the Postal Service established time-limited price changes for competitive products. The Governors' Decision and the record of proceedings in connection with such decision are reprinted below in accordance with section 3632(b)(2). Mail Classification Schedule language containing the new prices can be found at *www.prc.gov.*

Jeffrey Boblick,

Attorney, Ethics and Legal Compliance.

Decision of the Governors of the United States Postal Service on Changes in Rates of General Applicability for Competitive Products (Governors' Decision No. 26–7)

August 19, 2026

Statement of Explanation and Justification

Pursuant to authority under section 3632 of title 39, as amended by the Postal Accountability and Enhancement Act of 2006 (''PAEA''), we establish new prices of general applicability for certain domestic shipping services (competitive products), and concurrent classification changes to effectuate the new prices. These prices shall be in effect at 12:00 a.m. CDT on October 4, 2026, until 12:00 a.m. CST on January 17, 2027, at which time prices will be restored to approved levels. The changes are described generally below, with a detailed description of the changes in the attachment. The attachment includes the draft Mail Classification Schedule sections with the new prices that will take effect on October 4 displayed in the price charts, as well as the Mail Classification Schedule sections with the prices that will be restored on January 17, 2027, unless the Governors take further action to adjust prices.

As shown in the nonpublic annex being filed under seal herewith, the changes we establish should enable each competitive product to cover its attributable costs (39 U.S.C. 3633(a)(2)) and should result in competitive products as a whole complying with 39 U.S.C. 3633(a)(3), which, as implemented by 39 CFR 3035.107(c), requires competitive products collectively to contribute a minimum of 8.1 percent to the Postal Service's institutional costs. Accordingly, no issue of subsidization of competitive products by market dominant products should arise (39 U.S.C. 3633(a)(1)). We therefore find that the new prices are in accordance with 39 U.S.C. 3632–3633 and 39 CFR 3035.102.

I. Domestic Products

A. Priority Mail Express

Overall, the Priority Mail Express price change represents a 6.0 percent increase. The existing structure of zoned Retail and Commercial price categories is maintained. Retail prices will increase 6.0 percent on average, while the Commercial price category will increase 6.0 percent on average.

B. Priority Mail

On average, Priority Mail prices will be increased by 6.0 percent. The existing structure of zoned Retail and Commercial price categories is maintained. Retail prices will increase 6.0 percent on average, while the Commercial price category will increase 6.0 percent on average.

C. USPS Ground Advantage

On average, USPS Ground Advantage prices will increase 6.0 percent. The existing structure of zoned Retail and Commercial price categories is maintained. Retail prices will increase 6.0 percent on average, while the Commercial price category will increase 6.0 percent on average.

D. Parcel Select

On average, Parcel Select prices will increase overall by 6.0 percent, with different percentages allocated across weight classes.

No price changes are being made to Special Services or International competitive products.

Order

The changes in prices set forth herein shall be effective at 12:00 a.m. on October 4, 2026, and will be rolled back to approved levels at 12:00 a.m. on January 17, 2027. We direct the Secretary of the Board of Governors to have this decision published in the **Federal Register** in accordance with 39 U.S.C. 3632(b)(2), and direct management to file with the Postal Regulatory Commission appropriate notice of these changes.

By The Governors:

/s/

Amber F. McReynolds,

Chair, Board of Governors

United States Postal Service Office of the Board of Governors

Certification of Governors' Vote on Governors' Decision no. 26–7

Consistent with 39 U.S.C. 3632(a), I hereby certify that on August 19, 2026, the Governors voted on adopting Governors' Decision No. 26–7, and that a majority of the Governors then holding office voted in favor of that Decision.

/s/

Date: *August 24, 2026*

Lucy C. Trout,

Secretary of the Board of Governors.

[FR Doc. 2026–17640 Filed 8–27–26; 8:45 am]

BILLING CODE 7710–12–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106183; File No. SR–FINRA–2026–017]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change To Amend the Codes of Arbitration Procedure To Make Changes to Certain Provisions Relating to Arbitrator List Selection

August 25, 2026.

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 August 12, 2026, the Financial Industry Regulatory Authority, Inc. (''FINRA'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by FINRA. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

FINRA is proposing to amend the Code of Arbitration Procedure for Customer Disputes (''Customer Code'') and the Code of Arbitration Procedure for Industry Disputes (''Industry Code'') (together, ''Codes'') to make changes to certain provisions relating to arbitrator list selection.

Specifically, the proposed rule change would amend FINRA Rules 12402 (Cases with One Arbitrator), 12403 (Cases with Three Arbitrators), 13406 (Appointment of Arbitrators; Discretion to Appoint Arbitrators Not on List), and 13411 (Replacement of Arbitrators) to provide parties with greater input into arbitrator selection at initial panel appointment and when replacing arbitrators after initial panel appointment.

The text of the proposed rule change is available on FINRA's website at

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

http://www.finra.org and at the principal office of FINRA.

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

In its filing with the Commission, FINRA 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. FINRA 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

I. Overview of FINRA's Arbitrator List Selection Process

Decisions in the FINRA Dispute Resolution Services (''DRS'') arbitration forum are made by independent arbitrators.[3] To help ensure fairness to all parties during arbitrator list selection, FINRA uses a computer algorithm, known as the ''list selection algorithm,'' to generate lists of arbitrators on a random basis from its rosters of arbitrators for the selected hearing location.[4] DRS maintains three rosters of arbitrators: public arbitrators, non-public arbitrators, and arbitrators who are eligible to serve as chairperson of a panel.[5] In general, a public arbitrator is a person who is otherwise qualified to serve as an arbitrator and is not disqualified from service as a public arbitrator due to their current or past ties to the financial industry.[6] A non-public arbitrator is a person who is disqualified from service as a public arbitrator due to their current or previous association with the financial industry.[7] An arbitrator is eligible to serve as a chairperson if they have completed FINRA's chairperson training and (1) have a law degree and are a member of a bar of at least one jurisdiction and have served as an arbitrator through award on at least one arbitration administered by a self-regulatory organization (''SRO'') in which hearings were held; or (2) have served as an arbitrator through award on at least three arbitrations administered by an SRO in which hearings were held.[8]

The number and composition of the arbitrator lists that are generated using the list selection algorithm varies depending on the nature of the dispute and whether it will be heard by a panel of three arbitrators or by a single arbitrator. With respect to both customer disputes with three arbitrators and industry disputes involving associated persons with three arbitrators,[9] DRS uses the list selection algorithm to generate three lists: (1) a list of 10 public arbitrators from the FINRA chairperson roster (''Chairperson List''); (2) a list of 15 arbitrators (in customer disputes) or 10 arbitrators (in industry disputes involving associated persons) from the FINRA public arbitrator roster (''Public List''); and (3) a list of 10 arbitrators from the FINRA non-public arbitrator roster (''Non-Public List'').[10]

More generally, once the lists of arbitrators are generated,[11] the Director[12] sends the lists to the parties.[13] The parties then select their arbitrators through a process that involves striking and ranking the arbitrators on the lists.[14] For example, with respect to customer disputes with three arbitrators, each separately represented party may strike up to four of the arbitrators from the Chairperson List for any reason. Additionally, each separately represented party may strike up to six of the arbitrators from the Public List for any reason. Each separately represented party may also strike up to all 10 arbitrators from the Non-Public List.[15] Following the striking process, each separately represented party shall rank all remaining arbitrators on the lists in order of preference, with a ''1'' indicating the party's first choice, a ''2'' indicating the party's second choice, and so forth. Each list of arbitrators must be ranked separately.[16]

Following the ranking process, the Director consolidates the parties' rankings to create combined lists for each arbitrator classification type and appoints the panelists based on the parties' rankings from the combined lists.[17] However, there may be no arbitrators remaining on the combined lists, or if arbitrators remain, they may be unable or unwilling to serve.[18] In addition, after panel appointment, an arbitrator may need to be removed or become unable or unwilling to serve on the panel.[19] The proposed rule change would make changes to the Codes by providing parties with greater input into arbitrator selection if either of these situations were to occur.[20]

II. Proposed Amendments To List Selection at Initial Panel Appointment

The proposed rule change would revise the process under the Codes for appointing an arbitrator to an initial panel when the number of arbitrators available to serve from the combined lists is insufficient to fill the initial panel.[21] Currently, the Codes provide that if the number of arbitrators available to serve from the combined lists is insufficient to fill an initial panel, the Director will appoint an arbitrator to complete the panel from

[3] As a neutral administrator of the arbitration forum, DRS does not participate in the decision-making process by arbitrators. DRS currently maintains a roster of approximately 8,100 arbitrators. *See* FINRA, Arbitration and Mediation, Dispute Resolution Statistics, *https://www.finra.org/arbitration-mediation/dispute-resolution-statistics;* FINRA, Arbitration and Mediation, Become an Arbitrator, *https://www.finra.org/arbitration-mediation/become-arbitrator.*

[4] *See* FINRA Rules 12400(a) and 13400(a).

[5] *See* FINRA Rules 12400(b) and 13400(b).

[6] *See* FINRA Rules 12100(aa) and 13100(x).

[7] *See* FINRA Rules 12100(t) and 13100(r).

[8] *See* FINRA Rules 12400(c) and 13400(c).

[9] The panel will consist of three arbitrators in both customer and industry disputes when (1) the amount of the claim is more than $50,000 but not more than $100,000, exclusive of interest and expenses, and the parties agree in writing to three arbitrators; or (2) the amount of the claim is more than $100,000, exclusive of interest and expenses, is unspecified, or the claim does not request money damages, unless the parties agree in writing to one arbitrator. *See* FINRA Rules 12401 and 13401.

[10] *See* FINRA Rules 12403(a)(1) and 13403(b)(2).

[11] The list selection algorithm will automatically exclude arbitrators from the lists based upon current conflicts of interest identified within the list selection algorithm. *See* FINRA Rules 12402(b)(2), 12403(a)(4), 13403(a)(4), and 13403(b)(5). In addition, DRS conducts a review for other conflicts not identified within the list selection algorithm. *See* FINRA Rules 12402(b)(3), 12403(a)(5), 13403(a)(5), and 13403(b)(6). If any arbitrators are removed due to such conflicts, the list selection algorithm is used to generate replacement arbitrators. *See* FINRA Rules 12402(b)(3), 12403(a)(5), 13403(a)(5), and 13403(b)(6).

[12] The term ''Director'' means the Director of DRS. Unless the Codes provide that the Director may not delegate a specific function, the term includes FINRA staff to whom the Director has delegated authority. *See* FINRA Rules 12100(m) and 13100(m).

[13] *See* FINRA Rules 12402(c)(1), 12403(b)(1), and 13403(c)(1).

[14] *See* FINRA Rules 12402(d), 12403(c), and 13404.

[15] *See* FINRA Rule 12403(c).

[16] *See supra* note 15.

[17] *See* FINRA Rules 12402(e), 12403(d), and 13405. Detailed information regarding the striking and ranking process is available on FINRA's website at *https://www.finra.org/arbitration-mediation/about/arbitration-process/arbitrator-selection.*

[18] *See* FINRA Rules 12402(f), 12403(e), and 13406(c).

[19] *See* FINRA Rules 12402(g), 12403(f)–(h), and 13411.

[20] FINRA notes that the proposed rule change would impact all members, including members that are funding portals or have elected to be treated as capital acquisition brokers (''CABs''), given that the funding portal and CAB rule sets incorporate the impacted FINRA rules by reference.

[21] *See* proposed Rules 12402(f), 12403(e), and 13406(c).

names generated randomly by the list selection algorithm—a process referred to as ''extending the list'' or an ''extended list appointment''—and parties are required to accept this appointment.[22] Based on FINRA's experience, extended list appointments have proved unpopular as parties may only challenge these arbitrators for cause, which limits the parties' role in arbitrator selection.[23]

Due to parties' concerns about extended list appointments, DRS's current practice is to provide parties with an opportunity to agree to receive a new list of arbitrators of the required classification generated randomly by the list selection algorithm (''new list'') rather than an extended list appointment. If the parties agree to a new list, each opposing party (all separately represented claimants collectively and all separately represented respondents collectively) strike and rank the arbitrators on the list, and then the Director combines both sides' ranking lists to select the highest-ranked arbitrator to fill the panel. As parties often agree to receive a new list of arbitrators of the required classification to fill an initial panel rather than an extended list appointment, FINRA is proposing to replace extended list appointments with new lists under the Codes.[24]

Thus, under the proposed rule change, when no arbitrators remain available on the combined lists to fill the initial panel, a new list of arbitrators would be generated randomly by the list selection algorithm for the parties to strike and rank in accordance with the Codes.[25] Parties would no longer be required to accept an extended list appointment or agree to a new list of arbitrators to avoid an extended list appointment. Under the proposed rule change, a new list of arbitrators of the required classification would be generated randomly by the list selection algorithm for the parties, with the same selection and participation rights they exercise during the initial arbitrator selection process.[26]

[22] *See* FINRA Rules 12402(f), 12403(e), and 13406(c).

[23] Under FINRA Rules 12407(a) and 13410(a), the Director will grant a party's request to remove an arbitrator if it is reasonable to infer, based on information known at the time of the request, that the arbitrator is biased, lacks impartiality, or has a direct or indirect interest in the outcome of the arbitration. The interest or bias must be definite and capable of reasonable demonstration, rather than remote or speculative. *See* FINRA, How Parties Select Arbitrators, *https://www.finra.org/arbitration-mediation/about/arbitration-process/arbitrator-selection.*

[24] *See* proposed Rules 12402(f)(2), 12403(e)(2)(A), (e)(3)(C)(i), and 13406(c).

[25] *See supra* note 24.

III. Proposed Amendments To Replace Arbitrators After Initial Panel Appointment

Under the Codes, when an arbitrator is removed from an arbitration case or becomes unable or unwilling to serve after initial panel appointment, the Director will appoint as a replacement the arbitrator who is the most highly ranked available arbitrator remaining on the combined list of the arbitrator classification type.[27] If that arbitrator is also unable or unwilling to serve, depending on whether the case is a customer or industry case and the number of arbitrators on the panel, the Director will return to the initial list of the arbitrator classification type and appoint the next highest-ranked available arbitrator to complete the panel or will make an extended list appointment.[28]

To provide parties with greater input into selecting replacement arbitrators after initial panel appointment and to address timing concerns related to the hearing schedule, DRS introduced a voluntary program known as the Short List Option.[29] If the parties agree to the current voluntary Short List Option, the list selection algorithm randomly generates a list of potential replacement arbitrators.[30] The Director will prescreen the arbitrators on the short list to confirm their availability for any scheduled hearings and will provide parties with a list of qualified arbitrators, the number of which varies depending on the hearing schedule. Each side may strike and rank the arbitrator names within a prescribed number of days.

As the current voluntary Short List Option provides forum participants with greater input into arbitrator selection when replacing arbitrators after initial panel appointment and to provide increased transparency to forum participants regarding the availability of this program, FINRA is proposing to codify it as the default method for selecting replacement arbitrators after panel appointment.

[26] *See supra* notes 14–17 and accompanying text.

[27] *See* FINRA Rules 12402(g)(1)–(2), 12403(f)(1)–(2), (g)(1)–(2), (h)(1)–(2), and 13411(a)–(b).

[28] *See* FINRA Rules 12402(g)(1)–(3), 12403(f)(1), (3)–(4), (g)(1), (3)–(4), (h)(1), (3)–(4), and 13411(a)–(c).

[29] *See* FINRA, Short List Option, *https://www.finra.org/arbitration-mediation/rules-case-resources/special-procedures/short-list.*

[30] *See supra* note 29.

A. Proposed Amendments To Codify the Current Voluntary Short List Option

The proposed rule change would codify the circumstances under which a short list of arbitrators would be provided to the parties, as well as the number of listed arbitrators, when replacing arbitrators after initial panel appointment based on the hearing schedule (''Proposed Short List Option''):[31]

(1) a short list of five arbitrators if a hearing is scheduled in more than 20 days;

(2) a short list of three arbitrators if a hearing is scheduled between 10 and 20 days;

(3) a short list of five arbitrators if a hearing is scheduled in fewer than 10 days and the parties agree to postpone the upcoming hearing; or[32]

(4) a short list of five arbitrators if hearings have concluded but the award has not been issued.

In cases where no hearing dates are scheduled after panel appointment, the parties would instead receive a new list of arbitrators of the required classification generated randomly by the list selection algorithm.[33] Pursuant to existing FINRA rules, the parties would strike and rank the arbitrators on the list,[34] and the Director would combine both sides' ranking lists to select the highest-ranked arbitrator to fill the panel.[35]

The Director would prescreen arbitrators on the short list to confirm their availability for scheduled hearings before sending the short list to the parties.[36] For a short list of five arbitrators, each opposing party (all separately represented claimants collectively and all separately represented respondents collectively) may strike two arbitrators from the short list for any reason, and shall rank the remaining arbitrators in order of

[31] *See* proposed Rules 12402(h)(1)(A)–(D), 12403(g)(1)(A)–(D), and 13411(f)(1)(A)–(D).

[32] When a hearing is scheduled in fewer than 10 days and parties agree to a postponement, parties may be assessed postponement fees pursuant to FINRA Rules 12214(a)(5), 12601(b)(2), 13214(a)(5), and 13601(b)(2). *See* proposed FINRA Rules 12402(h)(1)(C)(i), 12403(g)(1)(C)(i), and 13411(f)(1)(C)(i). The parties would be required to provide the Director with at least four sets of mutually agreed upon hearing dates to reschedule the hearings. This requirement would prevent indefinite delays when they agree to postpone the hearing. *See* proposed FINRA Rules 12402(h)(1)(C)(ii), 12403(g)(1)(C)(ii), and 13411(f)(1)(C)(ii).

[33] *See* proposed Rules 12402(g)(1), 12403(f)(1), and 13411(a).

[34] *See supra* notes 14–16 and accompanying text.

[35] *See supra* note 17 and accompanying text.

[36] *See* proposed Rules 12402(h)(2), 12403(g)(2), and 13411(f)(2).

preference.[37] Parties would have no more than five days after the date upon which the Director sent the short list to parties to return their ranked short list via the Party Portal.[38]

For a short list of three arbitrators, each opposing party (all separately represented claimants collectively and all separately represented respondents collectively) may strike one of the arbitrators from the short list for any reason, and each opposing party shall rank all remaining arbitrators in order of preference.[39] Parties would have no more than two days after the date upon which the Director sent the short list to parties to return their ranked short list via the Party Portal.[40] If a party does not return the ranked short list within the prescribed timeframe, the Director would proceed as though the party did not want to strike any arbitrator or have any preferences among the listed arbitrators.[41] The Director would appoint the highest-ranked available arbitrator from the combined rankings.[42]

B. Circumstances When Proposed Short List Option Would be Unavailable

The proposed rule change would codify the circumstances under which the Proposed Short List Option would be unavailable to the parties. Specifically, the Proposed Short List Option would be unavailable to the parties if: [43]

(1) all parties agree in writing to proceed with only the remaining arbitrators (in disputes with three arbitrators);

(2) a hearing is scheduled in fewer than 10 days of the date the arbitrator was removed, or became otherwise unable or unwilling to serve, and all parties do not agree to postpone the hearing dates;

(3) there are multiple claimants that are separately represented and do not agree to jointly submit one ranking list;

(4) there are multiple respondents that are separately represented and do not agree to jointly submit one ranking list; or

(5) there is a third party claim in which the third party respondent does not reach agreement with either the claimant or the respondent to jointly submit one ranking list.

In addition, the Proposed Short List Option would not be available to the parties if the case relates to a straight-in expungement request filed on or after October 16, 2023.[44]

In cases where the parties do not agree to postpone the hearing dates which are scheduled in fewer than 10 days of the date the arbitrator was removed, or became otherwise unable or unwilling to serve, as well as in cases with multiple separately represented claimants or respondents who do not agree to jointly submit one ranking list, the Director would appoint as a replacement the arbitrator who is the next highest-ranked available arbitrator of the required classification remaining on the combined ranked list at initial panel appointment.[45] If there are no available arbitrators of the required classification on the combined ranked list, the Director would appoint a replacement arbitrator of the required classification to complete the panel by randomly generating an appointment using the extended list process.[46] This appointment process would be consistent with the current procedures used when parties do not agree to the current voluntary Short List Option, thereby maintaining continuity with existing practice while establishing it as the default method when the Proposed Short List Option is unavailable.[47]

C. Replacement Arbitrator Duties and Compensation

To help ensure replacement arbitrators are adequately prepared, the proposed rule change would expressly codify the current expectation that immediately following panel appointment, replacement arbitrators review the case record, including listening to the audio recording(s) of any hearings that have been held (or reading the transcript, if available) and reviewing admitted exhibits.[48] In addition, before making any decision as a replacement arbitrator or attending a hearing session, the replacement arbitrator must execute FINRA's arbitrator oath or affirmation.[49]

The proposed rule change would codify DRS's current practice of paying replacement arbitrators an honorarium of $300 for every four hours or less of reasonable time spent listening to audio recordings or reading transcripts of a hearing that has been held, or reviewing admitted exhibits, provided that the replacement arbitrator submits written confirmation in the manner and form required by the Director.[50] The proposed rule change would also clarify in the Codes that replacement arbitrators may decide any pending motions and that remaining hearing sessions would proceed with the replacement arbitrator on the panel.[51]

If the Commission approves the proposed rule change, FINRA will announce the effective date of the proposed rule change in a *Regulatory Notice.*

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,[52] which requires, among other things, that FINRA rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

FINRA believes that the proposed rule change will protect investors and the public interest by providing parties with greater input into arbitrator selection at initial panel appointment and when replacing arbitrators after initial panel appointment. The proposed rule change will increase the likelihood that parties receive arbitrators of their choice rather

[37] *See* proposed Rules 12402(h)(3)(A), 12403(g)(3)(A), and 13411(f)(3)(A).

[38] *See* proposed Rules 12402(h)(3)(A)(ii), 12403(g)(3)(A)(ii), and 13411(f)(3)(A)(ii). If a party is a *pro se* customer who opted out of using the Party Portal pursuant to Rule 12300(a), the party may return the ranked short list to the Director by first-class mail, overnight mail service, overnight delivery service, hand delivery, email or facsimile. *See* proposed Rules 12402(h)(3)(A)(ii) and 12403(g)(3)(A)(ii).

[39] *See* proposed Rules 12402(h)(3)(B), 12403(g)(3)(B), and 13411(f)(3)(B).

[40] *See* proposed Rules 12402(h)(3)(B)(ii), 12403(g)(3)(B)(ii), and 13411(f)(3)(B)(ii). If a party is a *pro se* customer who opted out of using the Party Portal pursuant to Rule 12300(a), the party may return the ranked short list to the Director by first-class mail, overnight mail service, overnight delivery service, hand delivery, email or facsimile. *See* proposed Rules 12402(h)(3)(B)(ii) and 12403(g)(3)(B)(ii).

[41] *See* proposed Rules 12402(h)(3)(C), 12403(g)(3)(C), and 13411(f)(3)(C). In addition, parties are not required to send a copy of their ranked short list to the opposing parties. *See* proposed Rules 12402(h)(3)(D), 12403(g)(3)(D), and 13411(f)(3)(D).

[42] *See* proposed Rules 12402(h)(4), 12403(g)(4), and 13411(f)(4).

[43] *See* proposed Rules 12402(g)(2), 12403(f)(2), and 13411(b)(1)–(5).

[44] *See* proposed Rule 13411(b)(6). Straight-in expungement requests must be decided by three public arbitrators who are eligible for the chairperson roster and have completed enhanced expungement training and served through award on at least four customer-initiated arbitrations. The list selection algorithm randomly selects these arbitrators, and parties requesting expungement may not strike arbitrators from the panel, agree to their removal from the panel, or agree to fewer than three arbitrators on the panel, though they may challenge any arbitrator selected for cause. *See* FINRA Rules 13805 and 13806.

[45] *See* proposed Rules 12402(g)(3), 12403(f)(3), and 13411(c).

[46] *See* proposed Rules 12402(g)(4), 12403(f)(4), and 13411(c).

[47] *See supra* notes 45–46.

[48] *See* proposed Rules 12402(i)(1), 12403(h)(1), and 13411(g)(1).

[49] *See supra* note 48.

[50] *See* proposed Rules 12402(i)(2), 12403(h)(2), and 13411(g)(2).

[51] *See* proposed Rules 12402(i)(1), 12403(h)(1), and 13411(g)(1).

[52] 15 U.S.C. 78*o*–3(b)(6).

than arbitrators randomly generated by the list selection algorithm who can be challenged solely for cause. In addition, by reducing extended list appointments, the proposed rule change will provide parties with greater input over the arbitrator selection process.

The proposed rule change also will protect investors and the public interest by codifying current practices that DRS has developed to help ensure it administers cases in a fair and efficient manner. The proposed rule change to codify DRS's current practice of paying replacement arbitrators an honorarium of $300 for every four hours or less of reasonable time spent listening to audio recordings or reading transcripts of a hearing that has been held, or reviewing admitted exhibits, provides transparency and recognizes that these arbitrators must often make themselves available and be prepared to serve on a panel on short notice. By providing that replacement arbitrators may decide any pending motions and that remaining hearing sessions will proceed with the replacement arbitrator, the proposed rule change will help ensure that proceedings are not unnecessarily delayed.

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

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

Economic Impact Assessment

FINRA has undertaken an economic impact assessment, as set forth below, to analyze the economic baseline for the proposed rule change and its potentially significant economic impacts, including anticipated costs and benefits, relative to the baseline, and the alternatives considered in assessing how best to meet FINRA's regulatory objectives.

Regulatory Need

The proposed rule change would address concerns about arbitrator appointments when the number of arbitrators available to serve from the combined lists is insufficient to fill the initial panel or when an arbitrator is removed or becomes unable or unwilling to serve after initial panel appointment. Currently, parties may be required to accept either an extended list appointment, reducing their role in the arbitrator selection process, or previously lower-ranked arbitrators who reflect a lower combined preference. The proposed rule change would require parties to select from a new list of arbitrators of the required classification where circumstances permit, increasing the number of arbitrators available to parties and enhancing party input over panel composition. Additionally, the proposed rule change would codify the current expectation that replacement arbitrators review the case record and receive compensation for that review.

Economic Baseline

The economic baseline is the current provisions under the Codes that address arbitrator appointments. The baseline also includes the current voluntary Short List Option, the utilization rate of the current voluntary Short List Option, and whether parties may agree on the method of arbitrator appointment. The proposed rule change is expected to affect the parties to cases in the forum, their counsel, and arbitrators.

Arbitrators were appointed in 12,596 cases filed and closed in the forum from 2020 to 2025 (sample cases), resulting in 30,395 total arbitrator appointments. Ten percent of appointments were made after the panel could not be initially filled from the combined lists or to replace an arbitrator after initial panel appointment. These appointments would have fallen within the scope of the proposed rule change and represent 17 percent of sample cases.

Over the full period, parties in sample cases were required to accept extended list appointments for just one percent of all appointments (342 appointments): 217 to initially fill panels and 125 to replace arbitrators after initial panel appointment. In addition, parties accepted previously-ranked arbitrators on the combined lists to replace arbitrators after initial panel appointment in five percent of appointments (1,563 appointments). Finally, parties actively selected arbitrators using new lists or the voluntary Short List Option for four percent of appointments (1,122 appointments): 286 using new lists to initially fill panels and 836 using the current voluntary Short List Option to replace arbitrators after initial panel appointment.

The current voluntary Short List Option cannot be used to replace arbitrators when there are multiple separately represented parties on either side of the dispute (claimants, respondents, or third party respondents joining either side), and the multiple separately represented parties do not agree to jointly submit one ranking list. Over the full period, such party configurations occur in 16 percent of sample cases. Among the 17 percent of sample cases that would have fallen within the scope of the proposed rule change, one-quarter (or four percent of all sample cases) have such party configurations.

From July 2025 to December 2025, in 239 cases, DRS offered a new list to parties to initially fill a panel (21 cases) or the current voluntary Short List Option to replace arbitrators after initial panel appointment (218 cases). As of the beginning of March 2026, parties agreed to a new list or the current voluntary Short List Option in 140 cases (59 percent of 239 cases). Parties did not respond or had not yet responded to the offered selection methods in the remaining 99 proceedings (41 percent).[53]

Economic Impacts

Where available, the proposed rule change would eliminate the requirement for all parties to agree to use new lists to fill a panel at initial panel appointment and the current voluntary Short List Option to replace an arbitrator following initial panel appointment. As a result, the proposed rule change would expand the use of new lists and the Short List Option for arbitrator appointments. This would increase the number of arbitrators available to parties for selection and enhance parties' input over panel composition. The expanded use of new lists and the Short List Option would generally result in different arbitrator appointments, with fewer extended list appointments or previously lower-ranked arbitrators. Which arbitrators are ultimately appointed and whether a party prefers the outcome, however, would depend on the composition of the new lists or lists under the Short List Option sent to parties and their preferences.

As the default method, the expanded use of new lists and the Short List Option to fill vacancies may alter how parties influence arbitrator selection. For example, by providing new lists of arbitrators of the required classification to initially fill a panel, the proposed rule change may give claimants or respondents with more separately represented parties (each with a full set of strikes) additional opportunities to use their collectively greater number of strikes. This may increase their influence over arbitrator selection.

In addition, by making the Short List Option the default method, the proposed rule change would shift the collective decision-making power to

[53] In proceedings where multiple lists were provided (*e.g.,* at initial panel appointment and later for replacement arbitrators), available data does not readily permit determination of which specific list was accepted. Accordingly, acceptance rates are reported at the case level.

parties who prefer the Short List Option, as those who favor previously-ranked arbitrators or extended list appointments would have to reach agreement to use those alternatives.

Parties would incur costs to review the arbitrators on new lists or lists under the Short List Option and make selections, particularly when timeframes are compressed. The types of costs parties may incur depend on how they manage resources to meet deadlines (*e.g.,* reallocating resources from other activities or employing additional staff). Parties that would not have agreed to use new lists or the Short List Option under the baseline, and are required to use them under the proposed rule change, would bear these costs involuntarily.

In addition, at initial panel appointment, cases with multiple separately represented parties (each with a full set of strikes) are more likely to eliminate too many arbitrators to fill a panel. Parties in these cases would be more likely to receive new lists and have delays in completing the initial panel appointment and longer proceedings. These costs are not attributable to the proposed rule change when, under the baseline, parties would have voluntarily agreed to use new lists.

As noted above, the expanded use of new lists and the current voluntary Short List Option would generally result in different, but not additional, arbitrator appointments. Arbitrators more likely to be selected using a new list or the current voluntary Short List Option may benefit from additional selections. The benefits from additional selections include experience as well as supplemental income from serving on panels. The benefits that may accrue to arbitrators are not new but instead represent transfers from arbitrators who would have been appointed under the baseline. A potential unintended consequence is that some arbitrators, such as those with less experience, may have fewer opportunities to serve if extended list appointments are reduced. However, the data suggests that extended list appointments under the baseline represent only one percent of all appointments, limiting potential impacts on arbitrator opportunity distribution.

Finally, the proposed rule change would codify the current expectations of parties and the forum that replacement arbitrators review case records and the expectation by replacement arbitrators of compensation for that review. Together, this may help ensure that replacement arbitrators both understand their responsibilities and are appropriately incentivized to fulfill them following appointment.

Alternatives Considered

Depending on the hearing schedule, FINRA considered providing lists of more than five arbitrators under the Proposed Short List Option. This would increase the costs parties incur to review the arbitrators and make selections under the Proposed Short List Option but would not materially affect their input over panel composition. FINRA also considered whether to maintain extended list appointments for initial panel selections rather than providing new lists. Parties expressed concerns about the limited role they have in arbitrator selection under extended list appointments, however, and providing new lists would address these concerns while maintaining an efficient process.

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

Written comments were neither solicited nor received.

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 (*https://www.sec.gov/rules/sro.shtml*); or

• Send an email to *rule-comments@sec.gov.* Please include file number SR–FINRA–2026–017 on the subject line.

Paper Comments

• Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to file number SR–FINRA–2026–017. This file number should be included on the subject line if email 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 website (*http://www.sec.gov/rules/sro.shtml*). Copies of the filing will be available for inspection and copying at the principal office of FINRA. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection.

All submissions should refer to file number SR–FINRA–2026–017 and should be submitted on or before September 18, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[54]

Sherry R. Haywood,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106186; File No. S7–966]

Program for Allocation of Regulatory Responsibilities Pursuant to Rule 17d–2; Notice of Filing and Order Approving and Declaring Effective an Amendment to the Plan for the Allocation of Regulatory Responsibilities Among Cboe BZX Exchange, Inc., BOX Exchange, LLC, Cboe Exchange, Inc., Cboe C2 Exchange, Inc., Nasdaq ISE, LLC, Financial Industry Regulatory Authority, Inc., Miami International Securities Exchange, LLC, NYSE American LLC, NYSE Arca, Inc., The Nasdaq Stock Market LLC, Nasdaq Texas LLC, Nasdaq PHLX LLC, Nasdaq GEMX, LLC, Cboe EDGX Exchange, Inc., Nasdaq MRX, LLC, MIAX PEARL, LLC, MIAX Emerald, LLC, MIAX Sapphire, LLC, MEMX LLC, MX2 LLC and Investors Exchange LLC Concerning Options-Related Sales Practice Matters

August 25, 2026.

Notice is hereby given that the Securities and Exchange Commission

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[54] 17 CFR 200.30–3(a)(12).