

- a. Define the proposed action which is to be the subject of the EIS;
- b. Determine the scope of the EIS and identify the significant issues to be analyzed in depth;
- c. Identify and eliminate from detailed study those issues that are peripheral or that are not significant;
- d. Identify any environmental assessments and other EISs that are being or will be prepared that are related to, but are not part of the scope of the EIS being considered;
- e. Identify other environmental review and consultation requirements related to the proposed action;
- f. Identify parties consulting with the NRC under the NHPA, as set forth in 36 CFR 800.8(c)(1)(i);
- g. Indicate the relationship between the timing of the preparation of the environmental analyses and the Commission's tentative planning and decision-making schedule;
- h. Identify any cooperating agencies and, as appropriate, allocate assignments for preparation and schedules for completing the EIS to the NRC and any cooperating agencies; and
- i. Describe how the EIS will be prepared and include any contractor assistance to be used.

The NRC invites the following entities to participate in the scoping process:

- a. The applicant, UniStar Nuclear;
- b. Any Federal agency that has jurisdiction by law or special expertise with respect to any environmental impact involved or that is authorized to develop and enforce relevant environmental standards;
- c. Affected State and local government agencies, including those authorized to develop and enforce relevant environmental standards;
- d. Any affected Indian tribe;
- e. Any person who requests or has requested an opportunity to participate in the scoping process; and
- f. Any person who intends to petition for leave to intervene.

In accordance with 10 CFR 51.26, the scoping process for an EIS may include a public scoping meeting to help identify significant issues related to a proposed activity and to determine the scope of issues to be addressed in an EIS. The NRC will hold two identical public scoping meetings for the EIS regarding the CCNPP COL partial application. The scoping meetings are scheduled for Wednesday, March 19, 2008 at the Holiday Inn Select, 155 Holiday Drive, Solomons, Maryland. The first meeting will convene at 1 p.m. and will continue until approximately 4 p.m. The second meeting will convene at 7 p.m. and will continue until approximately 10 p.m. The meetings

will be transcribed and will include: (1) An overview by the NRC staff of the NEPA environmental review process, the proposed scope of the EIS, the proposed review schedule, and (2) the opportunity for interested government agencies, organizations, and individuals to submit comments or suggestions on the environmental issues or the proposed scope of the EIS. Additionally, the NRC staff will host informal discussions one hour before the start of the two meetings at the Holiday Inn Select. No formal comments on the proposed scope of the EIS will be accepted during the informal discussions. To be considered, comments must be provided either at the transcribed public meeting or in writing, as discussed below. Persons may register to attend or present oral comments at the meeting on the scope of the NEPA review by contacting Mr. Thomas L. Fredrichs at 1-800-368-5642, extension 5971, or by e-mail to the NRC at [CalvertCliffs.COLAEIS@nrc.gov](mailto:CalvertCliffs.COLAEIS@nrc.gov), no later than March 11, 2008.

Members of the public may also register to speak at the meeting within 15 minutes of the start of the meeting. Individual oral comments may be limited by the time available, depending on the number of persons who register. Members of the public who have not registered may also have an opportunity to speak, if time permits. Public comments will be considered in the scoping process for the EIS. Mr. Fredrichs will need to be contacted no later than March 11, 2008, if special equipment or accommodations are needed to attend or present information at the public meeting, so that the NRC staff can determine whether the request can be accommodated.

Members of the public may send written comments on the environmental scope of the CCNPP COL review to the Chief, Rules and Directives Branch, Division of Administrative Services, Office of Administration, Mailstop T-6D59, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001 and should cite the publication date and page number of this **Federal Register** notice. Comments may also be delivered to Room T-6D59, Two White Flint North, 11545 Rockville Pike, Rockville, Maryland from 7:30 a.m. to 4:15 p.m., during Federal workdays. To be considered in the scoping process, comments should be received by the end of the scoping comment period, which is April 14, 2008. Written comments should be postmarked by April 14, 2008. Electronic comments may be sent via the Internet to the NRC at [CalvertCliffs.COLAEIS@nrc.gov](mailto:CalvertCliffs.COLAEIS@nrc.gov). Submissions should be sent no later

than April 14, 2008, to be considered in the scoping process. Comments will be available in the meeting summary report electronically and accessible through the NRC's ERR link at <http://www.nrc.gov/reading-rm/adams.html>.

Participation in the scoping process for the EIS does not entitle participants to become parties to the proceeding to which the EIS relates. Notice of a hearing regarding the complete application for a COL will be the subject of a future **Federal Register** notice if UniStar submits the remaining portion of the Calvert Cliffs COL application and the NRC staff finds it acceptable for docketing.

At the conclusion of the scoping process, the NRC staff will prepare a concise summary of the determination and conclusions reached, including the significant issues identified, and will send a copy of the summary to each participant in the scoping process. The summary will also be available for inspection through the NRC's ERR link. The staff will then prepare and issue for comment the draft EIS, which will be the subject of separate notices and a separate public meeting. A copy of the draft EIS will be available for public inspection at the above-mentioned address, and one copy per request will be provided free of charge. After receipt and consideration of the comments, the NRC staff will prepare a final EIS, (which will also be available for public inspection).

Information about the proposed EIS and the scoping process may be obtained from Mr. Thomas L. Fredrichs, Senior Environmental Project Manager at (301) 415-5971.

Dated at Rockville, Maryland, this 8th day of February 2008.

For the Nuclear Regulatory Commission.

**R. W. Borchardt,**

*Director, Office of New Reactors.*

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## SECURITIES AND EXCHANGE COMMISSION

[Securities Exchange Act of 1934; Release No. 57300]

### Order Granting Registration of LACE Financial Corp. as a Nationally Recognized Statistical Rating Organization

February 11, 2008.

LACE Financial Corp. ("LACE"), a credit rating agency, furnished to the Securities and Exchange Commission ("Commission") an application for registration as a nationally recognized

statistical rating organization (“NRSRO”) under section 15E of the Securities Exchange Act of 1934 (“Exchange Act”) for the classes of credit ratings described in clauses (i) through (v) of section 3(a)(62)(B) of the Exchange Act.

Based on the information provided in the application, LACE has a conflict of interest relating to the fourth class that would cause the firm to be in violation of Exchange Act Rule 17g-5(c)(1) (17 CFR 240.17g-5(c)(1)) if it became registered. LACE requested that the Commission grant LACE an exemption from the conflict of interest prohibition in Exchange Act Rule 17g-5(c)(1). Simultaneously with this Order, the Commission is issuing an Order (“Exemptive Order”) granting LACE an exemption from Exchange Act Rule 17g-5(c)(1) until January 1, 2009.<sup>1</sup>

The Commission finds that the application furnished by LACE is in the form required by Exchange Act section 15E, Exchange Act Rule 17g-1 (17 CFR 240.17g-1), and Form NRSRO (17 CFR 249b.300) and contains the information described in subparagraph (B) of section 15E(a)(1) of the Exchange Act.

Based on the application and Exemptive Order, the Commission finds that the requirements of section 15E of the Exchange Act are satisfied.

Accordingly,

*It is ordered*, under paragraph (a)(2)(A) of section 15E of the Exchange Act, that the registration of LACE Financial Corp. with the Commission as an NRSRO under section 15E of the Exchange Act for the classes of credit ratings described in clauses (i) through (v) of section 3(a)(62)(B) of the Exchange Act is granted.

By the Commission.

**Nancy M. Morris**,  
Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-57301]

### Order Granting Temporary Exemption of LACE Financial Corp. From the Conflict of Interest Prohibition in Rule 17a-5(c)(1) of the Securities Exchange Act of 1934

February 11, 2008.

#### I. Introduction

The Credit Rating Agency Reform Act of 2006 (“Rating Agency Act”),<sup>1</sup> enacted

<sup>1</sup> Release No. 34-57301 (February 11, 2008).

<sup>1</sup> Public Law 109-291 (2006).

on September 29, 2006, defined the term “nationally recognized statistical rating organization” (“NRSRO”), added Section 15E to the Securities Exchange Act of 1934 (“Exchange Act”), and provided authority for the Securities and Exchange Commission (“Commission”) to implement registration, recordkeeping, financial reporting, and oversight rules with respect to registered credit rating agencies. Exchange Act Rule 17g-1 (17 CFR 240.17g-1), and Form NRSRO (17 CFR 249b.300), prescribe the process for a credit rating agency to apply for registration. Rule 17g-1 and Form NRSRO were effective on June 18, 2007, and the other rules, Rules 17g-2 through 17g-6 (17 CFR 240.17g-2 through 17g-6), became effective on June 26, 2007.<sup>2</sup>

In particular, Rule 17g-5(c)(1) prohibits an NRSRO from issuing or maintaining a credit rating solicited by a person that, in the most recently ended fiscal year, provided the NRSRO with net revenue equaling or exceeding 10% of the total net revenue of the NRSRO for the fiscal year. In adopting this rule, the Commission stated that such a person would be in a position to exercise substantial influence on the NRSRO, which in turn would make it difficult for the NRSRO to remain impartial.<sup>3</sup>

#### II. Application and Exemption Request of LACE Financial Corporation

LACE Financial Corp. (“LACE”), a credit rating agency, furnished to the Commission an application for registration as an NRSRO under Section 15E of the Exchange Act for the classes of credit ratings described in clauses (i) through (v) of Section 3(a)(62)(B) of the Exchange Act. Based on the information provided in the application, LACE has a conflict of interest relating to the fourth class<sup>4</sup> that would cause the firm to be in violation of Rule 17g-5(c)(1) if LACE became registered. Specifically, for the fiscal year ending December 31, 2007, LACE maintained credit ratings on asset-backed securities solicited by a person that provided LACE with 10% or more of its total revenues for that year.

LACE has requested that the Commission exempt it from Rule 17g-5(c)(1) on the grounds that the prohibition hinders its ability as a small entity to grow its business issuing credit

ratings on asset-backed securities. LACE indicated in its application that it expects the percentage of revenue attributable to the relevant client to decrease based on LACE’s revenue trend, continued growth, and the problems in the asset-backed securities market.

#### III. Discussion

The Commission, when adopting Rule 17g-5(c)(1), noted that it intended to monitor how the prohibition operates in practice, particularly with respect to asset-backed securities, and whether exemptions may be appropriate.<sup>5</sup> The Commission notes that the revenue in question was earned by LACE before it submitted its application for registration and in the year before Rule 17g-5 was adopted, which limited the time for LACE to adjust its activities to conform to the requirements of the Rule. In addition, the Commission recognizes that, given LACE’s size, it is more likely that the firm would be affected by Rule 17g-5(c)(1) than a larger credit rating agency with a more diversified client base. Further, the Commission notes that LACE has stated that it expects that the percentage of total revenue provided by the client will decrease. Finally, the Commission notes that the threshold in Rule 17g-5(c)(1) is, of necessity, a bright line, but activities that exceed that threshold may or may not necessarily raise the concerns that are the basis for the rule. Hence, the Commission believes that it is important for the Commission to consider for each application the specific facts and circumstances of the applicant and whether to grant an exemption from Rule 17g-5(c)(1). Moreover, in this instance, the Commission recognizes that granting this exemption furthers the primary purpose of the Rating Agency Act, which is to enhance competition in the highly concentrated ratings industry. Granting LACE registration in the asset-backed security class will increase the number of NRSROs registered in this class, which could increase competition.

For these reasons, the Commission finds that granting LACE an exemption from Rule 17g-5(c)(1) for calendar year 2008 is necessary and appropriate in the public interest and is consistent with the protection of investors.<sup>6</sup> The

<sup>2</sup> Release No. 34-55857 (June 5, 2007), 72 FR 33564, 33564-65 (June 18, 2007).

<sup>3</sup> *Id.* at 33598.

<sup>4</sup> The fourth class of credit ratings is for “issuers of asset-backed securities (as that term is defined in section 1101(c) of part 229 of title 17, Code of Federal Regulations\* \* \*) (“asset-backed securities”). Section 3(a)(62)(B)(iv) of the Exchange Act.

<sup>5</sup> Release No. 34-55857 (June 5, 2007), 72 FR 33564, 33598 (June 18, 2007).

<sup>6</sup> Section 36 of the Exchange Act authorizes the Commission, by rule, regulation, or order, to conditionally or unconditionally exempt any person from any rule under the Exchange Act, to the extent that the exemption is necessary or appropriate in the public interest and is consistent with the protection of investors. 15 U.S.C. 78mm.