

Rules and Regulations

Federal Register

Vol. 83, No. 210

Tuesday, October 30, 2018

This section of the FEDERAL REGISTER contains regulatory documents having general applicability and legal effect, most of which are keyed to and codified in the Code of Federal Regulations, which is published under 50 titles pursuant to 44 U.S.C. 1510.

The Code of Federal Regulations is sold by the Superintendent of Documents.

FEDERAL RESERVE SYSTEM

12 CFR Part 204

[Regulation D; Docket No. R-1626]

RIN 7100-AF19

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 2019. The Regulation D amendments set the amount of total reservable liabilities of each depository institution that is subject to a zero percent reserve requirement in 2019 at \$16.3 million (up from 16.0 million in 2018). This amount is known as the reserve requirement exemption amount. The Regulation D amendments also set the amount of net transaction accounts at each depository institution (over the reserve requirement exemption amount) that is subject to a three percent reserve requirement in 2019 at \$124.2 million (up from \$122.3 million in 2018). This amount is known as the low reserve tranche. The adjustments to both of these amounts are derived using statutory formulas specified in the Federal Reserve Act.

The Board is also announcing changes in two other amounts, the nonexempt deposit cutoff level and the reduced reporting limit, that are used to determine the frequency at which depository institutions must submit deposit reports.

DATES:

Effective date: November 29, 2018.

Compliance dates: The new low reserve tranche and reserve requirement exemption amount will apply to the fourteen-day reserve maintenance

period that begins January 17, 2019. For depository institutions that report deposit data weekly, this maintenance period corresponds to the fourteen-day computation period that begins December 18, 2018. For depository institutions that report deposit data quarterly, this maintenance period corresponds to the seven-day computation period that begins December 18, 2018. The new values of the nonexempt deposit cutoff level, the reserve requirement exemption amount, and the reduced reporting limit will be used to determine the frequency at which a depository institution submits deposit reports effective in either June or September 2019.

FOR FURTHER INFORMATION CONTACT:

Sophia H. Allison, Senior Special Counsel (202/452-3565), Legal Division, or Kristen R. Payne, Senior Financial Institution and Policy Analyst (202/452-2872), 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: Section 19(b)(2) of the Federal Reserve 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. Section 11(a)(2) of the Federal Reserve Act (12 U.S.C. 248(a)(2)) authorizes the Board to require reports of liabilities and assets from depository institutions to enable the Board to conduct monetary policy. The Board's actions with respect to each of these provisions are discussed in turn below.

I. Reserve Requirements

Pursuant to section 19(b) of the Federal Reserve Act (Act), transaction account balances maintained at each depository institution are subject to reserve requirement ratios of zero, three, or ten percent. Section 19(b)(11)(A) of the Act (12 U.S.C. 461(b)(11)(A)) provides that a zero percent reserve requirement 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. 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. The Act requires the percentage increase in the reserve requirement exemption amount to be 80 percent of the increase in total reservable liabilities of all depository institutions over the one-year period that ends on the June 30 prior to the adjustment.

Total reservable liabilities of all depository institutions increased by 2.4 percent, from \$7,858 billion to \$8,050 billion, between June 30, 2017, and June 30, 2018. Accordingly, the Board is amending Regulation D to set the reserve requirement exemption amount for 2019 at \$16.3 million, an increase of \$0.3 million from its level in 2018.¹

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, are subject to a three percent reserve requirement. Transaction account balances over the low reserve tranche are subject to a ten percent reserve requirement. 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 2.0 percent, from \$2,379 billion to \$2,425 billion, between June 30, 2017, and June 30, 2018. Accordingly, the Board is amending Regulation D to set the low reserve tranche for net transaction

¹ Consistent with Board practice, the low reserve tranche and reserve requirement exemption amounts have been rounded to the nearest \$0.1 million.

accounts for 2019 at \$124.2 million, an increase of \$1.9 million from 2018.

The new low reserve tranche and reserve requirement exemption amount will be effective for all depository institutions for the fourteen-day reserve maintenance period beginning Thursday, January 17, 2019. For depository institutions that report deposit data weekly, this maintenance period corresponds to the fourteen-day computation period that begins December 18, 2018. For depository institutions that report deposit data quarterly, this maintenance period corresponds to the seven-day computation period that begins December 18, 2018.

II. Deposit Reports

Section 11(b)(2) of the Federal Reserve Act authorizes the Board to require depository institutions to file reports of their liabilities and assets as the Board may determine to be necessary or desirable to enable it to discharge its responsibility to monitor and control the monetary and credit aggregates. The Board screens depository institutions each year and assigns them to one of four deposit reporting panels (weekly reporters, quarterly reporters, annual reporters, or nonreporters). The panel assignment for annual reporters is effective in June of the screening year; the panel assignment for weekly and quarterly reporters is effective in September of the screening year.

In order to ease reporting burden, the Board permits smaller depository institutions to submit deposit reports less frequently than larger depository institutions. The Board permits depository institutions with net transaction accounts above the reserve requirement exemption amount but total transaction accounts, savings deposits, and small time deposits below a specified level (the “nonexempt deposit cutoff”) to report deposit data quarterly. Depository institutions with net transaction accounts above the reserve requirement exemption amount and with total transaction accounts, savings deposits, and small time deposits greater than or equal to the nonexempt deposit cutoff are required to report deposit data weekly. The Board requires certain large depository institutions to report weekly regardless of the level of their net transaction accounts if the depository institution’s total transaction accounts, savings deposits, and small time deposits exceeds or is equal to a specified level (the “reduced reporting limit”). The nonexempt deposit cutoff level and the reduced reporting limit are adjusted annually, by an amount equal

to 80 percent of the increase, if any, in total transaction accounts, savings deposits, and small time deposits of all depository institutions over the one-year period that ends on the June 30 prior to the adjustment.

From June 30, 2017, to June 30, 2018, total transaction accounts, savings deposits, and small time deposits at all depository institutions increased 3.6 percent, from \$12,157 billion to \$12,599 billion. Accordingly, the Board is increasing the nonexempt deposit cutoff level by \$29.1 million to \$1.029 billion for 2019 (up from \$1.000 billion in 2018). The Board is also increasing the reduced reporting limit by \$60.7 million to \$2.147 billion for 2019 (up from \$2.086 billion in 2018).²

Beginning in 2019, the boundaries of the four deposit reporting panels will be defined as follows. Those depository institutions with net transaction accounts over \$16.3 million (the reserve requirement exemption amount) or with total transaction accounts, savings deposits, and small time deposits greater than or equal to \$2.147 billion (the reduced reporting limit) are subject to detailed reporting, and must file a Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900 report) either weekly or quarterly. Of this group, those with total transaction accounts, savings deposits, and small time deposits greater than or equal to \$1.029 billion (the nonexempt deposit cutoff level) are required to file the FR 2900 report each week, while those with total transaction accounts, savings deposits, and small time deposits less than \$1.029 billion are required to file the FR 2900 report each quarter. Those depository institutions with net transaction accounts less than or equal to \$16.3 million (the reserve requirement exemption amount) and with total transaction accounts, savings deposits, and small time deposits less than \$2.147 billion (the reduced reporting limit) are eligible for reduced reporting, and must either file a deposit report annually or not at all. Of this group, those with total deposits greater than \$16.3 million (but with total transaction accounts, savings deposits, and small time deposits less than \$2.147 billion) are required to file the Annual Report of Deposits and Reservable Liabilities (FR 2910a) report annually, while those with total deposits less than or equal to \$16.3 million are not required to file a deposit report. A depository institution that adjusts

² Consistent with Board practice, the nonexempt deposit cutoff level has been rounded to the nearest \$0.1 million, and the reduced reporting limit has been rounded to the nearest \$1 million.

reported values on its FR 2910a report in order to qualify for reduced reporting will be shifted to an FR 2900 reporting panel.

III. 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, the low reserve tranche, the nonexempt deposit cutoff level, and the reduced reporting limit 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.³ 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 1995,⁴ 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.

For the reasons set forth in the preamble, the Board is amending 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 204.4 is amended by revising paragraph (f) to read as follows:

³ 5 U.S.C. 603 and 604.

⁴ 44 U.S.C. 3506; 5 CFR part 1320.

§ 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 below to net

transaction accounts, nonpersonal time deposits, and Eurocurrency liabilities of the institution during the computation period.

Reservable liability	Reserve requirement
Net Transaction Accounts:	
\$0 to reserve requirement exemption amount (\$16.3 million)	0 percent of amount.
Over reserve requirement exemption amount (\$16.3 million) and up to low reserve tranche (\$124.2 million).	3 percent of amount.
Over low reserve tranche (\$124.2 million)	\$3,237,000 plus 10 percent of amount over \$124.2 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, October 24, 2018.

Ann E. Misback,

Secretary of the Board.

[FR Doc. 2018-23608 Filed 10-29-18; 8:45 am]

BILLING CODE 6210-01-P

DEPARTMENT OF TRANSPORTATION**Federal Aviation Administration****14 CFR Part 71**

[Docket No. FAA-2018-0219; Airspace Docket No. 17-AGL-23]

RIN 2120-AA66

Amendment of Air Traffic Service (ATS) Routes in the Vicinity of Mattoon and Charleston, IL

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule, delay of effective date.

SUMMARY: This action changes the effective date of a final rule published in the **Federal Register** on September 7, 2018, amending VHF Omnidirectional Range (VOR) Federal airways V-72 and V-429 in the vicinity of Mattoon and Charleston, IL. The FAA is delaying the effective date to coincide with the expected completion and flight check of enroute and terminal procedures associated with the planned decommissioning of the Mattoon, IL, VOR.

DATES: The effective date of the final rule published on September 7, 2018 (83 FR 45337) is delayed from November 8, 2018 to January 3, 2019. The Director of the Federal Register approved this incorporation by reference action under Title 1 Code of Federal Regulations part 51, subject to the annual revision of FAA Order 7400.11 and publication of conforming amendments.

FOR FURTHER INFORMATION CONTACT: Colby Abbott, Airspace Policy Group,

Office of Airspace Services, Federal Aviation Administration, 800 Independence Avenue SW, Washington, DC 20591; telephone: (202) 267-8783.

SUPPLEMENTARY INFORMATION:**Background**

The FAA published a final rule in the **Federal Register** for Docket No. FAA-2018-0219 (83 FR 45337, September 7, 2018), amending VOR Federal airways V-72 and V-429 in the vicinity of Mattoon and Charleston, IL. The effective date for that final rule is November 8, 2018. The FAA expects to complete and flight check the enroute and terminal procedures associated with the planned decommissioning of the Mattoon, IL, VOR by January 3, 2018; therefore the rule amending V-72 and V-429 is delayed to coincide with that date.

VOR Federal airways are published in paragraph 6010(a) of FAA Order 7400.11C dated August 13, 2018, and effective September 15, 2018, which is incorporated by reference in 14 CFR 71.1. The VOR Federal airways listed in this document will be subsequently published in the Order.

Good Cause for No Notice and Comment

Section 553(b)(3)(B) of Title 5, United States Code, (the Administrative Procedure Act) authorizes agencies to dispense with notice and comment procedures for rules when the agency for “good cause” finds that those procedures are “impracticable, unnecessary, or contrary to the public interest.” Under this section, an agency, upon finding good cause, may issue a final rule without seeking comment prior to the rulemaking. The FAA finds that prior notice and public comment to this final rule is unnecessary due to the brief length of the extension of the effective date and the fact that there is no substantive change to the rule.”

Delay of Effective Date

■ Accordingly, pursuant to the authority delegated to me, the effective date of the final rule, Airspace Docket 17-AGL-23, as published in the **Federal Register** on September 7, 2018 (83 FR 45337), FR Doc. 2018-19347, is hereby delayed from November 8, 2018 to January 3, 2019.

Authority: 49 U.S.C. 106(f), 106(g); 40103, 40113, 40120; E.O. 10854, 24 FR 9565, 3 CFR, 1959-1963 Comp., P. 389.

Issued in Washington, DC, on October 24, 2018.

Rodger A. Dean Jr.,

Manager, Airspace Policy Group.

[FR Doc. 2018-23563 Filed 10-29-18; 8:45 am]

BILLING CODE 4910-13-P

DEPARTMENT OF COMMERCE**Bureau of Industry and Security****15 CFR Part 744**

[Docket No. 181010930-8930-01]

RIN 0694-AH67

Addition of an Entity to the Entity List

AGENCY: Bureau of Industry and Security, Commerce.

ACTION: Final rule.

SUMMARY: In this rule, the Bureau of Industry and Security (BIS) amends the Export Administration Regulations (EAR) by adding one entity to the Entity List. The entity that is added to the Entity List has been determined by the U.S. Government to pose a significant risk of becoming involved in activities contrary to the national security or foreign policy interests of the United States. This entity will be listed under the destination of China.

DATES: *Effective Date:* This rule is effective October 30, 2018.

FOR FURTHER INFORMATION CONTACT: Chair, End-User Review Committee, Office of the Assistant Secretary, Export