

**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 a decrease in the primary credit rate at each Federal Reserve Bank. The secondary credit rate at each Reserve Bank automatically decreased by formula as a result of the Board's primary credit rate action.

**DATES:** The amendments to part 201 (Regulation A) are effective February 7, 2008. 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 decrease by 50 basis points the primary credit rate in effect at each of the twelve Federal Reserve Banks, thereby decreasing from 4.00 percent to 3.50 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 decreased from 4.50 percent to 4.00 percent under the secondary credit rate formula. The final amendments to Regulation A reflect these rate changes.

The 50-basis-point decrease in the primary credit rate was associated with a similar decrease in the target for the

federal funds rate (from 3.50 percent to 3.00 percent) approved by the Federal Open Market Committee (Committee) and announced at the same time. A press release announcing these actions indicated that:

Financial markets remain under considerable stress, and credit has tightened further for some businesses and households. Moreover, recent information indicates a deepening of the housing contraction as well as some softening in labor markets.

The Committee expects inflation to moderate in coming quarters, but it will be necessary to continue to monitor inflation developments carefully.

Today's policy action, combined with those taken earlier, should help to promote moderate growth over time and to mitigate the risks to economic activity. However, downside risks to growth remain. The Committee will continue to assess the effects of financial and other developments on economic prospects and will act in a timely manner as needed to address those risks.

**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 .....	3.50	Jan. 30, 2008.
New York .....	3.50	Jan. 30, 2008.
Philadelphia .....	3.50	Jan. 30, 2008.
Cleveland .....	3.50	Jan. 30, 2008.
Richmond .....	3.50	Jan. 31, 2008.
Atlanta .....	3.50	Jan. 30, 2008.
Chicago .....	3.50	Jan. 30, 2008.
St. Louis .....	3.50	Jan. 31, 2008.
Minneapolis .....	3.50	Jan. 31, 2008.
Kansas City .....	3.50	Jan. 30, 2008.
Dallas .....	3.50	Jan. 31, 2008.
San Francisco .....	3.50	Jan. 30, 2008.

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

Federal Reserve Bank	Rate	Effective
Boston .....	4.00	Jan. 30, 2008.
New York .....	4.00	Jan. 30, 2008.
Philadelphia .....	4.00	Jan. 30, 2008.
Cleveland .....	4.00	Jan. 30, 2008.
Richmond .....	4.00	Jan. 31, 2008.
Atlanta .....	4.00	Jan. 30, 2008.
Chicago .....	4.00	Jan. 30, 2008.
St. Louis .....	4.00	Jan. 31, 2008.
Minneapolis .....	4.00	Jan. 31, 2008.
Kansas City .....	4.00	Jan. 30, 2008.
Dallas .....	4.00	Jan. 31, 2008.
San Francisco .....	4.00	Jan. 30, 2008.

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By order of the Board of Governors of the Federal Reserve System, February 4, 2008.

**Jennifer J. Johnson,**  
*Secretary of the Board.*

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<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.