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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 to part 201 (Regulation A) are effective December 20, 2004. 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 3.00 percent to 3.25 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 3.50 percent to 3.75 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 2.00 percent to 2.25 percent) approved by the Federal Open Market Committee (Committee) and announced at the same time. A press release announcing these actions indicated that:

The Committee believes that, even after this action, the stance of monetary policy remains accommodative and, coupled with robust underlying growth in productivity, is providing ongoing support to economic activity. Output appears to be growing at a moderate pace despite the earlier rise in energy prices, and labor market conditions continue to improve gradually. Inflation and longer-term inflation expectations remain well contained.

The Committee perceives the upside and downside risks to the attainment of both sustainable growth and price stability for the next few quarters to be roughly equal. With underlying inflation expected to be relatively low, 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.¹

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

Federal reserve bank	Rate	Effective
Boston	3.25	December 14, 2004.
New York	3.25	December 14, 2004.

¹ 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
Philadelphia	3.25	December 14, 2004.
Cleveland	3.25	December 14, 2004.
Richmond	3.25	December 14, 2004.
Atlanta	3.25	December 14, 2004.
Chicago	3.25	December 14, 2004.
St. Louis	3.25	December 15, 2004.
Minneapolis	3.25	December 14, 2004.
Kansas City	3.25	December 14, 2004.
Dallas	3.25	December 14, 2004.
San Francisco	3.25	December 14, 2004.

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

Federal reserve bank	Rate	Effective
Boston	3.75	December 14, 2004
New York	3.75	December 14, 2004
Philadelphia	3.75	December 14, 2004
Cleveland	3.75	December 14, 2004
Richmond	3.75	December 14, 2004
Atlanta	3.75	December 14, 2004
Chicago	3.75	December 14, 2004
St. Louis	3.75	December 15, 2004
Minneapolis	3.75	December 14, 2004
Kansas City	3.75	December 14, 2004
Dallas	3.75	December 14, 2004
San Francisco	3.75	December 14, 2004

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By order of the Board of Governors of the Federal Reserve System, December 15, 2004.
Jennifer J. Johnson,
Secretary of the Board.
 [FR Doc. 04-27788 Filed 12-17-04; 8:45 am]
 BILLING CODE 6210-02-P

SMALL BUSINESS ADMINISTRATION

13 CFR Part 125

RIN 3245-AF12

Small Business Government Contracting Programs; Subcontracting

AGENCY: U.S. Small Business Administration.

ACTION: Final rule.

SUMMARY: This final rule amends the U.S. Small Business Administration (SBA) regulations government small business subcontracting to address comments received in response to SBA's proposed rule on subcontracting, which was published in the **Federal Register** on October 20, 2003. The final rule also addresses comments in response to SBA's earlier proposed rule on contract bundling, which was published in the **Federal Register** on January 31, 2003. Specifically, this final rule provides a list of factors to consider in evaluating a prime contractor's performance and good-faith efforts to achieve the

requirements in its subcontracting plan. The final rule also authorizes the use of goals in subcontracting plans, and/or past performance in meeting such goals, as a factor in source selection when placing orders against Federal Supply Schedules, government-wide acquisition contracts, and multi-agency contracts. In addition, this final rule implements statutory provisions and other administrative procedures relating to subcontracting goals and assistance. In particular, the final rule lists the various categories of small businesses that must be afforded maximum practicable subcontracting opportunities, and clarifies the responsibilities of prime contractors and SBA's Commercial Market Representatives (CMRs) under the subcontracting assistance program. The final rule also supplies guidance on Subcontracting Orientation and Assistance Reviews (SOARs), which CMRs perform to assist prime contractors in their efforts to understand and comply with the requirements governing the small business subcontracting assistance program.

DATES: This rule is effective on December 20, 2004.

FOR FURTHER INFORMATION CONTACT: Dean Koppel, Assistant Administrator, Office of Policy and Research, (202) 401-8150 or dean.koppel@sba.gov.

SUPPLEMENTARY INFORMATION:

A. Background

On January 31, 2003, SBA published a proposed rule in the **Federal Register**, 67 FR 47244, to solicit comments on its proposal to implement several recommendations included in the Office of Management and Budget's October 2002 report, entitled "Contract Bundling: A Strategy for Increasing Federal Contracting Opportunities for Small Business." Several of the responding commenters identified the need for more guidance on evaluating large prime contractor performance in awarding subcontracts to small businesses and their efforts to achieve subcontracting plans, including examples of what types of conduct constitute "good-faith" efforts to comply with subcontracting plans. SBA thought that this suggestion was valid; accordingly, on October 20, 2003, the agency published a proposed rule addressing these as well as other major issues in subcontracting.

In response to the proposed rule published on October 20, 2003, which had a 60-day public-comment period, SBA received 19 written comments. The commenters included three members of Congress (two letters, one signed by two members), three Federal agencies (including SBA's own Office of Advocacy), two prime contractors, seven trade associations or small-business advocacy groups, four small businesses, and one private citizen