

required by Rule 22c-1 under the Act. Any brokerage commission, fee, or other cost incurred in connection with the proposed transactions will be paid for by the Insurance Companies and not by the Contract owners.

22. The sale of shares of the Replacement Fund for investment securities, as contemplated by the proposed in-kind purchases, will be consistent with the investment policy and restrictions of the Replacement Fund because (1) the shares will be sold at their net asset value, and (2) the portfolio securities will be of the type and quality that the Replacement Fund could have acquired with the proceeds from share sales had the shares been sold for cash. To assure that the second of these conditions is met, the investment adviser and sub-adviser of the Replacement Fund will examine the portfolio securities being offered to the Replacement Fund and accept only those securities as consideration for shares that they could have acquired for the Replacement Fund in a cash transaction.

23. The Applicants submit that the Insurance Companies' in-kind purchases are consistent with the general purposes of the Act as stated in the Findings and Declaration of Policy in Section 1 of the Act and that the proposed transactions do not present any of the conditions or abuses that the Act was designed to prevent.

24. The Applicants represent that the proposed in-kind purchases meet all of the requirements of Section 17(b) of the Act and request that the Commission issue an order pursuant to Section 17(b) of the Act exempting the Separate Accounts, the Insurance Companies, JHT, and the Replacement Fund from the provisions of Section 17(a) of the Act to the extent necessary to permit the Insurance Companies on behalf of the Separate Accounts to carry out, as part of the substitution, the in-kind purchases of shares of the Replacement Fund which may be deemed to be prohibited by Section 17(a) of the Act.

Conclusion

Applicants assert that for the reasons summarized above the proposed substitution and related transactions are

consistent with the standards of Section 17(b) of the Act and that the requested orders should be granted.

For the Commission, by the Division of Investment Management pursuant to delegated authority.

Nancy M. Morris,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-56837; File No. SR-FICC-2007-10]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing of Proposed Rule Change To Replace the Mortgage-Backed Securities Division Clearing Fund Calculation Methodology With a Yield-Driven Value-at-Risk Methodology

November 26, 2007.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on August 31, 2007, the Fixed Income Clearing Corporation ("FICC") filed with the Securities and Exchange Commission ("Commission") and on September 27, 2007, amended the proposed rule change as described in Items I, II, and III below, which items have been prepared primarily by FICC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

FICC is seeking to replace the Mortgage-Backed Securities Division ("MBSD") margin calculation methodology with a Value-at-Risk ("VaR") methodology.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, FICC included statements concerning

the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. FICC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.²

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

Clearing participants of MBSD are required to maintain participants' fund deposits. Each participant's required deposit is calculated daily to ensure enough funds are available to cover the risks associated with that participant's activities.

The purpose served by the participants fund is to have on deposit from each participant assets sufficient to satisfy any losses that may otherwise be incurred by MBSD participants as the result of the default by the participant and the resultant closeout of that participant's settlement positions.

FICC proposes to replace the current participants fund methodology, which uses haircuts and offsets, with a VaR model. FICC expects the VaR model to better reflect market volatility and to more thoroughly distinguish levels of risk presented by individual securities.

Specifically, FICC is proposing to replace the existing MBSD margin calculation with a yield-driven VaR model. VaR is defined to be the maximum amount of money that may be lost on a portfolio over a given period of time within a given level of confidence. With respect to the MBSD, FICC is proposing a 99 percent three-day VaR.

The changes to the components that comprise the current participants fund calculation versus the proposed VaR calculation in relation to the risks addressed by the components are summarized as follows:

Existing methodology	Risk addressed	Proposed methodology
Market Margin Differential, which is the greater of: (i) the P&L Requirement or (ii) the Market Volatility Requirement	Adjusting contract price to market price and post mark-to-market fluctuations in security prices.	The sum of: (i) Mark-to-market and (ii) Interest rate or index-driven model, as appropriate. ³

¹ 15 U.S.C. 78s(b)(1).

² The Commission has modified the text of the summaries prepared by FICC.

Existing methodology	Risk addressed	Proposed methodology
Final margin requirement generated for second processing cycle. ⁴	Additional exposure due to portfolio variation ..	Margin Requirement Differential ("MRD") to include intraday portfolio variations and protection regarding late margin deficit satisfaction.
Prefunding of certain debit cash obligation items through the participants fund (no offset for credits).	Uncertainty of whether a member will satisfy its cash settlement obligation.	Prefunding of certain debit cash obligation items through the participants fund (offset for credits). ⁵
N/A	Potential loss in unlikely situations beyond the model's effective range.	Coverage Component (if necessary, applies additional charge to bring coverage to the applicable confidence level).
Minimum Market Margin Differential (currently \$250,000).	Maintenance of a minimum amount of collateral to support potential counterparty liquidation losses.	A minimum charge of the greater of: (i) \$100,000 or (ii) a defined percentage of gross portfolio.

³ FICC shall have the discretion to not apply the interest rate model to classes of securities whose volatility is less amenable to statistical analysis (e.g., the security has a lack of pricing history). In lieu of such a calculation, the required charge with respect to such positions would be determined based on an historic index volatility model.

⁴ The MBSD generates a preliminary margin report as part of a first processing cycle at the close of the business day and calculates a final margin requirement as part of a second processing cycle completed at approximately 11:30 a.m. each business day. Upon the implementation of the new VaR methodology, the MBSD would no longer generate a margin requirement as part of the second cycle. Instead, a final margin requirement would be established after the running of the first cycle at approximately 9:00 p.m.

⁵ Cash obligation item credits are retained by the MBSD and not passed through to the participant. As a result, the MBSD has correspondingly less risk vis-à-vis a firm with cash obligation credits and therefore requires less collateral in this regard.

In addition, FICC may include in a participant's participant fund calculation a "special charge" as determined by FICC from time to time in view of market conditions and the financial and operational capabilities of the participant. FICC will make any such determination based on such factors as it determines to be appropriate.

Because it would become obsolete upon approval of the proposed rule change, FICC also proposes to eliminate the provision in the MBSD rules requiring participants to maintain a Basic Deposit and Minimum Market Margin Differential Deposit with MBSD pursuant to Article IV, Rule 1 (Participants Fund), section 1(a) and (b).

FICC believes that the proposed rule change is consistent with the requirements of section 17A of the Act⁶ and the rules and regulations thereunder applicable to FICC because it should assure the safeguarding of securities and funds in FICC's custody or control or for which it is responsible by enabling FICC to more effectively manage risk presented by participants' activities.

(B) Self-Regulatory Organization's Statement on Burden on Competition

FICC does not believe that the proposed rule change would have any impact or impose any burden on competition.

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

Written comments have not been solicited with respect to the proposed rule change, and none have been received. FICC will notify the Commission of any written comments it receives.

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

Within thirty-five 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 ninety 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 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, as amended, 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. Please include File

Number SR-FICC-2007-10 on the subject line.

Paper Comments

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

All submissions should refer to File Number SR-FICC-2007-10. 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 inspection and copying in the Commission's Public Reference Section, 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 FICC and on FICC's Web site at <http://www.ficc.com/gov/gov.docs.jsp?NS-query>. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that

⁶ 15 U.S.C. 78q-1.

you wish to make available publicly. All submissions should refer to File Number SR-FICC-2007-10 and should be submitted on or before December 21, 2007.

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.⁷

Nancy M. Morris,

Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-56835; File No. SR-NYSE-2007-104]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Enable the Exchange To List Certain Companies Based on Two Completed Fiscal Years and Financial Statements Covering the First Six Months of the Current Fiscal Year as Long as Prior to Listing Certain Summary Financial Data Confirms That the Company Continues To Satisfy the Applicable Standard Based on at Least Nine Completed Months of the Current Fiscal Year

November 21, 2007.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on November 15, 2007, the New York Stock Exchange LLC ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule changes as described in Items I and II below, which items have been substantially prepared by the Exchange. The Exchange filed the proposed rule change pursuant to section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6) thereunder,⁴ which renders the proposed rule change effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule changes from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend the earnings standard and valuation/revenue with cash flow standard of section 102.01B of the Exchange's Listed

Company Manual ("Manual"). The amendment will enable the Exchange, under certain limited circumstances, to qualify companies for listing under the three-year financial requirements of those two standards on the basis of two completed fiscal years of financial statements and financial statements covering the first six months of the current fiscal year, provided that the company must include, in a public disclosure (either an SEC filing or a press release) prior to the date of listing, financial data as derived from financial statements that have been subject to a Statement of Auditing Standards 100 ("SAS 100") review that confirms that the company continues to satisfy the applicable standard based on at least nine completed months of the current fiscal year.

The text of the proposed rule change is available on the Exchange's Web site (<http://www.nyse.com>), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. NYSE has prepared summaries, set forth in sections A, B and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend the earnings standard and valuation/revenue with cash flow standard of section 102.01B of the Manual. The amendment will enable the Exchange, under certain limited circumstances, to qualify companies for listing under the three-year financial requirements of those two standards on the basis of two completed fiscal years of financial statements and financial statements covering the first six months of the current fiscal year, provided that the company must include, in a public disclosure (either an SEC filing or press release) prior to the date of listing, financial data as derived from financial statements that have been subject to an

SAS 100 review that confirms that the company continues to satisfy the applicable standard based on at least nine completed months of the current fiscal year.

The proposed rule change does not alter the quantitative requirements companies must meet under the Exchange's financial listing standards, but simply provides greater flexibility to certain companies in demonstrating their satisfaction of those requirements. Currently, where a company has changed its fiscal year or undergone a significant change in its operations⁵ or capital structure, section 102.01C provides that such company may satisfy the earnings test or valuation/revenue with cash flow test on the basis of financial information for a nine to twelve month period in the current fiscal year in lieu of the first year in the three fiscal year period otherwise required. When qualifying a company for listing based on interim financial information from the current fiscal year, the Exchange must conclude that the company can reasonably be expected to qualify under the regular standard upon completion of its then current fiscal year. In reaching this conclusion, the Exchange considers whether the company's revenues or costs are subject to seasonal variation and the possible impact of any such variation on the suitability of predicting the company's full year performance based on its results in the first nine months of the year. In addition, if the company does not qualify under the regular standard at the end of such current fiscal year or qualify at such time for original listing under another listing standard, section 102.01C provides that the Exchange will promptly initiate suspension and delisting procedures with respect to the company.

Under the proposed amendment, the company would still need to demonstrate compliance with the relevant standard over at least nine completed months of the current fiscal year. The only distinction is that the company could demonstrate compliance through the inclusion of summary financial information for the nine-

⁵ The types of significant changes in operations considered by the Exchange, include, but are not limited to:

- Divestiture or discontinuation of a loss-making business line,
- A change in management,
- An acquisition or series of acquisitions,
- Economies of scale and increased revenues as the company emerges from its start-up phase,
- The effect of foreign currency valuation,
- Entering a new geographic region or market or exiting a geographic region or market, or
- The launch of a new product or service.

⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6).