

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b)<sup>4</sup> of the Act and the rules and regulations thereunder, in general, and furthers the objectives of Section 6(b)(5),<sup>5</sup> in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanisms of a free and open market and a national market system, and, in general, to protect investors and the public interest.

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

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

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

The Exchange neither solicited nor received written comments on the proposal.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

## 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](mailto:rule-comments@sec.gov). Please include File Number SR-CBOE-2010-109 on the subject line.

### Paper Comments

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

All submissions should refer to File Number SR-CBOE-2010-109. 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 Web site viewing and printing 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 the CBOE. 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-CBOE-2010-109 and should be submitted on or before January 12, 2011.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>6</sup>

**Florence E. Harmon,**  
Deputy Secretary.

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**BILLING CODE 8011-01-P**

## SMALL BUSINESS ADMINISTRATION

### Community Express Pilot Program

**AGENCY:** U.S. Small Business Administration (SBA).

**ACTION:** Notice of short-term extension and termination of the Community Express Pilot Program.

**SUMMARY:** This notice announces the termination of the Community Express Pilot Program following a four month extension to April 30, 2011. As of May 1, 2011, no new Community Express loan applications will be approved. SBA is in the process of replacing this pilot with two new lending initiatives aimed at increasing 7(a) lending in underserved communities which initiatives are expected to be available by April 30, 2011.

**DATES:** The Community Express Pilot Program is extended through April 30, 2011, at which time the pilot program will terminate.

**FOR FURTHER INFORMATION CONTACT:**

Grady B. Hedgespeth, Office of Financial Assistance, U.S. Small Business Administration, 409 Third Street, SW., Washington, DC 20416; Telephone (202) 205-6490; [grady.hedgespeth@sba.gov](mailto:grady.hedgespeth@sba.gov).

**SUPPLEMENTARY INFORMATION:** The Community Express Pilot Program was established in 1999 and was based on the Agency's SBA Express Program. Lenders approved for participation in Community Express are authorized to use the expedited loan processing procedures in place for SBA Express for lending to distressed or underserved markets. In addition, participating lenders must arrange and, when necessary, pay for appropriate management and technical assistance for their Community Express borrowers. To encourage lenders to make these loans, SBA provides its full 75-85 percent guaranty, rather than the 50 percent guaranty the Agency provides under SBA Express. The maximum loan amount under this pilot program is \$250,000.

On June 30, 2008, SBA published a notice in the **Federal Register** to extend the Community Express Pilot Program through September 30, 2008, and to notify the public of SBA's plan to significantly restructure the pilot program effective October 1, 2008. The notice also indicated that the restructured pilot program would be extended through December 31, 2009 (73 FR 36950). On January 5, 2010, SBA announced that to allow time to better evaluate the results of the program changes implemented in October 2008,

<sup>4</sup> 15 U.S.C. 78f(b).

<sup>5</sup> 15 U.S.C. 78f(b)(5).

<sup>6</sup> 17 CFR 200.30-3(a)(12).

the pilot program was extended again through December 31, 2010 (75 FR 473).

SBA has completed its evaluation of Community Express and has determined that the pilot program is not achieving the expected results at a reasonable cost to the taxpayers. When measured against broad program goals, Community Express has had mixed outcomes. The Community Express product has resulted in loans to new businesses, minority businesses and other underserved sectors; however, it has consistently ranked as SBA's highest loss product, even when controlling for loan size, and it has never had widespread acceptance by SBA lenders or good geographical dispersion.

Throughout its history, Community Express has had significantly higher default rates (almost 40% of loans defaulted in certain cohorts) compared with other similarly sized 7(a) loans, which also resulted in higher net losses because most Community Express loans are unsecured. In addition, the difficulty of coordinating and ensuring efficient access to quality management and technical assistance to borrowers resulted in large lenders abandoning the product a few years after its creation. Many commercial lenders may not have been willing or able to efficiently meet SBA's technical assistance delivery and reporting requirements because the provision and reporting of management and technical assistance is not normally part of their lending model. Eventually, less than 5% of SBA's active lenders were using the product and most of the activity was concentrated in a handful of lenders (three lenders comprised approximately 85% of the Community Express loan volume in recent years, one of which has been taken over by the FDIC and is no longer in operation).

SBA's Office of Inspector General (OIG) conducted a thorough review of the Community Express Pilot Program over the span of 14 months resulting in an audit report issued on August 25, 2010. The OIG identified significant issues with the pilot program, including the following: (1) Community Express has not been as effective as other 7(a) loan programs in increasing loans to underserved markets; (2) Community Express has a high cost, which is expected to significantly increase the overall 7(a) program subsidy rate; and (3) the credit scoring practices of the two most active Community Express Lenders have increased program risk. Based on the issues identified above, the central recommendation of the OIG report was that SBA *not* extend the Community Express Pilot Loan Program in its current form.

For the reasons discussed above, SBA is proposing to replace Community Express with two new 7(a) lending initiatives designed to reach underserved markets more efficiently and effectively and at a lower cost to the taxpayer. Extending Community Express four months will permit SBA time to roll out the new pilot program.

**Authority:** 15 U.S.C. 636(a)(25); 13 CFR 120.3.

Dated: December 16, 2010.

**Karen G. Mills,**

*Administrator.*

[FR Doc. 2010-32095 Filed 12-21-10; 8:45 am]

**BILLING CODE 8025-01-P**

## **SMALL BUSINESS ADMINISTRATION**

### **Council on Underserved Communities, Establishment of and Request for Nominations**

**AGENCY:** U.S. Small Business Administration (SBA).

**ACTION:** Notice of creation of Council on Underserved Communities and request for nominations.

**SUMMARY:** Pursuant to the Federal Advisory Committee Act and its implementing regulations, SBA is issuing this notice to announce the creation of its Council on Underserved Communities. This advisory committee is being established to help the agency identify and address needs of small businesses in underserved urban and rural communities. With this notice SBA is also requesting nominations for members of this Council.

**DATES:** Submit nominations on or before 5 p.m. EST January 31, 2011.

**FOR FURTHER INFORMATION CONTACT:** Questions about the Council on Underserved Communities may be directed to Dan Jones, telephone (202) 205-7583, fax (202) 481-6536, e-mail [dan.jones@sba.gov](mailto:dan.jones@sba.gov) or mail, U.S. Small Business Administration, 409 3rd Street, SW, 7th Floor, Washington DC 20416.

**SUPPLEMENTARY INFORMATION:** Pursuant to its authority in section 8(b)(13) of the Small Business Act, (15 U.S.C. 637(b)), SBA is establishing the Council on Underserved Communities. This discretionary committee is being established in accordance with the provisions of the Federal Advisory Committee Act, as amended (5 U.S.C. App.).

The Council will provide advice, ideas and opinions on SBA programs and services and issues of interest to small businesses in underserved communities. Its members provide an essential connection between SBA and

small businesses in inner city and rural communities. The Council's scope of activities includes reviewing SBA current programs and policies, while working towards creating new and insightful place-based initiatives to spur economic growth, job creation, competitiveness, and sustainability.

Council members will bring a number of important points of views to the Council: an understanding of the barriers to success for small business owners in underserved communities; experience working in and operating businesses in urban and rural underserved communities; challenges regarding access to capital; knowledge and experience in training and counseling entrepreneurs in underserved communities; and associations representing owners of small business in underserved communities.

The Council will have a total of twenty (20) members, 19 members-at-large and one Chair. Members may consist of current or former small business owners, community leaders, officials from small business trade associations, and academic institutions. Members shall represent the interests of underserved communities across the country, both rural and urban.

### **Request for Nominations**

SBA is requesting nominations for the Council on Underserved Communities and encourages all qualified candidates to apply. Candidates may self nominate or be nominated by another source. SBA will be accepting nominations for membership through January 31, 2011. Please e-mail contact information and a resume or bio to [underservedcouncil@sba.gov](mailto:underservedcouncil@sba.gov).

### **Qualifications**

SBA is asking for nominations to fill the 19 at-large Council members. Members must represent at least one of the following constituencies: current or former small business owners; community leaders; small business trade associations; or academic institutions. SBA seeks candidates representing both urban and rural underserved communities.

### **Status**

All members serve at the pleasure of the SBA Administrator and will be considered representatives. Members will not be paid for participation however, the Agency will pay travel and per diem expenses while members are attending required meetings. Council members are expected to attend all required meetings. Some meetings may be held via conference call. Initially,