Accordingly, the Commission has determined that pursuant to 10 CFR 73.5, the exemption from the March 31, 2010, compliance date is authorized by law and will not endanger life or property or the common defense and security, and is otherwise in the public interest. Therefore, the Commission hereby grants the requested exemption.

The NRC staff has determined that the long-term benefits that will be realized when the security system upgrades are complete justify exceeding the full compliance date and the proposed implementation schedule is consistent with the scope of the modifications in the case of this particular licensee. The security measures that TVA needs additional time to implement at BFN are new requirements imposed by March 27, 2009, amendments to 10 CFR 73.55, and are in addition to those required by the security orders issued in response to the events of September 11, 2001. Therefore, the NRC staff concludes that the licensee's actions are in the best interest of protecting the public health and safety through the security changes that will result from granting this exemption.

As per the licensee's request and the NRC's regulatory authority to grant an exemption from the March 31, 2010, implementation deadline for the three items specified in Enclosure 1 of the TVA letter dated November 6, 2009 (publicly available version dated January 11, 2010), the licensee is required to be in full compliance by December 20, 2012. In achieving compliance, the licensee is reminded that it is responsible for determining the appropriate licensing mechanism (*i.e.,* 10 CFR 50.54(p) or 10 CFR 50.90) for incorporation of all necessary changes to its security plans.

Pursuant to 10 CFR 51.32, "Finding of no significant impact," the Commission has previously determined that the granting of this exemption will not have a significant effect on the quality of the human environment (75 FR 5354, dated February 2, 2010).

This exemption is effective upon issuance.

Dated at Rockville, Maryland this 11th day of March 2010.

For the Nuclear Regulatory Commission.

Joseph G. Giitter,

Director, Division of Operating Reactor Licensing, Office of Nuclear Reactor Regulation.

[FR Doc. 2010–6064 Filed 3–18–10; 8:45 am]

BILLING CODE 7590–01–P

SMALL BUSINESS ADMINISTRATION

[Docket No. SBA–2010–0005]

Implications of Financial Accounting System (FAS) 166 on SBA Guaranteed Loan Programs

AGENCY: Small Business Administration.

ACTION: Notice; request for comments.

SUMMARY: The Small Business Administration (SBA) is soliciting information and views from the public on: (1) The effect that the accounting changes mandated by the Financial Accounting Standards Board (FASB) in Financial Accounting Standard (FAS) 166 have on SBA Lender and investor participation in the SBA 7(a) loan program and the SBA Secondary Market Program; and (2) the need to modify the structure of the 7(a) loan program and/or the SBA Secondary Market program as well as related guidelines and governing documents as a result of FAS 166.

DATES: Comments must be received on or before April 19, 2010.

ADDRESSES: You may submit comments, identified by docket number SBA–2010–0005 by any of the following methods:

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

• *Mail, Hand Delivery/Courier:* James W. Hammersley, Acting Assistant Administrator for Policy and Strategic Planning, Office of the Administrator, Small Business Administration, 409 Third Street, SW., Washington, DC 20416.

SBA will post all comments on *http://www.regulations.gov.* If you wish to submit confidential business information (CBI) as defined in the User Notice at *http://www.regulations.gov*, please submit the information to James W. Hammersley, Acting Assistant Administrator for Policy and Strategic Planning, Office of the Administrator, Small Business Administration, 409 Third Street, SW., Washington, DC 20416 or send an e-mail to *james.hammersley@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 the information will be published.

FOR FURTHER INFORMATION CONTACT: James W. Hammersley, Acting Assistant Administrator for Policy and Strategic Planning, Office of the Administrator, (202) 205–7505; *james.hammersley@sba.gov.*

SUPPLEMENTARY INFORMATION: Under SBA's 7(a) business loan program, private sector lenders (SBA Lenders) make loans to small businesses (7(a) loans) that do not qualify for conventional credit. The SBA guaranty provides the credit enhancement necessary for the SBA Lender to make the 7(a) loan. Through the SBA Secondary Market described in 13 CFR 120.601, SBA Lenders sell the guaranteed portion of 7(a) loans (guaranteed portions) to investors and use the funds to make additional loans. The Secondary Market is a major source of liquidity for many SBA Lenders. SBA estimates that SBA Lenders sell the guaranteed portion of almost 50% of the 7(a) loans they make.

The Secondary Market for 7(a) loans developed in the early 1970s when SBA Lenders began to sell guaranteed portions to other lenders. SBA realized the importance of a stable and reliable liquidity option and took steps to formalize and expand the market for the sale of guaranteed portions, including providing a full faith and credit guaranty for the investors in the mid 1970s. Throughout the 1970s and early 1980s the market continued to grow as more lenders used the funds from Secondary Market sales to make additional loans. In 1984, in recognition of the value of the Secondary Market, Congress added a pooling option that included a timely payment guaranty by SBA. The pooling option allowed small business loans to be purchased by an even greater number of investors. The Secondary Market was clearly one of the drivers in the growth of the 7(a) loan program from $2 billion per year of loan originations in the early 1980s to almost $15 billion of loan originations per year prior to the recent economic crisis.

Historically, there has been strong demand for Secondary Market certificates backed by the guaranteed portion of 7(a) loans. Due to this strong demand, SBA Lenders are able to sell the guaranteed portion at a premium and/or retain an income stream in excess of the servicing fee that must be retained. Many lenders prefer to retain a significant ongoing cash flow rather than to receive a premium at the time of sale. This ongoing cash flow provides a steady flow of income that is not based on current loan production.

On May 17, 1994, SBA modified the agreement signed by the lender, investor, and SBA at the time of sale (SBA Form 1086, Secondary Participation Guaranty Agreement—referred to below as the Form 1086 available at *http://www.sba.gov/tools/forms/index.html*) to include a requirement that the selling lender

would have to return any premium received under certain conditions. These conditions are: (1) If the borrower prepays the loan for any reason during the first 90 days after the settlement of the Secondary Market sale; or (2) if the borrower fails to make when due, the first three monthly payments within the month after the Secondary Market sale and the borrower enters uncured default within 275 days after the settlement date of the Secondary Market sale. This warranty provision, added to the Form 1086, helped to encourage investor participation in the Secondary Market by extending investment protection beyond the principal amount of the guaranteed portion to the premium paid by the investor.

It is SBA's understanding that under new FASB guidelines for the accounting treatment of a Secondary Market sale, as detailed in FAS 166, a lender may not treat any premium received as income until the expiration of the warranty period. In addition, if the lender sells the loan and retains cash flow in excess of the minimum servicing fee, the transaction is considered a borrowing and the lender must continue to retain capital to support it. As a result, the lender would have to hold more capital because the original loan would still be on the books along with the new borrowing.

In light of the foregoing, SBA is soliciting views from the public on the effect of FAS 166 on SBA Lender and investor participation in the SBA 7(a) loan program and the SBA Secondary Market Program. In addition, SBA is soliciting views from the public on the need to modify the structure of the 7(a) loan program and/or the SBA Secondary Market program. Commenters are encouraged to submit suggestions that could minimize any adverse impact of FAS 166 on the 7(a) loan program and/or SBA Secondary Market participants.

SBA has received several unsolicited suggestions on how to address this issue. Some of the suggestions may require regulatory changes; others may require form or contractual changes. SBA has not taken a position on any of these proposals. SBA is seeking additional suggestions and ideas on how to address the ramifications of FAS 166 on the 7(a) loan program and the SBA Secondary Market Program, as well as comments on the specific proposals received to date, which are as follows:

1. *Eliminate the warranty period from the Form 1086 and the SBA Secondary Market Program.* Under this proposal, SBA would modify the Form 1086 to remove the warranty language. The warranty provision afforded investors some protection against early prepayment and may have discouraged lenders from selling guaranteed portions of loans they knew were susceptible to early default. However, after the warranty language was implemented, Congress added a subsidy recoupment fee (prepayment penalty) for borrowers, which may have reduced the need for the warranty provision. The subsidy recoupment fee is charged to the borrower if it prepays a loan in the first three years of the life of the loan. Secondary Market sales tend to occur in the first year of the life of the loan. Thus, borrowers have a financial incentive not to prepay early in the life of the loan that did not exist when the warranty language was originally added to the Form 1086. It is also possible that SBA's establishment of the Office of Credit Risk Management (OCRM) has reduced the need for the warranty provision as OCRM monitors lender activity and has the ability to scrutinize prepayment activity, including a pattern of early prepayments.

2. *Permit or Require SBA Secondary Market Broker Dealers to provide the warranty to their customers.* If SBA were to permit or require broker dealers to provide the warranty protection, the selling lender would no longer be in the position of having to return any funds received from a secondary market sale. SBA understands that many broker dealers are currently holding many loans in excess of ninety (90) days while they create pools, so many loans may actually be in the broker dealer's inventory during the warranty period. While this change would result in a liability for the broker dealers, the broker dealer may be in a good position to know which lender's loans tend to prepay or default during the warranty period. This option would require modification of the Form 1086 by SBA.

3. *Permit a private sector insurance fund to repay investors when a premium is lost during the 90 day warranty period.* Under this proposal, lenders would pay a portion of the premium received into an insurance fund that would be run by an entity not related to SBA or to SBA participating lenders. If a borrower prepays or defaults, the investor would file a claim with the insurance fund. SBA's role in the implementation of such an option would consist only of removing the warranty language from the Form 1086; the fund would be established and run by a private sector entity.

4. *Make the warranty period optional.* Under this proposal, SBA would modify the Form 1086 and related documents to allow the buyers and sellers to decide whether they wanted a warranty included in the terms of the agreement for a particular sale. Commenters are requested to provide suggestions on how warranty information for a particular sale could be communicated to potential purchasers under this proposal as such purchasers would need to know in advance whether a particular certificate included a warranty. Implementing this change would require modifications to both the Form 1086 and SBA's contract with its Fiscal and Transfer Agent.

Commenters are encouraged to submit other suggestions or actions that could minimize any adverse impact of FAS 166 on the 7(a) loan program and/or SBA Secondary Market participants. SBA is also seeking comments on whether the existing warranty should be left in place as it is currently structured.

Authority: 15 U.S.C. 634(b)(7)

Dated: March 5, 2010.

Eric R. Zarnikow,

Associate Administrator of Capital Access.

[FR Doc. 2010–6101 Filed 3–18–10; 8:45 am]

BILLING CODE 8025–01–P

DEPARTMENT OF STATE

[Public Notice 6924]

Bureau of Political-Military Affairs; Statutory Debarment Under the Arms Export Control Act and the International Traffic in Arms Regulations

ACTION: Notice.

SUMMARY: Notice is hereby given that the Department of State has imposed statutory debarment pursuant to § 127.7(c) of the International Traffic in Arms Regulations ("ITAR") (22 CFR parts 120 to 130) on persons convicted of violating, attempting to violate or conspiring to violate Section 38 of the Arms Export Control Act, as amended, ("AECA") (22 U.S.C. 2778).

DATES: *Effective Date:* Date of conviction as specified for each person.

FOR FURTHER INFORMATION CONTACT: Lisa Studtmann, Director, Office of Defense Trade Controls Compliance, Bureau of Political-Military Affairs, Department of State, (202) 663–2980.

SUPPLEMENTARY INFORMATION: Section 38(g)(4) of the AECA, 22 U.S.C. 2778(g)(4), prohibits the Department of State from issuing licenses or other approvals for the export of defense articles or defense services where the applicant, or any party to the export, has been convicted of violating certain statutes, including the AECA. In implementing this provision, Section 127.7 of the ITAR provides for "statutory