

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-56678; File No. SR-NSCC-2007-13]

### Self-Regulatory Organizations; National Securities Clearing Corporation; Order Granting Approval of a Proposed Rule Change To Amend Its Rules and Procedures With Regard to the Automated Customer Account Transfer Service (ACATS) and ACATS Fund/SERV Processing

October 19, 2007.

#### I. Introduction

On August 15, 2007, National Securities Clearing Corporation (“NSCC”) 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”).<sup>1</sup> Notice of the proposal was published in the *Federal Register* on September 13, 2007.<sup>2</sup> No comment letters were received.<sup>3</sup> For the reasons discussed below, the Commission is approving the proposed rule change.

#### II. Description

NSCC is modifying its Rules to shorten the account transfer time frame for Automated Customer Account Transfer Service (“ACATS”) and ACATS Fund/SERV transfers.<sup>4</sup>

##### (1) Background

ACATS enables members of NSCC to effect automated transfers of customer accounts among themselves. In operation since 1985, ACATS was designed to facilitate compliance with New York Stock Exchange (“NYSE”) Rule 412 and National Association of Securities Dealers (“NASD”) Uniform Practice Code section 11870 that require NYSE and NASD members to use clearing agency automated customer account transfer services and to effect

customer account transfers within specified time frames. ACATS has been modified over time, with its most significant redesign in 1999, to provide NSCC members with a more seamless and timely customer account transfer process.<sup>6</sup>

##### (2) Modifications

NSCC, its members, the Customer Account Division of the Securities Industry and Financial Markets Association (“SIFMA”), NYSE, and NASD believe that because technology and processing has improved since the 1999 redesign additional modifications to ACATS processing can be made that will further enhance the timeliness and efficiency of customer account transfers. FINRA has submitted a comparable rule filing on behalf of the NYSE and NASD with the Commission.<sup>7</sup>

##### (a) Standard ACATS Transfers

Standard ACATS transfers currently include a three business day “Request” period. The proposed change reduces the “Request” time frame from three business days to one business day. The time frame within which an account transfer may be responded to (*i.e.*, accepted or rejected) is accordingly shortened.<sup>8</sup>

##### (b) Nonstandard ACATS Transfers—Partial Transfer Receiver

In a “partial transfer,” the Receiving Member (Partial Transfer Receiver or “PTR”) currently has a two business day “Request” period. The proposed change reduces the “Request” time frame from two business days to one business day. The time within which an account transfer may be responded to (*i.e.*, accepted or rejected) is accordingly shortened.<sup>9</sup>

##### (c) ACATS Fund/SERV

In an ACATS transfer that includes mutual fund assets, during the “Review” period the Receiving Member (or if applicable its ACATS-Fund/SERV Agent) requests the reregistration of mutual fund assets by submitting a Fund Registration input record through ACATS to the Fund Member/Mutual

Fund Processor. The Fund Member/Mutual Fund Processor then has four business days to either reject or acknowledge the request. NSCC has found that the majority of Fund Member/Mutual Fund Processors act upon such requests during the first day of receipt. Therefore, NSCC is reducing the time frame for Fund Member/Mutual Fund Processors to either reject or acknowledge the request from four business days to one business day.

##### (3) Technical Correction to Rule 50

NSCC is also making a technical correction to Rule 50, section 13. Section 13 (which addresses Receiving Member initiated Partial Transfers) states that a Delivering Member may respond to a request at any time by following the procedure set forth in section 12. However, section 12 addresses actions taken with respect to Delivering Member initiated transactions. NSCC is correcting this text accordingly.

##### (4) Implementation of the Proposed Changes

NSCC is coordinating implementation of the changes with FINRA and SIFMA. NSCC anticipates that implementation of the changes set forth in this rule filing will take place in October of 2007. Members will be advised of the implementation through an NSCC Important Notice.

#### III. Discussion

Section 17A(b)(3)(F) of the Act requires, among other things, that the rules of a clearing agency be designed to remove impediments to and to perfect the mechanism of a national system for prompt and accurate clearance and settlement of securities transactions.<sup>10</sup> By reducing the time frame for the transfer of customer accounts between NSCC members, the rule change will bring enhanced efficiency to members and will benefit investors. As such, the rule change is consistent with NSCC’s statutory obligation to remove impediments to and perfect the mechanism of a national system for prompt and accurate clearance and settlement of securities transactions.

#### IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular section 17A of the Act and the rules and regulations thereunder.<sup>11</sup>

<sup>10</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>11</sup> In approving the proposed rule change, the Commission considered the proposal’s impact on

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> Securities Exchange Act Release No. 56372 (September 7, 2007), 72 FR 52416.

<sup>3</sup> *But see* comment letters to a similar rule change submitted by Financial Industry Regulatory Authority, Inc. Securities Exchange Act Release No. 56677 (October 19, 2007) [File No. SR-FINRA-2007-005].

<sup>4</sup> Rule 50 (Automated Customer Account Transfer Service) is generally nonspecific with respect to account transfer time frames. Rule 52 (Mutual Fund Services), section 16 (ACAT/Transfers) is nonspecific with respect to account transfer time frames and does not require modification.

<sup>5</sup> Rule 50 (Automated Customer Account Transfer Service) is generally nonspecific with respect to account transfer time frames. Rule 52 (Mutual Fund Services), Section 16 (ACAT/Transfers) is nonspecific with respect to account transfer time frames and does not require modification.

<sup>6</sup> The NASD is now known as The Financial Industry Regulatory Authority, Inc. (“FINRA”).

<sup>7</sup> Securities Exchange Act Release No. 56677 (October 19, 2007) (order approving proposed rule change) [File No. SR-FINRA-2007-005].

<sup>8</sup> In addition to changes to the “Request” period, NSCC is modifying the ACATS “Status” time frames for Request-Adjust, Request-Adjust Past, Request-Past, and Review-Error from a maximum of three business days to a maximum of one business day. Rule 50 is nonspecific with respect to these time frames.

<sup>9</sup> Other non-standard transfers are: Fail reversals, reclaims and residual credits (see Rule 50, Sec. 12). PTD’s do not have a “Request” status.

*It is therefore ordered*, pursuant to section 19(b)(2) of the Act, that the proposed rule change (File No. SR–NSCC–2007–13) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>12</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

[FR Doc. E7–20987 Filed 10–24–07; 8:45 am]

BILLING CODE 8011–01–P

**SMALL BUSINESS ADMINISTRATION**

**8(a) Business Development Program Regulation Changes; Tribal Consultation**

**AGENCY:** U.S. Small Business Administration.

**ACTION:** Notice of tribal consultation meeting.

**SUMMARY:** The U.S. Small Business Administration (SBA) announces that it is holding a tribal consultation meeting in Denver, Colorado on the topic of the 8(a) Business Development (BD) program regulations. Testimony presented at this tribal consultation meeting will become part of the administrative record for SBA’s consideration when the Agency deliberates on approaches to changes in the regulations pertaining to the 8(a) BD program.

**DATES:** The Tribal Consultation meeting date is Sunday, November 11, 2007, 9 a.m. to 4 p.m. (MST), Denver, Colorado. The Tribal Consultation meeting pre-registration deadline date is November 5, 2007.

**ADDRESSES:**

1. The Tribal Consultation meeting address is the Hyatt Regency Denver at the Colorado Convention Center, Centennial C Room, 650 15th Street, Denver, CO 80202.

2. Send pre-registration requests to attend and/or testify to Ms. Delcine Montgomery of SBA’s Office of Native American Affairs, U.S. Small Business Administration, 409 3rd Street, SW., Washington, DC 20416; or

*Delcine.Montgomery@SBA.gov*; or Facsimile to 202/481–1597.

3. Send all written comments to Mr. Joseph Loddo, Associate Administrator for Business Development, U.S. Small Business Administration, 409 3rd Street, SW., Washington, DC 20416; *Joseph.Loddo@SBA.gov*; or Facsimile to 202/481–2740.

**FOR FURTHER INFORMATION CONTACT:**

Delcine Montgomery, Business Development Specialist for SBA’s Office of Native American Affairs, at *Delcine.Montgomery@SBA.gov* or 202/205–6195 or by facsimile 202/481–1597.

**SUPPLEMENTARY INFORMATION:**

**Background**

SBA is in the process of reassessing its rules relating to the 8(a) BD program, particularly those directly affecting tribally-owned and ANC-owned 8(a) firms. 13 CFR 124.506, 124.513, and 124.519. Part of SBA’s analysis pertains to a recent report issued by the Government Accountability Office (GAO) titled “Increased Use of Alaska Native Corporations’ Special 8(a) Provisions Calls for Tailored Oversight” (GAO–06–399). This GAO report concluded that SBA needs to tailor its regulations and policies to provide greater oversight over its ANCs’ 8(a) procurements. GAO determined that without sufficient oversight, there is the potential for unintended consequences or abuse.

In response, SBA is considering regulatory changes to the 8(a) BD program to address the issues and concerns raised in the report, particularly those relating to ANC and tribal participation in the 8(a) BD mentor/protégé program. It is SBA’s intent that any changes contemplated and instituted will incorporate the business development intent and mission of the 8(a) BD program as established by the Small Business Act. This notice provides information for the purpose, format, scheduling, and registration for the tribal consultation meeting.

**Tribal Consultation Meeting**

The purpose of this tribal consultation meeting is to conform to the

requirements of Executive Order 13175, Tribal Consultations; to provide interested parties with an opportunity to discuss their views on the issues; and for SBA to obtain the views of these SBA’s stakeholders on approaches to the 8(a) BD program regulations. SBA considers tribal consultation meetings a valuable component of its deliberations and believes that this tribal consultation meeting will allow for constructive dialogue with the Tribal community, Tribal Leaders, Tribal Elders, elected members of Alaska Native Villages or their appointed representatives, and principals of tribally-owned and ANC-owned 8(a) firms.

The format will consist of a panel of SBA representatives who will represent the Agency and moderate the discussions. Oral and written testimony will become part of the record for SBA’s consideration. Written testimony may be submitted in lieu of oral testimony. SBA will analyze the testimony, both oral and written, along with any written comments received. SBA officials may ask questions of a presenter to clarify or further explain the testimony. The purpose of the tribal consultation meeting is to assist SBA with gathering information to potentially develop new proposals. SBA respectfully requests that the testimony focus on the issues as discussed in the GAO report, general issues as they pertain to the 8(a) BD program regulations and the mentor/protégé program, or the unique concerns of the tribal communities. SBA respectfully requests that presenters do not raise issues pertaining to other SBA small business programs. Presenters may provide a written copy of their testimony. SBA will accept written material that the presenter wishes to provide that further supplements his or her testimony. Electronic or digitized copies are encouraged.

The tribal consultation meeting will be held for one day. The meeting will begin at 9 a.m. and end at 4 p.m. (MST), with a break from 12 p.m. to 1 p.m. SBA will adjourn early if all those scheduled have delivered their testimony.

**VENUE INFORMATION**

Location	Address	Date	Registration closing date
Denver, Colorado .....	Hyatt Regency Denver at the Colorado Convention Center, Centennial C Room, 650 15th Street, Denver, CO 80202.	November 11, 2007 ....	November 5, 2007.

efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>12</sup> 17 CFR 200.30–3(a)(12).