

Protection Act's prohibition on unfair, deceptive, and abusive acts or practices, 12 U.S.C. 5536(a)(1)(B), and 18 other "enumerated consumer laws," 12 U.S.C. 5481(12). However, these laws are also enforced by State attorneys general and State regulators, 12 U.S.C. 5552, and prudential regulators including the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the National Credit Union Administration. *See, e.g.*, 12 U.S.C. 5516(d), 5581(c)(2) (exclusive enforcement authority for banks and credit unions with \$10 billion or less in assets). Some Federal consumer financial laws are also enforceable by other Federal agencies, including the Department of Justice and the Federal Trade Commission, the Farm Credit Administration, the Department of Transportation, and the Department of Agriculture. In addition, some of these laws provide for private enforcement.

*Consumer Financial Protection Circulars* are intended to promote consistency in approach across the various enforcement agencies and parties, pursuant to the CFPB's statutory objective to ensure Federal consumer financial law is enforced consistently. 12 U.S.C. 5511(b)(4).

*Consumer Financial Protection Circulars* are also intended to provide transparency to partner agencies regarding the CFPB's intended approach when cooperating in enforcement actions. *See, e.g.*, 12 U.S.C. 5552(b) (consultation with CFPB by State attorneys general and regulators); 12 U.S.C. 5562(a) (joint investigatory work between CFPB and other agencies).

*Consumer Financial Protection Circulars* are general statements of policy under the Administrative Procedure Act. 5 U.S.C. 553(b). They provide background information about applicable law, articulate considerations relevant to the Bureau's exercise of its authorities, and, in the interest of maintaining consistency, advise other parties with authority to enforce Federal consumer financial law. They do not restrict the Bureau's exercise of its authorities, impose any legal requirements on external parties, or create or confer any rights on external parties that could be enforceable in any administrative or civil proceeding. The CFPB Director is instructing CFPB staff as described herein, and the CFPB will then make final decisions on individual matters based on an assessment of the factual record, applicable law, and

factors relevant to prosecutorial discretion.

**Rohit Chopra,**

*Director, Consumer Financial Protection Bureau.*

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**BILLING CODE 4810-AM-P**

## **SMALL BUSINESS ADMINISTRATION**

### **13 CFR Part 120**

**RIN 3245-AH92**

#### **Small Business Lending Company Application Process**

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

**ACTION:** Notification.

**SUMMARY:** The purpose of this notification is to announce that the U.S. Small Business Administration's (SBA) Office of Capital Access (OCA) is opening the application period for new Small Business Lending Companies (SBLC) licenses from September 2, 2024, to October 15, 2024, and share the process by which interested entities may apply. SBA is similarly opening the application period for Community Advantage SBLCs (CA SBLCs) from September 2, 2024, to December 20, 2024, and will be reviewing and decisioning CA SBLC licenses on a rolling basis.

#### **DATES:**

*Applicability date:* This notification is applicable beginning August 1, 2024.

SBA will accept applications for:

—New SBLC licenses from September 2, 2024–October 15, 2024.

—New CA SBLC licenses from September 2, 2024–December 20, 2024.

*Comment date:* Comments must be received on or before September 9, 2024.

**ADDRESSES:** You may submit comments, identified by SBA docket number SBA-2024-0011, by any of the following methods:

• *Federal eRulemaking Portal:* <https://www.regulations.gov/>. Follow the instructions for submitting comments.

• *Mail:* Jihoon Kim, Office of Financial Program Operations, U.S. Small Business Administration, 409 Third Street SW, Washington, DC 20416.

• *Hand Delivery/Courier:* Darrel Eddingfield, Office of Financial Assistance, U.S. Small Business Administration, 409 Third Street SW, Washington, DC 20416.

SBA will post all comments on <https://www.regulations.gov>.

If you wish to submit confidential business information ("CBI") as defined in the User Notice at <https://www.regulations.gov>, please submit the information to Jihoon Kim, Office of Financial Program Operations, U.S. Small Business Administration, 409 Third Street SW, Washington, DC 20416; or send an email to [SBLCApps@sba.gov](mailto:SBLCApps@sba.gov). Highlight the information that you consider to be CBI and explain why you believe SBA should hold this information as confidential. SBA will review the information and make the final determination as to whether it will publish the information.

#### **FOR FURTHER INFORMATION CONTACT:**

Jihoon Kim, Director, Office of Financial Program Operations (OFPO), Office of Capital Access, Small Business Administration, at 202-205-6024 or [Jihoon.Kim@sba.gov](mailto:Jihoon.Kim@sba.gov). The phone number above may also be reached by individuals who are deaf or hard of hearing, or who have speech disabilities, through the Federal Communications Commission's TTY-Based Telecommunications Relay Service teletype service at 711.

#### **SUPPLEMENTARY INFORMATION:**

##### **I. Background Information**

Section 7(a)(17) of the Small Business Act states that SBA shall authorize lending institutions and other entities, in addition to banks, to make 7(a) loans. To this end, SBA has authorized Small Business Lending Companies (SBLCs) as defined in 13 CFR 120.10 to participate in the 7(a) Loan Program. On April 12, 2023, SBA published the Final Rule on Small Business Lending Company (SBLC) Moratorium Rescission and Removal of the Requirement for a Loan Authorization (88 FR 21890, effective May 12, 2023). Through that rule, SBA lifted the self-imposed moratorium on licensing new SBLCs and established the plan to approve three SBLCs in the first year following implementation. An SBLC, as defined in 13 CFR 120.10, is a non-depository lending institution authorized by SBA to make loans pursuant to section 7(a) of the Small Business Act and loans to Intermediaries in SBA's Microloan program. An SBLC is:

- Supervised and examined solely by SBA at the federal level;
- Subject to additional SBA Loan Program Requirements, as defined in 13 CFR 120.10, including but not limited to regulations specific to SBLCs regarding formation, capitalization, and enforcement actions; and
- Subject to all other 7(a) Loan Program Requirements specific to origination, servicing, and liquidation.

This SBLC moratorium was put in place in 1982, prior to access to modern digital tools that enhance oversight and mitigate risk. For 42 years, SBA has overseen the application and approval process 60 times for the transfer of the existing SBLC licenses by determining the capability and experience of the acquiring entity's leadership; the financial capacity to make, service, and liquidate loans; and the safety and soundness of its portfolio. This ensures compliance with SBA's regulatory requirements and origination of loans based on standards consistent with similarly sized commercial loans made by other lenders.

As stated above, the purpose of this notification is to announce that SBA's Office of Capital Access is opening the application period for new SBLC and CA SBLC licenses. SBA introduced the CA SBLC license to meet the credit, management, and technical assistance needs of small businesses in underserved markets. CA SBLC licenses provide mission-oriented lenders, primarily nonprofit financial intermediaries focused on economic development, access to 7(a) loans. CA SBLC's goals are to:

- Increase access to credit for small businesses located in underserved markets;
- Expand points of access to the SBA 7(a) loan program by allowing non-traditional, mission-oriented lenders to participate;
- Provide Management and Technical Assistance (M&TA) to small businesses as needed; and
- Manage portfolio risk.

## II. New Licenses Awarded

SBA will award up to three new SBLC licenses and an indefinite number of new CA SBLC licenses. SBA may award new SBLC and CA SBLC licenses for a period of 1 year after the application period ends. SBA reserves the option to request updated information. SBLC licensees may make loans nationwide up to \$5 million per borrower. SBA will limit CA SBLCs to certain geographic areas and loan amounts. SBA will also require CA SBLCs to make at least 60 percent of their loans to eligible small businesses in underserved markets.

## III. SBLC Requirements

SBLCs must comply with SBA's requirements for SBA Lenders, SBA Supervised Lenders, and the additional requirements presented in 13 CFR part 120, subpart D, §§ 120.470 through 490 specifically for SBLCs.

SBLCs are subject to the requirements in SOP 50 56 1, *Lender Participation Requirements*, Section A, 7(a) Lender

Participation, Chapters 1 and 2., and once tentatively approved, must fulfill SBLC requirements, including:

1. Submit to the D/OCRM via [OCRMSBLC@sba.gov](mailto:OCRMSBLC@sba.gov) for review their policies for the following which must be acceptable to SBA in its discretion:

a. Policies that demonstrates compliance with title 13 of the CFR and SBA's Standard Operating Procedures (SOPs) for origination, servicing, and liquidation of 7(a) loans, including but not limited to policies on credit underwriting, hazard and other insurances (e.g., product liability, dram shop/host liquor liability, disability, workers' compensation, malpractice, etc.), flood insurance, life insurance, equity, equity injection, verification of equity injection, collateral, owner/guarantor analysis (including the SBLC's policies on requiring owner financial statements), how the SBLC will verify an Applicant's financial information, and how the SBLC will document the refinancing of any debts.

b. Fees and interest rates, including frequency of interest rate adjustments, the SBLC charges to its Applicants/Borrowers.

c. Contents and maintenance of a complete loan file.

d. Closing documentation, including how the SBLC documents disbursements and verification of equity injection.

e. Borrower's access to funds.

f. For SBA Express, Export Express, CAPLines, and EWCP programs, the SBLC's policies demonstrating compliance with the additional program-specific requirements stated in SOP 50 56 1, Section A, Chapter 2, Paragraph A.f.-h.

2. Submit to the D/OCRM via [OCRMSBLC@sba.gov](mailto:OCRMSBLC@sba.gov) for review and approval annual validation, with supporting documentation and methodologies demonstrating that any scoring model used by the SBLC is predictive of loan performance.

3. Each SBLC's board of directors must adopt and fully implement an internal control policy that provides adequate direction to the institution for effective control over and accountability for operations, programs, and resources. The board-adopted internal control policy must, at a minimum, comply with 13 CFR 120.460. For example:

a. The internal control policy implemented must ensure satisfactory monitoring and management of the SBA loan portfolio, including but not limited to, providing for a periodic loan review function to be performed at least annually by a person who is not directly or indirectly responsible for loan making or by outside contractors.

b. It must include a list of monthly reports provided by the SBLC's management for Board review to support adequate Board oversight.

c. It must provide for internal controls for loan making, servicing and liquidation.

d. It must provide for a risk rating system to risk classify SBA loan assets satisfactory to SBA.

e. Internal control policies and procedures must include provisions to ensure compliance with SBA's Loan Program Requirements on eligibility.

f. Internal control policies and procedures must include provisions to ensure the SBLC exercises due diligence and prudent oversight of its third party vendors, including Lender Service Providers (LSP) and other loan Agents. Such policies and procedures should include, but not be limited to, monitoring performance of loans referred by an Agent or where an Agent provided assistance.

g. SBLCs must provide documentation demonstrating that the internal control policies and procedures are fully implemented and followed.

4. SBLCs must adhere to their internal policies and procedures for originating, closing, servicing, and, when necessary, liquidating SBA loans. When SBA procedures require Lenders to follow their own policies and procedures on their similarly sized, non-SBA guaranteed loans, SBLCs must follow the written policies and procedures that have been reviewed by SBA.

4. SBLCs may not lend to an Applicant that has received assistance from an affiliated Small Business Investment Company (SBIC). (13 CFR 120.476)

5. Minimum capital requirements for SBLCs: Beginning on January 4, 2024, each SBLC that makes or acquires a 7(a) loan must maintain, at a minimum, unencumbered paid-in capital and paid-in surplus of at least \$5,000,000, or ten percent of the aggregate of its share of all outstanding loans, whichever is greater. Any SBLC approved on or after January 4, 2021, including in the event of a change of ownership or control, must maintain the minimum capital requirement set forth in subparagraph (a) above. Unless subject to subparagraph (a) or (b) above, an SBLC must comply with the minimum capital requirements that were in effect on January 3, 2021.

## IV. CA SBLC Requirements

CA SBLCs must comply with SBA's requirements for SBA Lenders, SBA Supervised Lenders, and the additional requirements presented in 13 CFR part

120, subpart D, §§ 120.470 through 120.490 specifically for CA SBLCs.

CA SBLCs are subject to the requirements in SOP 50 56 1, *Lender Participation Requirements*, Section A, 7(a) Lender Participation Requirements, Chapters 1 and 2, and once approved, must fulfill requirements for SBLCs stated above and the following conditions:

1. The CA SBLC must be a nonprofit lending institution.
2. The CA SBLC must maintain the appropriate bond coverage levels for CA SBLCs, as determined by the SBA Administrator, published in Loan Program Requirements.
3. The CA SBLC must maintain a minimum amount of capital as determined at the discretion of the Administrator.
4. The CA SBLC shall maintain a loan loss reserve of 5 percent of the outstanding amount of the unguaranteed portion of the loan portfolio of the CA SBLC under the program for the first five years in the program and shall maintain a loan loss reserve equal to the average repurchase rate of the CA SBLC over the preceding 36-month period thereafter.

#### V. SBLC Application

The entity applying for a new SBLC license must submit an executed electronic scanned copy (in pdf format) to [SBLCApps@sba.gov](mailto:SBLCApps@sba.gov) addressing each of the elements set forth below ("SBLC Application"). The SBLC application must be complete and organized in tabular format, and the information submitted must be sufficient to enable SBA to evaluate its application against the evaluation criteria. The application must include:

1. The Legal name, address, telephone, and email address of the proposed SBLC.
2. Identification of the form of organization of the proposed SBLC along with file-stamped copies of the concern's certificate of incorporation, certificate of formation or certificate of limited partnership (as applicable), and a copy of the concern's corporate bylaws, limited liability company operating agreement, or limited partnership agreement (as applicable).
3. Identification of the proposed SBLC's capitalization including the form of ownership, the identification of all classes of equity capital and proposed funding amounts, rights and preferences accorded to each class of stock or members interest (including voting rights, redemption rights, and rights of convertibility) and conditions for transfer, sale, or assignment of these interests.

4. The proposed SBLC's geographic area of operation.

5. Identification of all officers, directors, managing partners, managing members, Key Employee(s) of the proposed SBLC, which includes senior managers, members of loan committees, and individuals who have a meaningful participation in the direction of the operations, policies, or financial decisions of the proposed SBLC, and all other individuals or entities that propose to hold an equity interest of at least ten percent of the economic interest in any class of stock or ownership interest in the proposed SBLC (such identification should include a discussion of any prior SBA experience).

a. An organization chart showing the relationship of the proposed SBLC with all related Associates (see 13 CFR 120.10, Definitions) and affiliates within the organization.

b. All individuals or entities identified in this paragraph must submit an executed SBA Form 1081 and either a Form FD-258 (fingerprint card) or Electronic Fingerprint Submission. SBA Form 1081 and the Form FD-258 or Electronic Fingerprint Submission must be signed and dated within 90 days of submission to SBA.

6. Proof of fidelity insurance coverage as detailed in 13 CFR 120.470(e).

7. A comprehensive business plan that details:

a. The nature of proposed operations, including the organizational units involved in sourcing, evaluating, underwriting, closing, disbursing servicing, and liquidating small business loans in the organization;

b. The identification of all sources of capital used to finance lending operations;

c. An operations plan detailing the nature of the Lender's proposed loan activity, the volume of activity projected over the first 3 years as an SBA Lender, projected balance sheets, income statements and statement of cash flows of the Lender, with alternative profit and loss scenarios based on run rates equivalent to 70 percent and 50 percent of projected loan activity, the type and projected amount of financing needed to support its lending plan, along with a discussion of Lender's proposed wind-down plan in the event the Lender decides to leave the program;

d. A detailed analysis of the Lender's projected secondary market activities during the first 3 years of operation, including a sensitivity analysis of the effect any changes in premium from the sale of the guaranteed portion of 7(a) loans in SBA's secondary market may have on the Lender's prospective

earnings. The analysis must also include a description of the Lender's plans (if any) to securitize or sell participations in the unguaranteed portion of 7(a) loans; and

e. If the Lender intends to acquire any 7(a) loans, a written plan detailing the extent of this acquisition activity in its operating plan, and how the Lender will manage the transition of the 7(a) loan portfolio.

8. All documents associated with any type of external financing expected to be undertaken by the proposed SBLC.

9. A written statement from an authorized official of the proposed SBLC certifying that the SBLC will not be primarily engaged in financing the operations of an Affiliate as defined in 13 CFR 121.103.

10. The most recent audited financial statements of the proposed SBLC if it has been in operation for more than 1 year, or the audited financial statements of the proposed SBLC's parent company.

11. A certified copy of a Board, limited partners, or members resolution specifying the individual(s) or official(s) granted the authority by the organization to submit this SBLC application.

12. A certification by the proposed SBLC that it is in full compliance with all Federal, State, and local laws.

13. A written legal opinion of independent counsel ("Independent Counsel" is counsel that is not an Associate of the lender), satisfactory to SBA that addresses whether the proposed SBLC:

a. Is duly formed, organized, and validly existing in good standing under the laws of the State of its organization, and is in full compliance with all Federal, State, and local laws in connection with the formation and organization of the proposed SBLC; and

b. Has the power, legal right, and authority to enter into the sale transaction.

14. A written statement from an authorized official of the proposed SBLC that the entity intends to operate as an SBA Lender for a period of not less than three years and that the licensee's significant deviation from the 3-year business plan, as described in #7 above, may be subject to corrective action.

#### VI. SBLC Evaluation Process

SBA reserves the right to deny any entity applying for an SBLC license, in its sole discretion. In addition to SBA's evaluation of the elements required in the SBLC Application, SBA may consider additional factors in its

evaluation. These factors include, but are not limited to:

- The lending policies of the proposed SBLC and their alignment with SBA's mission;
- Historical performance measures (such as default, purchase and loss rate);
- Whether the applicant entity or any officers, directors, managing partners, managing members, Key Employee(s) of the proposed SBLC, which includes senior managers, members of loan committees, and individuals who have a meaningful participation in the direction of the operations, policies, or financial decisions of the proposed SBLC, or other individuals or entities that propose to hold an equity interest of at least ten percent of the economic interest in any class of stock or ownership interest in the proposed SBLC is subject to any legal proceedings, enforcement action, order or agreement with a regulator or the presence of other related concerns;
- Other performance data associated with the proposed SBLC, its parent company, or its senior management team, along with other relevant information;
- Ability to address gaps in small business lending, especially those not served by the existing 7(a) Lender population, including: small-dollar lending, loans to underserved populations, and loans to support small businesses' efforts to reduce climate change and/or to help small businesses through climate change. Applicants may present potential market gaps and address their plan and capability to address them;
- Affiliation with lenders or lender service providers previously sanctioned by SBA; and
- The ability to sustain significant SBA 7(a) lending activities for at least three years.

In the review process, SBA will *not* consider the timing of application submission as long as a substantially complete application is submitted within an open application period.

Once received, the Director, Office of Financial Program Operations (D/OFPO), in consultation with the Director, Office of Credit Risk Management (D/OCRM), Director, Office of Financial Assistance (D/OFA), Director, Office of Performance and System Management (D/OPSM), and the Deputy Associate Administrator of the Office of Capital Access (DAA/OCA) or designee, makes the final determination on the application.

SBA will provide written notification to all applicants whether they have been approved. SBA reserves the right to

perform additional due diligence of a license awardee prior to a final decision.

## VII. SBLC Timeline

The SBLC application period is open as of Monday, September 2, 2024, and SBA will continue accepting applications through 11:59 p.m. Eastern time on Tuesday, October 15, 2024. SBA will close the application period, review and process all applications in accordance with the instructions provided above, and award up to three SBLC licenses. SBA anticipates issuing new SBLC licenses in late 2024. SBA may issue licenses at a future date to applicants participating in this open period.

## VIII. CA SBLC Application

The entity applying for a new CA SBLC license must submit an executed electronic scanned copy (in pdf format) to [CAloans@sba.gov](mailto:CAloans@sba.gov) addressing each of the elements set forth below ("CA SBLC Application"). The CA SBLC Application must be complete and organized in tabular format. The application must include:

1. The Legal name, address, telephone, and email address of the proposed CA SBLC.
2. The following information:
  - a. A copy of the applicant's IRS Tax Exempt certification and evidence of continued non-profit status (in compliance with IRS Form 990 requirements, if applicable).
  - b. A copy of a Certificate of Good Standing from the Secretary of State from the State where the lender is organized.
  - c. An opinion of independent counsel that the lender is (1) duly formed, organized and validly existing and in good standing under the laws of the state of organization, (2) chartered or registered to conduct business in the lender's proposed operating area, and (3) in compliance with applicable local, State and Federal laws in connection with the formation and organization of the lender. "Independent Counsel" is counsel that is not an "Associate of the lender" as defined in 13 CFR 120.10.
  - d. A list of officers and directors. For each individual listed, include a resume and SBA Form 1081, *Statement of Personal History*, signed and dated within 90 days of submission to SBA. Pursuant to Procedural Notice 5000–856893 any officer or director who answers "yes" to question numbers 10a, 10b, 10c, 11a, or 11b on the form must also submit an explanation and fingerprint cards.
  - e. A list of key personnel (current and proposed) who will be involved in loan packaging, processing and underwriting,

closing, disbursing, servicing and liquidating the lender's 7(a) loans. For each key individual listed, include a resume and SBA Form 1081 signed and dated within 90 days of submission to SBA. Pursuant to Procedural Notice 5000–856893 any key employee who answers "yes" to question numbers 10a, 10b, 10c, 11a, or 11b on the form must also submit an explanation and fingerprint card. If any of these services are contracted out, that should be noted in the applicant's business plan explaining what those services are and how the CASBLC Applicant exercises control over the services provided. A copy of the contract should also accompany the application.

f. A certified copy of a Resolution of the Board of Directors authorizing submission of the application.

g. A copy of the most recent certification from the U.S. Treasury Department or CDFI Fund (if applicable).

h. A business plan addressing the applicant's small business lending activities and proposed operations. The plan should include, at a minimum:

- i. An organizational chart with narrative description of organizational units. The organizational chart must also present and describe affiliated entities and the relationship between them.
- ii. A narrative description of proposed operations including the internal organizational units involved in sourcing, evaluating and underwriting, closing, disbursing, servicing and liquidating SBA 7(a) loans.
- iii. Volume projections for planned CASBLC lending activity for the first three years of participation.
- iv. Projected balance sheet, income statement and statements of cash flows for two years, along with the related interest rate, default, and prepayment assumptions. The plan projections should be assembled under three different operating scenarios—normalized activity, activity assuming a 30 percent reduction in projected lending, and activity assuming a 50 percent reduction in projected lending. If applicable, the projections should also address the planned level and type of secondary market activity.

v. Description of available M&TA or the procedure for referrals to outside assistance; a plan for identifying appropriate assistance for each borrower; a description of how the Lender will track the type of M&TA recommended for each borrower at the time the loan was made; and identification of M&TA services actually provided.

vi. Description of lending activities, particularly in the area of small business lending, including data on the applicant's existing small business loan portfolio, such as number of loans made, distribution of size and age of loans made, use of proceeds, type of loans made (secured or unsecured, revolving, term, etc.). Small business lending may have been done by a related organizational entity such as its parent or an affiliate. The Applicant must demonstrate that it has at least 20 similarly sized commercial or business loans (either guaranteed or non-guaranteed) in its portfolio. (If the lender plans to continue to work with the related organizational entity if approved as a CA Lender, an LSP agreement may be required. See SOP 50 10 for further guidance on LSP agreements.)

vii. Description and data on the applicant's client demographics and current and/or planned service area including the CA underserved markets in that area, the small business community and its financing needs, and the relevant economic, unemployment and poverty characteristics for the area.

i. Copies of the applicant's year-end audited financial statements for the last two years. If the applicant has no prior audited financial statements, it may submit consolidated financial statements that have been certified as "true and correct" by Lender's senior financial officer for consideration. (CASBLC licensees are required to comply with 13 CFR 120.463, SBA's regulatory accounting requirements for SBA Supervised Lenders)

j. Interim financial statements dated within 90 days of the application, covering the period from the last audited statement to the end of the most recent quarter.

k. A schedule of funding sources and funds received and available for the two year period covered by the audited financial statements.

l. Current delinquency, default and loss rates for the applicant's entire small business loan portfolio for the prior two fiscal years in consolidated format. Loan performance data is also acceptable for consideration from the applicant's parent or its affiliates to substantiate a sufficient history of similar small business lending experience in the organization.

m. A description of existing loan loss reserve methodology, including any risk assessments or classifications. This should include a schedule of loan loss reserve components with calculations for the previous eight quarters, and a description of the loan loss reserve allocations for all loan programs in

which the applicant currently participates.

n. A copy of lending policies and procedures governing business loan origination, closing, servicing and liquidation.

o. Any other information the lender considers relevant for SBA to consider in evaluating the application. To the degree an applicant has provided equivalent information on or as part of an application or for continued participation in the CDC, Microloan, ILP or CDFI programs, that information may be substituted provided it meets the intent of the requirement. SBA may follow up if additional information is needed.

### 3. Certifications

a. The applicant must certify that it has provided filed articles of incorporation and by-laws to either the SBA or the CDFI Fund in connection with its participation in the 504, Microloan, ILP, and/or CDFI programs, and that those organizing documents have not materially changed. If material changes have occurred, a copy of the current articles of incorporation and/or by-laws must be included with the application.

b. The applicant must either certify that it is not subject to regulation by a state regulator or, if the applicant is subject to state regulation, it must demonstrate that it is in good standing with its state regulator. The lender's written request to participate must include a written statement that to the best of its knowledge, the lender has satisfactory: (i) financial condition (e.g., capital and liquidity); (ii) small business credit administration policies, procedures, and practices that it continues to adhere to in its operations; and (iii) small business servicing policies, procedures, and practices that it continues to adhere to in its operations. When reviewing good standing, SBA will look to see that a lender does not have significant deficiencies or weaknesses in these areas. "Significance" may be evidenced by the number or seriousness of the deficiencies, as determined by SBA in its discretion. SBA will verify any good standing statement where possible with public (e.g., Cease and Desist Orders and Call Reports) and/or non-public information from the lender's primary and/or other regulators. Additionally, the following information must be included:

- A copy of the State statute and/or regulations governing the applicant's operations;
- A copy of the latest examination report of the applicant by the State financial regulator, as authorized; and

- A description of the State prescribed capital requirements and a certification that the applicant meets these established requirements.

## IX. CA SBLC Evaluation Process

SBA reserves the right to deny any entity applying for a CA SBLC license, in its sole discretion. In addition to SBA's evaluation of the elements required in the CA SBLC Application, SBA may consider additional factors in its evaluation. These factors include:

- The lending policies of the proposed CA SBLC and their alignment with SBA's mission;
- Historical performance measures (such as default, purchase and loss rate);
- Whether the applicant is subject to any legal proceedings, enforcement action, order or agreement with a regulator or the presence of other related concerns;
- Other performance data associated with the acquiring concern or its senior management team, along with other relevant information;
- Affiliation with lenders or lender service providers previously sanctioned by SBA; and
- Ability to address gaps in small business lending, especially those not served by the existing 7(a) Lender population, including small-dollar lending, loans to underserved populations, and loans to support small businesses through climate change. Applicants may present potential market gaps and address their plan and capability to address them.

In the review process SBA will not consider the timing of the application submission, so long as the application is submitted within the application period. The Director, Office of Credit Risk Management (D/OCRM) makes the final determination on the application.

SBA will provide written notification to all applicants whether they have been approved. Approval of a CA SBLC license awardee will be conditioned on completion of training on CA SBLC Loan Program Requirements.

## X. CA SBLC Timeline

The CA SBLC application period is open as of Monday, September 2, 2024, and SBA will continue accepting applications through 11:59 p.m. Eastern time on Friday, December 20, 2024. During the application period, SBA will review applications on a rolling basis and approve based on each applicant's merit and readiness to become a CA-SBLC. SBA has discretion to eliminate any application that is incomplete or

inconsistent with the application instructions.

**Isabella Casillas Guzman,**  
Administrator.

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## SECURITIES AND EXCHANGE COMMISSION

### 17 CFR Part 232

[Release Nos. 33-11293; 34-100439; 39-2555; IC-35220]

### Adoption of Updated EDGAR Filer Manual

**AGENCY:** Securities and Exchange Commission.

**ACTION:** Final rule.

**SUMMARY:** The Securities and Exchange Commission (“Commission”) is adopting amendments to Volume II of the Electronic Data Gathering, Analysis, and Retrieval system Filer Manual (“EDGAR Filer Manual” or “Filer Manual”) and related rules and forms. EDGAR Release 24.2 will be deployed in the EDGAR system on July 1, 2024.

**DATES:** *Effective date:* August 9, 2024. The incorporation by reference of the revised Filer Manual is approved by the Director of the Federal Register as of August 9, 2024.

**FOR FURTHER INFORMATION CONTACT:** For questions regarding the amendments to Volume II of the Filer Manual, please contact Rosemary Filou, Deputy Director and Chief Counsel, Laurita Finch, Senior Special Counsel, or Lidian Pereira, Senior Special Counsel, in the EDGAR Business Office at (202) 551-3900. For questions regarding the submission of forms related to registering with the Commission as a security-based swap execution facility, please contact Michael Coe, Assistant Director, in the Division of Trading and Markets at (202) 551-4875. For questions regarding the availability of exhibit EX-98 under Item 1607 of Regulation S-K, please contact Robert Errett, Chief, Disclosure Management Office, in the Division of Corporation Finance at (202) 551-3225, for questions regarding the removal of obsolete Forms 10-KSB and 10-QSB, please contact Sean Harrison, Special Counsel, Disclosure Management Office, in the Division of Corporation Finance at (202) 551-3249.

**SUPPLEMENTARY INFORMATION:** We are adopting an updated Filer Manual, Volume II: “EDGAR Filing,” Version 70 (July 2024) and amendments to 17 CFR

232.301 (“Rule 301”). The updated Filer Manual is incorporated by reference into the Code of Federal Regulations.

### I. Background

The Filer Manual contains information needed for filers to make submissions on EDGAR. Filers must comply with the applicable provisions of the Filer Manual in order to assure the timely acceptance and processing of filings made in electronic format.<sup>1</sup> Filers must consult the Filer Manual in conjunction with our rules governing mandated electronic filings when preparing documents for electronic submission.

### II. EDGAR System Changes and Associated Modifications to Volume II of the Filer Manual

EDGAR is being updated in EDGAR Release 24.2 and corresponding amendments to Volume II of the Filer Manual are being made to reflect these changes, as described below.<sup>2</sup>

#### *Forms Related to Application for Registration as a Security-Based Swap Execution Facility*

On November 2, 2023, the Commission adopted a set of rules and forms to create a regime for the registration and regulation of security-based swap execution facilities and address other issues relating to security-based swap execution generally.<sup>3</sup> To reflect these rules and forms, EDGAR will allow filers to submit forms to apply for registration with the Commission as a security-based swap execution facility (Form SBSEF) under 17 CFR 242.803, to amend an application prior to full registration (Form SBSEF/A), to request to withdraw a pending application for registration (Form SBSEF-W), and to request to vacate an effective registration (Form SBSEF-V). Filers will be able to file Form SBSEF and certain of its related exhibits in custom XML, Inline XBRL, and PDF formats as provided in the Regulation SE adopting release.<sup>4</sup>

#### *Removal of Obsolete Forms 10-KSB and 10-QSB From the EDGAR Filer Manual*

The EDGAR Filer Manual will be updated to remove obsolete Forms 10-KSB and 10-QSB from the “Index to Forms Table.” Removal is consistent with the previous rescission of

Regulation S-B and all forms with the “SB” designation.<sup>5</sup>

#### *Removal of Screenshots From Chapter 8*

The EDGAR Filer Manual will be updated to remove screenshots from Chapter 8 of the Filer Manual that duplicate instructions provided in the text.

### III. Other EDGAR Changes

#### *Availability of Exhibit EX-98 for Attachments Required Under Item 1607 of Regulation S-K*

In connection with the Commission’s rules intended to enhance investor protections in initial public offerings by Special Purpose Acquisition Companies (SPACs), and in subsequent business combination transactions between SPACs and private operating companies, EDGAR will be updated to allow filers to attach any report, opinion, or appraisal required to be filed as an exhibit under Item 1607 of Regulation S-K as exhibit EX-98 to EDGAR submission variants of Forms S-1, S-4, F-1, F-4, and Schedules TO, 14A, and 14C.<sup>6</sup>

### IV. Amendments to Rule 301 of Regulation S-T

Along with the adoption of the updated Filer Manual, we are amending Rule 301 of Regulation S-T to provide for the incorporation by reference into the Code of Federal Regulations of the current revisions. This incorporation by reference was approved by the Director of the Federal Register in accordance with 5 U.S.C. 552(a) and 1 CFR part 51.

The updated EDGAR Filer Manual is available at <https://www.sec.gov/edgar/filerinformation/current-edgar-filer-manual>.

### V. Administrative Law Matters

Because the Filer Manual and rule amendments relate solely to agency procedures or practice and do not substantially alter the rights and obligations of non-agency parties, publication for notice and comment is not required under the Administrative Procedure Act (“APA”).<sup>7</sup> It follows that the amendments do not require analysis under requirements of the Regulatory Flexibility Act<sup>8</sup> or a report to Congress

<sup>1</sup> See Rule 301 of Regulation S-T.

<sup>2</sup> EDGAR Release 24.2 was deployed on July 1, 2024.

<sup>3</sup> Security-Based Swap Execution and Registration and Regulation of Security-Based Swap Execution Facilities, Release No. 34-98845 (Nov. 2, 2023) [88 FR 87156, 87229-30 (Dec. 15, 2023)].

<sup>4</sup> *Id.*

<sup>5</sup> Smaller Reporting Company Regulatory Relief and Simplification, Release No. 33-8876 (Dec. 19, 2007), [73 FR 934 (Jan. 4, 2008)].

<sup>6</sup> Special Purpose Acquisition Companies, Shell Companies, and Projections, Release No. 33-11265 (Jan. 24, 2024) [89 FR 14158 (Feb. 26, 2024)].

<sup>7</sup> 5 U.S.C. 553(b)(A).

<sup>8</sup> 5 U.S.C. 601 through 612.