

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹¹

Florence E. Harmon,
Deputy Secretary.

[FR Doc. E7-14504 Filed 7-26-07; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-56113; File No. SR-NSX-2007-05]

Self-Regulatory Organizations; National Stock Exchange, Inc.; Order Approving Proposed Rule Change to Modify Chapter VII of the Exchange's Rules Regarding Suspensions of an ETP Holder by Certain Exchange Officers

July 20, 2007.

I. Introduction

On May 9, 2007, the National Stock Exchange, Inc. ("NSX" or the "Exchange") filed with the Securities and Exchange Commission ("Commission") a proposed rule change, pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder² to modify Chapter VII of the Exchange's rules to provide that the Chairman of the Exchange's Board of Directors ("Chairman") or the Exchange's Chief Regulatory Officer, or their respective designees, would have the authority to summarily suspend or place limitations or conditions on an ETP Holder or summarily suspend a person from access to Exchange services in certain circumstances. Notice of the proposed rule change was published for comment in the *Federal Register* on June 18, 2007.³ The Commission received no comments on the proposal. This order approves the proposed rule change.

II. Description of the Proposed Rule Change

NSX Rule 7.1 currently authorizes the Chairman of the NSX Board of Directors ("Chairman") or NSX's President ("President") to summarily suspend an ETP Holder, or impose such conditions and restrictions upon an ETP Holder as are reasonably necessary for the protection of investors, the Exchange, the creditors, and the customers of such ETP Holder, if such ETP Holder, among other things, has failed to perform its contracts, is insolvent, or is in such

financial or operational condition or operating its business in such a manner that it cannot be permitted to continue in business with safety to its customers, creditors, and other ETP Holders of the Exchange.⁴ The Chairman or President may also lift such a suspension without further proceedings, if appropriate.⁵ NSX Rule 7.6 currently permits the Chairman or President to, under certain circumstances, summarily limit or prohibit, persons from access to services offered by the Exchange.

NSX proposes to amend Rules 7.1 and 7.6 to authorize the Chairman or NSX's Chief Regulatory Officer ("CRO"), or their respective designees, to impose and lift suspensions as described above. NSX's President would no longer have such authority. The Exchange represents that the designee for the Chairman would be the Chairman of the Exchange's Regulatory Oversight Committee ("ROC"), a member of the ROC, or another independent member of the Exchange's Board of Directors,⁶ in that order of priority. The designee for the CRO would be an officer in the Exchange's Regulatory Services Division. The proposal does not otherwise modify NSX's rules regarding suspension, including its provisions for review of summary actions.

III. Discussion and Commission Findings

The Commission has reviewed the proposed rule change and finds that it is consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange.⁷ Specifically, the Commission finds that the proposed rule change furthers the objectives of section 6(b)(1)⁸ of the Act, which requires the Exchange to be so organized and have the capacity to be able to carry out the purposes of the Act and to comply, and to enforce compliance by its members, with the Act and the rules of the Exchange. In addition, the Commission finds that the proposed rule change, as amended, is consistent with section 6(b)(5) of the Act,⁹ which requires, among other things, that the rules of a national

securities exchange be designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

The Commission believes that the reallocation of authority under NSX Rules 7.1 and 7.6 from the Chairman and President to the Chairman and CRO, or their respective designees, is consistent with the Act. The Commission also believes that the reallocation is designed to provide for continuity in the event that the Chairman or CRO is unavailable. The Commission notes that the Exchange's rules governing the review of suspensions remain unchanged.

IV. Conclusion

It is therefore ordered, pursuant to section 19(b)(2) of the Act,¹⁰ that the proposed rule change (File No. SR-NSX-2007-05) be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹¹

Florence E. Harmon,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-56107; File No. SR-NYSE-2007-56]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Extending the Portfolio Margin Pilot Program Under NYSE Rules 431 (Margin Requirements) and 726 (Delivery of Options Disclosure Document and Prospectus)

July 19, 2007.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (the "Exchange Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on June 28, 2007, the New York Stock Exchange LLC ("NYSE" or the "Exchange") filed with the Securities and Exchange Commission ("SEC" or the "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been substantially prepared by the Exchange.

⁴ See NSX Rule 7.1(a).

⁵ See NSX Rule 7.1(c).

⁶ NSX By-Law Section 1.1(I)(1) defines "Independent Director" as a member of the Board that the Board has determined to have no material relationship with the Exchange or any affiliate of the Exchange, or any ETP Holder or any affiliate of any ETP Holder, other than as a member of the Board.

⁷ In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

⁸ 15 U.S.C. 78f(b)(1).

⁹ 15 U.S.C. 78f(b)(5).

¹⁰ 15 U.S.C. 78s(b)(2).

¹¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

¹¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 55893 (June 11, 2007), 72 FR 33551.

The Exchange has designated the proposed rule change as constituting a “non-controversial” rule change pursuant to section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6) thereunder,⁴ which renders the proposal effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The NYSE is filing with the Commission rules previously approved in order to secure a one-year extension of the pilot program (from August 1, 2007 until July 31, 2008) reflected in the changes embodied in SR-NYSE-2006-13, which was approved by the Commission on December 12, 2006 on a pilot basis, to expire on July 31, 2007.⁵ The previously approved changes to NYSE Rule 431 (“Margin Requirements”) expanded the scope of products that are eligible for treatment as part of the original Commission-approved portfolio margin pilot program⁶ and expanded pilot;⁷ eliminated the \$5 million equity requirement, except for accounts that carry unlisted derivatives; and eliminated the use of a cross-margin account for margining eligible securities products with eligible commodity products. The approved pilot rules also deleted the “Sample Portfolio Margining and Cross Margining Risk Disclosure Statement to Satisfy Requirements of Exchange Rule 431(g),” previously found in NYSE Rule 726 (“Delivery of Options Disclosure Document and Prospectus”).⁸

There is no change to the rule text with this proposed rule change. The text of the proposed rule change is available at the NYSE’s Web site (<http://www.nyse.com>), at the principal office of the NYSE, and at the Commission’s Public Reference Room.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of, and basis for, the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange is proposing to extend for one year the portfolio margin pilot program,⁹ which has been expanded to make the following products eligible for treatment under portfolio margin requirements: all margin equity securities,¹⁰ listed options, unlisted derivatives, and security futures products, provided certain requirements are met. The Exchange believes that the benefits which these regulations deliver, together with the widespread industry acceptance of the changes, supports a one year extension of the pilot program. Such an extension will give the Exchange an opportunity to better gauge the impact of the changes to the credit profile of its member organizations and to determine whether changes to the pilot are needed. The Exchange will also seek to determine whether fixed income securities should be added to the list of eligible products.

The proposed rule change will facilitate the continuing evaluation of the portfolio margin pilot. The Exchange believes that the proposed rule change is non-controversial, given the extensive prior publication of the portfolio margining rules, their previous approval in pilot status, the lack of problematic public comment on prior filings, and the lack of comment on the December 2006 approval of the pilot program.¹¹

a. The Original Pilot

On July 14, 2005, the Commission approved the original portfolio margin rules that amended Exchange Rules 431 and 726 to permit, on a two-year pilot basis, the use of a prescribed risk-based

methodology¹² for listed, broad-based U.S. index options and index warrants, along with any underlying instruments, as an alternative to the strategy or position based margin requirements,¹³ currently required in Rule 431(a) through (f).

b. Portfolio Margin Requirements

Portfolio margining is a margin methodology that sets margin requirements for an account based on the greatest projected net loss of all positions in a product class or group. The pilot utilizes a Commission-approved theoretical options pricing model.¹⁴ These scenarios are designed to measure the theoretical loss of the positions given changes in both the underlying price and implied volatility inputs to the model. Accordingly, the margin required is based on the greatest loss that would be incurred in a portfolio if the value of its components move up or down by a predetermined amount. Member organizations are no longer required to compute a margin requirement for each individual position or strategy for eligible positions in a customer’s portfolio margin account.¹⁵

Utilizing portfolio margin enables the portfolio to be subjected to certain preset market volatility parameters that reflect historical moves in the underlying security thereby assessing potential loss in the portfolio in the aggregate. Accordingly, such a methodology provides a more risk based calculation of margin requirements.

As a pre-condition to permitting portfolio margining, member organizations are required to establish

¹² See *supra* note 6.

¹³ Prior to the portfolio margin pilot, member organizations were solely subject, pursuant to NYSE Rule 431, to strategy or positioned-based margin requirements. This methodology applied specific margin percentage requirements as prescribed in Rule 431 to each security position and/or strategy, either long or short, held in a customer’s account, irrespective of the fact that all security (*e.g.*, options) prices do not change equally (in percentage terms) with a change in the price of the underlying security. When utilizing a portfolio margin methodology, offsets are fully realized, whereas under strategy or position-based methodology, positions and/or groups of positions comprising a single strategy are margined independently of each other and offsets between them do not efficiently impact the total margin requirement.

¹⁴ The theoretical options pricing model is used to derive position values at each valuation point for the purpose of determining the gain or loss. For purposes of the portfolio margin pilot, the amount of initial and maintenance margin required with respect to a portfolio is the larger of: (1) The greatest loss amount among the valuation calculations; or (2) the sum of \$.375 for each option and security future in the portfolio multiplied by the contract’s (*e.g.* 100 shares per contract) or instrument’s multiplier.

¹⁵ See NYSE Rule 431.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4.

⁵ See Exchange Act Release No. 54918 (December 12, 2006), 71 FR 75790 (December 18, 2006) [SR-NYSE-2006-13].

⁶ See Exchange Act Release No. 52031 (July 14, 2005), 70 FR 42130 (July 21, 2005) [SR-NYSE-2005-19]; see also NYSE Information Memo 05-56, dated August 18, 2005, for additional information.

⁷ See Exchange Act Release No. 54125 (July 11, 2006), 71 FR 40766 (July 18, 2006) (SR-NYSE-2005-93); see also NYSE Information Memo 06-57, dated August 2, 2006, for additional information.

⁸ See *supra* note 5.

⁹ See *supra* note 5.

¹⁰ The term “margin equity security” utilizes the definition at Section 220.2 of Regulation T of the Board of Governors of the Federal Reserve System, excluding a non-equity security.

¹¹ See *supra* note 5.

comprehensive procedures and controls to monitor credit risk to the member organization's capital, including intraday credit risk and stress testing of portfolio margin accounts. Further, member organizations must establish procedures for regular review and testing of these required risk analysis procedures and controls.¹⁶

c. Expanded Pilot

On December 29, 2005, the Exchange filed with the Commission a proposed rule change to Rule 431 to expand the approved products for certain customers eligible for treatment under portfolio margin requirements to include security futures and single stock options.¹⁷ Collectively, these approved pilot rules are referred to as the "Expanded Pilot."¹⁸ The Expanded Pilot was noticed for comment in the **Federal Register** on January 23, 2006.¹⁹ The comment period that ended February 13, 2006, resulted in three comment letters received, dated February 13, 2006, from the Securities Industry Association, Citigroup Global Markets Inc. and the Futures Industry Association.

On June 2, 2006 the Exchange filed with the Commission a response to the comment letters. In its response to comments, the Exchange noted that many of the comments included in these three letters were addressed in a subsequent rule filing, SR-NYSE-2006-13²⁰ that was made by the Exchange with the Commission on March 1, 2006. Specifically, in SR-NYSE-2006-13, the Exchange proposed the elimination of the cross-margin account and the expansion of the types of eligible products that could be included in a portfolio margining account.²¹

On July 11, 2006, the Commission approved the Expanded Pilot²² to include listed security futures and listed

single stock options as eligible products for customer portfolio margining.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the section 6(b) of the Act,²³ in general, and furthers the objectives of section 6(b)(5)²⁴ of the Act, in particular, because it is designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts and practices, and, in general, to protect investors and the public interest. A one-year extension of the portfolio margin pilot program is consistent with this section in that it will enable the Exchange to better judge the operation and benefit of the rules, which in turn are expected to better align margin requirements with the actual risk of hedged products, potentially alleviate excess margin calls and potentially reduce the risk of forced liquidations of positions in customer accounts. In addition, it will allow the Exchange to study the impact of these changes to the credit profile of its member organizations.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

The Exchange has neither solicited nor received written comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative prior to 30 days after the date of filing, or such shorter time as the Commission may designate, it has become effective pursuant to section 19(b)(3)(A) of the Act²⁵ and Rule 19b-4(f)(6) thereunder.²⁶

At any time within 60 days of the filing of such proposed rule change, the Commission may summarily abrogate such rule change if it appears to the

Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NYSE-2007-56 on the subject line.

Paper Comment

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-NYSE-2007-56. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of NYSE. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-NYSE-2007-56 and should be submitted on or before August 17, 2007.

¹⁶ See NYSE Rule 431(g).

¹⁷ The Exchange and CBOE received letters in late September 2005 from SEC Chairman Cox asking the SROs to consider expanding portfolio margining to a broader universe of products. The SEC encouraged the Exchanges to file a rule proposal before year-end 2005.

¹⁸ The discussion under the "Expanded Pilot" section includes the portfolio margin rules, as expanded to include security futures and single stock options only. This discussion does not include the portfolio margin rules as approved by the Commission in December 2006. See Sections I and II.A.1. for a discussion of the portfolio margin rules as approved in December 2006; see also *supra* note 5.

¹⁹ See Exchange Act Release No. 53126 (January 13, 2006) 71 FR 3586 (January 23, 2006) [SR-NYSE-2005-93].

²⁰ See Exchange Act Release No. 53577 (March 30, 2006) 71 FR 17539 (April 6, 2006) [SR-NYSE-2006-13].

²¹ See *supra* note 5.

²² See *supra* notes 7 and 18.

²³ 15 U.S.C. 78f(b).

²⁴ 15 U.S.C. 78f(b)(5).

²⁵ 15 U.S.C. 78s(b)(3)(A).

²⁶ 17 CFR 240.19b-4(f)(6).

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.²⁷

Florence E. Harmon,
Deputy Secretary.

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SMALL BUSINESS ADMINISTRATION

[License No. 09/79-0454]

Emergence Capital Partners SBIC, L.P.; Notice Seeking Exemption Under Section 312 of the Small Business Investment Act, Conflicts of Interest

Notice is hereby given that Emergence Capital Partners SBIC, L.P., 160 Bovet Road, Suite 300, San Mateo, CA 94402, a Federal Licensee under the Small Business Investment Act of 1958, as amended ("the Act"), in connection with the financing of a small concern, has sought an exemption under Section 312 of the Act and Section 107.730, Financings which Constitute Conflicts of Interest of the Small Business Administration ("SBA") Rules and Regulations (13 CFR 107.730). Emergence Capital Partners SBIC, L.P. proposes to provide equity/debt security financing to Intacct Corporation ("Intacct"), 125 S. Market Street, Suite 600, San Jose, CA 95113. The financing is contemplated to fund the ongoing operating needs of the business.

The financing is brought within the purview of § 107.730(a)(1) of the Regulations because Emergence Capital Partners, L.P. and Emergence Capital Associates, L.P., all Associates of Emergence Capital Partners SBIC, L.P., own more than ten percent of Intacct, and therefore Intacct is considered an Associate of Emergence Capital Partners SBIC, L.P. as detailed in § 107.50 of the Regulations.

Notice is hereby given that any interested person may submit written comments on the transaction to the Associate Administrator for Investment, U.S. Small Business Administration, 409 Third Street, SW., Washington, DC 20416.

Dated: July 6, 2007.

Harry Haskins,

Acting Associate Administrator.

[FR Doc. E7-14592 Filed 7-26-07; 8:45 am]

BILLING CODE 8025-01-P

SMALL BUSINESS ADMINISTRATION

[Disaster Declaration #10866 and #10867]

Kansas Disaster Number KS-00018

AGENCY: U.S. Small Business Administration.

ACTION: Amendment 10.

SUMMARY: This is an amendment of the Presidential declaration of a major disaster for the State of Kansas (FEMA-1699-DR), dated 05/06/2007.

Incident: Severe Storms, Tornadoes, and Flooding.

Incident Period: 05/04/2007 through 06/01/2007.

Effective Date: 07/18/2007.

Physical Loan Application Deadline Date: 08/06/2007.

EIDL Loan Application Deadline Date: 02/06/2008.

ADDRESSES: Submit Completed Loan Applications to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.

FOR FURTHER INFORMATION CONTACT: A. Escobar, Office of Disaster Assistance, U.S. Small Business Administration, 409 3rd Street, SW., Suite 6050, Washington, DC 20416.

SUPPLEMENTARY INFORMATION: The notice of the Presidential disaster declaration for the State of Kansas, dated 05/06/2007 is hereby amended to include the following areas as adversely affected by the disaster:

Primary Counties: Mcpherson, Pottawatomie, Smith.

Contiguous Counties: Kansas, Nemaha, Nebraska, Webster.

All other information in the original declaration remains unchanged.

(Catalog of Federal Domestic Assistance Numbers 59002 and 59008).

Herbert L. Mitchell,

Associate Administrator for Disaster Assistance.

[FR Doc. E7-14515 Filed 7-26-07; 8:45 am]

BILLING CODE 8025-01-P

SMALL BUSINESS ADMINISTRATION

[Disaster Declaration #10923 and #10924]

Kansas Disaster Number KS-00022

AGENCY: U.S. Small Business Administration.

ACTION: Amendment 2.

SUMMARY: This is an amendment of the Presidential declaration of a major disaster for the State of Kansas (FEMA-1711-DR), dated 07/05/2007.

Incident: Severe Storms and Flooding.

Incident Period: 06/26/2007 and continuing.

Effective Date: 07/18/2007.

Physical Loan Application Deadline Date: 09/04/2007.

EIDL Loan Application Deadline Date: 04/07/2008.

ADDRESSES: Submit Completed Loan Applications to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.

FOR FURTHER INFORMATION CONTACT: A. Escobar, Office of Disaster Assistance, U.S. Small Business Administration, 409 3rd Street, SW., Suite 6050, Washington, DC 20416.

SUPPLEMENTARY INFORMATION: The notice of the Presidential disaster declaration for the State of Kansas, dated 07/05/2007 is hereby amended to include the following areas as adversely affected by the disaster:

Primary Counties: Anderson, Bourbon, Butler, Chautauqua, Cherokee, Coffey, Crawford, Franklin, Greenwood, Osage, Woodson.

Contiguous Counties:

Kansas: Chase, Harvey, Lyon, Marion, Shawnee, Wabaunsee.

Missouri: Barton, Jasper, Newton.

Oklahoma: Ottawa.

All other information in the original declaration remains unchanged.

(Catalog of Federal Domestic Assistance Numbers 59002 and 59008).

Herbert L. Mitchell,

Associate Administrator for Disaster Assistance.

[FR Doc. E7-14517 Filed 7-26-07; 8:45 am]

BILLING CODE 8025-01-P

SMALL BUSINESS ADMINISTRATION

[Disaster Declaration # 10946 and # 10947]

Massachusetts Disaster # MA-00011

AGENCY: U.S. Small Business Administration

ACTION: Notice.

SUMMARY: This is a notice of an Administrative declaration of a disaster for the Commonwealth of Massachusetts dated 07/23/2007.

Incident: Bernat Mill Complex Fire.

Incident Period: 07/21/2007.

Effective Date: 07/23/2007.

Physical Loan Application Deadline Date: 09/21/2007.

Economic Injury (EIDL) Loan Application Deadline Date: 04/23/2008.

ADDRESSES: Submit completed loan applications to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.

²⁷ 17 CFR 200.30-3(a)(12).