

Final Regulatory Flexibility Analysis

The Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) requires an agency to publish a final regulatory flexibility analysis when the agency publishes a final rule. Two of the requirements of an initial regulatory flexibility analysis (5 U.S.C. 604(b))—a succinct statement of the need for, and the objectives of, the rule, and a summary of the issues raised by the public comments received, the agency assessment thereof, and any changes made in response thereto—are contained in the supplementary information above. No significant alternatives to the final rule were considered by the agency.

Pursuant to section 605(b) of the Regulatory Flexibility Act (5 U.S.C. 605(b)), the Board certifies that the amendment to Regulation O will not have a significant economic impact on a substantial number of small entities, and that any impact on those entities should be positive. The amendment will reduce the regulatory burden for most banks by simplifying the calculation of lending limits without significantly changing the amount of the limit, and will have no effect in other cases.

Paperwork Reduction Act

In accordance with section 3507 of the Paperwork Reduction Act of 1980 (44 U.S.C. 3507), the Board reviewed the information collection requirements of its amendment to Regulation O under authority delegated to the Board by the Office of Management and Budget (5 CFR Part 1320, Appendix A) after considering comments received during the public comment period.

The recordkeeping requirements are authorized by 12 U.S.C. 375a(6) and (10), 375b(7), and 1972(2)(G). This information is required to prevent preferential lending by a member bank to its executive officers, directors, principal shareholders, and their related interests. The amendment is not estimated to change the annual burden of recordkeeping associated with Regulation O for state member banks, which is estimated to be 6,255 hours.

List of Subjects in 12 CFR Part 215

Credit, Federal Reserve System, Penalties, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, the Board is amending 12 CFR part 215 as follows:

PART 215—LOANS TO EXECUTIVE OFFICERS, DIRECTORS, AND PRINCIPAL SHAREHOLDERS OF MEMBER BANKS (REGULATION O)

1. The authority citation for part 215 is revised to read as follows:

Authority: 12 U.S.C. 248(i), 375a(10), 375b(9) and (10), 1817(k)(3) and 1972(2)(G)(ii); Pub. L. 102–242, 105 Stat. 2236.

2. Section 215.2 is amended as follows:

a. The last sentence of paragraph (i) introductory text is revised;

b. Paragraphs (i)(1) and (i)(2) are revised; and

c. Paragraph (i)(3) is removed.

The revisions read as follows:

§ 215.2 Definitions.

* * * * *

(i) * * * A member bank's unimpaired capital and unimpaired surplus equals:

(1) The bank's Tier 1 and Tier 2 capital included in the bank's risk-based capital under the capital guidelines of the appropriate Federal banking agency, based on the bank's most recent consolidated report of condition filed under 12 USC 1817(a)(3); and

(2) The balance of the bank's allowance for loan and lease losses not included in the bank's Tier 2 capital for purposes of the calculation of risk-based capital by the appropriate Federal banking agency, based on the bank's most recent consolidated report of condition filed under 12 U.S.C. 1817(a)(3).

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By order of the Board of Governors of the Federal Reserve System, June 7, 1995.

William W. Wiles,

Secretary of the Board.

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SMALL BUSINESS ADMINISTRATION**13 CFR Part 130****Small Business Development Centers**

AGENCY: Small Business Administration.

ACTION: Final rule.

SUMMARY: The Small Business Administration (SBA) is promulgating regulations governing the Small Business Development Center (SBDC) Program. Since enactment of Pub. L. 96–302 establishing the SBDC Program in 1980, the Program has been operating under direct statutory authority, without regulations. This rule will establish a framework for more efficient operation.

EFFECTIVE DATE: This rule is effective on June 13, 1995.

FOR FURTHER INFORMATION CONTACT: Hardy Patten, Program Manager, (202) 205–6766.

SUPPLEMENTARY INFORMATION: On November 28, 1994, SBA proposed a rule (59 FR 60723) to establish a regulatory framework for the SBDC Program, which is administered pursuant to Section 21 of the Small Business Act, 15 U.S.C. § 648 (the “Act”). In this Program, SBA and the SBDC networks provide managerial advice and technical assistance to enhance the growth, innovation, and productivity of small businesses. The issuance of regulations will clarify Program procedures.

During a 30-day public comment period on the proposed rule, SBA received four comment letters raising 24 individual concerns. After analyzing these comments, SBA has decided to make appropriate changes to the rule.

In addition, in accordance with its policy to streamline existing and proposed regulations, SBA scrutinized its proposed rule for duplication and excess verbiage, eliminating more than 25% of the body of the rule, without altering its substance. The following summary of issues raised does not discuss streamlining revisions, unless a comment pertained to a portion of the proposed rule which has been deleted or otherwise revised.

Summary of Issues Raised by Public Comment

Section 130.100(b) of the proposed rule, providing an overview of the Program, has been merged into section 130.100(a). The portion of the section which referred to SBA consultation with SBDC Directors and recognized organizations representing SBDCs in the formulation of the annual Program Announcement and the development of Program guidelines was duplicated in section 130.350(a) and was deleted from section 130.100.

Several comments were received regarding the consultation provision. One comment correctly pointed out that section 21(a)(3)(A) of the Act only requires SBA to recognize and consult with the organization of which more than a majority of SBDCs are members. SBA has revised the proposed rule to refer in section 130.350(a) to “the Recognized Organization”, instead of recognized organizations, and to add a definition of Recognized Organization at new section 130.110(y).

Two other comments suggested that the regulation describe the timing and means of obtaining the consultation.