requested that if any bearing is loose, we require

¹³ 44 U.S.C. 3506; 5 CFR 1320.