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DEPARTMENT OF AGRICULTURE

Food Safety and Inspection Service

9 CFR Part 310

[Docket No. FSIS 2024–0023]

RIN 0583–AD99

Visual Post-Mortem Inspection in Swine Slaughter Establishments

AGENCY: Food Safety and Inspection Service (FSIS), U.S. Department of Agriculture (USDA).

ACTION: Final rule.

SUMMARY: FSIS is amending its regulations to end mandatory mandibular lymph nodes (“lymph nodes”) incision and viscera palpation of swine carcasses in all swine slaughter establishments (*i.e.*, establishments operating under traditional swine slaughter inspection or the New Swine Slaughter Inspection System (NSIS)). Mandibular lymph nodes incision and viscera palpation of swine carcasses are not needed to ensure food safety, as FSIS swine condemnation rates are low and disease conditions that are condemnable defects can be detected visually through other pathological changes in the carcass and its parts. Therefore, FSIS is amending the meat inspection regulations to remove requirements for establishment sorters to “incise mandibular lymph nodes and palpate the viscera” as part of their sorting activities before FSIS post-mortem inspection in NSIS establishments. FSIS is also amending the post-mortem swine inspection staffing standards table applicable to swine slaughter establishments operating under traditional inspection. This change will allow FSIS more flexibility to assign inspection program personnel (IPP) based on the establishment’s line configuration, other establishment operations, and FSIS staffing needs.

DATES: Effective July 20, 2026.

FOR FURTHER INFORMATION CONTACT:

April Regonlinski, Assistant Administrator, Office of Policy and Program Development, at (202) 205–0495.

SUPPLEMENTARY INFORMATION:

I. Background

On August 19, 2025, FSIS published the proposed rule, “Visual Post-Mortem Inspection in Swine Slaughter Establishments” (90 FR 40257), which proposed to amend FSIS’ inspection regulations to end mandatory mandibular lymph node incision and viscera palpation of swine carcasses in all swine slaughter establishments. Specifically, FSIS proposed to amend the meat inspection regulations to remove requirements for establishment sorters to “incise mandibular lymph nodes and palpate the viscera” as part of their sorting activities before FSIS post-mortem inspection in NSIS establishments. FSIS also proposed to amend the post-mortem swine inspection staffing standards table applicable to swine slaughter establishments operating under traditional inspection.

As discussed in the proposed rule, lymph node incision and viscera palpation of swine carcasses are not needed to ensure food safety, as FSIS swine condemnation rates are low and disease conditions that are condemnable defects can be detected visually through other pathological changes in the carcass and its parts (90 FR 40257, 40258). Further, research demonstrated that visual-based post-mortem swine inspection procedures may reduce the probability of carcass cross-contamination by microbial food safety hazards (90 FR 40257, 40258). Therefore, removing the requirements for lymph node incision and viscera palpation during post-mortem NSIS sorting activities and traditional swine inspection may improve food safety.

As also discussed in the proposed rule, ending mandatory lymph node incision and viscera palpation in swine slaughter establishments will improve FSIS inspection efficiency, make better use of FSIS inspection resources, and provide flexibility to industry (90 FR 40257, 40258). In traditional swine slaughter establishments, the final rule will allow FSIS more flexibility to assign IPP based on the establishment’s line configuration, other establishment

operations, and FSIS staffing needs. Removing the lymph node incision and viscera palpation requirements for NSIS establishments may also reduce establishments’ costs to operate under the NSIS because they may be able to reduce the number of employees required to make carcasses ready for inspection before the head and viscera stations.

II. Final Rule

FSIS is finalizing the proposed rule with no changes. The final rule will revise 9 CFR 310.26(b) to remove requirements for establishment sorters to incise lymph nodes and palpate the viscera in swine slaughter establishments operating under the NSIS. Establishment sorters will continue to conduct carcass sorting activities and identify any condemnable conditions or defects before carcasses are presented to online IPP, as currently required under these regulations. For example, establishment sorters will still be required to visually examine all surfaces of viscera to detect condemnable conditions or defects.

The final rule also will revise the post-mortem inspection staffing standards applicable to swine slaughter establishments operating under traditional inspection in 9 CFR 310.1(b)(3)(ii). Specifically, the heading of Table 4 in 9 CFR 310.1(b)(3)(ii) will be revised to state that the listed number of inspectors per station (*i.e.*, the head, viscera, and carcass stations) will be the maximum number of inspectors required. Because FSIS is removing unnecessary inspection procedures, the Agency may be able to assign fewer online inspectors at the head and viscera inspection stations in traditional swine slaughter establishments.

As stated in the proposed rule, FSIS will not make changes to its staffing in NSIS establishments as a result of the final rule (90 FR 40257, 40259). Establishment sorters, rather than FSIS inspectors, incise lymph nodes and palpate the viscera in NSIS establishments. FSIS inspectors already conduct a primarily visual post-mortem inspection of the head, viscera, and carcass. Eliminating the requirement for establishment sorters to incise lymph nodes and palpate the viscera should not impact the workload of FSIS inspectors in NSIS establishments.

Additionally, ending mandatory lymph node incision and viscera

palpation under the final rule will have no impact on line speed requirements for traditional or NSIS swine slaughter establishments (90 FR 40257, 40259).

On the effective date of this final rule, FSIS will update its instructions to IPP on the primarily visual inspection of lymph nodes and viscera during post-mortem traditional swine inspection.¹

III. Summary of Comments and Responses

The proposed rule comment period closed on October 20, 2025. FSIS received 37 comments on the proposed rule from meat producers, consumers, IPP, and trade associations representing the meat industry.

The producers, trade associations, and a few consumers supported the proposed rule, agreeing that universal lymph node incision and viscera palpation are not needed to ensure food safety. A few trade associations and producers stated that the proposed rule would remove unnecessary burdens on both the Agency and industry, and represent a data-centered, science-based effort to reduce microbial cross-contamination food safety risks. A few trade associations specifically stated that the proposed rule would allow for further industry research on post-mortem swine inspection, including *Salmonella* contamination mitigation strategies. However, IPP who commented were opposed to the proposed rule. Specifically, IPP disagreed that the end of universal lymph node incision and viscera palpation would result in increased inspection efficiency and argued that incision and palpation are needed to ensure food safety.

A summary of the relevant issues raised by commenters and the Agency's responses follows.

A. Swine Class and Type Applicability

Comment: One trade association asked the Agency to clarify that the proposed rule would apply to all classes (e.g., market hogs, sows, boars) and ages of swine. One consumer asked the Agency to clarify that the proposed rule would apply to older swine and other types of swine (e.g., feral swine).

Response: The final rule will apply to all classes and ages of swine processed in all swine slaughter establishments

operating under traditional FSIS swine slaughter inspection or the NSIS.

B. FSIS Staffing at Traditional Establishments

Comment: A few trade associations, while generally supportive of the proposed rule, raised concerns that the proposed rule may create issues of IPP availability and inspection consistency across establishments. A few trade associations specifically stated that the Agency's expected reduction in the total number of assigned IPP in traditional establishments may cause reduced IPP availability to perform inspection activities. One trade association stated that full IPP staffing is required for establishments to efficiently operate and ensure the production of safe and wholesome pork products. Another trade association argued that the expected staffing reductions would make it difficult for the Agency to cover absences, complete offline tasks, and conduct export verifications. One trade association stated that reduced IPP assignments may cause an uneven playing field across the industry, whereby establishments with more assigned IPP are subject to an overabundance of inspection and establishments with fewer assigned IPP struggle to maintain operations and receive timely export verifications.

A few trade associations stated that should IPP reductions occur, FSIS should prioritize reassignments to address discrete absences, broader district and circuit staff shortages, or to fill offline inspection roles and complete export inspection tasks. One trade association stated that the Agency should reconsider its plan to rely, in part, on IPP attrition to adjust FSIS staffing. The commenter explained that reductions, created through attrition, could cause too much inspection inconsistency.

Response: The end of universal lymph node incision and viscera palpation during post-mortem swine inspection is expected to result in a more efficient allocation of FSIS inspection resources, as online IPP will no longer be required to spend time incising and palpating (90 FR 40257, 40260). Therefore, the Agency may reduce the number of online IPP in some traditional swine slaughter establishments, if appropriate. As stated in the proposed rule, the Agency would make any reductions in the number of online IPP over time through both attrition and reassignment to other positions (90 FR 40257, 40260). Such reassignments will allow FSIS to address IPP absences and staff establishments based on their specific line configuration and other operational

needs. The Agency also will continue to evaluate staffing needs across districts and circuits. FSIS remains committed to conducting consistent and thorough inspection across all swine slaughter establishments.

Comment: One trade association questioned the proposed revision to the FSIS inspection staffing standards table applicable to traditional swine slaughter establishments. Specifically, the commenter argued that the proposed revision to the heading of Table 4 in 9 CFR 310.1(b)(3)(ii), to state that the listed number of inspectors per station would be the maximum number of inspectors required, would create too much ambiguity. For example, under the proposed revision, FSIS could assign seven inspectors per line at one establishment and only three inspectors at another establishment of similar size. The commenter stated that this distribution would be unfair to the establishment assigned seven inspectors, as the establishment would be required to provide for additional inspection stations and overtime pay, when applicable, compared to the establishment assigned three inspectors. The commenter noted that the economic impact analysis in the proposed rule estimates a reduction of two to four inspectors per line in traditional establishments. Therefore, the commenter suggested, Table 4 in 9 CFR 310.1(b)(3)(ii) should be revised to reflect the actual number of inspectors required at each inspection station. The commenter suggested that Table 4 could allow for flexibility (e.g., 1 to 2 inspectors per inspection station), but that the ranges provided for in the proposed revised table (i.e., 1 to 3 inspectors per inspection station) is too ambiguous.

Response: FSIS disagrees that the revised FSIS inspection staffing standards applicable to traditional swine slaughter establishments will result in unfair IPP assignments across establishments or create undue ambiguity. As stated in the proposed rule, under the revised staffing standards, FSIS will determine the number of inspectors at the head and viscera inspection stations based on the establishment's operations, including inspection line configurations, and FSIS staffing needs (90 FR 40257, 40259). By revising the staffing standards to allow for such flexibility, FSIS will ensure consistent, efficient inspection services across all traditional swine slaughter establishments and assign IPP based on an establishment's specific facility designs and other operational needs.

¹ See FSIS Directive 6100.2, *Post-Mortem Livestock Inspection*, available at: <https://www.fsis.usda.gov/policy/fsis-directives/6100.2>; and FSIS Directive 6600.1, *New Swine Slaughter Inspection System: Ante-Mortem and Post-Mortem Inspection and Verification of Food Safety and Ready-to-Cook Requirements*, available at: https://www.fsis.usda.gov/sites/default/files/media_file/2020-07/6600.1.pdf.

C. Lymph Node Incision and Viscera Palpation Justification

Comment: A few IPP generally argued that incision and palpation are necessary during post-mortem swine inspection to detect diseases and other food safety conditions in the lymph nodes and viscera. For example, a few IPP stated that they have detected pathology when incising lymph nodes that would not have otherwise been detected visually. IPP provided examples including tuberculosis identified from a lesion buried in lymph nodes, and other conditions purportedly only detected through incision, such as parasites. A few other IPP stated that small malignant masses and other conditions which may require condemnation cannot be detected without viscera palpation. One IPP recommended that, in any final regulatory text, the Agency require the visualization of the mandibular lymph node, so that establishment sorters would need to cut through any excessive surrounding fat to allow IPP to determine whether the lymph node is enlarged or reactive. One other IPP stated that food safety conditions may only have pathology on one side of a carcass or are otherwise difficult to identify without palpation.

Response: FSIS disagrees that routine lymph nodes incision and viscera palpation are necessary to detect diseases and other food safety conditions during post-mortem swine inspection. First, *Mycobacterium avium* (*M. Avium*), the animal disease that causes tuberculosis in swine, does not present a food safety concern, as the prevalence of *M. Avium* in U.S. swine is very low,² and science does not support that humans become infected with *M. Avium* through pork consumption.³ Further, since the widespread adoption of modern pork production systems, most U.S. swine are raised indoors under biosecurity measures.⁴ Thus, the presence of

parasites on swine carcasses and parts is not a significant post-mortem inspection concern. For example, research demonstrates that biosecurity measures focused on preventing exposure of swine to rodents, wildlife, and contaminated feed or waste products effectively reduce the risk of *Trichinella* (a parasite) infection in pork.⁵ Finally, if masses on a swine carcass are malignant, they likely have spread to other parts of the carcass or have caused enlarged lymph nodes, which can be detected visually. Similarly, as stated in the proposed rule, the Agency's experience demonstrates that swine carcasses affected with animal disease conditions that would result in condemnation (e.g., arthritis, pyometra, and splenic torsion) often exhibit systemic pathological changes in the same carcass, rather than isolated within the lymph nodes or other parts (90 FR 40257, 40258). Therefore, FSIS online IPP are able to identify and retain those carcasses for disposition by an FSIS veterinarian without needing to incise lymph nodes or palpate the viscera (90 FR 40257, 40258). FSIS inspectors will maintain authority to incise and palpate lymph nodes and examine the viscera for defects, if needed (90 FR 40257, 40258).

FSIS also disagrees that the amended regulatory text in 9 CFR 310.26 needs to specifically require the visualization of lymph nodes as part of NSIS establishment sorting activities. As stated in the proposed rule, IPP and establishment sorters will continue to visually identify any condemnable conditions, as currently required under FSIS inspection regulations and policies (90 FR 40257, 40259). For example, per 9 CFR 310.26(b), NSIS establishments must develop, implement, and maintain written procedures to ensure that market hog carcasses adulterated with septicemia, toxemia, pyemia, or cysticercosis are properly removed before the point of post-mortem inspection of carcasses. The establishment must incorporate these procedures into its Hazard Analysis and Critical Control Point (HACCP) plan, Sanitation Standard Operating Procedures, or other prerequisite program (9 CFR 310.26(b)).

available at: <https://www.aphis.usda.gov/sites/default/files/swine2012-dr-parti.pdf>.

⁵ H. Ray Gamble, et al., *Surveillance for Trichinella infection in U.S. pigs raised under controlled management documents negligible risk for public health*, Food and Waterborne Parasitology, Volume 36, 2024, available at: <https://doi.org/10.1016/j.fawpar.2024.e00238>.

D. Scientific Support for Visual-Based Inspection

Comment: A few IPP argued that the proposed rule lacked sufficient data or scientific support for ending universal lymph node incision and viscera palpation during post-mortem swine inspection. One IPP stated that while FSIS condemnation rates for swine are low, the number of condemnations still are significant. Another IPP argued that the proposed rule lacked scientific support to replace incision and palpation with visual-based inspection.

Response: FSIS disagrees that visual-based inspection of lymph nodes and viscera during post-mortem swine inspection lacks sufficient data or scientific support. First, the FSIS swine condemnation rates discussed in the proposed rule supported that lymph nodes incision and viscera palpation are not needed to identify the conditions of condemnable swine carcasses during post-mortem inspection. During the twelve-year period of 2012–2023, the total post-mortem condemnation rate for all swine slaughtered under FSIS inspection was very low.⁶ Further, as discussed in the proposed rule, swine disease conditions for which a carcass may be condemned (e.g., arthritis, pyometra, and splenic torsion) are primarily identified during the visual observation component of post-mortem swine inspection, and swine carcasses affected with animal diseases that would result in condemnation often exhibit multiple pathological changes in the same carcass (90 FR 40257, 40258). These changes can be observed visually, allowing FSIS online inspectors to identify and retain those carcasses for disposition by an FSIS veterinarian without needing to incise lymph nodes in swine heads or palpate the viscera. Finally, as also discussed in the proposed rule, the visual-based post-mortem inspection of lymph nodes and viscera is well-supported by science. Specifically, research demonstrates that ending universal lymph node incision and viscera palpation may reduce the probability of carcass cross-contamination by microbial food safety hazards (90 FR 40257, 40258).

Comment: A few IPP argued that the proposed rule would grant establishments too much control over inspection. One IPP stated that many establishments would not cooperate with an inspector's discretion to incise the lymph nodes or palpate the viscera

⁶ During this 2012–2023 period, 1,449,843,190 head of swine were slaughtered under FSIS inspection. Only 0.062553% were condemned during post-mortem inspection. (See footnote 2 at 90 FR 40257, 40258).

² FSIS review of Agency condemnation data from 21 large market hog establishments from 2012 through 2015 found that only 0.9 percent of all condemnations during the period were due to *M. Avium*. See Proposed Rule, Modernization of Swine Inspection (83 FR 4780, 4794, February 1, 2018), available at: <https://www.govinfo.gov/content/pkg/FR-2018-02-01/pdf/2018-01256.pdf>.

³ Kriz, Petr, et al., *Mycobacterium avium subsp. avium in Lymph Nodes and Diaphragms of Pigs from One Infected Herd in the Czech Republic*, Journal of Food Protection, Volume 77, Issue 1, 2014, pg 141, available at: <https://www.sciencedirect.com/science/article/pii/S0362028X23064293#bb0015>.

⁴ USDA Animal and Plant Health Inspection Service (APHIS), January 2015, *Swine 2012: Part I: Baseline Reference of Swine Health and Management in the United States*, pgs 3–5,

of a particular carcass. Another IPP argued that establishments would be reluctant to allow establishment sorters to similarly incise lymph nodes or palpate viscera on an as-needed basis.

Response: Amending the FSIS inspection regulations to end universal lymph node incision and viscera palpation during post-mortem swine inspection will not impact the ability of IPP to verify that establishments operate in a sanitary manner and produce safe, unadulterated, and properly labeled products. As discussed in the proposed rule, FSIS inspectors will maintain authority to incise lymph nodes and palpate the viscera for disease conditions and defects, if needed (90 FR 40257, 40259). IPP also will continue to retain carcasses, organs, or parts showing lesions or conditions that might make the meat unfit for human consumption for final disposition by an offline FSIS veterinarian (9 CFR 310.3 and 310.4). Further, establishment sorters in NSIS establishments will continue to conduct carcass sorting activities and identify any condemnable conditions or defects before carcasses are presented to online IPP (90 FR 40257, 40259). FSIS will update its instructions to IPP on the primarily visual inspection of lymph nodes and viscera during post-mortem traditional swine inspection. FSIS guidance to NSIS establishments will also continue to address establishment responsibilities to ensure conditions and defects in lymph nodes and viscera are identified and removed before FSIS post-mortem inspection.⁷

E. Inspection Efficiency

Comment: A few FSIS IPP disagreed that the end of universal lymph node incision and viscera palpation during swine post-mortem inspection would result in increased inspection efficiency. One commenter argued that, under current post-mortem inspection procedures, IPP and establishment sorters visually inspect or observe at the same time as they incise and palpate. According to the commenter, if the final rule leads to reduced FSIS staffing, IPP and establishment sorters would spend less time in total inspecting or observing each carcass and its parts. The commenter further argued that while the proposed rule stated that IPP could continue to incise lymph nodes and palpate viscera when needed, the likely reduced FSIS staffing would result in

insufficient time to conduct such case-by-case incision and palpation.

Response: FSIS disagrees that the final rule will provide less time for IPP to visually inspect and establishment sorters to observe carcasses during post-mortem swine inspection. As stated in the proposed rule, in traditional establishments, the end of universal lymph node incision and viscera palpation will improve the use of IPP inspection time by removing unnecessary inspection duties and allowing IPP to focus more on observing the carcass (90 FR 40257, 40260). This increased inspection efficiency also will allow FSIS to improve the use of Agency inspection resources. It will help FSIS more effectively assign inspection verification responsibilities for IPP at all swine slaughter establishments, including offline verification activities to ensure that establishments comply with regulatory requirements critical to food safety (e.g., HACCP verification tasks) (90 FR 40257, 40260). Similarly, the end of universal lymph node incision and viscera palpation will allow establishment sorters at NSIS establishments more time to visually identify any condemnable conditions or defects before carcasses are presented to online IPP (90 FR 40257, 40260). When determining IPP assignments, the Agency will provide staffing sufficient to provide enough time for IPP to conduct case-by-case lymph node incision and palpation viscera, as needed. As stated above, the Agency will issue instructions to IPP on the criteria for determining when to incise lymph nodes and palpate viscera.

F. Microbial Cross-Contamination Mitigation

Comment: A few IPP questioned whether, as stated in the proposed rule, visual-based swine post-mortem inspection procedures may improve food safety by reducing opportunities for the introduction of microbial cross-contamination. Specifically, a few commenters argued that the studies cited in the proposed rule regarding *Salmonella* cross-contamination risk from lymph node incision were too old or were misinterpreted to support the proposed rule. Another IPP argued that, because lymph node tissue is often incorporated into comminuted products, any contamination spread through a rupture in the lymph nodes would occur during downstream processing, whether the rupture was made intentionally (i.e., through incision during inspection) or inadvertently. A few other IPP stated that procedures other than lymph node

incision, such as head separation and sanitary dressing practices, create cross-contamination risks in swine slaughter establishments.

Finally, one IPP argued that FSIS sampling data shows that, in comminuted pork products, *Salmonella* prevalence varies widely among establishments and different market classes of swine. The commenter further stated that, according to FSIS data, pork products largely composed of lymph nodes do not exhibit higher *Salmonella* rates and that sanitary dressing and hygiene practices are the primary drivers of contamination, rather than lymph node incision.

Response: FSIS disagrees that the publication years of the studies cited in the proposed rule (i.e., 2009 and 2011) invalidate the findings, as the scientific principle underlying those studies remains sound: invasive procedures such as lymph node incision introduce additional cross-contamination risk. Further, the studies findings demonstrate that lymph node incision during post-mortem swine inspection may increase *Salmonella* cross-contamination risk.

As one commenter noted, *Salmonella* prevalence may vary across establishments and classes of swine, and cross-contamination risks may exist throughout the swine slaughter process. However, one of the purposes of the final rule's elimination of universal lymph node incision is to address incision as a specific inspection procedure that may introduce unnecessary cross-contamination risk. As condemnable conditions can be identified visually, eliminating universal incision reduces unnecessary contamination risk and improves inspection efficiency without compromising food safety. Under the final rule, inspectors will retain authority to incise lymph nodes or palpate viscera when warranted, ensuring flexibility and maintaining inspection integrity.

G. Imported Products

Comment: One IPP noted that, as discussed in the proposed rule, FSIS has determined that France, Netherlands, and Denmark have met FSIS equivalence criteria for the use of discretionary lymph node incision and viscera palpation during post-mortem swine inspection. The commenter requested that FSIS clarify the proposed rule's effect on pork products imported to the United States from foreign countries.

Response: Equivalence is the process by which FSIS determines whether a foreign country's food safety inspection

⁷ See FSIS *Guideline for Training Establishment Sorters under the New Swine Slaughter Inspection System*, available at: <https://www.fsis.usda.gov/sites/default/files/import/training-establishment-sorters-nsis.pdf>.

system achieves an appropriate level of public health protection as applied domestically by FSIS in the United States. FSIS implements an equivalence process in accordance with the World Trade Organization's Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement).⁸ Foreign meat, poultry, and egg products food safety and inspection systems are not required to develop and implement the same procedures as the United States. However, to be eligible to export product to the United States, the foreign government's food safety and inspection system is required to achieve an equivalent level of public health protection to the FSIS food safety and inspection system (9 CFR 327.2(a), 381.196(a), 557.2(a), and 590.910(a)). As explained in the proposed rule, FSIS will use the Agency's equivalence procedures to evaluate any future requests from foreign countries to determine whether a visual post-mortem swine inspection procedure achieves an appropriate level of public health protection as applied domestically by FSIS in the United States (90 FR 40257, 40258).

H. Exported Products

Comment: One trade association stated that FSIS must ensure that U.S. pork products exported to foreign markets would not be adversely affected under the proposed rule. The commenter noted that some foreign countries may require the removal of mandibular lymph nodes and that implementing visual-based post-mortem swine inspection may harm trade agreements and U.S. products.

Response: As with other inspection procedures, a foreign country may maintain additional eligibility requirements related to post-mortem swine inspection for products exported from the United States. The final rule will apply to products sold in the domestic market. For products exported from the United States, FSIS will continue to perform export certification activities, when appropriate, to verify that inspection requirements for the applicable foreign country are met, as shown in the FSIS Export Library.⁹

I. Economic Impact Analysis

Comment: One trade association stated that the assumption in the proposed rule's economic impact

analysis that NSIS establishments would reduce the number of establishment sorters by between five to eight sorters per line per shift, was likely an overestimate. The commenter stated that, according to one of its members, a large NSIS establishment operating a single slaughter line under the proposed rule would reduce staffing by three employees for the single line. Therefore, the commenter estimated that the industry cost savings would still be substantial, but less than estimated in the proposed rule. The commenter estimated that the cost savings would be just under \$8 million. For this estimate, the commenter used data that differed from the proposed rule. The commenter provided information that there would be a reduction in staffing across 18 establishments operating under the NSIS (estimating 33 total production lines¹⁰) and using a conservative annual employment cost of \$80,000.

Response: FSIS adjusted its estimates in the final rule to incorporate input from industry on the economic impact analysis. The new industry cost savings estimate ranges from \$7.4 to \$14.7 million. In the proposed rule, FSIS had estimated industry cost savings of approximately \$14.7 to \$25.4 million.

FSIS' estimate is based on 2025 data and included a total of 17 NSIS establishments and 31 slaughter lines, while the commenter included 18 establishments and 33 slaughter lines. This difference is likely due to an additional establishment converting to NSIS in 2026.

FSIS also estimated a reduction of five to eight sorters per line, per shift in the proposed rule, while the commenter estimated a reduction of three employees per line, per shift. FSIS incorporated the commenter's estimate into the Agency's original estimate, by adjusting the range of impacted sorters, as establishments have different line configurations and production levels and other NSIS establishments may be able to see a further reduction. Lastly, FSIS used an annual employee salary of \$95,000 and \$102,000 for the low and high estimates in the proposed rule, respectively, while the commenter included a salary of \$80,000.¹¹ The

commenter's estimate is based on one NSIS establishment and may not be representative of employee costs across all NSIS establishments. Therefore, FSIS included the commenter's salary estimate of \$80,000 and a reduction of three employees per line, per shift as part of the low industry savings estimate in the final rule. For the high estimate, FSIS used the 75th percentile wage rate for production employees,¹² and a reduction of five employees per line, per shift.

IV. Executive Orders 12866, as Amended by 13563 and 14192

Executive Order (E.O.) 12866 provides that the Office of Information and Regulatory Affairs (OIRA) in the Office of Management and Budget will determine whether a regulatory action is significant as defined by E.O. 12866 and will review significant regulatory actions. This final rule has been designated a "not significant" regulatory action under section 3(f) of E.O. 12866. E.O. 13563 reaffirms the principles of E.O. 12866 while calling for improvements in the Nation's regulatory system to promote predictability, to reduce uncertainty, and to use the best, most innovative, and least burdensome tools for achieving regulatory ends. FSIS has developed the final rule consistent with E.O. 13563. E.O. 14192, "Unleashing Prosperity Through Deregulation," requires that any new incremental costs associated with certain significant regulatory actions "shall, to the extent permitted by law, be offset by the elimination of existing costs associated with at least 10 prior regulations." This final rule is considered an E.O. 14192 deregulatory action.

Economic Impact Analysis

Baseline and Need for the Rule

FSIS is ending mandatory lymph node incision and viscera palpation in both traditional and NSIS swine slaughter establishments. Ending mandatory lymph node incision and viscera palpation in swine slaughter establishments will improve inspection

Occupational Employment and Wage Estimates, May 2024: 51-3023 Slaughterers and Meat Packers, <https://data.bls.gov/oes/#/industry/000000>. For the low estimate, FSIS multiplied the hourly labor cost of \$44.16 by the estimated hours per year of 2,152 (or 269 production days multiplied by 8 hours per day). For the high estimate, FSIS multiplied the hourly labor cost of \$47.56 by the total estimated hours per year of 2,152 (or 269 production days multiplied by 8 hours per day).

¹² The 75th percentile wage rate acquired from the U.S. Bureau of Labor Statistics, Occupational Employment and Wage Estimates, May 2024: 51-3023 Slaughterers and Meat Packers, <https://data.bls.gov/oes/#/industry/000000>.

⁸ Available at: https://www.wto.org/english/docs_e/legal_e/sps_e.htm.

⁹ <https://www.fsis.usda.gov/inspection/import-export/import-export-library>. See also FSIS Directive 9000.1, *Export Certification*, August 1, 2018, available at: https://www.fsis.usda.gov/sites/default/files/media_file/2020-07/9000.1.pdf.

¹⁰ FSIS assumes this figure provided by the commenter includes lines across all shifts, where the number of lines is multiplied by the number of daily shifts at each establishment to estimate the total number of lines. For example, an establishment operating two lines over two daily shifts would have a total of four lines.

¹¹ FSIS used the 75th and the 90th percentile wage rates for a production employee since sorters are paid higher wages than other production employees due to their duties, multiplied by a benefits and overhead factor of 2. Wage rates acquired from: U.S. Bureau of Labor Statistics,

efficiency, make a more efficient allocation of FSIS inspection resources, and provide flexibility to industry.

In 2024, there were 751 swine slaughter establishments that slaughtered approximately 127.8 million swine.¹³ These changes will apply to inspection at all swine slaughter establishments. As of February 2025, there were 17 NSIS establishments, and 14 traditional establishments at which FSIS assigns four to seven online inspectors per line and at which the final rule may change the number of FSIS staff. For this analysis, FSIS assumed potential changes to Agency staffing at traditional establishments with two to three inspectors staffed at the viscera station or two to three inspectors staffed at the head station.¹⁴ The 17 NSIS establishments may also change their establishment employee staffing in response to this final rule. FSIS does not anticipate any changes to the Agency's staffing at NSIS establishments.

Expected Costs and Benefits of the Final Rule

FSIS does not expect the final rule will impose any costs on the Agency, industry, or consumers. The final rule may improve the safety or quality of the product. While the final rule does not require industry to implement any changes, they will likely stop lymph node incision and viscera palpation prior to post-mortem inspection. FSIS also estimated a de minimis cost of \$90 per firm for rule familiarization.

Benefits Associated With the Final Rule

Benefits for FSIS

In traditional establishments, FSIS IPP will more efficiently inspect each carcass presented for FSIS post-mortem inspection without affecting IPP's ability to detect animal diseases and conditions or ensure proper disposition of those affected. The changes will improve the use of FSIS IPP time during inspection by removing unnecessary inspection duties for incising lymph nodes and palpating viscera.

As described above, the final rule will allow FSIS IPP to focus more on observing the carcass and parts during post-mortem inspection. FSIS inspectors will also maintain authority to incise lymph nodes and palpate viscera to look for defects, if needed. The increased inspection efficiency will allow FSIS to improve the use of FSIS inspection

resources and to more effectively assign inspection verification responsibilities for IPP at all swine slaughter establishments, including offline verification activities to ensure that establishments comply with regulatory requirements critical to food safety (e.g., Hazard Analysis and Critical Control Points verification tasks).

Because FSIS online IPP will no longer be spending time incising lymph nodes and palpating the viscera, the Agency may reduce the number of online IPP in some traditional swine slaughter establishments resulting in a more efficient allocation of FSIS inspection resources. However, these reductions would be made over time through attrition and reassignment to other positions.

FSIS IPP at traditional establishments will focus on observing the swine carcass and parts during post-mortem inspection procedures without being required to incise the lymph nodes and palpate the viscera. The traditional swine slaughter establishments that may experience changes to assigned FSIS online inspection personnel typically have five to seven inspectors per line. The Agency estimates that there could be a reduction equivalent to one to two online inspector positions at the head station and one to two online inspector positions at the viscera station in 14 traditional establishments because of the reduced workload, depending on establishment line configurations.¹⁵

For this analysis, FSIS quantified the cost savings associated with this reduction in online post-mortem inspection positions. The Agency assumed an FSIS online inspector is paid between \$111,124 and \$135,922, which is the Office of Personnel Management's (OPM), Rest of the U.S. (RUS) General Schedule (GS) 07 step 5 to GS-09 step 5 salary with a benefits factor of two.¹⁶ The Agency estimates a range of possible savings depending on how the resulting online inspection stations are staffed. Based on these assumptions, annualized savings range

between \$2.0 to \$8.4 million over 10 years, discounted at 7 percent.¹⁷ As mentioned above, any reductions to FSIS personnel would happen over time through attrition and reassignment to other positions.

Benefits for the Industry

FSIS will no longer require establishment sorters at NSIS establishments to incise lymph nodes and palpate the viscera. This change may result in NSIS establishments voluntarily reducing the number of employees needed to make carcasses and parts ready for inspection because the workload for sorters may be reduced. FSIS estimates that this change will result in a reduction of three to five sorters per line at each NSIS establishment.¹⁸

As of February 2025, there were 17 large NSIS establishments with 31 slaughter lines across all shifts.¹⁹ FSIS assumed these establishments staff up to 11 sorters per line.²⁰ Sorters are paid higher wages than other production employees, because sorters trim and identify defects, such as dressing defects, contamination, and pathology defects, on carcasses and parts before FSIS post-mortem inspection.²¹ FSIS estimates these sorters are paid as production employees, with a salary range of approximately \$80,000 to \$95,000. FSIS based the low salary of approximately \$80,000 on a comment

¹⁷ FSIS estimated a wide range of savings to provide flexibility for the resulting staffing of lines. To approximate the high estimate, FSIS assumed that one inspector would be staffed at the head station and one inspector would be staffed at the viscera station, reducing online inspector positions by 62 online inspector positions paid at the GS-9, step 5, OPM RUS salary. For the low estimate, FSIS assumed only the head station would have a reduction by one inspector per line paid at the GS-07, step 5, OPM RUS salary, reducing total inspector positions by 18.

¹⁸ FSIS changed the estimated range of possible reductions of sorters found in the proposed rule, using data provided in a comment from a trade association. Based on the commenter, NSIS establishments will reduce the number of sorters by three per line, per shift, instead of the five to eight sorters per line, per shift as discussed in the proposed rule. The reduction of three sorters is based on one establishment and may not represent all NSIS establishments, which may have different line configurations or production levels. To account for these differences, FSIS adjusted the range to include possible reductions of three to five sorters.

¹⁹ FSIS used 2025 PHIS data to identify establishments. For this analysis, FSIS multiplied the number of lines by the number of daily shifts at each establishment to estimate the total number of lines. For example, an establishment operating two lines over two daily shifts would have a total of four lines.

²⁰ The 11 sorters per line assumption is based on FSIS' experience on how NSIS establishments staff slaughter lines, as discussed in the Modernization of Swine Slaughter Inspection Final Rule (84 FR 52300, 52324, October 1, 2019).

²¹ 84 FR 52300, 52324, October 1, 2019.

¹³ FSIS, Public Health Information System (PHIS) database, accessed February 2025.

¹⁴ These 14 establishments also have one inspector at the carcass station; however, the changes will not affect this position.

¹⁵ FSIS used 2024 PHIS data to identify establishments and lines eligible for staffing changes. These establishments are large with at least two to three inspectors at the head or two to three inspectors at the viscera stations. These establishments had a total of 20 lines across all shifts. For this analysis, FSIS multiplied the number of lines by the number of daily shifts at each establishment to estimate the total number of lines. For example, an establishment operating two lines over two daily shifts would have a total of four lines.

¹⁶ FSIS' Office of the Chief Financial Officer provided these salary estimates and benefit factor. In addition, the 2024 OPM RUS, Salary Table can be found at <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/24Tables/html/RUS.aspx>.

from a trade association that received data from one of its members. FSIS included the 75th percentile production employee wage rate of \$44.16 per hour (\$22.08 multiplied by a benefits and overhead factor of two)²² for the high estimate. This results in a high annual salary of approximately \$95,000.²³ Under these assumptions, FSIS estimates the annual industry cost savings for the reduction in sorters at NSIS establishments range from approximately \$7.4 to \$14.7 million over 10 years discounted at 7 percent.²⁴ However, industry may offset these cost savings by assigning personnel to other areas of the establishment, as relevant. This final rule may incentivize additional swine slaughter establishments to convert to the NSIS.

V. Regulatory Flexibility Act

The FSIS Administrator has determined that this final rule will not have a significant economic impact on a substantial number of small entities in the U.S., as defined by the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*).

FSIS is amending its regulations to end mandatory mandibular lymph node incision and viscera palpation of swine carcasses in all swine slaughter establishments (*i.e.*, establishments operating under traditional swine slaughter inspection or the NSIS). Mandibular lymph nodes incision and viscera palpation of swine carcasses are not needed to ensure food safety.

How many small entities are impacted by the final rule?

The U.S. Small Business Administration (SBA) defines the size

standard for small businesses for swine slaughter establishments as having 1,150 employees or less.²⁵ Swine slaughter establishments are in the 311611-Animal (except Poultry) Slaughter sector of the North American Industry Classification System.²⁶ Based on U.S. Census Bureau Statistics of U.S. Businesses (SUSB) data,²⁷ approximately 1,208 firms (98 percent) in the Animal (except Poultry) Slaughter sector are small (Table 1) and approximately 22 firms (2 percent) in this industry are large.²⁸ The quantified industry benefits due to potential industry staffing changes will occur at the 17 NSIS establishments. These large NSIS firms will only receive the benefits from the changes in the final rule, and small firms will not be affected.

TABLE 1—SMALL ENTITY BY FIRM SIZE AND RECEIPTS

Enterprise size	Number of firms	Receipts (million \$)
Less than 5 employees	399	326
5–9 employees	310	583
10–14 employees	165	412
15–19 employees	79	343
20 to 500 employees	235	9,507
500–749 employees	7	1,888
750–999 employees	9	4,168
1,000–1,499 employees	4	1,772
Total	1,208	18,999

Source: U.S. Census Bureau. (2022). 2022 SUSB Annual Data Tables by Establishment Industry: U.S. and states, NAICS detailed employment, 2022 [Data file]. April 2025. <https://www.census.gov/data/tables/2022/econ/susb/2022-susb-annual.html>.

What are the criteria for “significant impact” and “substantial number of small entities”?

The Regulatory Flexibility Act requires the Agency to analyze whether the final rule will have a significant impact on a substantial number of small entities. FSIS defines a significant economic impact as one that is greater than 1 percent of small entities’ annual receipts. FSIS considers a regulation to have an impact on a substantial number of small entities if it affects over 30

percent of the small entities identified in this analysis.

What are the economic impact and compliance costs per firm?

In the Regulatory Impact Analysis of this final rule, FSIS estimated that there are no costs to industry associated with the final rule. FSIS has estimated that this final rule will be net beneficial and noted that NSIS establishments may voluntarily reduce the number of employees needed to make carcasses

and parts ready for inspection because the workload for sorters may be reduced. FSIS also estimated a one-time cost of \$90 to account for the time needed for an entity to become familiarized with this final rule.

Does the final rule have a significant impact on a substantial number of small entities?

Using SUSB data, FSIS estimated that the one percent “significant impact”

²² U.S. Bureau of Labor Statistics, Occupational Employment and Wage Estimates, May 2024: 51–3023 Slaughterers and Meat Packers, <https://data.bls.gov/oes/#/industry/000000>.

²³ FSIS multiplied the hourly labor cost of \$44.16 by the total estimated hours per year of 2,152 (or 269 production days multiplied by 8 hours per day).

²⁴ For the low estimate, FSIS multiplied the annual salary of \$80,000 by the reduction of three sorters per line, multiplied by 31 lines. For the high estimate, FSIS multiplied the annual salary of \$95,000 by the reduction of five sorters per line, multiplied by 31 lines.

²⁵ United States Small Business Administration (SBA), Table of Small Business Standards Matched to North American Industry Classification System Codes. Effective January 1, 2022. Available at https://www.sba.gov/sites/default/files/files/Size_Standards_Table.pdf.

²⁶ This category includes firms engaging in other than swine slaughtering activities, such as cattle slaughtering. U.S. Census Bureau North American Industry Classification System (NAICS). Available online at <https://www.census.gov/naics/?input=31&chart=2022&details=311611> (last accessed in April 2025).

²⁷ Note that the total number of firms in this category is 1,184. U.S. Census Bureau. (2022). 2022 SUSB Annual Data Tables by Establishment Industry: U.S. and states, NAICS detailed employment, [Data file]. April 2025. <https://www.census.gov/data/tables/2022/econ/susb/2022-susb-annual.html>.

²⁸ SUSB employment data are reported in ranges rather than at the exact SBA size standard of 1,150 employees. To provide a conservative estimate, FSIS classified firms with 1,499 or fewer employees as small.

criterion for the small entities impacted by this final rule is approximately \$0.16 million.²⁹ The “substantial number” criterion of 30 percent of small entities results in a total of 363 small entities (30 percent of 1,208 small entities, the total number of small entities shown in Table 1). This means that this final rule will have a significant impact on a substantial number of small entities if it has an estimated average impact of over \$0.16 million on at least 363 small entities. Since the final rule only affects large firms, there is no significant impact.

The estimated one-time cost of \$90 for a firm to familiarize themselves with the final rule would amount to less than 1 percent of annual receipts for all entities. The \$90 familiarization cost for 399 firms with less than 5 employees is 0.01 percent of their average annual receipts.

What are the direct and indirect impacts?

FSIS does not anticipate direct or indirect costs or benefits to a substantial number of small entities, because the final rule does not impose additional requirements on industry and ends mandatory mandibular lymph node incision and viscera palpation of swine carcasses in all swine slaughter establishments.

Small and very small entities generally operate in local niche markets, in which they source inputs from small producers and sell products to consumers who have shown an increased demand for locally produced products.³⁰ The final rule is not expected to impact these local niche markets or the entities that participate in them.

Certification

FSIS certifies that this final rule will not have a significant economic impact on a substantial number of small entities in the United States.

VI. Congressional Review Act

Pursuant to Subtitle E of the Small Business Regulatory Enforcement

Fairness Act of 1996 (known as the Congressional Review Act) (5 U.S.C. 801 *et seq.*), OIRA has designated this final rule as not a major rule as defined by 5 U.S.C. 804(2).

VII. Paperwork Reduction Act

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520), FSIS has reviewed the final rule. The Administrator has determined that this rulemaking will not create additional information collection or recordkeeping burdens.

VIII. E-Government Act

FSIS and USDA are committed to achieving the purposes of the E-Government Act (44 U.S.C. 3601, *et seq.*) by, among other things, promoting the use of the internet and other information technologies and providing increased opportunities for citizen access to Government information and services, and for other purposes.

IX. Executive Order 12988, Civil Justice Reform

This final rule has been reviewed under E.O. 12988, Civil Justice Reform. Under this rule: (1) all State and local laws and regulations that are inconsistent with this rule will be preempted; (2) no retroactive effect will be given to this rule; and (3) no administrative proceedings will be required before parties may file suit in court challenging this rule.

X. Executive Order 13175

This rule has been reviewed in accordance with the requirements of E.O. 13175, “Consultation and Coordination with Indian Tribal Governments”. E.O. 13175 requires Federal agencies to consult and coordinate with tribes on a government-to-government basis on policies that have tribal implications, including regulations, legislative comments or proposed legislation, and other policy statements or actions that have substantial direct effects on one or more Indian tribes, on the relationship between the Federal Government and Indian tribes or on the distribution of power and responsibilities between the Federal Government and Indian tribes.

FSIS has assessed the impact of this rule on Indian tribes, and determined that this rule does not, to our knowledge, have tribal implications that require tribal consultation under E.O. 13175. If a tribe requests consultation, FSIS will work with the Office of Tribal Relations to ensure meaningful consultation is provided where changes, additions, and modifications identified

herein are not expressly mandated by Congress.

XI. Environmental Impact

Pursuant to the National Environmental Policy Act (42 U.S.C. 4321, *et seq.*) (NEPA), Federal agencies fulfill their NEPA obligation to study the effects of major Federal actions in one of three ways. For a major Federal action that will have significant environmental effects, the agency prepares a detailed Environmental Impact Statement (EIS) (42 U.S.C. 4336(b)(1)). If it is unclear whether the action will have significant effects, the agency may prepare a brief Environmental Assessment (EA) (42 U.S.C. 4336(b)(2)). Finally, categorical exclusions are classes of actions that normally do not have significant effects on the environment and do not require an EA or an EIS absent extraordinary circumstances (42 U.S.C. 4336(b)(2)). USDA’s NEPA implementing regulations establish a categorical exclusion for specified categories of actions and the actions of certain USDA subcomponents (7 CFR 1b.3, 1b.4). USDA has determined that the listed subcomponents, including FSIS (7 CFR 1b.4(a)(5)), “conduct programs and activities that do not normally result in reasonably foreseeable significant impacts on the natural or physical environment” (7 CFR 1b.4(a)). The FSIS action thus is categorically excluded unless FSIS, after evaluating the action for extraordinary circumstances, determines that an extraordinary circumstance may exist that would require the action to instead be documented in an EA or an EIS, as applicable.

FSIS does not foresee any significant impact on the natural or physical environment from this rule (7 CFR 1b.4(a)). The purpose of Federal inspection under the FMIA is to protect public health and welfare by ensuring that any meat produced for human consumption and sale or distribution in commerce is wholesome, not adulterated, and properly labeled. FSIS inspection program personnel do not have any authority or control over the day-to-day operations of slaughter establishments, except to the degree necessary to achieve the Agency’s mission to protect public health by ensuring that pork products intended for use as human food are safe, unadulterated and properly labeled. Accordingly, any environmental effects of a slaughter establishment’s operations are not the result of a major Federal action by FSIS, and inspection by FSIS would not be the legally relevant cause of the establishment’s slaughter

²⁹ FSIS estimated the average receipts for small firms in the Animal (except Poultry) Slaughter sector having less than 1,499 employees is approximately \$16 million (\$18,999 million divided by 1,208 firms). Thus, a firm’s average threshold for significant impact is approximately \$0.16 million (1 percent of \$16 million). U.S. Census Bureau. (2022). 2022 SUSB Annual Data Tables by Establishment Industry: U.S. and states, NAICS detailed employment, 2022 [Data file]. April 2025. <https://www.census.gov/data/tables/2022/econ/susb/2022-susb-annual.html>.

³⁰ Johnson, R., Marti, D. and Gwin, L. (2012). Slaughter and Processing Options and Issues for Locally Sourced Meat. Washington, DC: USDA Economic Research Service, LDP–M–216–01.

activities or any impact the establishment's activities might have on the environment. Expected pork product sales—not NSIS sorting requirements or FSIS staffing standards—drive production levels (*i.e.*, the total number of swine that an establishment slaughters). FSIS has no authority to determine an establishment's production levels. While ending mandatory lymph node incision and viscera palpation may improve efficiency, it will not affect consumer demand or an establishment's products. Moreover, all swine slaughter establishments, regardless of sorting requirements or FSIS staffing standards, are required to meet all local, state, and Federal environmental requirements. Thus, the establishment will be subject to the same environmental regulations, regardless of this rule.

Therefore, FSIS does not foresee any significant impact on the natural or physical environment from these changes (7 CFR 1b.4(a)). Additionally, no extraordinary circumstances exist that would require preparation of an EA or an EIS. Therefore, this action qualifies for the categorical exclusion from preparing an EA or EIS under 7 CFR 1b.4 of the USDA regulations.

XII. Additional Public Notification

Public awareness of all segments of rulemaking and policy development is important. Consequently, FSIS will announce this **Federal Register** publication online through the FSIS web page located at: <https://www.fsis.usda.gov/federal-register>.

FSIS will also announce and provide a link through the FSIS *Constituent Update*, which is used to provide information regarding FSIS policies, procedures, regulations, **Federal Register** notices, FSIS public meetings,

and other types of information that could affect or would be of interest to our constituents and stakeholders. The *Constituent Update* is available on the FSIS web page. Through the web page, FSIS is able to provide information to a much broader, more diverse audience. In addition, FSIS offers an email subscription service which provides automatic and customized access to selected food safety news and information. This service is available at: <https://www.fsis.usda.gov/subscribe>. Options range from recalls to export information, regulations, directives, and notices. Customers can add or delete subscriptions themselves and have the option to password protect their accounts.

XIII. USDA Non-Discrimination Statement

In accordance with Federal civil rights law and USDA civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (*e.g.*, Braille, large print, audiotape, American Sign Language, etc.) should contact the State or local Agency that administers the program or contact USDA through the Telecommunications Relay Service at

711 (voice and TTY). Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at How to File a Program Discrimination Complaint and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue SW, Mail Stop 9410, Washington, DC 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov.

USDA is an equal opportunity provider, employer, and lender.

List of Subjects in 9 CFR Part 310

Animal diseases, Blood, Meat inspection.

For the reasons set forth in the preamble, FSIS is amending 9 CFR Chapter III as follows:

PART 310—POST-MORTEM INSPECTION

■ 1. The authority citation for part 310 continues to read as follows:

Authority: 21 U.S.C. 601–695; 7 CFR 2.18, 2.53.

■ 2. Amend § 310.1 by revising table 4 to paragraph (b)(3) to read as follows:

§ 310.1 Extent and time of post-mortem inspection; post-mortem inspection staffing standards.

* * * * *

TABLE 4 TO PARAGRAPH (b)(3)—THREE INSPECTORS OR MORE—STAFFING STANDARDS FOR SWINE

Maximum inspection rates (head per hour with heads attached)	Maximum number of inspectors by station			
	Head	Viscera	Carcass	Total
Market hogs:				
319 to 506	1	1	1	3
507 to 540	1	2	1	4
541 to 859	2	2	1	5
860 to 1,022	2	3	1	6
1,023 to 1,106	3	3	1	7
Sows and boars:				
306 to 439	1	1	1	3
306 to 462 ¹	1	1	1	3
440 to 475	2	1	1	4
476 to 752	2	2	1	5
753 to 895	3	2	1	6
896 to 964	3	3	1	7

¹ This rate applies if the heads of sows and boars are detached from the carcasses at the time of inspection.

Note 1 to table 4 to paragraph (b)(3): In multiple-inspector plants, the inspectors must rotate between all inspection positions during each shift to equalize the workload.

§ 310.26 [Amended]

■ 3. Amend § 310.26 by removing the second sentence of paragraph (b).

Done in Washington, DC.

Justin Ransom,

Administrator.

[FR Doc. 2026–10186 Filed 5–20–26; 8:45 am]

BILLING CODE 3410–DM–P

DEPARTMENT OF TRANSPORTATION**Federal Aviation Administration****14 CFR Part 39**

[Docket No. FAA–2026–0736; Project Identifier MCAI–2025–00698–R; Amendment 39–23344; AD 2026–10–04]

RIN 2120–AA64

Airworthiness Directives; Bell Textron Canada Limited Helicopters

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: The FAA is adopting a new airworthiness directive (AD) for certain Bell Textron Canada Limited (BTCL) Model 407 helicopters. This AD was prompted by a determination that chafing can occur at various locations on the electrical harnesses located in the aircraft instrument panel area. This AD requires a one-time detailed visual inspection of the electrical harnesses for chafing and corrective actions if necessary. This AD also requires rotation of the backshell cast housing of connectors of the lower engine airframe unit and installation of a wire harness bracket and support, and for certain helicopters, installation of a wire bundle sleeve. The FAA is issuing this AD to address the unsafe condition on these products.

DATES: This AD is effective June 25, 2026

The Director of the Federal Register approved the incorporation by reference of a certain publication listed in this AD as of June 25, 2026.

ADDRESSES:

AD Docket: You may examine the AD docket at [regulations.gov](https://www.regulations.gov) under Docket No. FAA–2026–0736; or in person at Docket Operations between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this final rule, the mandatory continuing airworthiness information (MCAI), any comments received, and other information. The address for

Docket Operations is U.S. Department of Transportation, Docket Operations, M–30, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE, Washington, DC 20590.

Material Incorporated by Reference:

- For Transport Canada material identified in this AD, contact Transport Canada, Transport Canada National Aircraft Certification, 159 Cleopatra Drive, Nepean, Ontario, K1A 0N5, CANADA; phone: (888) 663–3639; email: TC.AirworthinessDirectives-Consignesdenavigabilite.TC@tc.gc.ca. You may find the Transport Canada material on the Transport Canada website at tc.canada.ca/en/aviation.

- You may view this material at the FAA, Airworthiness Products Section, Operational Safety Branch, 10101 Hillwood Parkway, Fort Worth, TX 76177. For information on the availability of this material at the FAA, call (817) 222–5118. It is also available at [regulations.gov](https://www.regulations.gov) under Docket No. FAA–2026–0736.

FOR FURTHER INFORMATION CONTACT:

Matthew Williams, Aviation Safety Engineer, FAA, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; phone: (316) 946–4134; email: matthew.t.williams@faa.gov.

SUPPLEMENTARY INFORMATION:**Background**

The FAA issued a notice of proposed rulemaking (NPRM) to amend 14 CFR part 39 by adding an AD that would apply to certain BTCL Model 407 helicopters. The NPRM was published in the **Federal Register** on February 3, 2026 (91 FR 4857). The NPRM was prompted by Transport Canada AD CF–2025–22, dated April 23, 2025, (Transport Canada AD CF–2025–22) (also referred to as the MCAI), issued by Transport Canada, which is the aviation authority for Canada. The MCAI states that chafing could occur between the primary flight display/multi-function display harnesses and the cable harness protection system rack and could also occur between the electrical harnesses and the shroud behind the instrument panel area. This condition, if not addressed, could result in smoke or fire in the cockpit and loss of control of the helicopter.

In the NPRM, the FAA proposed to require a one-time detailed visual inspection of the electrical harnesses for chafing and corrective actions if necessary. In the NPRM, the FAA also proposed to require rotation of the backshell cast housing of connectors of

the lower engine airframe unit and installation of a wire harness bracket and support, and for certain helicopters, installation of a wire bundle sleeve.

You may examine the MCAI in the AD docket at [regulations.gov](https://www.regulations.gov) under Docket No. FAA–2026–0736.

Discussion of Final Airworthiness Directive**Comments**

The FAA received no comments on the NPRM or on the determination of the costs.

Conclusion

These products have been approved by the civil aviation authority of another country and are approved for operation in the United States. Pursuant to the FAA's bilateral agreement with this State of Design Authority, that authority has notified the FAA of the unsafe condition described in the MCAI referenced above. The FAA reviewed the relevant data, considered any comments received, and determined that air safety requires adopting this AD as proposed. Accordingly, the FAA is issuing this AD to address the unsafe condition on these products. Except for minor editorial changes, this AD is adopted as proposed in the NPRM. None of the changes will increase the economic burden on any operator.

Material Incorporated by Reference Under 1 CFR Part 51

The FAA reviewed Transport Canada AD CF–2025–22, which specifies procedures for performing a detailed visual inspection of the electrical harnesses located behind the instrument panel for chafing and, depending on the inspection results, repairing damaged parts (chafed electrical harnesses) and performing further inspections; rotating the backshell cast housing; and installing the wire harness bracket and support. This material also specifies procedures for installing a sleeve to cover the wire bundle for certain helicopters without a sleeve installed on the wire bundle.

This material is reasonably available because the interested parties have access to it through their normal course of business or by the means identified in the **ADDRESSES** section.

Costs of Compliance

The FAA estimates that this AD affects 333 helicopters of U.S. registry.

The FAA estimates the following costs to comply with this AD:

ESTIMATED COSTS

Action	Labor cost	Parts cost	Cost per product	Cost on U.S. operators
Inspect electrical harness	8 work-hours × \$85 per hour = \$680	\$0	\$680	\$226,440.
Install wire bundle sleeve	1 work-hour × \$85 per hour = \$85	0	85	Up to \$28,305.
Rotate backshell cast housing	1 work-hour × \$85 per hour = \$85	0	85	Up to \$28,305.
Secure wire harness and install bracket and support.	1 work-hour × \$85 per hour = \$85	100	185	\$61,605.

The FAA estimates the following cost to do any repair that would be required

based on the results of the inspection. The agency has no way of determining

the number of helicopters that might need this repair:

ON-CONDITION COSTS

Action	Labor cost	Parts cost	Cost per product
Repair wire bundle	1 work-hour × \$85 per hour = \$85	\$0	\$85

Authority for This Rulemaking

Title 49 of the United States Code specifies the FAA's authority to issue rules on aviation safety. Subtitle I, section 106, describes the authority of the FAA Administrator. Subtitle VII: Aviation Programs, describes in more detail the scope of the Agency's authority.

The FAA is issuing this rulemaking under the authority described in Subtitle VII, Part A, Subpart III, Section 44701: General requirements. Under that section, Congress charges the FAA with promoting safe flight of civil aircraft in air commerce by prescribing regulations for practices, methods, and procedures the Administrator finds necessary for safety in air commerce. This regulation is within the scope of that authority because it addresses an unsafe condition that is likely to exist or develop on products identified in this rulemaking action.

Regulatory Findings

This AD will not have federalism implications under Executive Order 13132. This AD will not have a substantial direct effect on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government.

For the reasons discussed above, I certify that this AD:

- (1) Is not a "significant regulatory action" under Executive Order 12866,
- (2) Will not affect intrastate aviation in Alaska, and
- (3) Will not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Incorporation by reference, Safety.

The Amendment

Accordingly, under the authority delegated to me by the Administrator, the FAA amends 14 CFR part 39 as follows:

PART 39—AIRWORTHINESS DIRECTIVES

- 1. The authority citation for part 39 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40113, 44701.

§ 39.13 [Amended]

- 2. The FAA amends § 39.13 by adding the following new airworthiness directive:

2026-10-04 Bell Textron Canada Limited:
Amendment 39-23344; Docket No. FAA-2026-0736; Project Identifier MCAI-2025-00698-R.

(a) Effective Date

This airworthiness directive (AD) is effective June 25, 2026.

(b) Affected ADs

None.

(c) Applicability

This AD applies to Bell Textron Canada Limited Model 407 helicopters, serial numbers 54300 through 54752, 54805 through 54999, and 56300 through 56366 and 56368, certificated in any category.

(d) Subject

Joint Aircraft System Component (JASC) Code 1420, Electrical connectors.

(e) Unsafe Condition

This AD was prompted by a determination that chafing can occur at various locations on the electrical harnesses located in the aircraft instrument panel area. The FAA is issuing

this AD to detect and address chafing. The unsafe condition, if not addressed, could result in smoke or fire in the cockpit and loss of control of the helicopter.

(f) Compliance

Comply with this AD within the compliance times specified, unless already done.

(g) Required Actions

Except as specified in paragraph (h) of this AD: Comply with all required actions and compliance times specified in, and in accordance with, Transport Canada AD CF-2025-22, dated April 23, 2025 (Transport Canada AD CF-2025-22).

(h) Exceptions to Transport Canada AD CF-2025-22

(1) Where Transport Canada AD CF-2025-22 refers to its effective date, this AD requires using the effective date of this AD.

(2) Where Transport Canada AD CF-2025-22 requires compliance in terms of air time, this AD requires using hours time-in-service.

(3) Where the material referenced in Transport Canada AD CF-2025-22 specifies "grounding screw heads should face on the left-hand side" or "grounding screw heads should face left-hand side", this AD requires replacing that text with "grounding screw heads must face on the left-hand side".

(i) Special Flight Permits

Special flight permits are prohibited.

(j) Alternative Methods of Compliance (AMOCs)

(1) The Manager, International Validation Branch, FAA, has the authority to approve AMOCs for this AD, if requested using the procedures found in 14 CFR 39.19. In accordance with 14 CFR 39.19, send your request to your principal inspector or local flight standards district office, as appropriate. If sending information directly to the manager of the International Validation Branch, send it to the attention of the person identified in paragraph (k) of this AD and email to: AMOC@faa.gov.

(2) Before using any approved AMOC, notify your appropriate principal inspector, or lacking a principal inspector, the manager of the local flight standards district office/certificate holding district office.

(k) Additional Information

For more information about this AD, contact Matthew Williams, Aviation Safety Engineer, FAA, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; phone: (316) 946-4134; email: matthew.t.williams@faa.gov.

(l) Material Incorporated by Reference

(1) The Director of the Federal Register approved the incorporation by reference of the material listed in this paragraph under 5 U.S.C. 552(a) and 1 CFR part 51.

(2) You must use this material as applicable to do the actions required by this AD, unless the AD specifies otherwise.

(i) Transport Canada AD CF-2025-22, dated April 23, 2025.

(ii) [Reserved]

(3) For Transport Canada material identified in this AD, contact Transport Canada, Transport Canada National Aircraft Certification, 159 Cleopatra Drive, Nepean, Ontario, K1A 0N5, Canada; phone: (888) 663-3639; email:

TC.AirworthinessDirectives-Consignesdenavigabilite.TC@tc.gc.ca. You may find this material on the Transport Canada website at tc.canada.ca/en/aviation.

(4) You may view this material at the FAA, Airworthiness Products Section, Operational Safety Branch, 10101 Hillwood Parkway, Fort Worth, TX 76177. For information on the availability of this material at the FAA, call (817) 222-5118.

(5) You may view this material at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, visit www.archives.gov/federal-register/cfr/ibr-locations or email fr.inspection@nara.gov.

Issued on May 7, 2026.

Steven W. Thompson,

Acting Deputy Director, Compliance & Airworthiness Division, Aircraft Certification Service.

[FR Doc. 2026-10167 Filed 5-20-26; 8:45 am]

BILLING CODE 4910-13-P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA-2026-0025; Project Identifier MCAI-2025-01294-R; Amendment 39-23343; AD 2026-10-03]

RIN 2120-AA64

Airworthiness Directives; Leonardo S.p.a. Helicopters

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: The FAA is adopting a new airworthiness directive (AD) for all

Leonardo S.p.a. Model AB139, AW139, and AW189 helicopters. This AD was prompted by a report of cracks on the left-hand (LH) and right-hand (RH) tube assemblies installed on the brake pedal assemblies. This AD requires repetitively inspecting the LH and RH tube assemblies for Model AB139 and AW139 helicopters, and the LH and RH pedal shaft assemblies for Model AW189 helicopters, and depending on the results of the inspection, corrective actions. This AD also prohibits installing certain parts unless certain requirements are met. The FAA is issuing this AD to address the unsafe condition on these products.

DATES: This AD is effective June 25, 2026.

The Director of the Federal Register approved the incorporation by reference of a certain publications listed in this AD as of June 25, 2026.

ADDRESSES:

AD Docket: You may examine the AD docket at regulations.gov under Docket No. FAA-2026-0025; or in person at Docket Operations between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this final rule, the mandatory continuing airworthiness information (MCAI), any comments received, and other information. The address for Docket Operations is U.S. Department of Transportation, Docket Operations, M-30, West Building Ground Floor, Room W12-140, 1200 New Jersey Avenue SE, Washington, DC 20590.

Material Incorporated by Reference:

- For European Union Aviation Safety Agency (EASA) material identified in this AD, contact EASA, Konrad-Adenauer-Ufer 3, 50668 Cologne, Germany; phone: +49 221 8999 000; email: ADs@easa.europa.eu; website: easa.europa.eu. You may find the EASA material on the EASA website at ad.easa.europa.eu.

- You may view this material at the FAA, Airworthiness Products Section, Operational Safety Branch, 10101 Hillwood Parkway, Fort Worth, TX 76177. For information on the availability of this material at the FAA, call (817) 222-5110. It is also available at regulations.gov under Docket No. FAA-2026-0025.

FOR FURTHER INFORMATION CONTACT:

Steven Warwick, Aviation Safety Engineer, FAA, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; phone: (817) 222-5225; email: steven.r.warwick@faa.gov.

SUPPLEMENTARY INFORMATION:

Background

The FAA issued a notice of proposed rulemaking (NPRM) to amend 14 CFR part 39 by adding an AD that would apply to all Leonardo S.p.a. Model AB139, AW139, and AW189 helicopters. The NPRM was published in the **Federal Register** on January 26, 2026 (91 FR 3081); corrected February 6, 2026 (91 FR 9514). The NPRM was prompted by EASA AD 2025-0163, dated July 30, 2025, (EASA 2025-0163) (also referred to as the MCAI), issued by EASA, which is the Technical Agent for the Member States of the European Union. The MCAI states that occurrences of cracking on the LH and RH pilot pedal tubes (also referred to as the tube assemblies installed on the brake pedal assemblies) were reported on a Model AW139 helicopter. The MCAI further states subsequent investigation revealed that the cracks originated from the locking slot where the upper clamping bolt engages with the tube; however, the root cause of the tube cracking is still under investigation. Additionally, the MCAI states that due to design similarity of the braking pedal assembly architecture, Model AB139 and AW189 helicopters could be also affected by the same structural damage.

In the NPRM, the FAA proposed to require repetitively inspecting the LH and RH tube assemblies for Model AB139 and AW139 helicopters, and the LH and RH pedal shaft assemblies for Model AW189 helicopters, and depending on the results of the inspection, corrective actions. In the NPRM the FAA also proposed to prohibit installing certain parts unless certain requirements are met. The FAA is issuing this AD to detect and address cracks on the LH and RH tube assemblies and pedal shaft assemblies installed on the brake pedal assemblies. This unsafe condition, if not addressed, could lead to structural failure of the brake pedal assembly and result in reduced control of the helicopter around the yaw axis.

You may examine the MCAI in the AD docket at regulations.gov under Docket No. FAA-2026-0025.

Discussion of Final Airworthiness Directive

Comments

The FAA received no comments on the NPRM or on the determination of the costs.

Conclusion

These products have been approved by the civil aviation authority of another country and are approved for operation

in the United States. Pursuant to the FAA's bilateral agreement with this State of Design Authority, that authority has notified the FAA of the unsafe condition described in the MCAI referenced above. The FAA reviewed the relevant data, considered any comments received, and determined that air safety requires adopting this AD as proposed. Accordingly, the FAA is issuing this AD to address the unsafe condition on these products. Except for minor editorial changes, this AD is adopted as proposed in the NPRM. None of the changes will increase the economic burden on any operator.

Material Incorporated by Reference Under 1 CFR Part 51

The FAA reviewed EASA AD 2025–0163, which specifies procedures for repetitive inspections of certain part-numbered LH and RH tube assemblies (for Models AB139 and AW139) and certain part-numbered LH and RH pedal shaft assemblies (for Model AW189) installed on the brake pedal assemblies. Depending on the inspection results, EASA AD 2025–0163 specifies procedures for replacing an affected part with a serviceable part or, for the copilot side only, as an alternative to replacing an affected part, installing a temporary serviceable part for the copilot pedal assembly set, performing repetitive

inspections, manufacturing and installing a placard, and revising the limitations section of the rotorcraft flight manual (RFM) for the helicopter. EASA AD 2025–0163 also prohibits installing an affected part on any helicopter unless certain requirements are met. This material is reasonably available because the interested parties have access to it through their normal course of business or by the means identified in the **ADDRESSES** section.

Costs of Compliance

The FAA estimates that this AD affects 153 helicopters of U.S. registry.

The FAA estimates the following costs to comply with this AD.

ESTIMATED COSTS

Action	Labor cost	Parts cost	Cost per product	Cost on U.S. operators
Inspect LH and RH tube assembly or shaft assembly.	2 work-hours × \$85 per hour = \$170	\$0	\$170	\$26,010

The FAA estimates the following costs to do any replacements that would

be required based on the results of the inspection. The agency has no way of

determining the number of helicopters that might need these replacements.

ON-CONDITION COSTS

Action	Labor cost	Parts cost	Cost per product
Replace tube assembly or shaft assembly (1 assembly).	1 work-hour × \$85 per hour = \$85	\$3,381	\$3,466.
Manufacture and install placard	1 work-hour × \$85 per hour = \$85	0	85.
Revise the RFM	1 work-hour × \$85 per hour = \$85	0	85 per RFM revision.
Inspect (repetitively) LH and RH tube assembly or shaft assembly.	2 work-hours × \$85 per hour = \$170	0	170.

The FAA has included all known costs in its cost estimate. According to the manufacturer, however, some of the costs of this AD may be covered under warranty, thereby reducing the cost impact on affected operators.

Authority for This Rulemaking

Title 49 of the United States Code specifies the FAA's authority to issue rules on aviation safety. Subtitle I, section 106, describes the authority of the FAA Administrator. Subtitle VII: Aviation Programs, describes in more detail the scope of the Agency's authority.

The FAA is issuing this rulemaking under the authority described in Subtitle VII, Part A, Subpart III, Section 44701: General requirements. Under that section, Congress charges the FAA with promoting safe flight of civil aircraft in air commerce by prescribing regulations for practices, methods, and procedures the Administrator finds necessary for safety in air commerce.

This regulation is within the scope of that authority because it addresses an unsafe condition that is likely to exist or develop on products identified in this rulemaking action.

Regulatory Findings

This AD will not have federalism implications under Executive Order 13132. This AD will not have a substantial direct effect on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government.

For the reasons discussed above, I certify that this AD:

- (1) Is not a "significant regulatory action" under Executive Order 12866,
- (2) Will not affect intrastate aviation in Alaska, and
- (3) Will not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Incorporation by reference, Safety.

The Amendment

Accordingly, under the authority delegated to me by the Administrator, the FAA amends 14 CFR part 39 as follows:

PART 39—AIRWORTHINESS DIRECTIVES

- 1. The authority citation for part 39 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40113, 44701.

§ 39.13 [Amended]

- 2. The FAA amends § 39.13 by adding the following new airworthiness directive:

2026–10–03 Leonardo S.p.a.: Amendment 39–23343; Docket No. FAA–2026–0025; Project Identifier MCAI–2025–01294–R.

(a) Effective Date

This airworthiness directive (AD) is effective June 25, 2026.

(b) Affected ADs

None.

(c) Applicability

This AD applies to all Leonardo S.p.a. Model AB139, AW139, and AW189 helicopters, certificated in any category.

(d) Subject

Joint Aircraft System Component (JASC) Code 6720, Tail rotor control system.

(e) Unsafe Condition

This AD was prompted by a report of cracks on the left-hand (LH) and right-hand (RH) tube assemblies installed on the brake pedal assemblies. The FAA is issuing this AD to detect and address cracks on the LH and RH tube assemblies and pedal shaft assemblies. The unsafe condition, if not addressed, could lead to structural failure of the brake pedal assembly and result in reduced control of the helicopter around the yaw axis.

(f) Compliance

Comply with this AD within the compliance times specified, unless already done.

(g) Required Actions

(1) Except as specified in paragraphs (h) and (i) of this AD: Comply with all required actions and compliance times specified in, and in accordance with, European Union Aviation Safety Agency AD 2025–0163, dated July 30, 2025 (EASA AD 2025–0163).

(2) For this AD, the owner/operator (pilot) holding at least a private pilot certificate may revise the existing rotorcraft flight manual (RFM) for the helicopter by inserting Appendix 1 of EASA AD 2025–0163 and must enter compliance into the helicopter maintenance records in accordance with 14 CFR 43.9(a) and 91.417(a)(2)(v). The record must be maintained as required by 14 CFR 91.417, 121.380, or 135.439.

(h) Exceptions to EASA AD 2025–0163

(1) Where EASA AD 2025–0163 refers to its effective date, this AD requires using the effective date of this AD.

(2) Where EASA AD 2025–0163 requires compliance in terms of flight hours, this AD requires using hours time-in-service.

(3) Where the material referenced in EASA AD 2025–0163 specifies discarding parts, or scrapping parts, this AD requires removing those parts from service.

(4) This AD does not adopt the “Remarks” section of EASA AD 2025–0163.

(i) No Reporting Requirement

Although the service material referenced in EASA AD 2025–0163 specifies to submit certain information to the manufacturer, this AD does not include that requirement.

(j) Alternative Methods of Compliance (AMOCs)

(1) The Manager, International Validation Branch, FAA, has the authority to approve AMOCs for this AD, if requested using the

procedures found in 14 CFR 39.19. In accordance with 14 CFR 39.19, send your request to your principal inspector or local Flight Standards District Office, as appropriate. If sending information directly to the manager of the International Validation Branch, send it to the attention of the person identified in paragraph (k) of this AD and email to: AMOC@faa.gov.

(2) Before using any approved AMOC, notify your appropriate principal inspector, or lacking a principal inspector, the manager of the local flight standards district office/certificate holding district office.

(k) Additional Information

For more information about this AD, contact Steven Warwick, Aviation Safety Engineer, FAA, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; phone: (817) 222–5225; email: steven.r.warwick@faa.gov.

(l) Material Incorporated by Reference

(1) The Director of the Federal Register approved the incorporation by reference of the material listed in this paragraph under 5 U.S.C. 552(a) and 1 CFR part 51.

(2) You must use this material as applicable to do the actions required by this AD, unless the AD specifies otherwise.

(i) European Union Aviation Safety Agency (EASA) AD 2025–0163, dated July 30, 2025.

(ii) [Reserved]

(3) For EASA material identified in this AD, contact EASA, Konrad-Adenauer-Ufer 3, 50668 Cologne, Germany; phone: +49 221 8999 000; email: ADs@easa.europa.eu; website: easa.europa.eu. You may find the EASA material on the EASA website at ad.easa.europa.eu.

(4) You may view this material at the FAA, Airworthiness Products Section, Operational Safety Branch, 10101 Hillwood Parkway, Fort Worth, TX 76177. For information on the availability of this material at the FAA, call (817) 222–5110.

(5) You may view this material at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, visit www.archives.gov/federal-register/cfr/ibr-locations or email fr.inspection@nara.gov.

Issued on May 6, 2026.

Steven W. Thompson,

Acting Deputy Director, Compliance & Airworthiness Division, Aircraft Certification Service.

[FR Doc. 2026–10170 Filed 5–20–26; 8:45 am]

BILLING CODE 4910–13–P

SECURITIES AND EXCHANGE COMMISSION**17 CFR Part 202**

[Release Nos. 33–11417; 34–105504; IC–6965; IA–36158]

RIN 3235–AN77

Rescission of Policy Regarding Denials in Settlements of Enforcement Actions

AGENCY: Securities and Exchange Commission.

ACTION: Final rule.

SUMMARY: The Securities and Exchange Commission (“Commission”) is rescinding a rule of informal procedure that concerns settlements in judicial or administrative proceedings.

DATES: Effective May 21, 2026.

FOR FURTHER INFORMATION CONTACT: Samuel Waldon, Principal Deputy Director, Division of Enforcement, (202) 551–6000, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549.

SUPPLEMENTARY INFORMATION: Since 1972, the Commission has maintained a policy, codified in Rule 202.5(e) of its rules of informal procedure, 17 CFR 202.5(e), that when it chooses to settle an enforcement action in which a sanction is imposed, it will not settle unless the defendant or respondent also agrees not to publicly deny the allegations in the complaint or administrative order. For the reasons explained below, the Commission now rescinds this policy and repeals Rule 202.5(e).

I. Background

When the Commission exercises its authority to investigate and bring enforcement actions,¹ it does not litigate every action to judgment. Like all parties to litigation, the Commission and a litigant against whom it brings a district court action or agency adjudication may agree to settle.² The Commission’s decision to settle depends on a range of factors, including the Commission’s judgment that obtaining an immediate result by consent better serves the public interest than expending the resources and accepting

¹ 15 U.S.C. 77t(b), 78u(a), (d)(1), 80a–41(d), 80b–14(a).

² We use the term “settlement” to refer to the resolution of enforcement actions by consent in which the Commission and a party against whom it has brought an action agree to terms to end that action, including agreed-upon sanctions. Settlements can include entry into consent judgments in district court and the acceptance of settlement offers in an order issued in an administrative adjudication.

the risk that comes with fully litigating a matter.³ Similarly, a defendant's decision to settle turns on numerous factors.

In a typical Commission settlement, a defendant in Federal district court signs a consent that describes the terms on which the parties have agreed to settle, or, in an administrative action, a respondent signs an offer of settlement that contains those terms.⁴ These documents reflect the defendant's (or respondent's) agreement and representation that the defendant (or respondent) is entering into the settlement knowingly and voluntarily. For actions in Federal district court, the Commission (sometimes jointly with the defendant) will then ask the court to enter a consent judgment that incorporates the terms of the consent and to retain continuing jurisdiction.⁵ For administrative adjudications, when the Commission accepts an offer of settlement, the terms are incorporated into an order instituting proceedings.

In 1972, the Commission adopted Rule 202.5(e), which sets out a policy regarding settlements and is one of several "informal and other procedures" that concern enforcement activities.⁶ The policy stated the Commission's view at the time that in any civil lawsuit or in any administrative proceeding of an accusatory nature, "it is important to avoid creating, or permitting to be created, an impression that a decree is being entered or a sanction imposed,

when the conduct alleged did not, in fact occur."⁷ Accordingly, the Commission announced a "policy not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint" or administrative order.⁸ By limiting the circumstances under which the Commission will accept a settlement offer, the policy binds the staff of the Commission's Division of Enforcement (Enforcement) in settlement negotiations.

The no-deny provisions that appear in settlements pursuant to this policy are usually paired with a statement that a defendant is not admitting the allegations (or liability). While the precise language has varied over time, defendants and respondents typically agree that they are entering into a consent without admitting or denying the allegations. More specifically, defendants and respondents agree, among other things, not to make "any public statement denying, directly or indirectly, any allegation in the complaint or creating the impression that the complaint is without factual basis."⁹ The no-deny provisions do not, however, apply to testimonial obligations by defendants and respondents, and they do not affect their ability to take legal or factual position in litigation and other legal proceedings to which the Commission is not a party, including parallel civil actions.

For the most part, the Commission does not require settling defendants to make admissions.¹⁰ Together, these two components of settlement language have been referred to as the "no admit/no deny policy." Thus, for over fifty years, when the Commission has settled on a no-admit basis, it has only agreed to cede its ability to prove its claims where the defendant has also agreed not to publicly deny the allegations in the complaint. Settlement brings certainty and closure without the risks and expenses of litigation, and often accelerates the Commission's ability to collect and, if feasible, distribute

collected monetary sanctions to injured investors.

When the Commission agrees to settlements that contain no-deny provisions, the Commission has only a limited judicial remedy in the event a defendant breaches the settlement agreement by publicly denying allegations. In the event of a public denial, the Commission's only recourse, pursuant to the agreement, is to ask a court to vacate the settlement, returning the case to active litigation and permitting the Commission to prove its claims.¹¹ And, as with all parties to a contract who are faced with a breach, the Commission may forgo this remedy, opting not to dedicate resources to reviving a once-settled case. Moreover, district courts have discretion to deny the Commission's request to return a case to the active docket in the event the Commission does seek relief in the wake of a breach. We are not aware of any instance where the Commission has sought to reopen a district court action or administrative adjudication following a violation of a no-deny provision, and there are no reported opinions where a court has ruled upon such a motion.

In recent years, there have been several challenges to no-deny settlements. Some defendants made unsuccessful efforts to alter no-deny provisions years after they agreed to consent judgments, arguing that the no-deny provisions violated their First Amendment rights and that the Commission did not comply with the Administrative Procedure Act in adopting the policy.¹² Other parties have challenged the use of no-deny provisions because they claimed they wanted to publish the speech of those who agreed to no-deny provisions.¹³ In a petition for rulemaking submitted to the Commission in 2018 and renewed in 2023, a petitioner asked the Commission to amend Rule 202.5(e) to provide that a defendant can consent to a judgment in which the defendant admits, denies, or neither admits nor denies the

³ *SEC v. Citigroup Glob. Mkts.*, 752 F.3d 285, 295 (2d Cir. 2014) ("[The] factors that affect a litigant's decision whether to compromise a case or litigate it to the end include the value of the particular proposed compromise, the perceived likelihood of obtaining a still better settlement, the prospects of coming out better, or worse, after a full trial, and the resources that would need to be expended in the attempt." (cleaned up)).

⁴ The consent is a contractual agreement, signed by the parties, that reflects the terms of the settlement. It is a separate document from a judgment entered by a court, and its terms are usually repeated in the judgment or incorporated into that judgment by reference.

⁵ Consent judgments are "compromises in which the parties give up something they might have won in litigation and waive their rights to litigation." *United States v. ITT Cont'l Baking Co.*, 420 U.S. 223, 235 (1975). They "embod[y] an agreement of the parties and thus in some respects [are] contractual in nature," but they are also "enforceable as * * * judicial decree[s]." *Texas v. New Mexico*, 144 S.Ct. 1756, 1764 (2024).

⁶ 37 FR 25224 (Nov. 29, 1972), codified at 17 CFR 202.5(e). Congress bestowed upon the Commission "the power to make such rules and regulations as may be necessary or appropriate to implement the provisions of this title for which [it is] responsible or for the execution of the functions vested in them by this title." 15 U.S.C. 78w(a); *accord* 15 U.S.C. 77s, 80a-37, 80b-11; *see also id.* at 78u. The Commission has exercised this authority to adopt formal rules of procedure, 17 CFR 201.100 *et seq.*, as well as informal procedures, such as Rule 202.5(e).

⁷ *Id.*

⁸ *Id.*

⁹ *Powell v. SEC*, 149 F.4th 1029, 1045 (9th Cir. 2025). The usual language states that a defendant "will not take any action or make or permit to be made any public statement to the effect that Defendants does not admit the allegations of the complaint, or that th[e] Consent contains no admissions of the allegations, without also stating that the Defendant does not deny the allegations." *SEC v. Novinger*, No. 4:15-cv-358, Dkt 33-1, at ¶ 12 (N.D. Tex. June 3, 2016).

¹⁰ *See infra* n.26 (discussing admissions).

¹¹ There is a parallel procedure in administrative adjudications. In that context, when the Commission has accepted offers to settle, it has done so pursuant to Rule 202.5(e). Respondents have agreed not to publicly deny the allegations in the order instituting proceedings, and they further agreed that if they breached that agreement, Enforcement staff could ask the Commission to reopen the action against them.

¹² *SEC v. Romeril*, 15 F.4th 166 (2d Cir. 2021); *SEC v. Novinger*, 40 F.4th 297 (5th Cir. 2022); *SEC v. Novinger*, 96 F.4th 774 (5th Cir. 2024).

¹³ *E.g.*, *Powell v. SEC*, 149 F.4th 1029 (9th Cir. 2025) (3 of 12 petitioners were described as media outlets that sought to report on defendants who signed no-deny provisions); *Cato v. SEC*, 4 F.4th 91 (D.C. Cir. 2021) (holding that plaintiff lacked standing to seek declaratory judgment that Rule 202.5(e) was unconstitutional).

allegations in the complaint.¹⁴ The Commission denied the petition (with one Commissioner issuing a statement dissenting from the denial).¹⁵

The Second and Ninth Circuits have held that the no-deny policy is constitutional.¹⁶ However, two judges in the Fifth Circuit (in a concurring opinion) have questioned whether the no-deny policy is constitutional.¹⁷ And while the Ninth Circuit rejected a facial challenge to the no-deny policy, declining to hold that the no-deny policy is per se unconstitutional, it also noted that the policy, as applied, could “present different issues” if the facts and circumstances of particular settlements “sweep more broadly than Rule 202.5(e) itself,” which could implicate the “important values associated with permitting criticism of the government.”¹⁸ Additionally, the policy has been subject to criticism in the district courts.¹⁹

II. Discussion

A. The Commission Is Rescinding Rule 202.5(e)

After further consideration of the existing policy, the Commission is rescinding Rule 202.5(e). The Commission initiates enforcement actions only after determining that information obtained in an investigation indicates that a violation of the securities laws occurred or is about to occur.²⁰ The commencement of such an enforcement action in district court (or institution of an administrative

proceeding) reflects the Commission’s intention to prove the facts of the case as alleged based on the results of that investigation.²¹ When the Commission chooses settlement to serve the public interest by obtaining a more certain and faster result with fewer expenditure of resources and less risk, it forecloses its ability to obtain findings of fact and conclusions of law.

The Commission adopted Rule 202.5(e) on the view that it benefits the public interest “to avoid creating, or permitting to be created, an impression that a decree is being entered or a sanction imposed, when the conduct alleged did not, in fact, occur.”²² More specifically, a defendant who later denies the allegations can create the incorrect impression that there was no basis for the Commission’s enforcement action, but only after the Commission yielded its opportunity to prove in court, under the rules of procedure and evidence, the facts that led it to commence the enforcement action in the first place.²³ We conclude, however, that the negative effect on the public interest from such denials may be minimal. Moreover, we recognize that the policy itself may create the incorrect impression that the Commission is trying to shield itself from criticism, even though the main thrust of the policy was to allow the Commission, in the wake of a denial, to ask for the ability to test its allegations and legal theories.²⁴

Four additional reasons support the Commission’s rescission of Rule 202.5(e).

First, the benefits to the Commission and the public from the policy, and the only remedy available under the policy, have proven to be limited over time.

Under Rule 202.5(e), as implemented, if a settling defendant who has agreed to a no-deny provision then publicly denies the allegations, the Commission’s only recourse is to ask a district court to vacate the settlement (or to reopen an adjudicatory proceeding).²⁵ Thus, the policy existed in large part to ensure that the Commission did not irrevocably cede its ability to prove the allegations as part of a settlement. However, there is no known instance of the Commission exercising this option for administrative proceedings in the wake of a breach since Rule 202.5(e) was adopted,²⁶ and the Commission is not aware of any instances in which the Commission asked a court to vacate a settlement in the wake of a breach, or that a court has agreed to such a request and reopened an enforcement action in the wake of a public denial.

Moreover, there is a built-in temporal disincentive to invoking this limited remedy. As the gap in time between the settlement and a (hypothetical) denial grows, the Commission will be less likely to dedicate resources to reopen a case where the allegations will be harder to prove due to the passage of time and the concomitant fading of memories and loss of evidence. Similarly, as more time elapses from the entry of a consent judgment containing a no-deny provision, a court may be less likely to grant the Commission’s request to reopen an older case because of comparable procedural and evidentiary concerns. Particularly given that the Commission has not sought to use this remedy, any of its benefits do not justify retaining the rule.

Second, technological changes in communication, particularly use of social media, have made the policy more challenging to implement. The no-deny provisions that implement Rule 202.5(e) cover public denials of allegations.²⁷ The line between public and private statements, however, is not always clear, particularly for social media interactions that are intended for a private, self-selected community, but nonetheless are visible to dozens of individuals. Moreover, as the Ninth Circuit noted in upholding the no-deny policy against a facial constitutional challenge, the language of some consents “could be read to sweep more

¹⁴ Petition for Rulemaking, File No. 4–733 (Oct. 30, 2018), available at <https://www.sec.gov/files/rules/petitions/2018/petn4-733.pdf>; Renewed Petition for Rulemaking, File No. 4–733 (Dec. 20, 2023), available at <https://www.sec.gov/files/rules/petitions/2023/petn4-733-renewed-petition-rulemaking-122023.pdf>.

¹⁵ Letter to Margaret A. Little, File No. 4–733 (Jan. 30, 2024) (Rulemaking Letter), available at <https://www.sec.gov/files/rules/petitions/2024/4-733-letter-013024.pdf>. Commissioner Peirce filed a statement dissenting from the denial of the rulemaking petition. Commissioner Hester M. Peirce, Unsettling Silence: Dissent from Denial of Request for Rulemaking to Amend 17 CFR 202.5(e), available at <https://www.sec.gov/newsroom/speeches-statements/peirce-nand-013024>.

¹⁶ *Powell v. SEC*, 149 F.4th 1029 (9th Cir. 2025); *SEC v. Romeril*, 15 F.4th 166 (2d Cir. 2021).

¹⁷ *SEC v. Novinger*, 40 F.4th 297, 308 (5th Cir. 2022) (Jones, J., joined by Duncan, J., concurring).

¹⁸ *Powell*, 149 F.4th at 1045, reh’g pet. denied, 2025 U.S. App. Lexis 27114 (9th Cir. Oct. 17, 2025). The petitioners have filed a petition for a writ of certiorari, which is currently pending. *Powell v. SEC*, No. 25–1100 (U.S.), available at https://www.supremecourt.gov/DocketPDF/25/25-1100/401007/20260316161817049_2026-03-16%20Powell%20et%20al.%20-%20Cert%20Petition%20with%20appendix.pdf.

¹⁹ *SEC v. Moraes*, 2022 WL 15774011, *3 (S.D.N.Y. Oct. 28, 2022); *SEC v. Vitesse Semiconductor Corp.*, 771 F.Supp.2d 304, 309 (S.D.N.Y. 2011).

²⁰ 15 U.S.C. 78u(a), (d).

²¹ In an administrative proceeding, the Commission serves in an adjudicatory capacity.

²² 37 FR at 25224; see also Rulemaking Letter, at 4 (stating that when “a defendant settles without admissions and then later denies the allegations, that turnabout can negatively impact the public interest”).

²³ *Id.* at 4–5.

²⁴ In *Powell*, the Ninth Circuit wrote that “to the extent the SEC’s letter addressing [the] request to amend Rule 202.5(e) advances the broader rationale that it is necessary to silence defendants in order to promote public confidence in the SEC’s work, this rationale would be improper.” *Powell*, 149 F.4th at 1044. The Ninth Circuit further stated that “a defendant who denies the SEC’s allegations may well undermine confidence in the SEC’s enforcement programs. But undermining confidence in the government is an inevitable result of our robust First Amendment protections for speech critical of the government. The SEC’s valid interest in Rule 202.5(e) is thus more mechanical: that if a defendant wants to deny the allegations, the SEC wants to be able to prove those allegations in a particular forum, i.e., in court, with the benefits and protections of the judicial process.” *Id.*; see also *Moraes*, 2022 U.S. Dist. Lexis 196811, at *12 (expressing view that the Commission’s policy exists to shield the agency from criticism).

²⁵ The Commission cannot seek an injunction for a violation of a no-deny provision, which is contractual in nature, and we are not aware of any instance in which the Commission sought injunctive relief for a claimed breach.

²⁶ *Powell*, 149 F.4th at 1036.

²⁷ See, e.g., n.7 (quoting sample no-deny provision from a consent in the *Novinger* action, which, by its terms, only applies to a “public statement” of denial).

broadly than Rule 202.5(e) itself,” by covering public statements that are “‘indirectly’” denying allegations or “‘creating the impression’” that the allegations are without a factual basis.²⁸ Rather than have to parse whether such statements would trigger a no-deny provision, the Commission chooses to repeal Rule 202.5(e).

Third, eliminating Rule 202.5(e) aligns the Commission with the majority of Federal agencies that do not have a similar rule.²⁹ Most Federal agencies have not adopted a comparable no-deny policy, including the Department of Justice. Because nearly all other Federal agencies can settle enforcement actions without noticeable consequence even though the parties with whom they settle may deny the allegations against them after the time of settlement, we conclude that rescinding Rule 202.5(e) will not harm the public interest.

Fourth, rescinding Rule 202.5(e) gives the Commission more flexibility in settling enforcement actions, which conserves resources, provides certainty, and may speed the return of money to injured investors (when feasible).³⁰ The rule precludes the Commission from accepting settlements that lack a no-deny provision, and thus necessarily precludes settlements with defendants who do not wish to waive their rights by signing a no-deny provision that imposes a contractual obligation regarding denials that continues into the future beyond the time of settlement. The rescission of the rule will eliminate this restriction, allowing the Commission to better structure settlements resulting in collectible sanctions that can be returned (where feasible) to injured investors with fewer resources expended.³¹

²⁸ *Powell*, 149 F.4th at 1044.

²⁹ See Verity Winship & Jennifer K. Robbennolt, *Admissions of Guilt in Civil Enforcement*, 102 Minn. L. Rev. 1077 (2018) (discussing differences in settlement practices between Federal regulators).

³⁰ *Armour*, 402 U.S. 673 at 681 (parties settle “after careful negotiation” produce “agreement on [a consent’s] precise terms,” saving “themselves the time, expense, and inevitable risk of litigation,” but also giving “up something they might have won had they proceeded with the litigation”); *Citigroup*, 752 F.3d at 295 (settlement provides “parties with a means to manage risk”).

³¹ There is no rule equivalent to Rule 202.5(e) regarding admissions. The Commission’s rescission of Rule 202.5(e) does not affect its discretion to settle with defendants who decline to admit facts or liability, or its discretion to negotiate for admissions as part of a settlement. Moreover, there is a subset of cases where the Commission settles (or plans to settle) with a defendant or respondent that is the subject of a parallel criminal proceeding arising from the same or similar conduct, and where the defendant or respondent has pleaded, or is expected to plead, guilty, or been convicted. In those instances, there have been admissions (via an allocation) or a finding of criminal liability. For these types of cases, the Commission may continue

B. The Commission Will Not Seek To Enforce Existing No-Deny Provisions

In light of the rescission of Rule 202.5(e), and for the same reasons, the Commission will not enforce existing no-deny provisions in settlements that have already been entered. To the extent a settling defendant has previously agreed to a no-deny provision as part of a consent judgment entered in Federal court or administrative adjudicative order before the Commission, and the defendant then breaches the terms of that no-deny provision, the Commission will not seek or attempt to reopen an otherwise settled case. Rather, in the event of a breach of an existing no-deny provision, the Commission will take no action to ask a district court to vacate the settlement (or to reopen an adjudicatory proceeding) in connection with the settlement agreement and the limited relief the Commission has pursuant to its terms.

C. Administrative Law and Other Matters

The Administrative Procedure Act (APA) generally requires an agency to publish notice of a proposed rulemaking in the **Federal Register** and provide an opportunity for public comment.³² This requirement does not apply, however, to “interpretive rules, general statements of policy, or rules of agency organization, procedure, or practice.”³³ The Commission finds that the rescission of the no-deny policy constitutes a general statement of policy and relates solely to agency organization, procedure, or practice, and therefore notice and comment are not required.³⁴ Similarly, the provisions of the Regulatory Flexibility Act of 1980, which apply only when notice and comment are required by the APA or another statute, are not applicable.³⁵ Additionally, rescission of the no-deny policy does not impose or change any collection of information requirements as defined by the Paperwork Reduction Act of 1995.³⁶

The Office of Management and Budget (“OMB”) has determined that this action is a significant regulatory action

to address admissions and denials in settlement agreements to ensure consistency between the Commission settlement and the resolution of the parallel matter.

³² 5 U.S.C. 553.

³³ 5 U.S.C. 553(b).

³⁴ The Commission made a similar finding in 1972 in adopting the no-deny policy without notice and comment. See 37 FR 25224 (Nov. 29, 1972); see also *Powell*, 149 F.4th at 1046 (holding that the Commission acted properly under the APA when it adopted Rule 202.5(e) without notice and comment).

³⁵ 5 U.S.C. 601(2). 604(a).

³⁶ 5 CFR 1320.3(c).

under Executive Order 12866, as amended, and the action has been reviewed by OMB. This action is an Executive Order 14192 deregulatory action. For purposes of Subtitle E of the Small Business Regulatory Enforcement Fairness Act of 1996 (also known as the Congressional Review Act),³⁷ OMB has determined the final rule is not a “major rule.”

The rescission of this policy statement does not impose any new rules, regulations, or other requirements on non-agency parties, but it could expand the range of possible settlements in Commission enforcement actions compared to when the policy was in place. Different parties have different goals when approaching possible settlement, and it is difficult to estimate how important the ability to deny allegations may be to certain parties or whether parties may change their approach to settlement negotiations following this rescission. To the extent that more parties enter into settlements with the Commission as a result of the rescission, those settlements could reduce litigation costs for such parties and the Commission and help to conserve judicial resources.

The APA generally requires that an agency publish an adopted substantive rule in the **Federal Register** 30 days before it becomes effective.³⁸ This requirement, however, does not apply to “interpretative rules and statements of policy,” nor does it apply if the agency finds good cause for making the rule effective sooner.³⁹ For the reasons discussed in section II as to why we are rescinding the no-deny policy, and because delaying the effective date could create a period of time in which parties have an incentive to delay settlement until the rescission is in effect, we find delaying the effective date of this rescission is unnecessary and would be contrary to the public interest, and thus we find good cause to make the rescission effective [upon publication in the **Federal Register**]. For the same reasons, this rescission may take effect [upon publication in the **Federal Register**] pursuant to 5 U.S.C. 808(2).

Statutory Authority

This release is being adopted pursuant to section 19 of the Securities Act of 1933, sections 21 and 23(a) of the Securities Exchange Act of 1934, section 38 of the Investment Company Act of 1940, and section 211 of the Investment Advisers Act of 1940.

³⁷ 5 U.S.C. chapter 8.

³⁸ 5 U.S.C. 553(d).

³⁹ *Id.*

List of Subjects in 17 CFR Part 202

Administrative practice and procedure.

For the reasons set out in the preamble, the Commission is amending title 17, chapter II of the Code of Federal Regulations as follows:

PART 202—INFORMAL AND OTHER PROCEDURES

- 1. The authority citation for part 202, continues to read in part as follows:

Authority: 15 U.S.C. 77s, 77t, 77sss, 77uuu, 78d–1, 78u, 78w, 80a–37, 80a–41, 80b–9, 80b–11, and 7202, unless otherwise noted.

* * * * *

- 2. Amend § 202.5 by removing and reserving paragraph (e).

By the Commission.

Dated: May 18, 2026.

Vanessa A. Countryman,
Secretary.

[FR Doc. 2026–10132 Filed 5–20–26; 8:45 am]

BILLING CODE 8011–01–P

DEPARTMENT OF HOMELAND SECURITY**U.S. Customs and Border Protection****19 CFR Chapter I****Arrival Restrictions Applicable to Flights Carrying Persons Who Have Recently Traveled From or Were Otherwise Present Within the Democratic Republic of the Congo (DRC), Uganda, or South Sudan**

AGENCY: U.S. Customs and Border Protection, Department of Homeland Security.

ACTION: Announcement of arrival restrictions.

SUMMARY: This document announces the decision of the Secretary of Homeland Security to direct all flights to the United States carrying persons who have recently traveled from, or were otherwise present within, the Democratic Republic of the Congo (DRC), Uganda, or South Sudan to arrive at the U.S. airport where the U.S. government is focusing public health resources to implement enhanced public health measures. For purposes of this document, a person has recently traveled from the DRC, Uganda, or South Sudan if that person has departed from, or was otherwise present within, the DRC, Uganda, or South Sudan within 21 days of the date of the person's entry or attempted entry into the United States. Also, for purposes of

this document, crew and flights carrying only cargo (*i.e.*, no passengers or non-crew), are excluded from the measures herein.

DATES: The arrival restrictions apply to flights departing after 11:59 p.m. Eastern Daylight Time on Wednesday, May 20, 2026. Arrival restrictions continue until cancelled or modified by the Secretary of Homeland Security and notice of such cancellation or modification is published in the **Federal Register**.

FOR FURTHER INFORMATION CONTACT: Joshua Stears, Office of Field Operations, U.S. Customs and Border Protection at 304–702–5187.

SUPPLEMENTARY INFORMATION:**Background**

Ebola disease, caused by a group of viruses known as orthoebolaviruses, is a severe and often fatal disease that can affect humans and non-human primates. Disease transmission occurs via direct contact with bodily fluids (*e.g.*, blood, mucus, vomit, urine). Bundibugyo virus, one of the ebolaviruses, was discovered in 2007 and has been associated previously with two large outbreaks in the DRC (2012) and the other on the border of the DRC and Uganda (2007). These outbreaks caused death in about 30% of people who contracted the disease. The largest Ebola disease outbreak occurred from 2014–2016 in West Africa, with over 11,000 deaths and cases exported to seven additional countries across three continents. These epidemics demonstrated the potential for Ebola disease to become an international crisis in the absence of early intervention. Further, Ebola disease can have substantial medical, public health, and economic consequences if it spreads to densely populated areas. As such, Ebola disease may present a threat to U.S. health security given the unpredictable nature of outbreaks and the interconnectedness of countries through global travel.

On May 15, 2026, an outbreak of Ebola disease caused by the Bundibugyo virus was confirmed in northeastern DRC. There is no vaccine for Bundibugyo virus, and treatment consists of supportive care. As of May 17, 2026, a total of 12 confirmed cases, 336 suspected cases and 88 deaths have been reported in the DRC. Uganda has also reported imported cases from the DRC, with ongoing contact tracing and containment measures. South Sudan has not reported confirmed cases in the current outbreak, but it is considered at high risk because of its close border with affected areas in eastern DRC and Uganda, limited healthcare infrastructure, and cross-border

population movement. As of May 18, the Centers for Disease Control and Prevention (CDC) has issued Travel Health Notices for both the DRC and Uganda. Also on May 18, CDC issued an Order Suspending the Right to Introduce Certain Persons from Countries Where a Quarantinable Communicable Disease Exists pursuant to the agency's authority under 42 U.S.C. 265, 268; the Order suspends the right to introduce into the United States for a period of 30 days certain persons who have departed from, or were otherwise present within, the DRC, Uganda, or South Sudan during the last 21 days (regardless of their country of origin).

In order to assist in preventing or limiting the introduction and spread of this communicable disease into the United States, the Departments of Homeland Security and Health and Human Services, including CDC, and other agencies charged with protecting the homeland and the American public, are currently implementing enhanced public health measures at one U.S. airport that receives the largest number of travelers originating from the DRC, Uganda, and South Sudan. To ensure that all travelers with recent presence in the DRC, Uganda, or South Sudan arrive at this airport, DHS is directing all flights to the United States carrying such persons to arrive at the airport where the enhanced public health measures are being implemented. Although DHS, in coordination with other applicable federal agencies, anticipates working with the operators of aircraft in an endeavor to identify potential travelers who have recently traveled from, or were otherwise present within, the DRC, Uganda, or South Sudan prior to boarding, operators of aircraft will remain obligated to comply with the requirements of this notice. Department of War (DOW) flights, via either military aircraft or contract flights, will be managed by DOW in accordance with HHS guidelines.

Notice of Arrival Restrictions Applicable to All Flights Carrying Persons Who Have Recently Traveled From or Were Otherwise Present Within the DRC, Uganda, or South Sudan

Pursuant to 6 U.S.C. 112(a), 19 U.S.C. 1433(c), and 19 CFR 122.32, DHS has the authority to limit the locations where all flights entering the United States from abroad may land. Under this authority and effective for flights departing after 11:59 p.m. Eastern Daylight Time on Wednesday, May 20, 2026, I hereby direct all operators of aircraft to ensure that all flights (with

the exception of those operated or contracted by DOW) carrying persons who have recently traveled from, or were otherwise present within, the DRC, Uganda, or South Sudan only land at the following airport:

- Washington-Dulles International Airport (IAD), Virginia.

This direction considers a person to have recently traveled from the DRC, Uganda, or South Sudan if that person departed from, or was otherwise present within, the DRC, Uganda, or South Sudan within 21 days of the date of the person's entry or attempted entry into the United States. Also, for purposes of this document, crew and flights carrying only cargo (*i.e.*, no passengers or non-crew), are excluded from the applicable measures set forth in this notification. This direction is subject to any changes to the airport landing destination that may be required for aircraft and/or airspace safety as directed by the Federal Aviation Administration.

This list of designated airports may be modified by the Secretary of Homeland Security in consultation with the Secretary of Health and Human Services and the Secretary of Transportation. This list of designated airports may be modified by an updated publication in the **Federal Register** or by posting an advisory to follow at www.chp.gov. The restrictions will remain in effect until superseded, modified, or revoked by publication in the **Federal Register**.

For purposes of this **Federal Register** document, "United States" means the territory of the several States, the District of Columbia, and Puerto Rico.

Markwayne Mullin,

Secretary, U.S. Department of Homeland Security.

[FR Doc. 2026-10179 Filed 5-19-26; 4:00 pm]

BILLING CODE 9110-9M-P

DEPARTMENT OF JUSTICE

28 CFR Part 0

[Docket No. DEA1091; AG Order No. 6868-2026]

Authority of Drug Enforcement Administration Supervisory Diversion Investigators, Field Intelligence Managers, and Intelligence Group Supervisors To Sign and Issue Administrative Subpoenas

AGENCY: Drug Enforcement Administration, Department of Justice.

ACTION: Final rule.

SUMMARY: The Drug Enforcement Administration ("DEA") is revising the Appendix to Department of Justice

regulations that contains delegations of certain functions under the Controlled Substances Act and its implementing regulations. This rule authorizes additional DEA personnel, specifically Supervisory Diversion Investigators, Field Intelligence Managers, and Intelligence Group Supervisors, to sign and issue administrative subpoenas.

DATES: This final rule is effective on May 21, 2026.

FOR FURTHER INFORMATION CONTACT: Heather E. Achbach, Regulatory Drafting and Policy Support Section, Diversion Control Division, Drug Enforcement Administration; Telephone: (571) 776-3882.

SUPPLEMENTARY INFORMATION:

I. Legal Authority and Background

By delegation from the Attorney General, the Administrator of Drug Enforcement ("Administrator") is responsible for carrying out all functions vested in the Attorney General by the Controlled Substances Act, with limited exceptions not relevant here.¹ The Administrator, in turn, is authorized to redelegate such functions to any subordinates of the Administrator.² Those functions that have been redelegated to the Administrator's subordinates are set forth in 28 CFR part 0, Appendix to subpart R.

The final rule being issued today amends section 4(a) of the Appendix to subpart R to delegate to additional DEA officials the authority to sign and issue subpoenas with respect to controlled substances, listed chemicals, tableting machines or encapsulating machines under 21 U.S.C. 875 and 876. Currently, within DEA, the Chief Inspector of DEA; the Deputy Chief Inspectors and Associate Deputy Chief Inspectors of the Office of Inspections and the Office of Professional Responsibility of DEA; all Special Agents-in-Charge of DEA; DEA Inspectors assigned to the Inspection Division; DEA Associate Special Agents-in-Charge; DEA Assistant Special Agents-in-Charge; DEA Resident Agents-in-Charge; DEA Diversion Program Managers; DEA Special Agent Group Supervisors; and DEA Regional Directors, Assistant Regional Directors, and Country Attachés have the authority to sign and issue such administrative subpoenas.³ This final rule grants DEA Supervisory Diversion Investigators, Field Intelligence Managers, and Intelligence Group Supervisors, who, like DEA Special Agent Group

Supervisors, hold supervisory positions within their respective divisions (the Diversion Control Division and the Intelligence Division), the same authority to sign and issue administrative subpoenas as these DEA Special Agent Group Supervisors.

II. Regulatory Analyses

Administrative Procedure Act

This final rule relates to a matter of agency management or personnel, is a rule of agency organization, procedure, or practice, and is not a substantive rule. As such, this rule is exempt from the usual requirements for prior notice and comment and a 30-day delay in effective date.⁴

Executive Orders 12866, 13563, and 14192 (Regulatory Review)

This final rule is limited to matters of agency organization, management, or personnel. Accordingly, it is excluded from the categories of regulations or rules that are subject to review under Executive Orders (E.O.s) 12866, 13563, and 14192.

Executive Order 12988, Civil Justice Reform

This final rule meets the applicable standards set forth in sections 3(a) and 3(b)(2) of E.O. 12988 to eliminate ambiguity, minimize litigation, establish clear legal standards, and reduce burdens.

Executive Order 13132, Federalism

This final rule does not have federalism implications warranting the application of E.O. 13132. The final rule does not have substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government.

Executive Order 13175, Consultation and Coordination With Indian Tribal Governments

This final rule does not have substantial direct effects on one or more Indian tribes, on the relationship between the Federal Government and Indian tribes, or the distribution of power and responsibilities between the Federal Government and Indian tribes.

Executive Order 14267, Reducing Anti-Competitive Regulatory Barriers

This final rule does not reduce competition, entrepreneurship, and innovation.

¹ 28 CFR 0.100.

² 28 CFR 0.104.

³ 28 CFR part 0, Appendix to subpart R, § 4(a).

⁴ See 5 U.S.C. 553(a)(2), (b)(A), & (d).

*Executive Order 14294,
Overcriminalization of Federal
Regulations*

E.O. 14294 specifies that all notices of proposed rulemaking and final rules published in the **Federal Register**, the violation of which may constitute criminal regulatory offenses, should include a statement identifying that the rule or proposed rule is a criminal regulatory offense, the authorizing statute, and the mens rea requirement for each element of the offense. This final rule does not involve a criminal regulatory offense, and thus E.O. 14294 does not apply.

Regulatory Flexibility Act

The Regulatory Flexibility Act (“RFA”) ⁵ applies to rules that are subject to the notice-and-comment requirements under the Administrative Procedure Act.⁶ DEA is not required to publish a general notice of proposed rulemaking before issuing this final rule. Consequently, the RFA does not apply to this final rule.

Unfunded Mandates Reform Act of 1995

In accordance with the Unfunded Mandates Reform Act (“UMRA”) of 1995,⁷ DEA has determined that this action will not result in “any Federal mandate that may result in the expenditure by State, local, and tribal governments, in the aggregate, or by the private sector, of \$100,000,000 or more (adjusted annually for inflation) in any 1 year”⁸ Therefore, neither a Small Government Agency Plan nor any other action is required under the UMRA of 1995.

Paperwork Reduction Act of 1995

This final rule does not impose a new collection or modify an existing collection of information under the Paperwork Reduction Act of 1995.⁹ Also, this final rule does not impose a recordkeeping or reporting requirement on State or local governments, individuals, businesses, or other organizations.

Congressional Review Act

Because this is a rule of agency management or personnel and a rule of agency organization, procedure, or practice that does not substantially affect the rights or obligations of non-agency parties, the reporting requirement under 5 U.S.C. 801 does not apply.

List of Subjects in 28 CFR Part 0

Authority delegations (Government agencies), Government employees, Organization and functions (Government agencies), Privacy, Reporting and recordkeeping requirements, Whistleblowing.

For the reasons stated in the preamble, the Department of Justice amends 28 CFR part 0 as follows:

**PART 0—ORGANIZATION OF THE
DEPARTMENT OF JUSTICE**

■ 1. The authority citation for part 0 continues to read as follows:

Authority: 5 U.S.C. 301; 28 U.S.C. 509, 510, 515–519.

■ 2. In Appendix to subpart R of part 0, in section 4, amend paragraph (a), by adding the words “DEA Supervisory Diversion Investigators; DEA Field Intelligence Managers; DEA Intelligence Group Supervisors;” after the words “DEA Special Agent Group Supervisors;”.

Dated: May 18, 2026.

Todd Blanche,

Acting Attorney General.

[FR Doc. 2026–10177 Filed 5–20–26; 8:45 am]

BILLING CODE 4410–09–P

DEPARTMENT OF THE INTERIOR

**Office of Surface Mining Reclamation
and Enforcement**

30 CFR Part 917

[SATS No. KY–263–FOR; Docket ID: OSM–2020–002; S1D1S SS08011000 SX064A000 267S180110; S2D2S SS08011000 SX064A000 26XS501520]

Kentucky Regulatory Program

AGENCY: Office of Surface Mining Reclamation and Enforcement, Interior.

ACTION: Final rule; approval of amendment.

SUMMARY: The Office of Surface Mining Reclamation and Enforcement (OSM) is approving an amendment to the Kentucky regulatory program (hereinafter, the Kentucky program), under the Surface Mining Control and Reclamation Act of 1977 (SMCRA or the Act). OSM is approving revisions to Kentucky’s administrative regulations that reflect the repeal of its interim program regulations and make unrelated editorial updates and corrections.

DATES: The effective date is June 22, 2026.

FOR FURTHER INFORMATION CONTACT: Mr. Justin Adams, Acting Lexington Field

Office Director, Telephone (304) 977–7177, Email: jadams@osm.gov.

SUPPLEMENTARY INFORMATION:

- I. Background on the Kentucky Program
- II. Submission of the Amendment
- III. OSM’s Findings
- IV. Summary and Disposition of Comments
- V. OSM’s Decision
- VI. Statutory and Executive Order Reviews

**I. Background on the Kentucky
Program**

Subject to OSM’s oversight, section 503(a) of the Act permits a State to assume primacy for the regulation of surface coal mining and reclamation operations on non-Federal and non-Indian lands within its borders by demonstrating that its program includes, among other things, State laws and regulations that govern surface coal mining and reclamation operations in accordance with the Act and consistent with the Federal regulations. *See* 30 U.S.C. 1253(a)(1) and (7).

On the basis of these criteria, the Secretary of the Interior conditionally approved the Kentucky program effective May 18, 1982. You can find background information on the Kentucky program, including the Secretary’s findings, the disposition of comments, and conditions of approval of the Kentucky program in the May 18, 1982, **Federal Register** (47 FR 21434). You can also find later actions concerning the Kentucky program and program amendments at 30 CFR 917.11, 917.12, 917.13, 917.15, 917.16, and 917.17.

II. Submission of the Amendment

By letter dated May 18, 2020, (Administrative Record No. KY–2005), the Kentucky Energy and Environment Cabinet (KEEC or Cabinet), Department of Natural Resources sent OSM an amendment to its program under SMCRA (30 U.S.C. 1201 *et seq.*). Through this submission, Kentucky seeks to repeal its administrative regulation at Title 405 of the Kentucky Administrative Regulations (KAR), Chapter 026, Regulation 001, 405 KAR 26:001 (Operation of two (2) acres or less), because such operations are no longer allowed in the Commonwealth due to a change in State law, discussed below. Likewise, Kentucky seeks to remove or revise provisions that relate to its interim program regulations, formerly at 405 KAR Chapters 1 and 3, which Kentucky repealed in 2018. *See* 44 Ky.R. 2708–2711 (June 1, 2018). Kentucky’s repeal of its interim regulations did not require OSM approval because the interim regulations were by definition not part of the permanent regulatory program

⁵ 5 U.S.C. 601–612.

⁶ 5 U.S.C. 553.

⁷ 2 U.S.C. 1501 *et seq.*

⁸ 2 U.S.C. 1532.

⁹ 44 U.S.C. 3501–3521.

conditionally approved in 1982. OSM separately confirmed with Kentucky that it has no remaining interim program permits. Finally, Kentucky also made minor editorial revisions to the administrative regulations that do not alter the meaning of the content but rather clarify the regulations and achieve compliance with the legislative drafting requirements of Chapter 13A of the Kentucky Revised Statutes (KRS). The full text of the program amendment is available for you to read at the locations listed above under **ADDRESSES** or at www.regulations.gov.

OSM announced receipt of the proposed amendment in the June 3, 2021, **Federal Register** (86 FR 29709) (Administrative Record KY–2005). In the same document, the public comment period was opened and an opportunity for a public hearing or meeting on the adequacy of the amendment was provided. No public hearing or meeting was held because none was requested. The public comment period ended on July 6, 2021. No comments were received.

III. OSM's Findings

OSM makes the following findings concerning the amendment under SMCRA and the Federal regulations at 30 CFR 732.15 and 732.17. Kentucky included in its submission revisions to 405 KAR 5:002 (Definitions for 405 KAR Chapter 5) and 405 KAR 5:032 (Permit requirements), which relate to Kentucky's regulation of the surface effects of noncoal mining. A State's noncoal mining statutes and regulations are outside the scope of our purview under SMCRA and so OSM did not consider these revisions part of this program amendment. Kentucky also made non-substantive editorial revisions throughout its program amendment, such as inserting general references to its regulations at "405 KAR Chapters 7–24", replacing the word "must" with the word "shall", replacing several uses of the word "may" with the word "could", adding new subsection and paragraph numbering to its existing regulations, and rearranging subordinate clauses within a sentence. No specific findings were made about all these editorial changes, which are not otherwise referenced in this notice, but we state here that those changes do not impact the compliance of Kentucky's approved program with SMCRA. OSM also will not specifically address revisions Kentucky makes to the prefatory language of each substantive rule entitled, "Necessity, Function, and Conformity." Those provisions simply annotate the statutory authority and purpose for each rule and have no

operative effect on the Kentucky program. OSM is approving the amendment as specifically described below.

A. 405 KAR 7:040. General Obligations of Operators and Permittees

Kentucky deleted Section 4 (Existing Structures on Areas Sought to be Permitted) in its entirety and renumbered remaining sections accordingly. Kentucky likewise removed references to this provision in Section 5 (Hazard Classification for Impoundments) and Section 9 (regarding approximate original contour), now numbered Sections 4 and 8. From Section 7 (Coal Exploration), now numbered Section 6, Kentucky deleted references to a date specified in Section 11 after which any person conducting coal exploration must file a notice of intent to explore or obtain approval under 405 KAR 8:020, and two months after which any person conducting coal exploration must comply with the performance standards. Kentucky also revised Section 10 (Certifications by Registered Professional Engineers), now numbered Section 9, to describe professional engineers as "licensed" rather than "registered", and eliminated subsection (7), which required that certification by a professional engineer must be made in the form prescribed by KEEC and allowed KEEC to reject any certification that is not made in such form.

OSM Findings: The Federal regulations at 30 CFR 701.5 define the term *existing structure* as "a structure or facility used in connection with or to facilitate surface coal mining and reclamation operations for which construction began prior to the approval of the State program. . . ." Kentucky defines the term likewise at 405 KAR 7:001(26), with construction having had to begin before January 18, 1983. The section that Kentucky proposes to eliminate under 405 KAR 7:040 was a part of Kentucky's interim program and implemented the Cabinet's limited discretion to permit pre-primacy structures that did not initially meet certain design or performance standards, as provided under SMCRA's regulations at 30 CFR 701.11(e)–(f) and 773.15(f) (formerly § 786.21). *See* 47 FR 21404, 21414 (May 18, 1982) (explaining OSM's removal of conditions on Kentucky's original program approval relevant to existing structures). We confirmed with the Cabinet that Kentucky's elimination of this provision means that all structures must meet the design and performance standards of its approved permanent program pursuant to 405 KAR 8:010,

Section 14(10), which in turn requires that the existing structures comply with section 25 of either 405 KAR 8:030 (Surface coal mining permits) and 8:040 (Underground coal mining permits). Section 25 of those rules, which we have already approved as part of Kentucky's program, require that existing structures meet the performance standards of Kentucky's approved permanent program at 405 KAR Chapters 16 through 20 or provide a compliance plan with monitoring through the period of modification or reconstruction required to meet those performance standards. We also discuss below a corresponding revision to Section 25 of 405 KAR 8:030 to remove a reference to the interim standards; a similar provision did not exist in 405 KAR 8:040. We note that Kentucky has not proposed deleting 405 KAR 8:010, Section 15 (Criteria for Application Approval or Denial Regarding Existing Structures). This provision requires compliance with 405 KAR 7:040, Section 4. Our approval of Kentucky's deletion of Section 4 renders 405 KAR 8:030, Section 15 inoperative, but does not affect the requirement that existing structures meet the performance standards of Kentucky's approved permanent program.

Regarding coal exploration under Section 7, the date to which this provision cites under Section 11 is unknown because 405 KAR 7:040 has never included a Section 11 since its promulgation in 1982. *See* 8 Ky.R. 1460, 1470 (June 1, 1982). Nonetheless, Section 6, as amended, requires all persons conducting coal explorations to meet the program's requirements, and so we consider Kentucky's elimination of the non-existent reference date editorial. Regarding professional engineers, the Federal regulations refer to qualified, registered, professional engineers. *See, e.g.,* 30 CFR 780.14, 817.49. We have never articulated a distinction between registered engineers and licensed engineers, and do not believe one exists. We interpret both terms to mean that the professional engineer is appropriately credentialed under State law with whichever entity registers or licenses individuals in that profession, and so Kentucky's revisions have no substantive effect on the regulation. Similarly, while the Federal regulations do in some instances specify the information a certification must contain, they do not specify beyond that, the form in which the certification must appear. Kentucky's removal of Section 6(7) has no substantive effect on the remaining provisions of Kentucky's program that require the certifications to

contain certain required information. Therefore, we approve all of Kentucky's revisions to 405 KAR 7:040.

B. 405 KAR 7:050. Coal Processing Waste Disposal Sites

In Section 2 (Reports), Kentucky deleted introductory language indicating that the regulation would begin to require reports within 60 days of September 21, 1982. Kentucky also divided subsection (2) into three subordinate paragraphs lettered (a)–(c), and revised paragraph (b) to state that, if the failure of a coal waste disposal facility could cause damage to life, property, or the environment, then KEEC *shall* require operators to submit additional plans, analysis, investigations or testing necessary to determine the stability of the facility. The previous language stated that KEEC may, on a case-by-case basis and at any time, require additional submissions under those conditions. In Section 5(2), Kentucky again replaced the term *registered* with the term *licensed* in describing professional engineers.

OSM Findings: Kentucky's deletion of the effective date, which indicated the transition from its pre-primacy program to its approved SMCRA primacy program, has no substantive effect on the remaining language. We find that Kentucky's revision to Section 2(2)(b) removes KEEC's discretion to require additional investigations and reports necessary to determine the stability of these facilities, thereby making the regulation more stringent than its current form and as effective as the Federal regulations at 30 CFR 816.81(d) and 817.81(d). Finally, we incorporate our findings above regarding licensed professional engineers, and we approve these revisions to 405 KAR 7:050.

C. 405 KAR 8:010. General Provisions for Permits

Kentucky deleted subsection (d) of Section 11 (Permit conferences), which specified that 405 KAR 1:090 (Use of explosives) and 1:110 (Revegetation) do not apply to the conduct of the permit conferences held under this section.

OSM Findings: Kentucky repealed its interim regulations, discussed above, which included the repeal of 405 KAR 1:090 and 1:110. Therefore, a reference to these regulations is no longer necessary, the deletion of subsection (d) has no effect on the remaining provisions of the rule, and we approve this revision.

D. 405 KAR 8:030. Surface Coal Mining Permits

From subsection (d) of Section 25 (MRP; Existing Structures), Kentucky

deleted language allowing the permit applicant the alternative of showing that the existing structure meets the interim performance standards of 405 KAR Chapter 1.

OSM Findings: Kentucky's revision requires permit applicants to demonstrate that existing structures meet the performance standards of 405 KAR Chapters 16–20, which are part of Kentucky's approved program. Therefore, we approve this revision.

E. 405 KAR 10:050. Bond Forfeiture

In Section 5(2), which governs the return of unused forfeited bond funds, Kentucky revised a citation used to indicate interim permits, substituting a reference to 405 KAR Chapter 1 or 3 with a reference to the Federal initial program regulations at 30 CFR part 715.

OSM Findings: Considering Kentucky's repeal of its interim program regulations at 405 KAR Chapters 1 and 3, we find that Kentucky's citation to the Federal initial program regulations at 30 CFR part 715 to be an adequate substitute to indicate that a provision refers to permits issued under Kentucky's interim program. The revision does not otherwise affect Kentucky's implementation of 405 KAR 10:050, and so we approve it.

F. 405 KAR 16:100 and 18:100. Permanent and Temporary Impoundments

Kentucky revised Section 1(10)(b) of both rules, which relate to all impoundments other than those subject to 30 CFR 77.216, or Class B (moderate hazard) and C (high hazard) impoundments, to add that inspections may be required more than quarterly based on evidence of structural weakness or hazardous conditions. Kentucky also added Section 1(12) to each rule, requiring the maintenance of impoundments to include cutting vegetative growth where necessary to facilitate inspection and repairs, cleaning ditches and spillways, and removing combustible material from the surface other than that used for stability, such as mulch or dry vegetation.

OSM Findings: The Federal regulations at 30 CFR 816.49(a)(12) require these impoundments to be examined quarterly, but the Federal regulations neither specify under what circumstances examinations may be required more than quarterly nor do they impose the specific impoundment maintenance requirements Kentucky included in subsection (12). Kentucky's revisions add detail not required by the Federal regulations and so are no less effective at meeting the requirements of

SMCRA. Therefore, we approve these revisions.

G. 405 KAR 16:210 and 18:220. Postmining Land Use Capability

Kentucky divided Section 2(2) of both rules into two subordinate paragraphs (a) and (b). In paragraph (a), Kentucky eliminated a reference to land not reclaimed in compliance with 405 KAR Chapters 1 or 3 (its interim program), leaving the reference to apply only to land not reclaimed in compliance with Chapters 7 through 24 (its approved program).

OSM Findings: Kentucky's revisions reflect the repeal of its interim program regulations and that all regulated land either be reclaimed in compliance with its approved program or otherwise comply with this rule. In other words, this reference is no longer necessary. Therefore, the revisions have no effect on Kentucky's approved program and we approve them.

H. 405 KAR 20:040. Prime Farmland

In Section 6(3), Kentucky revised a citation used to indicate interim permits, substituting a reference to 405 KAR 1:250 with a reference to the Federal initial program regulations at 30 CFR part 715.

OSM Findings: As we noted above, considering Kentucky's repeal of its interim program regulations at 405 KAR Chapters 1 and 3, we find that Kentucky's citation to the Federal initial program regulations at 30 CFR part 715 to be an adequate substitute to indicate that a provision refers to permits issued under Kentucky's interim program.

I. 45 KAR 26:011 Repeal of 405 KAR 26:001.

Repeals the section that allowed for operations on two (2) acres or less.

OSM Findings: Kentucky had previously sought approval to repeal the statutory provision at KRS 350.060(12) that authorized the two-acre exemption, and we approved that repeal in a program amendment docketed at SATS No. KY–250–FOR (Administrative Record No. KY–1642). *See* 71 FR 54586, 54587 (Sept. 18, 2006). Therefore, we approve Kentucky's repeal of this related implementing regulation.

IV. Summary and Disposition of Comments

Public Comments

We asked for public comments on the amendment, but none were received.

Federal Agency Comments

On June 26, 2020, under 30 CFR 732.17(h)(11)(i) and section 503(b) of SMCRA, we requested comments on the

amendment from various Federal agencies with an actual or potential interest in the Kentucky program (Administrative Record No. KY–2005). We did not receive any comments.

Environmental Protection Agency (EPA) Concurrence and Comments

Under 30 CFR 732.17(h)(11)(ii), we are required to get a written concurrence from EPA for those provisions of the program amendment that relate to air or water quality standards issued under the authority of the Clean Water Act (33 U.S.C. 1251 *et seq.*) or the Clean Air Act (42 U.S.C. 7401 *et seq.*). None of the revisions that Kentucky proposed to make in this amendment pertain to air or water quality standards. Therefore, we did not ask EPA to concur on the amendment. However, on June 26, 2020, under 30 CFR 732.17(h)(11)(i), we requested comments from the EPA on the amendment (Administrative Record No. KY–2005). The EPA did not respond to our request.

State Historical Preservation Officer (SHPO) and the Advisory Council on Historic Preservation (ACHP)

Under 30 CFR 732.17(h)(4), we are required to request comments from the SHPO and ACHP on amendments that may have an effect on historic properties. On June 26, 2020, we requested comments on Kentucky amendment (Administrative Record No. KY–2005). We did not receive comments from the SHPO or ACHP.

V. OSM's Decision

Based on the above findings, we are approving the Kentucky amendment sent to us on May 18, 2020 (Administrative Record No. KY–2005).

To implement this decision, we are amending the Federal regulations at 30 CFR part 917 that codify decisions concerning the Kentucky state program. In accordance with the Administrative Procedure Act, this rule will take effect 30 days after the date of publication.

VI. Statutory and Executive Order Reviews

Executive Order 12630—Governmental Actions and Interference With Constitutionally Protected Property Rights

This rule would not result in a taking of private property or otherwise have taking implications that would result in private property being taken for government use without just compensation under the law. Therefore, a takings implication assessment is not required. This determination is based on an analysis of the corresponding Federal regulations.

Executive Order 12866—Regulatory Planning and Review and Executive Order 13563—Improving Regulation and Regulatory Review

Executive Order 12866 provides that the Office of Information and Regulatory Affairs in the Office of Management and Budget (OMB) will review all significant rules. Pursuant to OMB guidance dated October 12, 1993 (OMB Memo M–94–3), the approval of State program amendments is exempted from OMB review under Executive Order 12866.

Executive Order 12988—Civil Justice Reform

The Department of the Interior has reviewed this rule as required by Section 3 of Executive Order 12988. The Department determined that this **Federal Register** document meets the criteria of Section 3 of Executive Order 12988, which is intended to ensure that the agency review its legislation and proposed regulations to eliminate drafting errors and ambiguity; that the agency write its legislation and regulations to minimize litigation; and that the agency's legislation and regulations provide a clear legal standard for affected conduct rather than a general standard, and promote simplification and burden reduction. Because Section 3 focuses on the quality of Federal legislation and regulations, the Department limited its review under this Executive Order to the quality of this **Federal Register** document and to changes to the Federal regulations. The review under this Executive Order did not extend to the language of the Kentucky regulatory program or to the amendment that Kentucky drafted.

Executive Order 13132—Federalism

This rule has potential Federalism implications as defined under Section 1(a) of Executive Order 13132. Executive Order 1312 directs agencies to “grant the States the maximum administrative discretion possible” with respect to Federal statutes and regulations administered by the States. Kentucky, through its approved regulatory program, implements and administers SMCRA and its implementing regulations at the state level. This rule approves an amendment to the Kentucky program submitted and drafted by the State and thus is consistent with the direction to provide maximum administrative discretion to States.

Executive Order 13175—Consultation and Coordination With Indian Tribal Governments

The Department of the Interior strives to strengthen its government-to-

government relationship with Tribes through a commitment to consultation with Tribes and recognition of their right to self-governance and tribal sovereignty. We have evaluated this rule under the Department's consultation policy and under the criteria in Executive Order 13175 and have determined that it has no substantial direct effects on the distribution of power and responsibilities between the Federal government and Tribes. The basis for this determination is that our decision on the Kentucky program does not include Indian lands as defined by SMCRA or other Tribal lands and it does not affect the regulation of activities on Indian lands or other Tribal lands. Indian lands under SMCRA are regulated independently under the applicable, Federal Indian program. The Department's consultation policy also acknowledges that our rules may have Tribal implications where the State proposing the amendment encompasses ancestral lands in areas with mineable coal. We are currently working to identify and engage appropriate Tribal stakeholders to devise a constructive approach for consulting on these amendments.

Executive Order 13211—Actions Concerning Regulations That Significantly Affect Energy Supply, Distribution or Use

Executive Order 13211 requires agencies to prepare a Statement of Energy Effects for a rulemaking that is (1) considered significant under Executive Order 12866, and (2) likely to have a significant adverse effect on the supply, distribution, or use of energy. Because this rule is exempt from review under Executive Order 12866 and is not a significant energy action under the definition in Executive Order 13211, a Statement of Energy Effects is not required.

National Environmental Policy Act

Consistent with sections 501(a) and 702(d) of SMCRA (30 U.S.C. 1251(a) and 1292(d), respectively) and the U.S. Department of the Interior Departmental Manual, part 516, section 13.5(A), State program amendments are not major Federal actions within the meaning of section 102(2)(C) of the National Environmental Policy Act (42 U.S.C. 4332(2)(C)).

Paperwork Reduction Act

This rule does not include requests and requirements of an individual, partnership, or corporation to obtain information and report it to a Federal agency. As this rule does not contain information collection requirements, a

submission to the Office of Management and Budget under the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*) is not required.

Regulatory Flexibility Act

This rule will not have a significant economic impact on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*). The State submittal, which is the subject of this rule, is based upon corresponding Federal regulations for which an economic analysis was prepared and certification made that such regulations would not have a significant economic effect upon a substantial number of small entities. In making the determination as to whether this rule would have a significant economic impact, the Department relied upon the data and assumptions for the corresponding Federal regulations.

Congressional Review Act

This rule is not a major rule under 5 U.S.C. 804(2). This rule: (a) does not have an annual effect on the economy of \$100 million; (b) will not cause a

major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies, or geographic regions; and (c) does not have significant adverse effects on competition, employment, investment, productivity, innovation, or the ability of U.S.-based enterprises to compete with foreign-based enterprises. This determination is based on an analysis of the corresponding Federal regulations, which were determined not to constitute a major rule.

Unfunded Mandates Reform Act

This rule does not impose an unfunded mandate of State, local, or Tribal governments, or the private sector of more than \$100 million per year. The rule does not have a significant or unique effect on State, local, or Tribal governments or the private sector. This determination is based on an analysis of the corresponding Federal regulations, which were determined not to impose an unfunded mandate. Therefore, a statement containing the information required by the Unfunded Mandates

Reform Act (2 U.S.C. 1531 *et seq.*) is not required.

List of Subjects in 30 CFR Part 917

Intergovernmental relations, Surface mining, Underground mining.

Ben Owens,

Acting Regional Director North Atlantic—Appalachian Region

For the reasons set out in the preamble, 30 CFR part 917 is amended as set forth below:

PART 917—KENTUCKY

■ 1. The authority citation for part 917 continues to read as follows:

Authority: 30 U.S.C. 1201 *et seq.*

■ 2. In § 917.15, amend the table in paragraph (a) by adding an entry for “May 18, 2020” in chronological order by “Date of Final Publication” to read as follows:

§ 917.15 Approval of Kentucky regulatory program amendments.

(a) * * *

Original amendment submission date	Date of final publication	Citation/description
May 18, 2020	5/21/2026	405 KAR 7:040, 7:050; 8:010, 8:030; 10:050; 16:100, 16:210; 18:100, 18:220; 20:040; 26:011 (repeal of 405 KAR 26:001).

[FR Doc. 2026–10202 Filed 5–20–26; 8:45 am]
BILLING CODE 4310–05–P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 100

[Docket Number USCG–2026–0550]

RIN 1625–AA08

Special Local Regulation; Sail Yorktown; York River, Yorktown, VA

AGENCY: Coast Guard, Department of Homeland Security.

ACTION: Temporary final rule.

SUMMARY: The Coast Guard is establishing a temporary special local regulation (SLR) for certain navigable waters on the York River, in Yorktown, VA. This action is necessary to provide for the safety of life on these navigable waters during a three-day marine event. This rulemaking prohibits persons and vessels from entering the regulated area

unless authorized by the Captain of the Port, Sector Virginia or a designated representative.

DATES: This rule is effective from June 12, 2026 through June 14, 2026.

ADDRESSES: To view available documents go to <https://www.regulations.gov> and search for USCG–2026–0550.

FOR FURTHER INFORMATION CONTACT: If you have questions about this rule, contact LCDR Justin Z. Strassfield, Sector Virginia Waterways Management Division, U.S. Coast Guard; by phone, at (206) 815–7367, or by email, at VirginiaWaterways@uscg.mil.

SUPPLEMENTARY INFORMATION:

I. Table of Abbreviations

CFR Code of Federal Regulations
COTP Captain of the Port, Sector Virginia
DHS Department of Homeland Security
FR Federal Register
NPRM Notice of proposed rulemaking
§ Section
SLR Special Local Regulation
U.S.C. United States Code

II. Background and Authority

Coast Guard regulations define “regatta or marine parade” as an organized water event of limited duration which is conducted according to a prearranged schedule. 33 CFR 100.05(a). And, as explained in 33 CFR 100.15, Coast Guard requires that an organization planning to hold a regatta or marine event apply for a permit if the event, by its nature, circumstances, or location, will introduce extra or unusual hazards to the safety of life on the navigable waters of the United States. These permits may be approved by the Coast Guard, or by the state in which the event is to take place, if there is a Coast Guard-State agreement in place. See 33 CFR 100.10. Upon the approval of an application, the Captain of the Port, Sector Virginia (COTP) may promulgate such “Special Local Regulations” (SLR’s) as he or she deems necessary to ensure safety of life on the navigable waters immediately prior to, during, and immediately after the event. See 33 CFR 100.35(a).

An organization notified the Coast Guard on June 20, 2025 that they will be sponsoring a multi-day, multi-

activity marine event on the York River near Yorktown, VA. On April 30, 2026, the Coast Guard received the information necessary to determine the duration and size of the event and that it will impact navigation and require additional safety measures to protect the safety of life before, during, and after the event. Among the activities that will take place during the marine event are a parade of sail, a search and rescue demonstration, and a fireworks display. The event will be held from 8 a.m. on June 12, 2026 through 3 p.m. on June 14, 2026, in Yorktown, VA. The sponsor anticipates there will be approximately 25 participants and 250 spectator craft present.

The Captain of the Port Sector Virginia (COTP) has determined that potential hazards associated with the event are a safety concern for anyone within the event area. Therefore, under the authority of 46 U.S.C. 70041, the COTP is issuing this rule to protect personnel, vessels, and the marine environment in the navigable waters within the regulated area. The regulatory text we are proposing appears at the end of this document.

The Coast Guard is issuing this rule without prior notice and comment. As is authorized by 5 U.S.C. 553(b)(B), the Coast Guard finds that good cause exists for not publishing a notice of proposed rulemaking (NPRM) with respect to this rule because it is impracticable to do so if we are to establish the final SLR by June 12, 2026 to protect personnel, vessels, and the marine environment.

For the same reasons, the Coast Guard finds that under 5 U.S.C. 553(d)(3), good cause exists for making this rule effective less than 30 days after publication in the **Federal Register**.

III. Discussion of the Rule

This rule establishes three regulated areas. The regulated area for the Parade of Sail area will be enforced from 8 a.m. until noon on June 12, 2026. That regulated area will occur on the Yorktown Waterfront and will encompass all waters of the York River within the following latitude and longitude positions: 37°14'37" N, 076°27'43" W; 37°13'48" N, 076°27'42" W; 37°14'6" N, 076°30'16" W; 37°14'37" N, 076°14'37" N, 076°30'27" W.

A Search and Rescue Demonstration Regulated Area will be enforced for one hour in the afternoon on June 13, 2026 and again for one hour in the afternoon on June 14, 2026. Specific enforcement times will be announced as noted below. The regulated area will encompass all waters of the York River within 800' of the center position 37°14'15" N, 076°30'22" W.

A Fireworks Regulated Area will be enforced from 8:30 p.m. until 9:30 p.m. on June 13, 2026. The regulated area will encompass all waters of the York River within 300' of the center position 37°14'7" N, 076°30'15" W.

No vessel or person will be permitted to enter the regulated areas while they are subject to enforcement without obtaining permission from the COTP or their designated representative. Any vessel or person in the regulated area will be required to follow the directions of the COTP or their designated representative. The Coast Guard will issue a Broadcast Notice to Marines via VHF FM marine channel 16 for specific times of enforcement. The regulatory text we are proposing appears at the end of this document.

IV. Regulatory Analyses

We developed this rule after considering numerous statutes and Executive orders related to rulemaking. Below we summarize our analyses based on a number of these statutes and Executive orders.

A. Impact on Small Entities

The regulatory flexibility analysis provisions of the Regulatory Flexibility Act of 1980, 5 U.S.C. 601–612, do not apply to rules that are not subject to notice and comment. Because the Coast Guard has, for good cause, waived the notice and comment requirement that would otherwise apply to this rulemaking, the Regulatory Flexibility Act's flexibility analysis provisions do not apply here.

Under section 213(a) of the Small Business Regulatory Enforcement Fairness Act of 1996 (Pub. L. 104–121), if this rule will affect your small business, organization, or governmental jurisdiction and you have questions, contact the person listed in the **FOR FURTHER INFORMATION CONTACT** section. Small businesses may send comments to the Small Business and Agriculture Regulatory Enforcement Ombudsman and the Regional Small Business Regulatory Fairness Boards by calling 1–888–REG–FAIR (1–888–734–3247). The Coast Guard will not retaliate against small entities that question or complain about this rule or any policy or action of the Coast Guard.

B. Collection of Information

This rule will not call for a new collection of information under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520).

C. Federalism and Indian Tribal Governments

We have analyzed this rule under Executive Order 13132, Federalism, and have determined that it is consistent with the fundamental federalism principles and preemption requirements described in that Order.

Also, this rule does not have tribal implications under Executive Order 13175, Consultation and Coordination with Indian Tribal Governments, because it does not have a substantial direct effect on one or more Indian tribes, on the relationship between the Federal Government and Indian tribes, or on the distribution of power and responsibilities between the Federal Government and Indian tribes.

D. Unfunded Mandates Reform Act

As required by The Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1531–1538), the Coast Guard certifies that this rule will not result in an annual expenditure of \$100,000,000 or more (adjusted for inflation) by a State, local, or tribal government, in the aggregate, or by the private sector.

E. Environment

We have analyzed this rule under Department of Homeland Security Directive 023–01, Rev. 1, associated implementing instructions, and Environmental Planning COMDTINST 5090.1 (series), which guide the Coast Guard in complying with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 *et seq.*), and have determined that this action is one of a category of actions that do not individually or cumulatively have a significant effect on the human environment.

This rule is a special local regulation. It is categorically excluded from further review under paragraph L61 of Appendix A, Table 1 of DHS Instruction Manual 023–01–001–01, Rev. 1.

List of Subjects in 33 CFR Part 100

Harbors, Marine safety, Navigation (water), Reporting and recordkeeping requirements, Security Measures, Waterways.

For the reasons discussed in the preamble, the Coast Guard amends 33 CFR part 100 as follows:

PART 100—SAFETY OF LIFE ON NAVIGABLE WATERS

■ 1. The authority citation for part 100 continues to read as follows:

Authority: 46 U.S.C. 70041; 33 CFR 1.05–1.

■ 2. Add § 100.T599–0550 to read as follows:

§ 100.T599–0550 Special Local Regulation; Sail Yorktown; York River, Yorktown, VA

(a) *Location.* This special local regulation applies to the following regulated areas, with coordinates based on the World Geodetic System (WGS 84): (1) A Parade of Sail Regulated Area will encompass all waters of the York River within the following latitude and longitude positions: 37°14'37" N, 076°27'43" W; 37°13'48" N, 076°27'42" W; 37°14'6" N, 076°30'16" W; 37°14'37" N, 076°14'37" N, 076°30'27" W;

(2) A Search and Rescue Demonstration Regulated Area will encompass all waters of the York River within 800' of the center position 37°14'15" N, 076°30'22" W;

(3) A Fireworks Regulated Area will encompass all waters of the York River within 300' of the center position 37°14'7" N, 076°30'15" W.

(b) *Definitions.* As used in this section, *designated representative* means a Coast Guard Patrol Commander, including a Coast Guard coxswain, petty officer, or other officer operating a Coast Guard vessel and a Federal, State, and local officer designated by or assisting the Captain of the Port Sector Virginia (COTP) in the enforcement of the regulated area. *Non-participant* means all persons and vessels not registered with the event sponsor as a participant in the race.

(c) *Regulations.* (1) All non-participants are prohibited from entering, transiting through, anchoring in, or remaining within the regulated areas described in paragraph (a) of this section when they are subject to enforcement, unless authorized by the COTP or their designated representative.

(2) To seek permission to enter, contact the COTP or the COTP's representative on VHF–FM channel 16 or by telephone at 877–722–5727. Those in the special regulated area must comply with all lawful orders or directions given to them by the COTP or the COTP's designated representative.

(3) The COTP will provide advance notice of the enforcement periods of each of the regulated areas via broadcast notice to mariners and by on-scene designated representatives.

(d) *Effective dates.* This section will be in effect from June 12–14, 2026.

Peggy M. Britton,

Captain, U.S. Coast Guard, Captain of the Port, Sector Virginia.

[FR Doc. 2026–10156 Filed 5–20–26; 8:45 am]

BILLING CODE 9110–04–P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 100

[Docket Number USCG–2026–0607]

RIN 1625–AA08

Special Local Regulation; Battle of the Boats; York River, Yorktown, VA

AGENCY: Coast Guard, Department of Homeland Security.

ACTION: Temporary final rule.

SUMMARY: The Coast Guard is establishing a temporary special local regulation (SLR) for navigable waters of the York River. This action is necessary to provide for the safety of life on these navigable waters near Yorktown, VA during a high speed boat race and docking contest. This regulation prohibits persons and vessels from entering the regulated area unless specifically authorized by the Captain of the Port Virginia (COTP) or their designated representative.

DATES: This rule is effective June 6–7, 2026, from 11 a.m. until 6 p.m. each day.

ADDRESSES: To view available documents go to <https://www.regulations.gov> and search for USCG–2026–0607.

FOR FURTHER INFORMATION CONTACT: If you have questions about this rule, contact LCDR Justin Z. Strassfield, Sector Virginia Waterways Management Division, U.S. Coast Guard; by phone, at (206) 815–7367, or by email, at VirginiaWaterways@uscg.mil.

SUPPLEMENTARY INFORMATION:

I. Table of Abbreviations

CFR Code of Federal Regulations
COTP Captain of the Port, Sector Virginia
DHS Department of Homeland Security
FR Federal Register
NPRM Notice of proposed rulemaking
§ Section
SLR Special Local Regulation
U.S.C. United States Code

II. Background and Authority

Coast Guard regulations define “regatta or marine parade” as an organized water event of limited duration which is conducted according to a prearranged schedule. 33 CFR 100.05(a). And, as explained in 33 CFR 100.15, Coast Guard requires that an organization planning to hold a regatta or marine event apply for a permit if the event, by its nature, circumstances, or location, will introduce extra or unusual hazards to the safety of life on the

navigable waters of the United States. These permits may be approved by the Coast Guard, or by the state in which the event is to take place, if there is a Coast Guard-State agreement in place. See 33 CFR 100.10. Upon the approval of an application, the Captain of the Port, Sector Virginia (COTP) may promulgate such “Special Local Regulations” (SLR’s) as he or she deems necessary to ensure safety of life on the navigable waters immediately prior to, during, and immediately after the event. See 33 CFR 100.35(a).

On April 30, 2026, the sponsor of an event entitled “Battle of the Boats” notified the Coast Guard that, on June 6 & 7, 2026, from 11 a.m. until 6 p.m. each day, they planned to sponsor a high speed boat race and boat docking contest. The COTP is issuing this Special Local Regulation (SLR) under the authority in 46 U.S.C. 70041. The COTP has determined that hazards associated with these events include personal injury and property damage which could result from collisions between vessels participating in the event, spectator vessels, and other non-participant vessels, such as transiting vessels. The purpose of this rulemaking is to protect event participants, non-participants, and transiting vessels before, during, and after the scheduled event.

The Coast Guard is issuing this rule without prior notice and comment. As is authorized by 5 U.S.C. 553(b)(B), the Coast Guard finds that good cause exists for not publishing a notice of proposed rulemaking (NPRM) with respect to this rule because it is impracticable to do so if it is to issue a final rule by June 6.

For the same reasons, the Coast Guard finds that under 5 U.S.C. 553(d)(3), good cause exists for making this rule effective less than 30 days after publication in the **Federal Register**.

III. Discussion of the Rule

This rule establishes a temporary SLR from June 6–7, 2026. The SLR will only be subject to enforcement, however, from 11 a.m. until 6 p.m. each day, when the events are taking place. The SLR includes two regulated areas on the York River. The first regulated area would encompass a portion of the waters of the York River in the vicinity of the Coleman Bridge in Yorktown, VA on June 6, 2026, where the event sponsor plans to host a high speed boat race. The second regulated area would encompass a portion of the waters of the York River within the docking basin between the two Yorktown Waterfront Piers in Yorktown, VA on June 7, 2026, for a boat docking contest.

No vessel or person will be permitted to enter the regulated area without obtaining permission from the COTP or their designated representative.

IV. Regulatory Analyses

We developed this rule after considering numerous statutes and Executive orders related to rulemaking. Below we summarize our analyses based on a number of these statutes and Executive orders.

A. Impact on Small Entities

The regulatory flexibility analysis provisions of the Regulatory Flexibility Act of 1980, 5 U.S.C. 601–612, do not apply to rules that are not subject to notice and comment. Because the Coast Guard has, for good cause, waived the notice and comment requirement that would otherwise apply to this rulemaking, the Regulatory Flexibility Act's flexibility analysis provisions do not apply here.

Under section 213(a) of the Small Business Regulatory Enforcement Fairness Act of 1996 (Pub. L. 104–121), if this rule will affect your small business, organization, or governmental jurisdiction and you have questions, contact the person listed in the **FOR FURTHER INFORMATION CONTACT** section. Small businesses may send comments to the Small Business and Agriculture Regulatory Enforcement Ombudsman and the Regional Small Business Regulatory Fairness Boards by calling 1–888–REG–FAIR (1–888–734–3247). The Coast Guard will not retaliate against small entities that question or complain about this rule or any policy or action of the Coast Guard.

B. Collection of Information

This rule will not call for a new collection of information under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520).

C. Federalism and Indian Tribal Governments

We have analyzed this rule under Executive Order 13132, Federalism, and have determined that it is consistent with the fundamental federalism principles and preemption requirements described in that Order.

Also, this rule does not have tribal implications under Executive Order 13175, Consultation and Coordination with Indian Tribal Governments, because it does not have a substantial direct effect on one or more Indian tribes, on the relationship between the Federal Government and Indian tribes, or on the distribution of power and responsibilities between the Federal Government and Indian tribes.

D. Unfunded Mandates Reform Act

As required by The Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1531–1538), the Coast Guard certifies that this rule will not result in an annual expenditure of \$100,000,000 or more (adjusted for inflation) by a State, local, or tribal government, in the aggregate, or by the private sector.

E. Environment

We have analyzed this rule under Department of Homeland Security Directive 023–01, Rev. 1, associated implementing instructions, and Environmental Planning COMDTINST 5090.1 (series), which guide the Coast Guard in complying with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 *et seq.*), and have determined that this action is one of a category of actions that do not individually or cumulatively have a significant effect on the human environment.

This rule is a special local regulation. It is categorically excluded from further review under paragraph L61 of Appendix A, Table 1 of DHS Instruction Manual 023–01–001–01, Rev. 1.

List of Subjects in 33 CFR Part 100

Harbors, Marine safety, Navigation (water), Reporting and recordkeeping requirements, Security Measures, Waterways.

For the reasons discussed in the preamble, the Coast Guard amends 33 CFR part 100 as follows:

PART 100—SAFETY OF LIFE ON NAVIGABLE WATERS

■ 1. The authority citation for part 100 continues to read as follows:

Authority: 46 U.S.C. 70041; 33 CFR 1.05–1.

■ 2. Add § 100.T05–0607 to read as follows:

§ 100.T05–0607 Special Local Regulation; Battle of the Boats; York River, Yorktown, VA

(a) Location. This special local regulation applies to the following regulated area: The first regulated area will encompass all navigable waters of the York River within the following latitude and longitude positions: 37°14'21.6" N, 76°30'27.2" W; 37°14'23.5" N, 76°30'25.6" W; 37°14'10.4" N, 76°30'11.2" W; 37°14'13.3" N, 76°30'08.0" W on Saturday for a high speed boat race. The second regulated area will encompass all navigable waters of the York River within the docking basin between the two Yorktown Waterfront piers bound

by the following latitude and longitude positions: 37°14'22.4" N, 076°30'29.0" W; 37°14'19.4" N, 076°30'24.4" W; 37°14'18.1" N, 076°30'27.3" W; 37°14'21.0" N, 076°30'30.1" W on Sunday for a boat docking contest. These coordinates are based on the World Geodetic System (WGS 84).

(b) Definitions. As used in this section, *designated representative* means a Coast Guard Patrol Commander, including a Coast Guard coxswain, petty officer, or other officer operating a Coast Guard vessel and a Federal, State, and local officer designated by or assisting the Captain of the Port, Sector Virginia (COTP) in the enforcement of the regulated area. *Participant* means all persons and vessels registered with the event sponsor as a participant in the race.

(c) Regulations. (1) All non-participants are prohibited from entering, transiting through, anchoring in, or remaining within the regulated area described in paragraph (a) of this section unless authorized by the COTP or their designated representative.

(2) To seek permission to enter, contact the COTP or the COTP's representative on VHF–FM channel 16 or by telephone at 877–722–5727. Those in the regulated area must comply with all lawful orders or directions given to them by the COTP or the COTP's designated representative.

(d) Enforcement period. This section will be enforced from 11 a.m. to 6 p.m. on June 6, 2026 and during those same hours on June 7, 2026.

Peggy M. Britton,

Captain, U.S. Coast Guard, Captain of the Port, Sector Virginia.

[FR Doc. 2026–10158 Filed 5–20–26; 8:45 am]

BILLING CODE 9110–04–P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 100

[Docket Number USCG–2026–0225]

RIN 1625–AA08

Special Local Regulation; Lower Chesapeake Bay, Hampton Roads, and the Elizabeth River, Virginia

AGENCY: Coast Guard, Department of Homeland Security.

ACTION: Temporary final rule.

SUMMARY: The Coast Guard is establishing a temporary Special Local Regulation (SLR) for certain navigable waters of the lower Chesapeake Bay,

Hampton Roads, and the Elizabeth River, before, during, and after a series of events centering on a global gathering of tall ships and military ships to celebrate the 250th Anniversary of the United States. This SLR is needed to protect personnel, vessels, and marine environment from potential hazards created by the presence of a parade of ships, fireworks, and other events that will attract large crowds of spectating vessels and result in extremely congested waters.

DATES: This rule is effective June 16, 2026 through June 21, 2026.

ADDRESSES: To view available documents go to <https://www.regulations.gov> and search for USCG–2026–0225.

FOR FURTHER INFORMATION CONTACT: If you have questions about this rule, contact LCDR Justin Z. Strassfield, Sector Virginia Waterways Management Division, U.S. Coast Guard; by phone, at (206) 815–7367, or by email, at VirginiaWayerways@uscg.mil.

SUPPLEMENTARY INFORMATION:

I. Table of Abbreviations

CFR Code of Federal Regulations
COTP Captain of the Port, Sector Virginia
DHS Department of Homeland Security
FR Federal Register
NPRM Notice of proposed rulemaking
§ Section
SLR Special Local Regulation
U.S.C. United States Code

II. Background and Authority

Coast Guard regulations define “regatta or marine parade” as an organized water event of limited duration which is conducted according to a prearranged schedule. 33 CFR 100.05(a). And, as explained in 33 CFR 100.15, Coast Guard requires that an organization planning to hold a regatta or marine event apply for a permit if the event, by its nature, circumstances, or location, will introduce extra or unusual hazards to the safety of life on the navigable waters of the United States.

These permits may be approved by the Coast Guard, or by the state in which the event is to take place, if there is a Coast Guard-State agreement in place. See 33 CFR 100.10. Upon the approval of an application, the Captain of the Port, Sector Virginia (COTP) may promulgate such “Special Local Regulations” (SLR’s) as he or she deems necessary to ensure safety of life on the navigable waters immediately prior to, during, and immediately after the event. See 33 CFR 100.35(a).

On January 13th, 2026, the event sponsor of “Sail250® Virginia” submitted an application under 33 CFR 100.15 to conduct ‘Tall Ship Parade of Sail’ on June 19th, 2026.

Sail250® Virginia is part of Sail250®, a series of events which celebrates the 250th anniversary of the United States of America,¹ and which has been designated as a Marine Event of National Significance under Coast Guard regulations (46 CFR 26.03–8).²

The Virginia event, Sail250® Virginia, is being held from June 19th, 2026, through June 23rd, 2026, with participating tall ships mooring in various berths throughout Norfolk, VA. It will commence with the arrival and anchoring of 60 tall ships and military vessels at Anchorage “B” in Lynnhaven, Virginia Beach, VA on June 16th, 2026. We have included a graphic below entitled “Parade of Sail” which illustrates the location of the anchoring along with the route the tall ships will

use beginning in the Thimble Shoal Channel.

In addition to the Sail250® Virginia ‘Tall Ship Parade of Sail’ into Norfolk, VA on June 19th, 2026, there will be fireworks displays on June 19th and June 20th, 2026, and an alternate weather day scheduled June 21st, 2026, for which we create a temporary regulated area. To illustrate that area, we have included a separate graphic below entitled “Fireworks” which will encompass a zone within Norfolk, Virginia on the Elizabeth River.

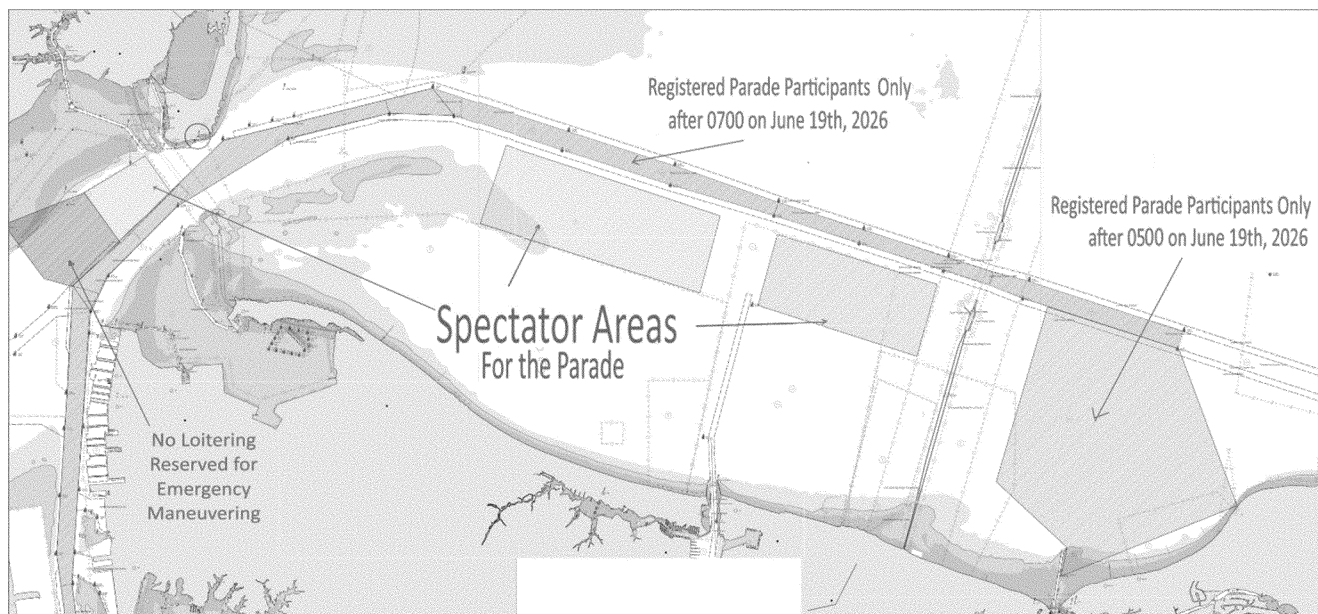
Sail250 Virginia® and the fireworks display present potential hazards. Hazards during the parade of sail include limited maneuverability due to the likely high concentration of spectators and participant vessels, with an increased likelihood of potential collisions. Hazards from fireworks displays include the accidental discharge of fireworks, and the chance that people or vessels may be hit by dangerous projectiles, falling hot embers, or other debris. The COTP has therefore determined these regulations are necessary to ensure the safety of the ‘Sail250® Virginia’ registered participants and spectators, and their vessels while operating in and around the Port of Virginia before, during, and after the scheduled events are completed. The Coast Guard is establishing this rulemaking under authorities in 46 U.S.C. 70041; 33 CFR 1.05–1.

As is authorized by 5 U.S.C. 553(b)(B), the Coast Guard finds that good cause exists for not publishing a notice of proposed rulemaking (NPRM) with respect to this rule because it is impracticable, given the amount of time we have before the rule must be in place.

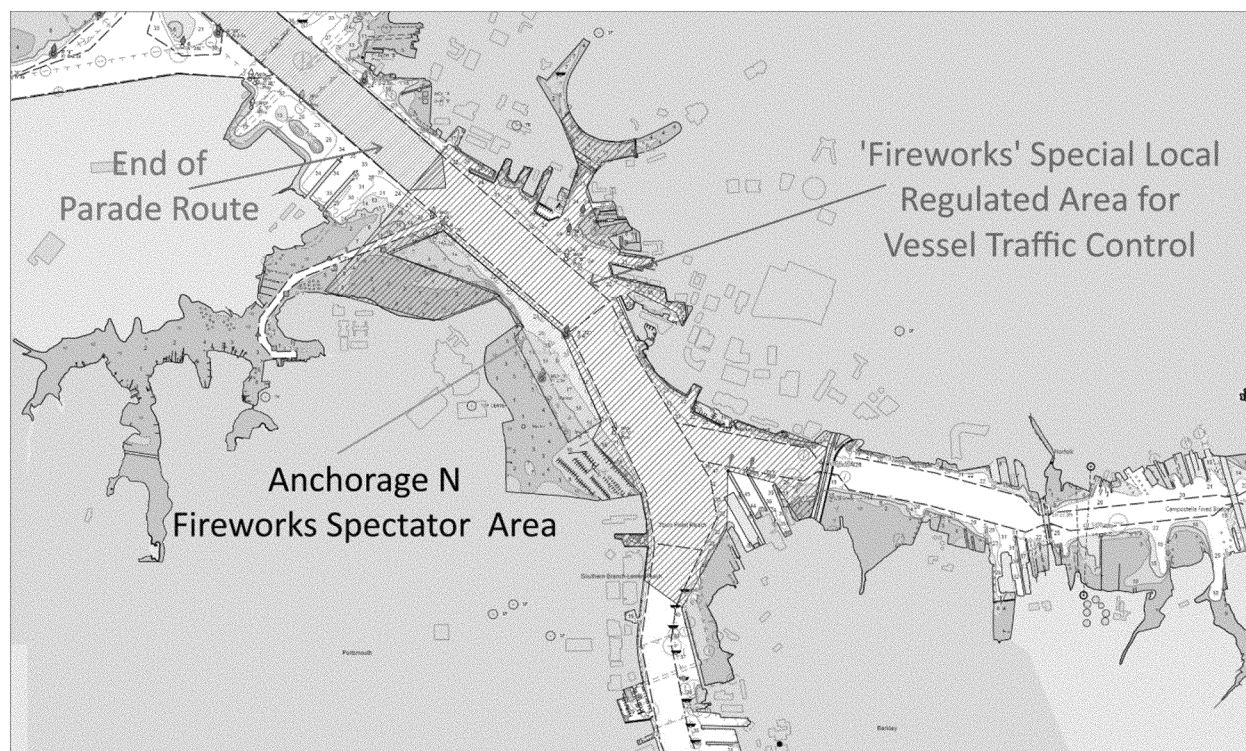
For the same reasons, the Coast Guard finds that under 5 U.S.C. 553(d)(3), good cause exists for making this rule effective less than 30 days after publication in the **Federal Register**.

¹ Among this series of events is a multiport tall ships tour, which includes the ports of New Orleans, LA; Norfolk, VA; Baltimore, MD; New York City, NY, and Boston, MA. Additional information about Sail250® can be found at <https://www.sail250.org/>.

² Typically, events so designated draw a large number of tall ships (sailing vessels) or other traditional ships from around the world, with an underlying purpose to promote maritime heritage, cultural heritage, and international goodwill. The participants usually include a broad mix of U.S. and foreign-flag vessels, including public vessels and ships of war, commercial vessels and recreational vessels, or yachts.



"Parade of Sail"



"Fireworks"

III. Discussion of the Rule

This rule, containing restrictions which will only be subject to enforcement at various specified times between June 16th, 2026, through June 21st, 2026, establishes a "Tall Ship Staging Area," "Spectator Areas," and a "Parade Regulated Area" for tall ships participating in the 'Sail250® Virginia

Tall Ship Parade of Sail'. The "Parade Regulated Area" encompasses the navigational channel between Thimble Shoal Channel Buoys "3" and "4" until the end of the parade route at Town Point Reach. Restrictions are subject to enforcement in the "Tall Ship Staging Area" from 6 a.m. June 16th to 2:30 p.m. on June 19th. Restrictions in the "Parade Regulated Area" and in the

"Spectator Areas" are subject to enforcement from 5 a.m. until 5 p.m. on June 19th.

The rule includes two buffer zones. A stationary 25-yard buffer zone exists around all Tall Ships while within Lynnhaven Anchorage (from June 16th, 2026, through June 19th, 2026). Additionally, a moving buffer zone 1,000-yards ahead, 50-yards abeam, 50-

yards astern of participating Tall Ships exists during their transit from anchorage to and through the parade route, when registered participants will depart Lynnhaven Anchorage to begin the parade route within Thimble Shoal Channel and end in Norfolk Harbor on June 19th, 2026.

Under existing authority provided in 33 CFR 165.501, the auxiliary channels of the Thimble Shoal Channel will be designated for support vessels under COTP or designated representatives' authority during the Tall Ship Parade of Sail. Mariners may not loiter within the auxiliary channels, nor impede safety vessels.

In addition to the regulated area for the ships, the rule establishes a second regulated area for the Juneteenth/Sail250® Virginia Fireworks Extravaganza on June 19th, 2026, and Sail250® Virginia/Norfolk Harborfest Fireworks Spectacular on June 20th, 2026, from 9 p.m. to 10:30 p.m. on the Elizabeth River on the Downtown Norfolk Waterfront, with an alternate weather day scheduled for June 21st, from 9 p.m. to 10:30 p.m. in the event of rain.

Based on information from the event sponsor and regional maritime stakeholders, we determined that vessel control measures that direct non-participants (as defined at 33 CFR 100.501(b)) into designated spectator areas near the beginning and end of the parade of sail will enhance navigational safety. Vessels intending to observe the parade of sail will be encouraged to utilize Anchorage "C", "E", "F" and "N" as spectator areas to reduce the impact of spectator congestion on the rest of the local marine transportation system. Vessels may not utilize Anchorage "G-3" and "G-4" during the Parade of Sail on June 19th, 2026. The regulatory text we are establishing appears at the end of this document.

In summary, and based on the latest Sail250 Virginia schedule of events, we are establishing regulations which include:

1. A special local regulated area, 'Parade Regulated Area,' the transit route to be used for Tall Ship Parade of Sail. (Prior to the parade, participating ships would make use of (existing) Anchorage "B" and Lynnhaven Anchorage. There will be buffer zones around each registered Tall Ship while anchored in Lynnhaven and while transiting into Norfolk, VA.)

2. A special local regulated area for fireworks events scheduled to occur June 19th and 20th, with an alternate date scheduled for the 21st.

3. Designated spectator areas—Anchorage "C", "E", "F" and "N" for the 'Parade of Sail' and Fireworks

IV. Regulatory Analyses

We developed this rule after considering numerous statutes and Executive orders related to rulemaking. Below we summarize our analyses based on a number of these statutes and Executive orders.

A. Impact on Small Entities

The regulatory flexibility analysis provisions of the Regulatory Flexibility Act of 1980, 5 U.S.C. 601–612, do not apply to rules that are not subject to notice and comment. Because the Coast Guard has, for good cause, waived the notice and comment requirement that would otherwise apply to this rulemaking, the Regulatory Flexibility Act's flexibility analysis provisions do not apply here.

Under section 213(a) of the Small Business Regulatory Enforcement Fairness Act of 1996 (Pub. L. 104–121), if this rule will affect your small business, organization, or governmental jurisdiction and you have questions, contact the person listed in the **FOR FURTHER INFORMATION CONTACT** section. Small businesses may send comments to the Small Business and Agriculture Regulatory Enforcement Ombudsman and the Regional Small Business Regulatory Fairness Boards by calling 1–888–REG–FAIR (1–888–734–3247). The Coast Guard will not retaliate against small entities that question or complain about this rule or any policy or action of the Coast Guard.

B. Collection of Information

This rule will not call for a new collection of information under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520).

C. Federalism and Indian Tribal Governments

We have analyzed this rule under Executive Order 13132, Federalism, and have determined that it is consistent with the fundamental federalism principles and preemption requirements described in that Order.

Also, this rule does not have tribal implications under Executive Order 13175, Consultation and Coordination with Indian Tribal Governments, because it does not have a substantial direct effect on one or more Indian tribes, on the relationship between the Federal Government and Indian tribes, or on the distribution of power and responsibilities between the Federal Government and Indian tribes.

D. Unfunded Mandates Reform Act

As required by The Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1531–1538), the Coast Guard certifies that this rule will not result in an annual expenditure of \$100,000,000 or more (adjusted for inflation) by a State, local, or tribal government, in the aggregate, or by the private sector.

E. Environment

We have analyzed this rule under Department of Homeland Security Directive 023–01, Rev. 1, associated implementing instructions, and Environmental Planning COMDTINST 5090.1 (series), which guide the Coast Guard in complying with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 *et seq.*), and have determined that this action is one of a category of actions that do not individually or cumulatively have a significant effect on the human environment.

This rule is a special local regulation. It is categorically excluded from further review under paragraph L61 of Appendix A, Table 1 of DHS Instruction Manual 023–01–001–01, Rev. 1.

List of Subjects in 33 CFR Part 100

Harbors, Marine safety, Navigation (water), Reporting and recordkeeping requirements, Security Measures, Waterways.

For the reasons discussed in the preamble, the Coast Guard amends 33 CFR part 100 as follows:

PART 100—SAFETY OF LIFE ON NAVIGABLE WATERS

■ 1. The authority citation for part 100 continues to read as follows:

Authority: 46 U.S.C. 70041, 4; 33 CFR 1.05–1.

■ 2. Add § 100.T599–0225 to read as follows:

§ 100.T599–0225 **Special Local Regulation; Sail250® Virginia, Norfolk, VA.**

(a) *Locations.* The following locations are special regulated areas:

(1) *Parade regulated area.* All waters of the Thimble Shoal Channel bounded by line drawn from Thimble Shoal Channel "3" Buoy latitude 36°57'32.5" N, longitude 076°3'40.3" W to Thimble Shoal Channel "4" Buoy latitude 36°57'46.3" N, longitude 076°3'34.4" W to a point North West of "1ER" Buoy at latitude 36°59'23.5" N, longitude 076°18'50.3" W, to Norfolk Harbor Reach "1ER" Buoy latitude 36°59'16.2" N, longitude 076°18'41.4" W to Town Point Reach at points latitude 36°50'20.6" N, longitude 76°17'43.1" W and latitude 36°50'19.9" N, longitude

76°17'28.7" W. These coordinates are based on the World Geodetic System (WGS 84).

(2) *Fireworks regulated area.* All waters of the Elizabeth River and its branches from shoreline to shoreline, bounded to the northwest by a line drawn across the Port Norfolk Reach section of the Elizabeth River between the Portsmouth, VA shoreline at latitude 36°50'56.1" N, longitude 076°18'44.3" W, and the Norfolk, VA shoreline at latitude 36°51'18.8" N, longitude 076°18'22.0" W; bounded on the southwest by a line drawn from the southern corner of the landing at Hospital Point, Portsmouth, VA, at latitude 36°50'50.9" N, longitude 076°18'07.7" W, to the northern end of the eastern most pier at the Tidewater Yacht Agency Marina, located at latitude 36°50'33.6" N, longitude 076°17'54.1" W; bounded to the south by a line drawn across the Lower Reach of the Southern Branch of the Elizabeth River, between the Portsmouth Lightship Museum located at the foot of London Boulevard, in Portsmouth, VA at latitude 36°50'13.2" N, longitude 076°17'44.8" W, and the northwest corner of the Norfolk Shipbuilding & Drydock, Berkley Plant, Pier No. 1, located at latitude 36°50'08.8" N, longitude 076°17'37.5" W; and to the southeast by the Berkley Bridge which crosses the Eastern Branch of the Elizabeth River between Berkley at latitude 36°50'21.5" N, longitude 076°17'14.5" W, and Norfolk at latitude 36°50'35" N, longitude 076°17'10" W. These coordinates are based on the World Geodetic System (WGS 84).

(3) *Spectator areas.* All waters of Anchorage C, identified in 33 CFR 110.168(a)(2)(ii), Anchorage E identified in 33 CFR 110.168(a)(2)(iv), Anchorage F identified in 33 CFR 110.168(a)(3), and Anchorage N, identified in 33 CFR 110.168(a)(5)(ii), shall be designated approved spectator areas as described in 33 CFR 100.501(d)(4) during the enforcement of the parade of sail regulated area. Non-participants intending to view Sail250 events will be directed by the PATCOM into these areas to reduce the impact of the marine event on areas adjacent to but not inside the regulated areas. Mariners may not utilize Anchorage G, identified in 33 CFR 110.168(3)(vi) and (vii), for any reason for the duration of the Parade of Sail.

(4) *Tall Ship Staging Area.* All waters within Anchorage B and Lynnhaven Anchorage bounded in the northwest by a line drawn from point latitude 36°57'27.6" N, longitude 076°3'42.2" W to a point southeast at latitude 36°55'38.7" N, longitude 076°2'50.6" W,

to a line drawn to the south at point latitude 36°54'3.2" N, longitude 076°5'22.7" W, to a line drawn to the north at point latitude 36°55'19.9" N, longitude 076°5'19.8" W, to a line drawn to the northwest at point latitude 36°55'48.7" N, longitude 076°6'13.5" W, to a line drawn to the north at point latitude 36°57'57.4" N, longitude 076°5'34.6" W, and back to the original starting point. These coordinates are based on the World Geodetic System (WGS 84).

(b) *Definitions.* As used in this section, *designated representative* means a Coast Guard Patrol Commander, including a Coast Guard coxswain, petty officer, or other officer operating a Coast Guard vessel and a Federal, State, and local officer designated by or assisting the COTP in the enforcement of the regulated area. *Participant* means all persons and vessels registered with the event sponsor as a participant in the events involved. *Non-participant* means a person or a vessel not registered with the event sponsor either as a participant or an official patrol vessel.

(c) *Regulations.* (1) During the enforcement period(s), and within the Parade regulated area and Tall Ship Staging Area, all non-participants are prohibited from entering, anchoring in, transiting or remaining within the regulated area described in paragraph (a)(1) of this section unless authorized by the COTP or their designated representative. All Tall Ships will be protected by a moving buffer zone 1,000-yards ahead, 50-yards abeam, 50-yards astern. Any parading non-registered participants must proceed inbound behind the last registered participant. Normal traffic flow will resume at the discretion of the COTP, or their designated representative, when conditions permit.

(2) During the enforcement period and within the Fireworks location, all non-participants are prohibited from entering, anchoring in, transiting or remaining within the regulated area described in paragraph (a)(2) of this section unless authorized by the COTP or their designated representative.

(3) During the enforcement period and within the Tall Ship Staging area, all non-participants are prohibited from approaching within 25-yards of any anchored Sail250 Tall Ship within the regulated area described in paragraph (a)(4) of this section unless authorized by the COTP or their designated representative.

(4) To seek permission to transit the regulated areas during enforcement periods, contact the COTP, or the COTP's designated representative, on

VHF channel 16 or 877-722-5727 (Sector Virginia Command Center). Those in the special regulated areas must comply with all lawful orders or directions given to them by the COTP or the COTP's designated representative.

(5) The COTP will provide notice of the regulated area through advanced notice via broadcast notice to mariners and by on-scene designated representatives.

(d) *Enforcement period(s).* (1) The special location regulation for the Parade regulated area described in paragraph (a)(1) of this section will be enforced from 5 a.m. to 5 p.m. on June 19, 2026.

(2) The special local regulation for the fireworks location described paragraph (a)(2) in will be enforced from 9 p.m. until 10:30 p.m. on June 19, 2026, and June 20, 2026, with an alternate date scheduled for June 21st, 2026

(3) The special local regulation for the Tall Ship Staging Area described paragraph (a)(4) of this section in will be enforced from 6 a.m. June 16th, 2026, until 2:30 p.m. on June 19th, 2026.

(e) *General Operational Requirements for all spectator areas.* Vessel operators using any of the spectator areas established in this section shall:

(1) Ensure their vessels remain safely within the spectator area during marine events.

(2) Vessel operators shall comply with the directions and orders of the COTP, or the COTP's representatives, upon being hailed by siren, radio, flashing lights, or other means. The COTP's representative may be any Coast Guard commissioned, warrant, or petty officer or any Federal, state, or local law enforcement officer who has been designated by the COTP to act on the COTP's behalf. The COTP's designated representative may be on a Coast Guard vessel, a Coast Guard Auxiliary vessel, a federal, state, or local law enforcement or safety vessel, or a location on shore.

(3) Vacate spectator areas after termination of their effective periods.

(4) All vessels are required to exhibit appropriate anchoring lights as prescribed by the Rules of the Road (33 CFR Subchapter E, Inland Navigation Rules) while at anchor.

(5) Do not leave vessels unattended in any spectator area at any time.

(6) Do not tie off to any aid to navigation or buoy.

(7) Maintain at least 20 feet of clearance when maneuvering between vessels.

Peggy M. Britton,

Captain, U.S. Coast Guard, Captain of the Port, Sector Virginia.

[FR Doc. 2026-10159 Filed 5-20-26; 8:45 am]

BILLING CODE 9110-04-P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 165

[Docket Number USCG–2026–0616]

RIN 1625–AA00

Safety Zone; Albemarle and Chesapeake Canal, Chesapeake, VA

AGENCY: Coast Guard, Department of Homeland Security.

ACTION: Temporary final rule.

SUMMARY: The Coast Guard is establishing a temporary safety zone for navigable waters on a portion of the Albemarle and Chesapeake Canal in the vicinity of the Great Bridge Bridge, in Chesapeake, Virginia. The safety zone is needed to protect personnel, vessels, and the marine environment from potential hazards which might arise during blank cannon fire. Entry of vessels or persons into this zone is prohibited unless specifically authorized by the Captain of the Port, Sector Virginia or their designated representative.

DATES: This rule is effective from June 19, 2026, through June 21, 2026.

ADDRESSES: To view available documents go to <https://www.regulations.gov> and search for USCG–2026–0616.

FOR FURTHER INFORMATION CONTACT: If you have questions about this rule, contact LCDR Justin Strassfield, Sector Virginia Waterways Management Division, U.S. Coast Guard; telephone (206) 815–7367, or email Justin.Z.Strassfield@uscg.mil.

SUPPLEMENTARY INFORMATION:

I. Table of Abbreviations

CFR Code of Federal Regulations
COTP Captain of the Port, Sector Virginia
DHS Department of Homeland Security
FR Federal Register
NPRM Notice of proposed rulemaking
§ Section
U.S.C. United States Code

II. Background and Authority

The Coast Guard has been notified that a Tall Ship will arrive at the Great Bridge Battlefield on the Albemarle and Chesapeake Canal, and that it will fire blank cannon fire from the vessel while in the federal channel. Hazards from the cannon fire include being hit by dangerous projectiles. The Captain of the Port, Sector Virginia (COTP) has determined that potential hazards associated with cannon fire are a safety concern for anyone within 250 yards of

the vessel from which the canon is fired. Therefore, the COTP is issuing this rule, under the authority in 46 U.S.C. 70034, to protect personnel, vessels, and the marine environment in the navigable waters within the safety zone from harm which might arise from the firing of blank cannons.

The Coast Guard is issuing this rule without prior notice and comment. As is authorized by 5 U.S.C. 553(b)(B), the Coast Guard finds that good cause exists for not publishing a notice of proposed rulemaking (NPRM) with respect to this rule because it is impracticable. The Coast Guard was notified of this event on May 15, 2026, but we must establish this safety zone by June 19, 2026, to protect personnel, vessels, and the marine environment. Therefore, we do not have enough time to solicit and respond to comments.

In addition, under 5 U.S.C. 553(d)(3), the Coast Guard finds that there is good cause, due to a lack of time, for making this rule effective less than 30 days after publication in the **Federal Register**.

III. Discussion of the Rule

This rule establishes a safety zone which will be in effect from June 19 through June 21. It will only be subject to enforcement, however, from 6 p.m. until 7 p.m. on June 19, 2026, and on June 20, 2026, and June 21, 2026, from 11:30 a.m. until 12:30 p.m. and 2:30 p.m. until 3:30 p.m. on both days. The safety zone will reduce the likelihood of harm to people, vessels, and the environment from mishaps involving blank cannon fire. It will cover waters of the Albemarle and Chesapeake Canal in the vicinity of the bridge on Battlefield Boulevard in Great Bridge, in the City of Chesapeake, Virginia. The coordinates of the safety zone are provided in the text of the regulation below. No vessel or person will be permitted to enter the safety zone without obtaining permission from the COTP or their designated representative.

IV. Regulatory Analyses

We developed this rule after considering numerous statutes and Executive orders related to rulemaking. Below we summarize our analyses based on a number of these statutes and Executive orders.

A. Impact on Small Entities

The regulatory flexibility analysis provisions of the Regulatory Flexibility Act of 1980, 5 U.S.C. 601–612, do not apply to rules that are not subject to notice and comment. Because the Coast Guard has, for good cause, waived the notice and comment requirement that would otherwise apply to this

rulemaking, the Regulatory Flexibility Act's flexibility analysis provisions do not apply here.

Under section 213(a) of the Small Business Regulatory Enforcement Fairness Act of 1996 (Pub. L. 104–121), if this rule will affect your small business, organization, or governmental jurisdiction and you have questions, contact the person listed in the **FOR FURTHER INFORMATION CONTACT** section.

Small businesses may send comments to the Small Business and Agriculture Regulatory Enforcement Ombudsman and the Regional Small Business Regulatory Fairness Boards by calling 1–888–REG–FAIR (1–888–734–3247). The Coast Guard will not retaliate against small entities that question or complain about this rule or any policy or action of the Coast Guard.

B. Collection of Information

This rule will not call for a new collection of information under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520).

C. Federalism and Indian Tribal Governments

We have analyzed this rule under Executive Order 13132, Federalism, and have determined that it is consistent with the fundamental federalism principles and preemption requirements described in that Order.

Also, this rule does not have tribal implications under Executive Order 13175, Consultation and Coordination with Indian Tribal Governments, because it does not have a substantial direct effect on one or more Indian tribes, on the relationship between the Federal Government and Indian tribes, or on the distribution of power and responsibilities between the Federal Government and Indian tribes.

D. Unfunded Mandates Reform Act

As required by The Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1531–1538), the Coast Guard certifies that this rule will not result in an annual expenditure of \$100,000,000 or more (adjusted for inflation) by a State, local, or tribal government, in the aggregate, or by the private sector.

E. Environment

We have analyzed this rule under Department of Homeland Security Directive 023–01, Rev. 1, associated implementing instructions, and Environmental Planning COMDTINST 5090.1 (series), which guide the Coast Guard in complying with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 *et seq.*), and have determined that this action is one of a

category of actions that do not individually or cumulatively have a significant effect on the human environment.

This rule is a safety zone. It is categorically excluded from further review under paragraph L60(c) of Appendix A, Table 1 of DHS Instruction Manual 023–01–001–01, Rev. 1.

List of Subjects in 33 CFR Part 165

Harbors, Marine safety, Navigation (water), Reporting and recordkeeping requirements, Security measures, Waterways.

For the reasons discussed in the preamble, the Coast Guard amends 33 CFR part 165 as follows:

PART 165—REGULATED NAVIGATION AREAS AND LIMITED ACCESS AREAS

- 1. The authority citation for part 165 continues to read as follows:

Authority: 46 U.S.C. 70034, 70051, 70124; 33 CFR 1.05–1, 6.04–1, 6.04–6, and 160.5; DHS Delegation No. 00170.1, Revision No. 01.4.

- 2. Add § 165.T05–0616 to read as follows:

§ 165.T05–0616 Safety Zone; Albemarle and Chesapeake Canal, Chesapeake, VA.

(a) *Location.* The following area is a safety zone: all navigable waters of the Albemarle and Chesapeake Canal within the following positions: 36°43′14.711″ N, 076°14′14.177″ W; 36°43′12.404″ N, 076°14′14.181″ W; 36°43′14.525″ N, 076°14′22.752″ W; 36°43′16.010″ N, 076°14′23.041″ W. These coordinates are based on the World Geodetic System (WGS 84).

(b) *Definitions.* As used in this section, *designated representative* means a Coast Guard Patrol Commander, including a Coast Guard coxswain, petty officer, or other officer operating a Coast Guard vessel and a Federal, State, and local officer with law enforcement authority designated by or assisting the Captain of the Port, Sector Virginia (COTP) in the enforcement of the safety zone.

(c) *Regulations.* (1) Under the general safety zone regulations in subpart C of this part, you may not enter the safety zone described in paragraph (a) of this section unless authorized by the COTP or the COTP's designated representative.

(2) To seek permission to enter, contact the COTP or the COTP's representative on VHF–FM channel 16 or by telephone at 877–722–5727. Those in the safety zone must comply with all lawful orders or directions given to them by the COTP or the COTP's designated representative.

(d) *Enforcement period.* This rule is effective from June 19, 2026, through June 21, 2026. This section will only be enforced, however, from 6 p.m. until 7 p.m. on June 19, 2026, and on June 20, 2026, and June 21, 2026, from 11:30 a.m. until 12:30 p.m. and 2:30 p.m. until 3:30 p.m. on both days.

Peggy M. Britton,

Captain, U.S. Coast Guard, Captain of the Port, Sector Virginia.

[FR Doc. 2026–10176 Filed 5–20–26; 8:45 am]

BILLING CODE 9110–04–P

DEPARTMENT OF THE INTERIOR

Office of the Secretary

43 CFR Part 4

[Docket No. DOI–2022–0010; 256D0102DM; D6CS00000; DLSN00000.000000; DX6CS25]

RIN 1094–AA57

Practices Before the Department of the Interior

AGENCY: Office of Hearings and Appeals, Interior.

ACTION: Final rule.

SUMMARY: The Office of Hearings and Appeals (OHA) is issuing this final rule to adopt the interim final rule (IFR) published on January 10, 2025, with a few changes made to respond to public comments, to clarify procedures, and to correct typographical errors. The IFR was originally set to go into effect February 10, 2025, but the effective date was delayed several times until July 21, 2025, to provide time for review pursuant to the memorandum of January 20, 2025, from President Donald J. Trump, entitled Regulatory Freeze Pending Review. The IFR became effective on July 21, 2025.

DATES: Effective May 21, 2026. Submit comments on information collection issues under the Paperwork Reduction Act of 1995 by June 22, 2026.

ADDRESSES: *Comments Related to Information Collection Requirements:* Send your comments on the information collection request to the Departmental Information Collection Clearance Officer, U.S. Department of the Interior, Jeffrey Parrillo, 1849 C Street NW Washington, DC 20240; or by email to DOI-PRA@ios.doi.gov. Please reference OMB Control Number 1094–New/RIN 1094–AA57 in the subject line of your comments.

FOR FURTHER INFORMATION CONTACT: Paul Kienzle, 202–208–3350. Individuals in the United States who are deaf, blind, hard of hearing, or have a speech

disability may dial 711 (TTY, TDD, or TeleBraille) to access telecommunications relay services. Individuals outside the United States should use the relay services offered within their country to make international calls to the point-of-contact in the United States.

SUPPLEMENTARY INFORMATION:

I. Background

On January 10, 2025, OHA published an IFR titled Practices Before the Department of the Interior, with an effective date of February 10, 2025. OHA also invited the public to submit comments by February 10, 2025, indicating it would consider the comments received and consider further revisions, if appropriate. OHA received three sets of comments.

OHA later published a Rule Correction on June 2, 2025, at 90 FR 23290. The Rule Correction corrected the IFR to address: two technical errors in the amendatory instructions for §§ 4.845 and 4.1301, typographical errors in §§ 4.1, 4.26, and 4.27(a), and additional typographical errors in the amendatory instructions for §§ 4.845 and 4.1301 and the instructions provided for submitting comments on the Information Collection Review. The Rule Correction also removed the IFR's two references to an Executive Order that was revoked on January 20, 2025.

On January 20, 2025, the President issued a Memorandum titled “Regulatory Freeze Pending Review.” The President's Memorandum directed executive departments to “consider postponing for 60 days from the date of [the] memorandum the effective date for any rules that have been published in the **Federal Register**, or any rules that have been issued in any manner but have not taken effect, for the purpose of reviewing any questions of fact, law, and policy that the rules may raise.”

In order to conduct this review, OHA delayed the effective date of the IFR to March 21, 2025 (90 FR 9222), again to May 5, 2025 (90 FR 12461), again to June 4, 2025 (90 FR 18927), and again to July 21, 2025 (90 FR 24231). Pursuant to the President's Memorandum, the Department reviewed the IFR and identified a few changes to be made in response to public comments, including restoring provisions in OHA's regulations that the IFR had changed. The IFR went into effect on July 21, 2025. This final rule adopts the IFR with changes that respond to public comments, provide clarification, and correct typographical errors.

OHA is placing the final rule in immediate effect because good cause exists under 5 U.S.C. 553(d)(3) to forgo

the 30-day delay of the effective date that would otherwise be required. Because the IFR, which went into effect on July 21, 2025, contains provisions that OHA is now removing or clarifying based on public comments, it is necessary to make the final rule immediately effective to limit the time the IFR remains in effect without these changes and to reduce public confusion about which regulations govern proceedings before OHA. Consequently, it is contrary to the public interest to wait 30 days before the final rule becomes effective.

II. Summary of Comments and Responses

A. Compliance with Administrative Procedure Act Standards for Rulemaking

Under the Administrative Procedure Act (APA), federal agencies must provide the public with notice of a proposed rule and the opportunity to submit comments on it, with a few exceptions. One of the exceptions is for interpretive rules, general statements of policy, and rules of organization, procedure, or practice. See 5 U.S.C. 553(b)(A). In the IFR, OHA explained that the rule is subject to this exception because it “only makes changes to OHA’s rules of agency organization, procedure, or practice.” We explained that OHA’s rules describe procedures that parties and OHA must follow during administrative adjudication of a case and are similar to provisions of the Federal Rules of Civil Procedure and the Federal Rules of Appellate Procedure. 90 FR 2335–36. We welcomed additional suggestions for improvements from the public, explaining that “OHA will consider comments received and consider further revisions, if appropriate.” Id. at 2336.

Two entities commented that portions of the IFR should have been subject to notice and comment because they are not appropriate changes to make in an IFR. One of these commenters focused on changes to the standards for petitions for stays in § 4.171 (DCHD provision) and § 4.405 (IBLA provision), specifically, removal of the public interest criterion and the requirement that the petitioner’s harm be immediate. The commenter asserted that the revised criteria “impose[] substantive burdens, encode[] a substantive value judgment, encroach[] on substantial private rights and interests, and materially alter[] the rights and interests of the parties.” The commenter stated that, under these situations, the Court of Appeals for the D.C. Circuit has held that the exception to the requirement for notice-and-

comment rulemaking for “rules of agency organization, procedure, or practice” does not apply, citing, among other cases, *James V. Hurson Assocs. v. Glickman*, 229 F.3d 277, 280 (D.C. Cir. 2000). The commenter concluded that the portions of the IFR adjusting the stay criteria do “not fall under the APA’s procedural exception to notice and comment rulemaking and should be removed from the revisions to OHA’s otherwise procedural amendments.”

The second commenter asserted more generally that the IFR “negates the notice and comment provisions for rulemaking as prescribed by the Administrative Procedure Act” because it “very much implicates ‘substantive rights or interests’” and is therefore not a rule of agency procedure or practice under 5 U.S.C. 553(b)(A).

The process OHA has used for this rulemaking fully complies with the APA, not only satisfying the procedural rule exception but also the requirements for notice-and-comment rulemaking. As emphasized by the D.C. Circuit, the procedural rule exception “covers agency actions that do not themselves alter the rights or interest of parties, although it may alter the manner in which the parties present themselves or their viewpoints to the agency.” *James V. Hurson Assocs.*, 229 F.3d at 280. The IFR falls within these parameters because it does not change existing rights but instead updates the adjudication processes used by OHA and codifies pre-existing precedent. For example, with respect to stays of decisions pending appeal, eliminating the process for obtaining a stay (akin to the elimination of an entire type of approval process as presented in *Hurson*) would constitute an alteration of a substantive right. But the IFR only modifies the procedure for asserting a stay and codifies pre-existing precedent governing the stay criteria. Nevertheless, as explained in more detail in the section of this final rule addressing the stay criteria, OHA has decided to remove the changes to the stay criteria in sections § 4.171 and § 4.405 in the final rule.

In addition, the process used by OHA to develop this final rule satisfies the notice-and-comment requirements of the APA. By addressing comments received on the IFR in this final rule, OHA also meets all the APA-required elements for notice-and-comment rulemaking. The IFR and its preamble provided the public with all the information required by the APA: a reference to legal authority, as required by 5 U.S.C. 553(b)(2) (Section V); a description of the terms and substance of the rule, as required by 5 U.S.C.

553(b)(3) (Section V); and a request for public comment, as required by 5 U.S.C. 553(c) (Section IV).

B. Hearings (§§ 4.5, 4.126, 4.150, 4.151, 4.703)

While the commenters did not take specific exception to the hearing rules, one commenter raised concerns about how recent legal developments might impact the statutory hearing requirements. With respect to the comments pertaining to the Supreme Court’s opinion in *Securities and Exchange Commission v. Jarkesy*, 603 U.S. 109 (2024), it would be premature and outside the scope of this rulemaking to render an advisory opinion about how that holding might affect specific types of proceedings adjudicated by the Departmental Cases Hearings Division (DCHD). Any motions raising *Jarkesy*-related arguments will be addressed and decided on a case-by-case basis.

The other concerns raised by the commenter relate to apparent “omissions,” and more specifically, the implications of an opinion issued by an Acting Deputy Secretary. Again, it would be outside the scope of this rulemaking to render an advisory opinion about how similar issues might be resolved in the future. Any cases raising similar issues will be addressed and decided on a case-by-case basis.

C. Definitions and Acronyms (§ 4.6)

One commenter took exception to the definition of an administrative law judge (ALJ) as it relates to being “appointed.” While we appreciate the commenter’s observations, the process for appointing ALJs after *Lucia v. Securities and Exchange Commission*, 585 U.S. 237 (2018), is outside the scope of this rulemaking.

D. Service (§§ 4.32, 4.102, 4.109, 4.170, and 4.407)

Although OHA received favorable feedback about the new electronic filing and service rules, one commenter raised concerns about the availability of current mailing and email addresses for permittees, applicants, and others that hold authorizations from the Department. The commenter suggested that the Bureau of Land Management (BLM) be required to annually update its lists to include applicable email addresses so that appellants can email “each person or entity” rather than being required to mail documents. Alternatively, the commenter suggested that BLM expand its eplanning submission options so that appeals can be uploaded to BLM’s website for access by “each person or entity.” Because these suggestions relate to BLM’s

procedures, they are beyond the scope of this final rule.

In addition, one commenter advocated for adding a provision to create consequences for appellants who neglect to serve “each person or entity named in the decision” to ensure that potential intervenors are aware of appeals that could affect them. Both DCHD and IBLA have authority to address any failure to comply with service requirements. This authority is inherent in each unit’s authority to manage its docket and enforce its regulations.

Finally, one commenter noted that appeals typically include supporting exhibits that exceed 20 megabytes and that OHA should “account for this challenge” by identifying a method to file and serve those supporting exhibits. For documents filed electronically with OHA, parties will have the option of dividing filings into multiple subparts that will facilitate the filing and service of large submissions.

E. Pleading Form (§ 4.103)

One commenter asked that the provision authorizing an ALJ to strike and not consider any pleading or document that fails to comply with § 4.103 be removed. As noted by the commentor, the rule includes the word “may.” Consequently, an ALJ retains the discretion to determine the appropriate remedy, which could include allowing an amendment to a pleading or striking a pleading when a party consistently fails to conform to the standards. This provision has been included to encourage compliance with formatting standards because proper filings enable an ALJ to rule on motions and other requests for relief more expeditiously.

F. Page Limits (§§ 4.105, 4.111, 4.130, 4.410)

We received comments urging OHA to remove default page limits for briefs. Those default page limits have been included in the rules to expedite adjudication. Although the commenter argues that these page limits are arbitrary and unreasonable, the page limits serve as useful starting points. An ALJ or the IBLA has discretion to modify the limits in appropriate circumstances. This may include allowing longer page limits (or no limits) in more complex cases. Parties may also request permission to file overlength briefs when a more detailed analysis is warranted. Given this built-in flexibility, it is unnecessary to remove the default page limits. ALJs and the IBLA can address individual circumstances on a case-by-case basis.

G. Reply Briefs (§§ 4.105, 4.111)

OHA received comments urging DCHD to authorize reply briefs. Although the rules do not allow automatic replies, the rules also do not prohibit reply briefs. Instead, the rules authorize ALJs to use their discretion to allow replies in appropriate circumstances on a case-by-case basis. In the past, routinely allowing replies has led to unnecessary delays in case processing and has resulted in tight scheduling deadlines when the requested relief is time sensitive. DCHD has also found that some parties wait to raise key arguments until they file their reply briefs, which has led to additional rounds of time-consuming briefing. By setting the expectation that replies must be requested, we have found that parties tend to submit more complete briefing during the initial stages so that replies often become unnecessary.

H. Stipulated Dismissal (§ 4.110)

One commenter stated that, while it does not take exception with the stipulated dismissal provision, the section should also provide as follows: “If BLM or another agency of the U.S. Department of the Interior requests DCHD or any Board via a stipulation to approve a stipulated settlement, including one that may modify the underlying appealed decision, then DCHD or the applicable Board should do so to ensure finality of agency decision-making.” As the commenter notes, the IBLA recently held in *Petan Company of Nevada, Inc.*, IBLA 2024–0079, a non-precedential order dated January 16, 2025, that “[t]he Board encourages settlement and will grant a motion to dismiss an appeal without ruling on the merits when the parties have resolved their dispute and there is no longer any controversy between them.” However, “absent an exceptional circumstance, the Board will not itself order modification of an appealed decision, particularly when the Board is asked to do so without independently confirming the legality of the modification.” The principle that OHA will not typically modify a decision absent review of the merits reflects the fact that OHA exists to ensure the legality and finality of agency decisions, and OHA’s authority, like that of the Attorney General, “does not include license to agree to settlement terms that would violate the civil laws governing the agency.” *Exec. Bus. Media v. U.S. Dep’t of Defense*, 3 F.3d 759, 762 (4th Cir. 1993). The language of § 4.110 allows the ALJ to consider the facts of any stipulated dismissal and issue an appropriate order in response. We

decline to add language requiring an ALJ to approve stipulated settlements.

I. Summary Judgment (§ 4.111)

One commenter explained that while it does not take exception with DCHD’s use of the Federal Rules of Civil Procedure (FRCP) as guidance when adjudicating summary judgments, the rule needed to “go a significant step further.” By way of example, the commenter pointed to the standard for review in grazing cases. While OHA appreciates the commenter’s focus on grazing cases, this summary judgment provision establishes a rule of general applicability. As written, this rule broadly encompasses all the various types of cases adjudicated by DCHD’s ALJs. This rule does not attempt to address specific standards that may apply in certain types of cases, such as grazing appeals. Instead, this rule adopts the same summary judgment standard used in Federal District Court proceedings and explicitly relies on FRCP 56 as guidance. It is outside the scope of this summary judgment rule to address long-standing case law and precedent surrounding the specific standards for reviewing different types of cases and issues.

J. Discovery (§ 4.112 Through § 4.119)

We received one comment about the discovery provisions in subpart C. The general procedural rules in subpart C are designed to function like the FRCP but have been simplified and tailored to administrative proceedings. As such, the discovery rules mirror the methods of discovery allowed in the FRCP with an important qualification—discovery must be authorized by the ALJ. Some cases before DCHD require discovery and others require little, or no, discovery. Because the discovery procedures have been drafted to be generally applicable to all case types adjudicated by DCHD, it remains the responsibility of the parties and the ALJ to assess the discovery needs of each individual case.

For this reason, an ALJ would not authorize discovery in cases where it would not aid in the resolution of the proceeding. And even when the ALJ does authorize discovery, the ALJ could limit the scope of authorized discovery to ensure that the requests are “proportional to the needs of the case.” While the commenter specifically objects to depositions, that form of discovery is more appropriate in certain types of proceedings and less appropriate in others. By maintaining rules modeled after the FRCP, ALJs will have the flexibility to respond to the discovery needs of each individual case.

K. Sanctions (§ 4.121 and § 4.411)

One commenter asked that the sanctions provisions in § 4.121 (for DCHD proceedings) and § 4.411 (for IBLA appeals) be deleted or revised because they are not needed and could be viewed as “ominous and draconian.” As we explained in the preamble to the IFR, these provisions merely codified the long-standing authority of ALJs and administrative judges to regulate the conduct of parties in hearings and appeals so that the administrative process proceeds in a fair and efficient manner that complies with applicable laws and orders. Nonetheless, because §§ 4.121 and 4.411 merely codify existing authority, they are not necessary additions to these procedural rules. We therefore have eliminated both sanctions provisions.

OHA has replaced the sanctions provisions with sections codifying DCHD’s and IBLA’s general authority to manage the proceedings and appeals before them. These sections use language similar to the language describing the authority and duty given to ALJs to conduct hearings in an orderly and judicial manner in § 4.126(b). The IBLA has the same general authority for appeals, but that fact is not reflected in the existing rules. To ensure regulatory consistency, we have replaced § 4.121 and § 4.411 in the IFR with § 4.121, titled “Case Management,” and § 4.411, titled “Management of Appeals.” These sections codify OHA’s general authority to regulate the course of proceedings and appeals to ensure they are resolved in a fair and orderly manner. Consistent with the change to § 4.121, we have eliminated §§ 4.104(g) and 4.126(b)(12) as unnecessary.

L. Transcripts (§ 4.128)

One commenter raised concerns about transcript costs and the time period for proposing corrections to the official transcript prepared by a court reporter. While OHA appreciates the concerns about the cost of a written transcript, OHA’s budget is insufficient to provide parties with a verbatim copy of written transcripts for hearings and other proceedings. OHA makes every effort to contract for a favorable rate, but we were unaware that court reporting companies did not always charge the same per page rate to parties. Going forward, OHA will endeavor to contract in advance to ensure the same per page transcript costs apply to the Department as well as the parties and will disclose that contract amount in advance of any hearing for transparency.

With respect to the regulatory time frame for making corrections, this rule merely establishes a default deadline that serves as a guide for proposing corrections. For lengthy, more complex proceedings, the ALJ retains discretion to establish an appropriate deadline on a case-by-case basis and can allow more time to identify and propose corrections to the official transcript as needed. Given this built-in flexibility, OHA declines to modify the default time period contained in § 4.128(c).

M. Petitions for Stay (§ 4.171 and § 4.405)

The IFR included two changes to the standards for stay petitions. First, the IFR removed the “public interest” criterion from the four criteria in the previous versions of § 4.21(b)(1) and § 4.471(c). DCHD and IBLA explained that removing this criterion is consistent with Federal court opinions holding that when the Federal Government is the party opposing the stay, the balance of harms and public interest “merge.” See *Nken v. Holder*, 556 U.S. 418, 435 (2009) (holding that, in the context of a stay, assessing the harm to the opposing party and weighing the public interest “merge when the Government is the opposing party.”). The merged test has been applied in challenges to natural resources permitting decisions, see, e.g., *Drakes Bay Oyster Co. v. Jewell*, 747 F.3d 1073, 1092 (9th Cir. 2014), and it is based on the principle that when the government is the defendant, the public interest and the balance of harms are best analyzed in tandem. A separate element is unnecessary because balancing the harm to the government includes assessing whether there is harm to the public interest.

Second, in § 4.171(a)(1)(i) and § 4.405(b)(4)(i), the IFR eliminated the word “immediate” from the criterion requiring an appellant to show “[t]he likelihood of immediate and irreparable harm if the stay is not granted.” Instead, the IFR required a showing that the irreparable harm will likely occur “pending resolution of the appeal.” This modification was intended to promote the purpose of a stay, which is to prevent or minimize irreparable harm at any time while an appeal is being considered. The IBLA made corresponding changes in § 4.405(b)(2) and (b)(8) to require any stay petition to be filed at the same time the appellant files its notice of appeal, eliminating the option to file a stay petition later, while the appeal is pending. With the expectation that a petition for a stay, filed at the beginning of an appeal, would seek to address harm that could occur at any time while the appeal was

pending, OHA removed the immediacy requirement from the stay criterion in both § 4.171(a)(1)(i) and § 4.405(b)(4)(i).

One commenter stated that the removal of the public interest criterion is substantive and does not fall under the APA’s procedural exception. The commenter stated that this rationale ignores the cases where a bureau or office has granted a permit or authorization, and an outside party challenges the permit or authorization. In that situation, the person or entity holding the permit or authorization that is the subject of the appeal usually participates as an intervenor. The commenter explained that “permits or authorizations may generate significant ‘public interest’ that is separate and apart from the permitting agency’s interest.” For example, where a bureau or office issues a permit or other authorization for construction and operation of a mine, a power line, or a pipeline, some public interest is related to local or state economic impacts, which can total millions of dollars. The commenter asserted that intervenors are in the best position to calculate these impacts and present these impacts to OHA for adjudication of a stay petition.

The merged test would not have the negative effects feared by the commenter, but after our required review of this regulatory action, we nonetheless believe it best to retain the four-criteria test in the final rule to avoid confusion and eliminate any unnecessary concern. Whether using a four-factor or three-factor test, an intervenor-defendant’s harm—as well as related harm to parties not before OHA—may be presented by the intervenor and considered as part of the balance of harms. As recently stated by the Court of Federal Claims, “When the Government is the opposing party in a case, concerns over injury to the defendant, defendant-intervenor, and the public interest merge.” *Sci. and Tech. Corp. v. United States*, 2025 U.S. Claims LEXIS 174 at *32 (Feb. 20, 2025) (citing *Nken*). Nonetheless, we have returned to the four-criteria test in the final rule so that it remains explicit that a stay may be granted only when it is in the public interest to do so.

The same commenter stated that removal of the immediacy requirement in the “immediate and irreparable harm” criterion will cause substantive harm to the holder of a permit or authorization given the typical duration of appeals at the IBLA. The commenter explained that granting a stay for harm that can occur any time during an appeal “could potentially have a project stayed at the outset and then hear nothing for years,” impacting

“investment, economic viability, and jobs.” The commenter stated that “OHA provides no mechanism for the holder of a stayed permit or authorization to move the merits consideration along,” and therefore, “this aspect of the Interim Rule is also substantive and consideration of it under the procedural exception violates the APA.”

OHA appreciates the commenter’s perspective as an intervenor in OHA proceedings. We note that, although the IBLA does not have a specific procedural rule about motions to expedite, parties use the IBLA’s general motions rule to file such motions, and the IBLA has expedited appeals when a party requested expedited review and showed compelling circumstances for advancing an appeal ahead of other pending cases. See, e.g., *Simpson*, 199 IBLA 32, 36 (2024). We also observe that another commenter stated that “The proposed rule correctly refines the standards of stay to irreparable harm, balance of harms, and likelihood of success.”

Although the impact of removing the “immediacy” requirement might not be as impactful as the commenter predicts, and despite the different views of the commenters, upon review OHA nevertheless has eliminated the changes we made to the stay petition criteria in § 4.405(b)(4) and § 4.171(a)(1). Specifically, we withdraw the changes that removed the public interest criterion and the requirement that the petitioner’s harm be immediate.

With the reintroduction of “immediate” in the stay criterion for “immediate and irreparable harm,” OHA has made two other conforming changes to § 4.405: (1) We have omitted § 4.405(b)(2), “When to file a petition for stay,” and renumbered the remaining paragraphs accordingly; and (2) In § 4.405(b)(8), we have omitted the sentence that reads, “The Board will deny any petition for a stay that is not filed at the same time the appellant filed its notice of appeal.” We have also clarified in § 4.405(b)(8) that the 45-day time frame for resolving petitions for stay applies only to petitions that are filed at the same time as a notice of appeal.

One commenter objected to the wording of the “balance of harms” criterion in § 4.171(a)(1)(ii) and § 4.405(b)(4)(ii), which references the irreparable harm “to the United States or other parties from a stay being granted.” The commenter questioned who the other parties are: “Sometimes they are known, but most of the time they are not known. Neither BLM nor any Appellant nor any Intervenor should be saddled with such type of

obligation to have to argue for/against some unknown or unstated harm to ‘other parties.’” In both the original text of § 4.21(b)(1)(i)—“relative harm to the parties”—and the text of § 4.171(a)(1)(ii) and § 4.405(b)(4)(ii), “parties” refers to the named parties to an appeal, not to unknown persons or entities. Because the commenter did not otherwise object to the revised wording of this criterion, we will retain the descriptions in § 4.171(a)(1)(ii) and § 4.405(b)(4)(ii) consistent with the IFR. With the changes to the “balance of harms” criterion, the reordering of the criteria, and the addition of a label for each, the stay criteria in § 4.405(b)(4) and § 4.171(a)(1) are substantively the same as those in previous § 4.21(b)(1).

The same commenter urged OHA to make an additional change to § 4.171 and § 4.405 to incorporate a “sliding scale” because the burden on the person seeking a stay to show all stay criteria are met “raises the bar too high to get a stay and is unlawful according to some commentary.” Instead, the commenter asserted that OHA should adopt a “sliding scale” among the irreparable harm, balance of harms, and likelihood of success criteria “to ensure a fair and equitable opportunity to stay (in whole or in part) decisions which commonly have significant, immediate, and irreparable harm to an appellant.” We appreciate the commenter’s suggestion that DCHD and IBLA adopt a “sliding scale” when adjudicating stay petitions, where a stronger likelihood of harm may compensate for uncertainty about the merits of an appeal. OHA considered adopting this practice during development of the final rule and determined that it was beyond the scope of this rulemaking.

Finally, we appreciate the comment we received in response to the request for comments on an alternative procedure for how the IBLA would adjudicate petitions for stay. See 90 FR at 2366. Under this alternative procedure, decisions that are placed into immediate effect pursuant to a statute or regulation would remain in effect pending resolution of the appeal unless both the appellant and bureau or office that issued the decision on appeal filed a joint petition for stay. *Id.* The commenter “is generally supportive of this alternative procedure” but states that an operator or permit holder should be required to concur with the petition for the stay to be implemented. We appreciate the commenter’s views on the alternative procedure we proposed for adjudicating stays, and we will consider this change and others if OHA proposes further revisions to subpart E in a future rulemaking.

N. Burden of Proof and Standard of Review (§ 4.413)

We received one comment addressing § 4.413, which set forth the scope of the IBLA’s review (§ 4.413(a)), the appellant’s burden to show error in the decision on appeal (§ 4.413(b)), and the IBLA’s standard of review (§ 4.413(c)). The commenter expressed concern with § 4.413(b), stating that it is contrary to the APA, 5 U.S.C. 556(d), which provides that the proponent of a rule or order has the burden of proof. The commenter also expressed concern with § 4.413(c), stating that it “elevated” OHA and imposed a new standard of review by conforming to the APA review standards found in 5 U.S.C. 706(2).

We explained in the IFR that the provisions in § 4.413 codified IBLA case law and historical practice to provide clarity and consistency for those bringing and responding to appeals. Section 4.413(b) provided that in appeals before the IBLA, the appellant has the burden to show error in the decision on appeal. The IBLA has imposed this burden on appellants since its creation, and we have long held that the APA’s language specifying that the proponent of a rule or order bears the burden of proof applies only to formal hearings on the record; it does not apply to appeals before the IBLA. See, e.g., *Stone Energy Corp.*, 185 IBLA 342, 351 n.12 (2015) (explaining that section 556(d) of the APA “is only applicable in the case of administrative hearings”); see also *United States Steel Corp. v. Train*, 556 F.2d 822, 834 (7th Cir. 1977) (noting that the applicant for a permit under the Clean Water Act, rather than the agency issuing the permit, is the “proponent” who bears the burden of proof). Nevertheless, to account for any law that imposes a different burden of proof in a specific type of appeal, we have inserted the phrase “Except as otherwise provided by law” at the beginning of § 4.413(b).

In addition, § 4.413(c) reflected the IBLA’s long-standing practice of reviewing decisions under a standard that reflects 5 U.S.C. 706(2) as interpreted by Federal courts. See, e.g., *Larry Marker*, 194 IBLA 283, 290 (2019) (“[T]he Board will uphold [a decision] which has a rational basis that is stated in the decision and supported by facts of record demonstrating that the decision is not arbitrary, capricious, or an abuse of discretion.”); *Desert Sportsman’s Rifle and Pistol Club, Inc.*, 188 IBLA 339, 346 (2016) (“The Board will therefore set aside a BLM decision if we conclude it is arbitrary, capricious, an abuse of discretion, or lacks a

rational basis supported in the record.”); David L. Antley, 178 IBLA 194, 197 (2009) (“BLM’s exercise of its discretionary authority . . . must have a rational basis and be supported by facts of record demonstrating that an action is not arbitrary, capricious, or an abuse of discretion.”). It is unclear what the commenter meant by suggesting either that application of APA standards would be new or somehow inappropriately “elevate” the IBLA.

The comment reflects potential confusion about the differences between adjudicatory hearings under the APA and appellate review. Nevertheless, because the provisions in § 4.413(c) codify long-standing IBLA practice and precedent, they are not necessary additions to these procedural rules. We therefore have eliminated paragraph (c) from the rule.

O. What happens if no timely objection to the preliminary decision is filed? (§ 4.744)

Section 4.744 states: “If no written objection to a preliminary decision is timely filed in accordance with § 4.743(a) the presiding officer will issue a final decision.” The commenter argued that the term “timely filed” could be interpreted differently by different parties. The commenter suggested instead: “If no written objection to a preliminary decision is filed within the 40-day period specified in § 4.743(a) the presiding officer will issue a final decision.” We appreciate the commenter’s suggestion to clarify, and we will consider this change if OHA proposes further revisions to this section. For now, the provision contains an adequate cross-reference for parties appearing in White Earth Reservation Land Settlement Act (WELSA) proceedings.

P. How will the presiding officer decide a petition for reconsideration? (§ 4.763)

Section 4.763 states: “The presiding officer may take any action listed in § 4.732(b) to resolve any issues of fact and will issue an order upon reconsideration resolving the petition.” The commenter noted that the reference to actions in § 4.732(b) might not be immediately clear without consulting that section and suggested instead: “The presiding officer may take any of the actions listed in § 4.732(b) such as requesting additional information or scheduling a hearing to resolve any issues of fact and will issue an order upon reconsideration resolving the petition.” We appreciate the commenter’s suggestion to clarify, and we will consider this change if OHA proposes further revisions to this

section. For now, the provision contains an adequate cross-reference for parties appearing in WELSA proceedings.

Q. How do I request an extension of time? (§ 4.909)

A commenter recommended revising § 4.909, which states, “The IBLA has the discretion to decline any motion for an extension of time,” by adding at the end, “if it finds that the extension is unwarranted or would unduly delay the proceedings.” The commenter stated that, without this addition, “[i]t’s not clear under what circumstances the IBLA might decline a motion.”

We appreciate the commenter’s suggestion to clarify this paragraph, but the proposed addition is too narrow. The IBLA may deny an extension for reasons not encompassed by the commenter’s proposal, such as untimeliness or prejudice to other parties. Rather than try to describe all reasons an extension may be denied, we believe it is preferable to retain this longstanding and noncontroversial provision. The only change OHA made to this paragraph of § 4.909 in the IFR was to replace the word “request” with the word “motion.”

III. Additional Clarifying Changes to the IFR

A. Grazing Procedures (§§ 4.172, 4.174, and 4.175)

Although we did not receive comments suggesting modifications to the grazing procedures at § 4.172 and § 4.175, we are making clarifying changes. For § 4.172, we are adding language to paragraph (b), directing that the BLM shall produce its entire record for the grazing decision within 45 days of receiving the notice of appeal, automatically without further order or request. This addition will provide clarity to parties who anticipate seeking judicial review by notifying those parties that they will obtain a copy of BLM’s underlying record more expeditiously without filing a motion. We are also making a clarifying change to § 4.174(b) and § 4.175(a)(1) to remind parties that they are not required to appeal an ALJ’s stay petition order to the IBLA to exhaust administrative remedies.

B. Correction of Typographical Errors. (§§ 4.403, 4.409)

We correct two typographical errors in the IFR. First, we delete an extra comma in § 4.403(b)(2)(ii). Second, we delete duplicative words at the end of § 4.409(b)(4).

IV. Procedural Requirements

Regulatory Planning and Review (E.O. 12866 and E.O. 13563)

Executive Order (E.O.) 12866 provides that the Office of Information and Regulatory Affairs (OIRA) at the Office of Management and Budget (OMB) will review all significant rules as defined by the E.O. OIRA determined this final rule is not significant as defined by E.O. 12866.

E.O. 13563 reaffirms the principles of E.O. 12866 while calling for improvements in the Nation’s regulatory system to promote predictability, to reduce uncertainty, and to use the best, most innovative, and least burdensome tools for achieving regulatory ends. The E.O. directs agencies to consider regulatory approaches that reduce burdens and maintain flexibility and freedom of choice for the public where these approaches are relevant, feasible, and consistent with regulatory objectives. E.O. 13563 further emphasizes that regulations must be based on the best available science and that the rulemaking process must allow for public participation and an open exchange of ideas.

We have developed this rule in a manner consistent with these requirements.

Regulatory Flexibility Act

The Department of the Interior certifies that this document will not have a significant economic effect on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*). It does not change current funding requirements and will not impose any economic effects on small business, small governmental entities, and small organizations.

Small Business Regulatory Enforcement Fairness Act

The Office of Information and Regulatory Affairs has determined that this rule does not meet the criteria set forth in 5 U.S.C. 804(2), subtitle E of the Small Business Regulatory Enforcement Fairness Act of 1996. It does not add to, change, or diminish any substantive rights of any parties or the public. It provides parties to OHA proceedings the option to file documents electronically, removes outdated information and references, and authorizes the use of OHA Standing Orders as the means of communicating current information on contract information, electronic filing, and other procedural matters. This rule:

(a) Will not have an annual effect on the economy of \$100 million or more.

(b) Will not cause a major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies, or geographic regions.

(c) Will not have significant adverse effects on competition, employment, investment, productivity, innovation, or the ability of the U.S.-based enterprises to compete with foreign-based enterprises.

Unfunded Mandates Reform Act

This rule does not impose an unfunded mandate on State, local, or Tribal governments or the private sector of more than \$100 million per year. The rule does not have a significant or unique effect on State, local, or Tribal governments or the private sector. A statement containing the information required by the Unfunded Mandates Reform Act (2 U.S.C. 1531 *et seq.*) is not required.

Takings (E.O. 12630)

This rule does not affect a taking of private property or otherwise have taking implications under E.O. 12630. Therefore, a takings implication assessment is not required.

Federalism (E.O. 13132)

Under the criteria in section 1 of E.O. 13132, this rule does not have sufficient federalism implications to warrant the preparation of a federalism summary impact statement. A federalism summary impact statement is not required.

Civil Justice Reform (E.O. 12988)

This rule complies with the requirements of E.O. 12988. Specifically, this rule: (a) meets the criteria of section 3(a) requiring that all regulations be reviewed to eliminate errors and ambiguity and be written to minimize litigation; and (b) meets the criteria of section 3(b)(2) requiring that all regulations be written in clear language and contain clear legal standards.

Consultation With Indian Tribes (E.O. 13175)

The Department of the Interior strives to strengthen its government-to-government relationship with Indian Tribes through a commitment to consultation with Indian Tribes and recognition of their right to self-governance and Tribal sovereignty. We evaluated this rule under the Department's consultation policy and under the criteria in E.O. 13175 and held three Tribal consultation sessions with federally recognized Indian Tribes, including with the White Earth Nation.

Paperwork Reduction Act

This final rule contains existing information collections in use without OMB approval. All information collections require approval under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*). We may not conduct, or sponsor, and you are not required to respond to a collection of information unless it displays a currently valid OMB control number.

In accordance with the PRA and its implementing regulations at 5 CFR 1320.8(d)(1), we provide the general public and other Federal agencies with an opportunity to comment on our proposal to seek OMB approval of the information collections described below. This input will help us assess the impact of our information collection requirements and minimize the public's reporting burden. It will also help the public understand our information collection requirements and provide the requested data in the desired format.

We solicited comments in an interim final rule published on January 10, 2025, and no comments were received on the information collection requirements aspects of the rule.

As part of our continuing effort to reduce paperwork and respondent burdens, we invite the public and other Federal agencies to comment on any aspect of this information collection, including:

(1) Whether or not the collection of information is necessary for the proper performance of the functions of the agency, including whether or not the information will have practical utility;

(2) The accuracy of our estimate of the burden for this collection of information, including the validity of the methodology and assumptions used;

(3) Ways to enhance the quality, utility, and clarity of the information to be collected; and

(4) Ways to minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.*, permitting electronic submission of response.

Comments that you submit in response to this final rule are a matter of public record. Before including your address, phone number, email address, or other personal identifying information in your comment, you should be aware that your entire comment—including your personal identifying information—may be made publicly available at any time. While you can ask us in your comment to

withhold your personal identifying information from public review, we cannot guarantee that we will be able to do so.

The existing information collection requirements identified below require approval by OMB:

(1) *Appeals (43 CFR part 4)*—To initiate an appeal, an appellant is required to submit a Notice of Appeal or Request/Petition for Hearing, identifying the bureau or office decision that they are appealing to the relevant OHA unit. There are no specific forms required. In most instances, the basic contact information of the appellant and a statement that they are appealing the relevant bureau or office decision will suffice. However, some regulations will require more specificity such as the rules governing grazing appeals to DCHD (§ 4.170(d)) and the rules governing appeals to the IBLA (§ 4.403(a)). Those rules will require the appellant to provide a copy of the decision being appealed along with a statement of standing and timeliness. For grazing appeals to DCHD, an appellant will also be required to submit a statement that clearly and concisely describes the reasons why the appellant believes the grazing decision is incorrect. The appellant must also serve a copy of the Notice of Appeal on the bureau or office that issued the decision, and in some cases must also serve a copy on a specific office of the DOI Solicitor or Assistant Secretary, if required to do so by the regulations. Filing a Notice of Appeal or Request/Petition for Hearing is voluntary but is required to initiate a hearing or appeal. Once initiated, an OHA unit will open a hearing or appeal case file, and any subsequent filings will be associated with that file. Our burden estimates are broken down between hard-copy and electronic submissions.

(2) *Amendments—Appeals (43 CFR part 4)*—Amendments to appeals are extremely rare. An appellant may amend their appeal to correct a misstatement or to update basic name and contact information, for example.

Title of Collection: Office of Hearings and Appeals Procedural Regulations (43 CFR part 4).

OMB Control Number: 1094—New.

Form Number: None.

Type of Review: Existing collection in use without OMB approval.

Respondents/Affected Public:

Individuals/households, private sector, and State/local/Tribal governments.

Respondent's Obligation: Required to obtain or retain a benefit.

Frequency of Collection: On occasion.

Total Estimated Annual Non-hour Burden Cost: \$584.

Requirement	Annual number of respondents	Number of responses each	Total annual responses	Completion time per response (hours)	Total annual burden hours (rounded)
Appeals 43 CFR part 4 (Hardcopy)					
Individuals—Recordkeeping	47	1	47	.75	59
Individuals—Reporting				.5	
Private Sector—Recordkeeping	2	1	2	.75	3
Private Sector—Reporting				.5	
Government—Recordkeeping	2	1	2	.75	3
Government—Reporting				.5	
Appeals 43 CFR part 4 (Electronic)					
Individuals—Recordkeeping	38	1	38	.5	38
Individuals—Reporting				.5	
Private Sector—Recordkeeping	324	1	324	.5	324
Private Sector—Reporting				.5	
Government—Recordkeeping	24	1	24	.5	24
Government—Reporting				.5	
Amendment—Appeals 43 CFR part 4 (Hardcopy)					
Individuals—Recordkeeping	1	1	1	.5	1
Individuals—Reporting				.5	
Private Sector—Recordkeeping	1	1	1	.5	1
Private Sector—Reporting				.5	
Government—Recordkeeping	1	1	1	.5	1
Government—Reporting				.5	
Amendment—Appeals 43 CFR part 4 (Electronic)					
Individuals—Recordkeeping	1	1	1	.25	1
Individuals—Reporting				.5	
Private Sector—Recordkeeping	1	1	1	.25	1
Private Sector—Reporting				.5	
Government—Recordkeeping	1	1	1	.5	1
Government—Reporting				.5	
Totals	443		443		457

Send your written comments and suggestions on this information collection by June 22, 2026 to the Departmental Information Collection Clearance Officer, U.S. Department of the Interior, Jeffrey Parrillo, 1849 C Street NW, Washington, DC 20240; or by email to DOI-PRA@ios.doi.gov. Please reference: “OMB Control Number 1094-New/RIN 1094-AA57” in the subject line of your comments.

National Environmental Policy Act

This rule meets the criteria set forth at 43 CFR 46.210(i) for a Departmental categorical exclusion because it is an administrative and procedural regulation that does not involve any of the extraordinary circumstances listed in 43 CFR 46.215. Therefore, it is categorically excluded from the requirements to prepare an environmental impact statement or environmental assessment under the National Environmental Policy Act of 1969 (NEPA).

Effects on the Energy Supply (E.O. 13211)

This rule is not a significant energy action under the definition in E.O. 13211. A Statement of Energy Effects is not required.

Clarity of This Regulation (Plain Language)

We are required by Executive Orders 12866 (sec. 1(b)(12)), and 12988 (sec. 3(b)(1)(B)), and 13563 (sec. 1(a)), and by the Presidential Memorandum of June 1, 1998, to write all rules in plain language. This means that each rule we publish must:

- (a) Be logically organized;
- (b) Use the active voice to address readers directly;
- (c) Use clear language rather than jargon;
- (d) Be divided into short sections and sentences; and
- (e) Use lists and tables wherever possible.

List of Subjects in 43 CFR Part 4

Administrative practice and procedure, Claims.

Regulation Promulgation

Accordingly, the interim rule amending 43 CFR part 4, which was published at 90 FR 2332 on January 10, 2025, is adopted as final with the following changes:

PART 4—DEPARTMENT OF THE INTERIOR HEARINGS AND APPEALS PROCEDURES

- 1. The authority citation for part 4 continues to read as follows:

Authority: 5 U.S.C. 301, 503–504; 25 U.S.C. 9, 372–74, 410, 2201 *et seq.*; 43 U.S.C. 1201, 1457; Pub. L. 99–264, 100 Stat. 61, as amended.

§ 4.104 [Amended]

- 2. Amend § 4.104 by removing paragraph (g).

- 3. Revise § 4.121 to read as follows:

§ 4.121 Case Management.

An ALJ is vested with the general authority to regulate the course of the proceedings and the conduct of parties to ensure that cases are resolved fairly,

efficiently, and in compliance with applicable laws and orders.

§ 4.126 [Amended]

■ 4. Amend § 4.126 by removing paragraph (b)(12) and redesignating paragraph (b)(13) as (b)(12).

■ 5. Amend § 4.171 by revising paragraphs (a)(1) and (2) to read as follows:

§ 4.171 Petitions for stay.

(a) * * *

(1) *Stay criteria.* The appellant must demonstrate that issuance of a stay is warranted based on the following four criteria:

(i) *Immediate and irreparable harm.* The likelihood of immediate and irreparable harm if the stay is not granted;

(ii) *Balance of harms.* Whether the harm to the appellant absent a stay exceeds the harm to the United States or other parties from a stay being granted;

(iii) *Likelihood of success.* The likelihood of the appellant's success on the merits; and

(iv) *Public interest.* Whether the public interest favors granting the stay.

(2) *Burden of proof.* The person or entity seeking a stay bears the burden of demonstrating that a stay should be granted, in whole or in part, under all four criteria set forth in paragraph (a)(1) of this section.

* * * * *

■ 6. Amend § 4.172 by revising paragraph (b) introductory text and paragraph (b)(1) to read as follows:

§ 4.172 BLM document filing requirements and initial disclosures.

* * * * *

(b) *BLM initial disclosures.* BLM shall serve a copy of its entire record for the grazing decision on all parties to the proceeding within 45 days of receiving the notice of appeal. Failure of BLM to comply with the substance of and/or time limits set forth in paragraphs (a) and/or (b) of this section shall constitute, if proven by a preponderance of the evidence, good grounds for sanctions under § 4.121. The foregoing shall not deprive any party of the discovery procedures set forth in the general procedural rules for practice before DCHD at §§ 4.112 through 4.119 of this subpart.

(1) BLM's entire record for the grazing decision shall contain a copy of any nonprivileged, discoverable materials that the deciding official considered when taking the action at issue in the proceeding.

* * * * *

■ 7. Amend § 4.174 by revising paragraph (b) to read as follows:

§ 4.174 Effect of decision pending appeal; exhaustion and finality.

* * * * *

(b) *Exhaustion and finality of grazing decision.* To exhaust administrative remedies, a petition for a stay must be filed concurrently with a timely notice of appeal of the BLM grazing decision unless BLM has made the decision immediately effective. The BLM grazing decision will not be considered final and subject to judicial review unless it has been made effective pending a resolution of the appeal in the manner provided by paragraphs (a)(2) or (a)(4) of this section. Exhaustion does not require an appeal of a denial of a petition for a stay.

■ 8. Amend § 4.175 by revising paragraph (a)(1) introductory text to read as follows:

§ 4.175 Appeal and review.

(a) * * *

(1) *Appeal of stay petition order.* Although not required for the exhaustion of administrative remedies, any person or entity adversely affected by the ALJ's order granting or denying a petition for a stay may file an appeal with the IBLA in accordance with § 4.403. Unless the IBLA orders otherwise, an appeal of the stay petition order under this section:

* * * * *

§ 4.403 [Amended]

■ 9. In § 4.403, amend paragraph (c)(2)(ii) by removing the second comma after the word "decision".

■ 10. Revise § 4.405 to read as follows:

§ 4.405 Effect of decision pending appeal; petitions for stay.

(a) *Effect of decision pending appeal.* Except as otherwise provided by law:

(1) A decision will not be effective during the time in which a person or entity adversely affected may file a notice of appeal; however, when the public interest requires or to protect trust resources, the Board may provide that a decision, or any part of a decision, will be effective immediately.

(2) A decision will become effective on the day after the expiration of the time during which a person or entity adversely affected may file a notice of appeal unless a petition for a stay pending appeal is filed at the same time as a timely notice of appeal.

(3) A decision, or that portion of a decision, for which a stay is sought but not granted will become effective immediately after the Board denies or partially denies the petition for a stay or fails to act on the petition within the time specified in paragraph (b)(7) of this section.

(b) *Petitions for Stay*—(1) *Who may file a petition for a stay.* Only an appellant who properly files an appeal may petition to stay the effect of a decision during an appeal.

(2) *Filing and service.* An appellant seeking a stay must file a petition for a stay with the Board and serve the petition on the bureau or office that made the decision being appealed, the proper Office of the Solicitor, and each party named in the decision. Filing and service must be made as specified in § 4.407 of this subpart.

(3) *Stay criteria.* Except as otherwise provided by law, an appellant seeking a stay must demonstrate that issuance of a stay is warranted based upon the following criteria:

(i) *Immediate and irreparable harm.* The likelihood of immediate and irreparable harm if the stay is not granted;

(ii) *Balance of harms.* Whether the harm to the appellant absent a stay exceeds the harm to the United States or other parties from a stay being granted;

(iii) *Likelihood of success.* The likelihood of the appellant's success on the merits; and

(iv) *Public interest.* Whether the public interest favors granting the stay.

(4) *Burden of proof.* An appellant seeking a stay has the burden to demonstrate that a stay should be granted in whole or in part, under all four criteria set forth at paragraph (b)(3) of this section.

(5) *Responses to a petition for a stay.* Any party may file a response to a petition for a stay within 14 days after service; failure to file a response will not be construed as an admission that the Board should grant the petition.

(6) *Replies.* No replies to a response will be accepted.

(7) *Ruling on a petition for stay.* The Board will grant or deny a petition for a stay that is filed at the same time as a notice of appeal, in whole or in part, within 45 days of the expiration of the time for filing a notice of appeal. If the Board fails to act on a petition for a stay within 45 days of the expiration of the time for filing a notice of appeal, the petition will be deemed denied.

(8) *Effect of consent or lack of opposition.* The Board may summarily grant a petition for a stay, in whole or in part, without considering the criteria listed in paragraph (b)(3) of this section if all parties to the appeal consent to the stay or file responses to the petition affirmatively stating no opposition to the petition.

§ 4.409 [Amended]

■ 11. In § 4.409, amend paragraph (b)(4) by removing the words “to file a response”.

■ 12. Revise § 4.411 to read as follows:

§ 4.411 Management of appeals.

The Board is vested with the general authority to regulate the course of appeals and the conduct of parties to ensure that appeals are resolved fairly, efficiently, and in compliance with applicable laws and orders.

■ 13. Revise § 4.413 to read as follows:

§ 4.413 Scope of review and burden to show error.

(a) *Scope of review.* The Board has authority to review decisions on appeal as fully and finally as might the Secretary, subject to any limitations on its authority imposed by the Secretary. The Board may at any time before issuance of its decision raise or consider any matter that it deems material, whether or not raised by the parties. The Board may affirm, modify, vacate, set aside, or reverse any decision properly brought before it for review, and may remand the matter as may be just under the circumstances.

(b) *Burden to show error.* Except as otherwise provided by law, the party appealing a decision of a bureau, office, or ALJ has the burden to show that an error was made.

Troy W. Finnegan,

Deputy Assistant Secretary, Exercising the Delegated Authority of the Assistant Secretary—Policy, Management and Budget.

[FR Doc. 2026–10160 Filed 5–20–26; 8:45 am]

BILLING CODE 4334–63–P

DEPARTMENT OF THE INTERIOR**Bureau of Land Management****43 CFR Part 3100**

[Docket No. BLM–2025–0138; A2407–014–004–065516, #O2509–014–004–125222]

RIN 1004–AF41

Revisions to Regulations Regarding Oil and Gas Leasing; Fees, Rentals, and Royalties; Correction

AGENCY: Bureau of Land Management, Interior.

ACTION: Direct final rule; request for comments; correction.

SUMMARY: The Bureau of Land Management is correcting a direct final rule that appeared in the **Federal Register** on April 29, 2026. The document revises existing regulations pertaining to royalty on production to

effectuate changes required by the One Big Beautiful Bill Act enacted on July 4, 2025.

DATES: This correction is effective on June 29, 2026, unless significant adverse comments are received on the direct final rule (91 FR 23017, April 29, 2026) by May 29, 2026. If significant adverse comments are received, notice will be published in the **Federal Register** before the effective date either withdrawing the rule and this correction or issuing a new final rule that responds to any significant adverse comments and withdraws this correction.

FOR FURTHER INFORMATION CONTACT:

Peter Cowan, Senior Minerals Leasing Specialist, email: picowan@blm.gov; telephone: 720–838–1641. Individuals in the United States who are deaf, deafblind, hard of hearing, or have a speech disability may dial 711 (TTY, TDD, or TeleBraille) to access telecommunications relay services. Individuals outside the United States should use the relay services offered within their country to make international calls to the point-of-contact in the United States.

For a summary of the final rule, please see the abstract description of the document in Docket Number BLM–2025–0138 on www.regulations.gov.

SUPPLEMENTARY INFORMATION: In FR Doc. 2026–08280 appearing on page 23017 in the **Federal Register** of Wednesday, April 29, 2026, the following corrections are made:

§ 3103.31 [Corrected]

■ 1. On page 23020, in the first column, in amendment 2, the section heading is corrected to read “§ 3103.31 Royalty on production.”

Lanny E. Erdos,

Director, Office of Surface Mining, Reclamation, and Enforcement, Exercising Authority of the Assistant Secretary, Land and Minerals Management.

[FR Doc. 2026–10164 Filed 5–20–26; 8:45 am]

BILLING CODE 4331–29–P

DEPARTMENT OF COMMERCE**National Oceanic and Atmospheric Administration****50 CFR Part 622**

[Docket No. 240506–0129; RTID 0648–XF790]

Fisheries of the Caribbean, Gulf of America, and South Atlantic; Reef Fish Fishery of the Gulf of America; 2026 Recreational Season Announcement and Harvest Closure for Gag

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Temporary rule; closure.

SUMMARY: NMFS implements an accountability measure (AM) for the recreational harvest of gag in the exclusive economic zone (EEZ) of the Gulf of America (Gulf) for the 2026 fishing year. The recreational fishing season for Gulf gag opens on September 1, and NMFS has projected that recreational landings of gag will reach the annual catch target (ACT) by October 1. Therefore, recreational fishing for gag in the Gulf EEZ will be open from September 1 through September 30 and will close on October 1, 2026. The recreational harvest of Gulf gag will remain closed through the end of the fishing year on December 31, 2026. NMFS implements this recreational AM to protect the gag resource.

DATES: This temporary rule is effective from October 1 through December 31, 2026.

FOR FURTHER INFORMATION CONTACT: Dan Luers, NMFS Southeast Regional Office, telephone: 727–824–5305, email: daniel.luers@noaa.gov.

SUPPLEMENTARY INFORMATION: NMFS manages the Gulf reef fish fishery that includes gag under the Fishery Management Plan for the Reef Fish Resources of the Gulf (FMP). The Gulf Council (Council) prepared the FMP, and NMFS implements the FMP under the authority of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act) through regulations at 50 CFR part 622.

All weights described in this temporary rule are in gutted weight. The metric conversion for the imperial measurement used in this document is 1 pound (lb) equals approximately 0.45 kilograms.

On June 1, 2024, NMFS implemented the final rule for Amendment 56 to the FMP that modified management of gag

in the Gulf EEZ (89 FR 40419, May 10, 2024). The final rule revised the commercial and recreational catch levels, recreational AMs, and recreational fishing season. For the recreational sector in 2026, the annual catch limit (ACL) is 499,000 lb, and the ACT is 399,000 lb (table 2 in 50 CFR 622.41(d)(2)(i)). The recreational AM for gag states that if NMFS projects that recreational landings will reach the applicable recreational ACT during a fishing year, then NMFS will close the recreational sector for the remainder of the fishing year (50 CFR

622.41(d)(2)(ii)). Recreational harvest of gag is prohibited each year from January 1 through August 31 (50 CFR 622.34(e)).

The recreational fishing season for gag opens each year on September 1. Based on a review of recreational landings data from 2023 through 2025, NMFS projects that recreational landings will reach the recreational ACT for gag on October 1, 2026. Thus, in accordance with 50 CFR 622.41(d)(2)(ii), the recreational fishing season for gag will close on October 1, 2026. NMFS implements this AM to

reduce the chance of exceeding the recreational ACL and ACT, while allowing recreational fishermen the opportunity to harvest the gag ACT. During the closure from October 1 through December 31, 2026, the recreational bag and possession limits for gag harvested in or from the Gulf EEZ are zero. The possession of gag is also prohibited in state waters of the Gulf for any vessel issued a valid Federal charter vessel/headboat permit for Gulf reef fish.

Classification

NMFS issues this action pursuant to section 305(d) of the Magnuson-Stevens Act. This action is required by 50 CFR 622.41(d)(2)(ii), which was issued pursuant to section 304(b) of the Magnuson-Stevens Act, and is exempt from review under Executive Order 12866.

Pursuant to 5 U.S.C. 553(b)(B), there is good cause to waive prior notice and an opportunity for public comment on this action, as notice and comment are unnecessary and contrary to the public

interest. Such procedures are unnecessary because the regulation associated with the closure of recreational harvest of gag at 50 CFR 622.41(d)(2)(ii) has already been subject to notice and public comment, and all that remains is to notify the public of the closure. Prior notice and opportunity for public comment are contrary to the public interest because such procedures would require time and those affected by the length of the recreational fishing seasons, particularly for-hire operations that reserve trips for clients in advance, need as much notice as NMFS is able to provide to adjust their business plans to account for changes to the recreational fishing season.

Authority: 16 U.S.C. 1801 *et seq.*

Dated: May 19, 2026.

David R. Blankinship,

Acting Director, Office of Sustainable Fisheries, National Marine Fisheries Service.

[FR Doc. 2026–10200 Filed 5–20–26; 8:45 am]

BILLING CODE 3510–22–P

Proposed Rules

Federal Register

Vol. 91, No. 98

Thursday, May 21, 2026

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

NUCLEAR REGULATORY COMMISSION

10 CFR Parts 30, 31, 32, 34, 39, 40, 70 and 150

[NRC-2025-1205]

RIN 3150-AL49

Modernizing NRC Regulations for Byproduct Material Use

AGENCY: Nuclear Regulatory Commission.

ACTION: Proposed rule; correction.

SUMMARY: The U.S. Nuclear Regulatory Commission (NRC) is correcting a document that was published in the **Federal Register** on May 18, 2026, regarding the proposed amendment to

its regulations for the licensing of byproduct material, some source material, and some special nuclear material. This action is necessary to include the Accession Number to Form 1003 in the Availability of Documents section of the proposed rule.

DATES: The correction takes effect on May 21, 2026.

ADDRESSES: Submit your comments, identified by Docket ID NRC-2025-1205, at <https://www.regulations.gov>. If your material cannot be submitted using <https://www.regulations.gov>, call or email the individuals listed in the **FOR FURTHER INFORMATION CONTACT** section of this document for alternate instructions. Do not include any personally identifiable information (such as name, address, or other contact information) or confidential business information that you do not want publicly disclosed. All comments are public records; they are publicly displayed exactly as received, and will not be deleted, modified, or redacted. Comments may be submitted anonymously.

Follow the search instructions on <https://www.regulations.gov> to view public comments.

You can read a plain language description of this proposed rule at <https://www.regulations.gov/docket/NRC-2025-1205>. For additional direction on obtaining information and submitting comments, see “Obtaining Information and Submitting Comments” in the **SUPPLEMENTARY INFORMATION** section of this document.

FOR FURTHER INFORMATION CONTACT: Amy McKenna, U.S. Nuclear Regulatory Commission, Washington DC 20555-0001, Office of Nuclear Material Safety and Safeguards email: amy.mckenna@nrc.gov.

SUPPLEMENTARY INFORMATION: In the **Federal Register** (FR) on May 18, 2026, in FR Doc. 2026-09877, on page 28937, in the Availability of Documents section, correct the table to include Document “NRC Form 1003, Registration Certificate—Use of Byproduct Material Under Standard General License.” Insert the following table below:

Document	ADAMS accession No./Web link/ Federal Register citation
Interim Staff Guidance Reciprocity	ML25316A025.
Office Of Nuclear Material Safety and Safeguards Interim Staff Guidance NMSS-ISG-04 Guidance for the Implementation of 10CFRPart31 Subpart C Standard General Licenses.	ML25316A026.
Final rule, “Requirements for Expanded Definition of Byproduct Material,” dated October 1, 2007	72 FR 55864.
Final rule, “Exemptions From Licensing, General Licenses, and Distribution of Byproduct Material: Licensing and Reporting Requirements,” dated October 16, 2007.	72 FR 58473.
Final rule, “Standards for Protection Against Radiation; Removal of Expired Material,” dated December 22, 1993.	58 FR 67657.
Decommissioning Financial Assurance Requirements for Sealed and Unsealed Radioactive Materials—Regulatory Basis.	ML21235A480.
PRM-30-66 Petition for Rulemaking, Revision of 10 CFR 30 Appendix B, April 14, 2017	ML17173A063.
SECY-23-0062, Enclosure 1—Proposed Rule Federal Register Notice for Decommissioning Financial Assurance for Sealed and Unsealed Radioactive Materials, July 24, 2023.	ML23010A171.
Final rule, “Distribution of Source Material to Exempt Persons and to General Licensees and Revision of General License Exemptions,” dated May 29, 2013.	78 FR 32310.
Final rule, “Safety Requirements for Industrial Radiographic Equipment,” dated January 10, 1990	55 FR 843.
Final rule, “Licenses for Industrial Radiography and Radiation Safety Requirements for Industrial Radiographic Operations,” dated May 28, 1997.	62 FR 28948.
Notification of interpretation, “Industrial Radiographic Operations and Training,” dated June 1, 2021.	86 FR 29173.
Final rule, “Licenses and Radiation Safety Requirements for Well Logging,” dated April 17, 2000	65 FR 20345.
Final rule, “Consumer Products Containing Small Quantities of Radioactive Material; Modified Reporting and Recordkeeping Requirements,” dated March 24, 1983..	48 FR 12331.
PRM-30-66, “Request of the Organization of Agreement States for the NRC to Amend Appendix B, ‘Quantities of Licensed Material Requiring Labeling,’” dated April 14, 2017.	ML17173A063.
PRM-34-6, “Petition for Rulemaking on behalf of the Organization of Agreement States (AOS), Barbara Hamrick to amend 10 CFR part 34,” dated November 3, 2005.	ML053190112.
NUREG-1556, “Consolidated Guidance About Materials Licenses”	https://www.nrc.gov/reading-rm/doc-collections/nuregs/staff/sr1556/index .
NUREG-1717, “Systematic Radiological Assessment of Exemptions for Source and Byproduct Materials,” June 2001.	ML011980433 (Package).
NUREG-1757, “Consolidated Decommissioning Guidance,” Volume 1, Revision 2, September 2006.	ML063000243.

Document	ADAMS accession No./Web link/ Federal Register citation
Regulatory Analysis for the Proposed Rule—Modernizing NRC Regulations for Byproduct Material Use.	ML26125A393.
Redline Strikeout Document—Proposed Rule—Modernizing NRC Regulations for Byproduct Material Use.	ML25323A157 (Package).
Revision to policy statement, “Agreement State Program Policy Statement; Correction,” dated October 18, 2017.	82 FR 48535.
Regulatory basis; request for comment, “Decommissioning Financial Assurance for Sealed and Unsealed Radioactive Materials,” dated April 28, 2022.	87 FR 25157.
Executive Order 12866, “Regulatory Planning and Review,” October 4, 1993	58 FR 51735.
Executive Order 14154, “Unleashing American Energy,” January 29, 2025	90 FR 8353.
Executive Order 14192, “Unleashing Prosperity Through Deregulation,” February 6, 2025	90 FR 9065.
Executive Order 14270, “Zero-Based Regulatory Budgeting To Unleash American Energy,” April 15, 2025.	90 FR 15643.
Burden Tables Modernizing Regulations for Byproduct Material use	ML25323A164.
Supporting Statement Modernizing Regulations for Byproduct Material Use	ML25322A158.
NRC Form 1003, Registration Certificate—Use of Byproduct Material Under Standard General License.	ML26022A316.
Presidential Memorandum, “Plain Language in Government Writing,” dated June 10, 1998	63 FR 31885.

The NRC may post materials related to this document, including public comments, on the Federal rulemaking website at <https://www.regulations.gov> under Docket ID NRC–2025–1205. In addition, the Federal rulemaking website allows members of the public to receive alerts when changes or additions occur in a docket folder. To subscribe: (1) navigate to the docket folder (NRC–2025–1205); (2) click the “Subscribe” button; and (3) enter an email address and click on the “Subscribe” button.

Dated: May 19, 2026.

For the Nuclear Regulatory Commission.

Araceli Billoch Colon,

Chief, Regulatory Analysis and Rulemaking Support Branch, Division of Rulemaking, Environmental, and Financial Support, Office of Nuclear Material Safety and Safeguards.

[FR Doc. 2026–10224 Filed 5–20–26; 8:45 am]

BILLING CODE 7590–01–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 71

[Docket No. FAA–2026–3895; Airspace Docket No. 26–AGL–6]

RIN 2120–AA66

Establishment of Class E Airspace; Conneaut, OH

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: This action proposes to establish Class E airspace at University Hospitals Conneaut Medical Center Heliport, Conneaut, OH. The FAA is proposing this action to support new

instrument procedures and instrument flight rule (IFR) operations.

DATES: Comments must be received on or before July 6, 2026.

ADDRESSES: Send comments identified by FAA Docket No. FAA–2026–3895 and Airspace Docket No. 26–AGL–6 using any of the following methods:

* *Federal eRulemaking Portal:* Go to www.regulations.gov and follow the online instructions for sending your comments electronically.

* *Mail:* Send comments to Docket Operations, M–30; U.S. Department of Transportation, 1200 New Jersey Avenue SE, Room W12–140, West Building Ground Floor, Washington, DC 20590–0001.

* *Hand Delivery or Courier:* Take comments to Docket Operations in Room W12–140 of the West Building Ground Floor at 1200 New Jersey Avenue SE, Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

* *Fax:* Fax comments to Docket Operations at (202) 493–2251.

Docket: Background documents or comments received may be read at www.regulations.gov at any time. Follow the online instructions for accessing the docket or go to Docket Operations in Room W12–140 of the West Building Ground Floor at 1200 New Jersey Avenue SE, Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

FAA Order JO 7400.11K, Airspace Designations and Reporting Points, and subsequent amendments can be viewed online at www.faa.gov/air_traffic/publications/. You may also contact the Rules and Regulations Group, Office of Policy, Federal Aviation Administration, 600 Independence Avenue SW, Washington, DC 20597; telephone: (202) 267–8783.

FOR FURTHER INFORMATION CONTACT: Raul Garza Jr. Federal Aviation Administration, Operations Support Group, Central Service Center, 10101 Hillwood Parkway, Fort Worth, OH 76177; telephone (817) 222–5874.

SUPPLEMENTARY INFORMATION:

Authority for This Rulemaking

The FAA’s authority to issue rules regarding aviation safety is found in Title 49 of the United States Code. Subtitle I, Section 106 describes the authority of the FAA Administrator. Subtitle VII, Aviation Programs, describes in more detail the scope of the agency’s authority. This rulemaking is promulgated under the authority described in Subtitle VII, Part A, Subpart I, Section 40103. Under that section, the FAA is charged with prescribing regulations to assign the use of airspace necessary to ensure the safety of aircraft and the efficient use of airspace. This regulation is within the scope of that authority as it would establish Class E airspace extending upward from 700 feet above the surface at University Hospitals Conneaut Medical Center Heliport, Conneaut, OH, to support IFR operations at this airport.

Comments Invited

The FAA invites interested persons to participate in this rulemaking by submitting written comments, data, or views. Comments are specifically invited on the overall regulatory, aeronautical, economic, environmental, and energy-related aspects of the proposal. The most helpful comments reference a specific portion of the proposal, explain the reason for any recommended change, and include supporting data. To ensure the docket does not contain duplicate comments, commenters should submit only one

time if comments are filed electronically, or commenters should send only one copy of written comments if comments are filed in writing.

The FAA will file in the docket all comments it receives, as well as a report summarizing each substantive public contact with FAA personnel concerning this proposed rulemaking. Before acting on this proposal, the FAA will consider all comments it received on or before the closing date for comments. The FAA will consider comments filed after the comment period has closed if it is possible to do so without incurring expense or delay. The FAA may change this proposal in light of the comments it receives.

Privacy: In accordance with 5 U.S.C. 553(c), DOT solicits comments from the public to better inform its rulemaking process. DOT posts these comments, without edit, including any personal information the commenter provides, to www.regulations.gov as described in the system of records notice (DOT/ALL-14FDMS), which can be reviewed at www.dot.gov/privacy.

Availability of Rulemaking Documents

An electronic copy of this document may be downloaded through the internet at www.regulations.gov. Recently published rulemaking documents can also be accessed through the FAA's web page at www.faa.gov/air-traffic/publications/airspace_amendments/.

You may review the public docket containing the proposal, any comments received, and any final disposition in person in the Dockets Office (see the **ADDRESSES** section for the address, phone number, and hours of operation). An informal docket may also be examined during normal business hours at the Federal Aviation Administration, Air Traffic Organization, Central Service Center, Operations Support Group, 10101 Hillwood Parkway, Fort Worth, OH 76177.

Incorporation by Reference

Class E airspace is published in paragraph 6005 of FAA Order JO 7400.11, Airspace Designations and Reporting Points, which is incorporated by reference in 14 CFR 71.1 on an annual basis. This document proposes to amend the current version of that order, FAA Order JO 7400.11K, dated August 4, 2025, and effective September 15, 2025. These updates would be published subsequently in the next update to FAA Order JO 7400.11. FAA Order JO 7400.11K, which lists Class A, B, C, D, and E airspace areas, air traffic service routes, and reporting points, is

publicly available as listed in the **ADDRESSES** section of this document.

The Proposal

The FAA is proposing an amendment to 14 CFR part 71 that would establish Class E airspace extending upward from 700 feet above the surface to within a 7-mile radius of University Hospitals Conneaut Medical Center Heliport, Conneaut, OH.

This action is the result of instrument procedures being developed for this airport to support IFR operations.

Regulatory Notices and Analyses

The FAA has determined that this proposed regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. It, therefore: (1) is not a "significant regulatory action" under Executive Order 12866; (2) is not a "significant rule" under DOT Order 2100.6B, "Policies and Procedures for Rulemakings" (March 10, 2025); and (3) does not warrant preparation of a regulatory evaluation as the anticipated impact is so minimal. Since this is a routine matter that will only affect air traffic procedures and air navigation, it is certified that this proposed rule, when promulgated, will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

Environmental Review

This proposal will be subject to an environmental analysis in accordance with FAA Order 1050.1G, "FAA National Environmental Policy Act Implementing Procedures" prior to any FAA final regulatory action.

List of Subjects in 14 CFR Part 71

Airspace, Incorporation by reference, Navigation (air).

The Proposed Amendment

In consideration of the foregoing, the Federal Aviation Administration proposes to amend 14 CFR part 71 as follows:

PART 71—DESIGNATION OF CLASS A, B, C, D, AND E AIRSPACE AREAS; AIR TRAFFIC SERVICE ROUTES; AND REPORTING POINTS

■ 1. The authority citation for 14 CFR part 71 continues to read as follows:

Authority: 49 U.S.C. 106(f), 106(g), 40103, 40113, 40120; E.O. 10854, 24 FR 9565, 3 CFR, 1959–1963 Comp., p. 389.

§ 71.1 [Amended]

■ 2. The incorporation by reference in 14 CFR 71.1 of FAA Order JO 7400.11K, Airspace Designations and Reporting Points, dated August 4, 2025, and effective September 15, 2025, is amended as follows:

Paragraph 6005 Class E Airspace Areas
Extending Upward From 700 Feet or
More Above the Surface of the Earth.

* * * * *

AGL OH E5 Conneaut, OH [Establish]

University Hospitals Conneaut Medical
Center Heliport, OH

(Lat. 41°56'19" N, long. 80°35'11" W)

That airspace extending upward from 700 feet above the surface within a 7-mile radius of University Hospitals Conneaut Medical Center Heliport.

* * * * *

Issued in Fort Worth, Texas, on May 19, 2026.

Jerry J. Creecy,

*Acting Manager, Operations Support Group,
ATO Central Service Center.*

[FR Doc. 2026–10235 Filed 5–20–26; 8:45 am]

BILLING CODE 4910–13–P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[EPA–R04–OAR–2024–0484; FRL–13036–01–R4]

Air Plan Approval; FL; Emissions Reporting Requirements and Permitting Forms

AGENCY: Environmental Protection
Agency (EPA).

ACTION: Proposed rule.

SUMMARY: The Environmental Protection Agency (EPA) is proposing to approve a State Implementation Plan (SIP) revision submitted by the Florida Department of Environmental Protection (FDEP) on August 15, 2023. The proposed revision makes minor updates to reporting requirements; adds, updates, and renames forms for several permit applications; renumbers and updates the effective dates of various forms to align with programmatic changes; and improves the process for submitting forms across several rules within the Florida SIP. Additionally, the revision removes a rule concerning administrative permit corrections from the SIP. EPA is proposing to approve these changes pursuant to the Clean Air Act (CAA or Act).

DATES: Comments must be received on or before June 22, 2026.

ADDRESSES: Submit your comments, identified by Docket ID No. EPA–R04–OAR–2024–0484 at www.regulations.gov. Follow the online instructions for submitting comments. Once submitted, comments cannot be edited or removed from *Regulations.gov*. EPA may publish any comment received to its public docket. Do not submit electronically any information you consider to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute. Multimedia submissions (audio, video, etc.) must be accompanied by a written comment. The written comment is considered the official comment and should include discussion of all points you wish to make. EPA will generally not consider comments or comment contents located outside of the primary submission (*i.e.*, on the web, cloud, or other file sharing system). For additional submission methods, the full EPA public comment policy, information about CBI or multimedia submissions, and general guidance on making effective comments, please visit <https://www.epa.gov/dockets/commenting-epa-dockets>.

FOR FURTHER INFORMATION CONTACT: Jeannie Williamson, Supervisor, Air Regulatory Management Section, Air Planning and Implementation Branch, Air and Radiation Division, U.S. Environmental Protection Agency, Region 4, 61 Forsyth Street SW, Atlanta, Georgia 30303–8960. The telephone number is (404) 562–9402. Ms. Williamson can also be reached via electronic mail at williamson.jeannie@epa.gov.

SUPPLEMENTARY INFORMATION:

I. Background

On August 15, 2023, FDEP submitted a SIP revision to EPA regarding Chapter 62–210 Florida Administrative Code (F.A.C.), *Stationary Sources—General Requirements*. In Florida’s August 15, 2023, submission, the State is requesting that EPA approve the removal of Rule 62–210.360, *Administrative Permit Corrections*, in its entirety and approve changes to Rule 62–210.370, *Emissions Computation and Reporting*, and Rule 62–210.900, *Forms and Instructions*.¹ The August 15, 2023, SIP revision intends to streamline the SIP by removing procedures for facility owners or operators to request minor administrative corrections to existing permits. Additionally, the SIP revision seeks to update reporting requirements,

revise and streamline FDEP forms for various permit applications, renumber and update the effective dates of forms to align with programmatic changes, and enhance the process for submitting forms across several rules in the Florida SIP. Further discussion of what the State submitted and why EPA is proposing to approve these changes to the Florida SIP is provided in the following section.

II. EPA’s Analysis of Florida’s August 15, 2023, SIP Revision

A. Rule 62–210.360, *Administrative Permit Corrections*

The State requests that EPA remove Rule 62–210.360, *Administrative Permit Corrections*, in its entirety from the Florida SIP. Rule 62–210.360 outlines the process for facility owners to request minor administrative corrections to existing air permits and to incorporate requirements resulting from new or revised construction permits into their operating permits. In addition to currently being approved into Florida’s SIP, this regulation is also part of Florida’s federally approved major stationary source operating permit program, required by title V of the CAA. See 60 FR 32292 (June 21, 1995); 60 FR 49343 (September 25, 1995); 66 FR 49837 (October 1, 2001). While FDEP requests the removal of this rule from the SIP, it would remain part of the title V program. Consequently, administrative permit amendments will continue to be available for modifications to title V permits in Florida.

The New Source Review (NSR) regulations at 40 CFR part 51.160–166 do not require administrative permit corrections procedures such as those in Rule 62–210.360 to be included in SIPs. Florida concludes that removing this rule from the SIP will not impact ambient air quality or the State’s ability to permit and regulate major and minor stationary sources, nor will it affect Florida’s ability to attain and maintain the NAAQS because the rule does not authorize the construction or modification of any regulated emissions unit or facility and the administrative permit corrections under Rule 62–210.360 cannot substantively change a permit to alter conditions affecting stationary sources’ potential to emit, applicable emission limits, performance standards, or monitoring, recordkeeping, or reporting requirements. EPA agrees that this rule is not required for SIP purposes and is therefore proposing to approve the removal of Rule 62–210.360 from Florida’s SIP, as the removal of this rule

will not interfere with any applicable requirement concerning attainment and reasonable further progress, or any other applicable requirement of the CAA. See CAA section 110(l).

B. Rule 62–210.370, *Emissions Computation and Reporting*

The State requests that EPA approve into the SIP a revised version of Rule 62–210.370, *Emissions Computation and Reporting*. EPA most recently approved a modification to this rule on June 27, 2008. See 73 FR 36435. Rule 62–210.370 ensures that facilities in the State accurately determine and report their air pollution emissions, and these general procedures are also used for determining actual emissions, baseline actual emissions, and net emissions increases for NSR permitting purposes. This rule also satisfied the State’s emissions statement requirements pursuant to CAA section 182(a)(3)(B) for areas which were designated as nonattainment for the 1-hour ozone NAAQS.² This rule generally facilitates how Florida manages air quality planning by providing a mechanism through which to collect and understand stationary source emissions information.

The requested changes update the deadline to submit annual operating reports from March 1 of each year to April 1 of each year, add a cross-reference to Rule 62–213.205 within subsection 62–210.370(1), and include other minor wording changes. EPA is proposing to approve these revisions to Rule 62–210.370 since they are administrative in nature and will not interfere with any applicable requirement concerning attainment and reasonable further progress, or any other applicable requirement of the CAA. See CAA section 110(l).

C. Rule 62–210.900, *Forms and Instructions*

Florida has revised Rule 62–210.900, *Forms and Instructions*, several times since the rule was last modified in the SIP. In general, this rule adopts and incorporates the referenced forms (as of the effective date) used by FDEP in its stationary source control program into the SIP. Under Florida’s proposed SIP revision, forms included within subsections 62–210.900((1) through (4) and (7)) would not be included in the

² All of Florida’s ozone nonattainment areas were redesignated to unclassifiable/attainment for the 1979 1-hour ozone NAAQS in 1995. See 60 FR 41 (January 3, 1995); 60 FR 10325 (February 24, 1995); and 60 FR 62748 (December 7, 1995). On June 15, 2005, the 1-Hour Ozone NAAQS was revoked for all areas except the 8-Hour Ozone nonattainment Early Action Compact areas (70 FR 44470).

¹ The August 15, 2023, submittal contains revisions to other Florida SIP-approved rules that are not addressed in this document. EPA will act on those rule changes in separate rulemakings.

SIP. Forms included within subsections 62–210.900(5) and (6) would be included in the SIP. The form adopted by reference within 62–210.900(5) is entitled *Annual Operating Report for Air Pollutant Emitting Facility [Including Title V Source Emission Fee Calculation], Form and Instructions* (DEP Form No. 62–210.900(5), Effective 6–22–17. The form adopted by reference within 62–210.900(6) is entitled *Facility Relocation Notification Form* (DEP Form No. 62–210.900(6), Effective 7–3–18. Florida has also added web addresses within Rule 62.210.900 for these forms.

Under Florida's proposal, existing forms currently adopted into the SIP at subparagraphs 1, 2, 3, and 4 of Rule 62–210.900 would be removed, including air permit application forms. The State explains that these forms are not necessary for SIP purposes because they do not relate directly to emission limits, emission control standards, or substantive requirements relating to air emissions or the potential to emit air emissions.

For the reasons discussed above, these proposed changes to the SIP would not interfere with any applicable requirement concerning attainment and reasonable further progress, or any other applicable requirement of the CAA. See CAA section 110(l). Therefore, EPA is proposing to approve the aforementioned changes to Rule 62–210.900 into the Florida SIP.

III. Incorporation by Reference

In this document, EPA is proposing to include in a final EPA rule regulatory text that includes incorporation by reference. In accordance with requirements of 1 CFR 51.5, and as discussed in Sections I and II of this preamble, EPA is proposing to incorporate by reference Florida Rule 62–210.370, *Emissions Computation and Reporting*, state effective August 25, 2014, and Rule 62–210.900, *Forms and Instructions*, with the exception of numbered paragraphs 1 through 4 and 7, state effective July 3, 2018; which add, update, and rename forms; renumber and update the effective dates of various forms to reflect programmatic changes; update the process for submitting forms in several of Florida's rules; and make other minor revisions.³ Also in this document, EPA is proposing to remove Florida Rule 62–210.360, *Administrative Permit Corrections*, state effective November 23, 1994, from the Florida SIP, which is incorporated by

reference in accordance with the requirements of 1 CFR part 51. EPA has made and will continue to make the State Implementation Plan generally available at the EPA Region 4 Office (please contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section of this preamble for more information).

IV. Proposed Action

For the reasons discussed above, EPA is proposing to approve the August 15, 2023, SIP revision submitted by Florida consisting of changes to Rule 62–210.370, *Emissions Computation and Reporting*, state effective August 25, 2014, and Rule 62–210.900, *Forms and Instructions*, state effective July 3, 2018. EPA is also proposing to remove Rule 62–210.360, *Administrative Permit Corrections*, state effective November 23, 1994, from the Florida SIP. EPA is proposing to approve these changes pursuant to the CAA.

V. Statutory and Executive Order Reviews

Under the CAA, the Administrator is required to approve a SIP submission that complies with the provisions of the CAA and applicable Federal regulations. See 42 U.S.C. 7410(k); 40 CFR 52.02(a). Thus, in reviewing SIP submissions, EPA's role is to approve state choices, provided that they meet the criteria of the CAA. Accordingly, this proposed action merely proposes to approve state law as meeting Federal requirements and does not impose additional requirements beyond those imposed by state law. For that reason, this proposed action:

- Is not a significant regulatory action subject to review by the Office of Management and Budget under Executive Order 12866 (58 FR 51735, October 4, 1993);
- Is not an Executive Order 14192 (90 FR 9065, February 6, 2025) regulatory action because this action is not significant under Executive Order 12866;
- Does not impose an information collection burden under the provisions of the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*);
- Is certified as not having a significant economic impact on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*);
- Does not contain any unfunded mandate or significantly or uniquely affect small governments, as described in the Unfunded Mandates Reform Act of 1995 (Pub. L. 104–4);
- Does not have federalism implications as specified in Executive

Order 13132 (64 FR 43255, August 10, 1999);

- Is not subject to Executive Order 13045 (62 FR 19885, April 23, 1997) because it approves a state program;
 - Is not a significant regulatory action subject to Executive Order 13211 (66 FR 28355, May 22, 2001); and
 - Is not subject to requirements of section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) because application of those requirements would be inconsistent with the CAA.
- In addition, the SIP is not approved to apply on any Indian reservation land or in any other area where EPA or an Indian Tribe has demonstrated that a Tribe has jurisdiction. In those areas of Indian country, the rule does not have Tribal implications and will not impose substantial direct costs on Tribal governments or preempt Tribal law as specified by Executive Order 13175 (65 FR 67249, November 9, 2000).

List of Subjects in 40 CFR Part 52

Environmental protection, Air pollution control, Incorporation by reference, Intergovernmental relations, Nitrogen dioxide, Ozone, Particulate matter, Reporting and recordkeeping requirements, Sulfur oxides.

Authority: 42 U.S.C. 7401 *et seq.*

Dated: May 14, 2026.

Kevin McOmber,

Regional Administrator, Region 4.

[FR Doc. 2026–10207 Filed 5–20–26; 8:45 am]

BILLING CODE 6560–50–P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 721

[EPA–HQ–OPPT–2025–2932; FRL–13085–03–OCSP]

RIN 2070–AB27

Significant New Use Rules on Certain Chemical Substances (26–2); Extension of Comment Period

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule; extension of comment period.

SUMMARY: EPA issued significant new use rules (SNURs) under the Toxic Substances Control Act (TSCA) on April 24, 2026, for chemical substances subject to an Order issued pursuant to TSCA. The SNURs require persons to notify EPA at least 90 days before commencing the manufacture (defined by statute to include import) or processing of any of these chemical

³ If this rulemaking is finalized, the SIP-approved version of Rule 62–210.900 will only contain numbered paragraphs 5 and 6 and the preceding unnumbered paragraph, state effective July 3, 2018.

substances for an activity that is designated as a significant new use in the SNUR. The required notification initiates EPA's evaluation of the conditions of that use for that chemical substance. In addition, the manufacture or processing for new use may not commence until EPA has conducted a review of the required notification; made an appropriate determination regarding that notification; and taken such actions as required by that determination. This document extends the comment period, which was scheduled to end on May 26, 2026, for 45 days.

DATES: The comment period for the document published on April 24, 2026 at 91 FR 22075 (FRL-13085-01-OCSPP) is extended. Comments must be received on or before July 10, 2026.

ADDRESSES: Submit your comments, identified by ID number EPA-HQ-OPPT-2025-2932, online at <https://www.regulations.gov>. Follow the online instructions for submitting comments. Do not submit electronically any information you consider to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute. Additional instructions on commenting and visiting the docket, along with more information about dockets generally, is available at <https://www.epa.gov/dockets>.

FOR FURTHER INFORMATION CONTACT:

For technical information: James Yan, New Chemicals Division (7405M), Office of Pollution Prevention and Toxics, Environmental Protection Agency, 1200 Pennsylvania Ave. NW, Washington, DC 20460-0001; telephone number: (202) 564-2138; email address: yan.james@epa.gov.

For general information on SNURs: William Wysong, New Chemicals Division (7405M), Office of Pollution Prevention and Toxics, Environmental Protection Agency, 1200 Pennsylvania Ave. NW, Washington, DC 20460-0001; telephone number: (202) 564-4163; email address: wysong.william@epa.gov.

For general information on TSCA: The TSCA Assistance Information Service Hotline, Goodwill Vision Enterprises, 422 South Clinton Ave., Rochester, NY 14620; telephone number: (800) 471-7127 or (202) 554-1404; email address: TSCA-Hotline@epa.gov.

SUPPLEMENTARY INFORMATION: To give stakeholders additional time to review materials and prepare comments, EPA is hereby extending the comment period established in the **Federal Register** document of April 24, 2026 at 91 FR 22075 (FRL-13085-01-OCSPP) for 45 days, from May 26, 2026 to July 10, 2026. More information on the action

can be found in the **Federal Register** of April 24, 2026.

To submit comments or access the docket, please follow the detailed instructions provided under **ADDRESSES**. If you have questions, consult the technical person listed under **FOR FURTHER INFORMATION CONTACT**.

Authority: 15 U.S.C. 2604, 2607, and 2625(c).

Dated: May 15, 2026.

Mary Elissa Reaves,

Director, Office of Pollution Prevention and Toxics.

[FR Doc. 2026-10161 Filed 5-20-26; 8:45 am]

BILLING CODE 6560-50-P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

50 CFR Part 622

RIN 0648-BN67

Fisheries of the Caribbean, Gulf of America, and South Atlantic; Puerto Rico Fishery Management Plan; Amendment 4

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Announcement of availability of fishery management plan amendment; request for comments.

SUMMARY: The Caribbean Fishery Management Council (Council) submitted Amendment 4 to the Puerto Rico Fishery Management Plan (Puerto Rico FMP) for review, approval, and implementation by NMFS. If approved, Amendment 4 would reclassify rainbow runner from a reef fish to a pelagic fish under the Puerto Rico FMP. Amendment 4 would result in revised management measures for rainbow runner based on the pelagic fish classification, including sector annual catch targets (ACTs) and accountability measures (AMs). The sector-specific annual catch limits (ACLs) would be retained after the reclassification. The purpose of Amendment 4 is to ensure that rainbow runner is managed consistent with its life history characteristics, fishing patterns, and the Council's management of other pelagic species.

DATES: Written comments on Amendment 4 must be received by July 20, 2026.

ADDRESSES: You may submit comments on Amendment 4, identified by

“NOAA-NMFS-2025-0471,” by either of the following methods:

- **Electronic Submission:** Submit all electronic public comments via the Federal e-Rulemaking Portal. Visit <https://www.regulations.gov> and enter “NOAA-NMFS-2025-0471” in the Search box. Click on the “Comment” icon, complete the required fields, and enter or attach your comments.

- **Mail:** Submit all written comments to Maria Lopez-Mercer, Southeast Regional Office, NMFS, 263 13th Avenue South, St. Petersburg, FL 33701.

Instructions: Comments sent by any other method, to any other address or individual, or received after the end of the comment period, may not be considered by NMFS. All comments received are a part of the public record and will generally be posted for public viewing on <https://www.regulations.gov> without change. All personal identifying information (e.g., name, address, etc.), confidential business information, or otherwise sensitive information submitted voluntarily by the sender will be publicly accessible. NMFS will accept anonymous comments (enter “N/A” in the required fields if you wish to remain anonymous).

Electronic copies of Amendment 4, which includes a fishery impact statement, a regulatory impact review, and a Regulatory Flexibility Act analysis, may be obtained from the Southeast Regional Office website at <https://www.fisheries.noaa.gov/action/amendment-4-puerto-rico-fishery-management-plan-reclassification-rainbow-runner-pelagic-fish>.

FOR FURTHER INFORMATION CONTACT:

Maria Lopez-Mercer, 727-824-5305, maria.lopez@noaa.gov.

SUPPLEMENTARY INFORMATION: Rainbow runner is currently managed under the Puerto Rico FMP as a reef fish. The FMP was prepared by the Council and NMFS, approved by the Secretary of Commerce, and is implemented by NMFS through regulations at 50 CFR part 622 under the authority of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act). The Magnuson-Stevens Act requires each regional fishery management council to submit any FMP or FMP amendment to the Secretary of Commerce for review and approval, partial approval, or disapproval. The Magnuson-Stevens Act also requires that NMFS, upon receiving an FMP or FMP amendment, publish an announcement in the **Federal Register** notifying the public that the FMP or amendment is available for review and comment.

Background

The Magnuson-Stevens Act requires NMFS and the regional fishery management councils to prevent overfishing and to achieve, on a continuing basis, the optimum yield from federally managed fish stocks to ensure that fishery resources are managed for the greatest overall benefit to the Nation, particularly with respect to providing food production and recreational opportunities, and protecting marine ecosystems.

During development of the Puerto Rico FMP, the finfish stocks were classified into three descriptive categories: reef fish, pelagic fish, and rays. At that time, the rainbow runner, along with two other jack species that were new to Federal management under the Puerto Rico FMP (crevalle jack and African pompano) were classified as reef fish. Under the Puerto Rico FMP, each jack species is managed as an individual stock rather than in a stock complex because of differences in the primary location where they are caught. As described in the Puerto Rico FMP, rainbow runner is commonly caught in open water, while crevalle jack is commonly harvested closer to shore and around mangrove channels, and African pompano is commonly caught off the beach. With the implementation of the Puerto Rico FMP in October 2022, rainbow runner became subject to management measures applicable to reef fish in Federal waters around Puerto Rico. Federal waters around Puerto Rico extend seaward from 9 nautical miles (nmi) or 16.7 kilometers (km) from shore to the offshore boundary of the U.S. Caribbean exclusive economic zone (EEZ).

Under the Puerto Rico FMP, regulations that apply to all reef fish, including rainbow runner as currently classified, include anchoring restrictions, prohibited fishing gear types, seasonal closures, and a combined recreational bag and possession limit. Also, as a reef fish species, rainbow runner is subject to commercial and recreational ACLs, a total ACL, and sector-specific AMs.

Unless otherwise noted, all weights in this document are described in pounds (lb) round weight. Under the Puerto Rico FMP, commercial and recreational data were available to establish sector-specific ACLs for rainbow runner, which were equal to 10.14 percent for commercial and 89.86 percent for recreational of the total ACL. For rainbow runner, the commercial ACL is 913 lb (414.1 kg), the recreational ACL is 8,091 lb (3,670 kg), and the total ACL is 9,004 lb (4,084.1 kg).

Under the Puerto Rico FMP, at or near the beginning of the fishing year landings for each stock, stock complex, or indicator stock of reef fish are evaluated relative to the ACL based on a moving multi-year average of landings, as described in the FMP (50 CFR 622.440(a)(4)). When landings for one sector are not available for comparison to that sector's ACL, the ACL for the sector with available landings is the applicable ACL for the stock or stock complex. At this time, recreational landings for rainbow runner are not available; therefore, commercial landings are evaluated relative to the commercial ACL to determine if the AM specified in 50 CFR 622.440(a)(7) applies. If NMFS estimates that available commercial landings for rainbow runner have exceeded the commercial ACL for rainbow runner, the Assistant Administrator for NMFS will file a notification with the Office of the Federal Register to reduce the length of the commercial and recreational fishing seasons for rainbow runner within that fishing year by the amount necessary to prevent commercial landings from exceeding the commercial ACL, unless NMFS determines that a reduction is not necessary based on the best scientific information available, or unless the ACL was exceeded because data collection or monitoring improved rather than because landings increased (50 CFR 622.440(a)(7)).

The status of the Puerto Rico rainbow runner stock has not been assessed. Since implementation of the Puerto Rico FMP in 2022, rainbow runner is not undergoing overfishing and its overfished status is unknown. As described in Amendment 4, there have been not been any AM-based fishing season reductions for rainbow runner. In 2024, the most recent commercial landings of rainbow runner (1,177 lb [534 kg] in 2022) exceeded the commercial ACL (913 lb [414.1 kg]) by 264 lb (120 kg). However, the AM was not implemented (*i.e.*, the length of the commercial and recreational fishing seasons were not reduced) because NMFS determined that the commercial ACL was exceeded because of improved data collection and monitoring, rather than an increase in landings.

At the April 2023 Council meeting, the Council began to discuss reclassifying rainbow runner as a pelagic fish under the Puerto Rico FMP instead of as a reef fish to better reflect the way the species is fished. The methods and techniques used to harvest rainbow runner are consistent with those used for pelagic fishing in Federal waters around Puerto Rico. Around Puerto Rico, rainbow runner are caught

in the water column, while reef fish are usually caught off the bottom. The Council requested their Scientific and Statistical Committee (SSC) to evaluate life history information and landings data available for rainbow runner and provide a recommendation on the classification of rainbow runner. The SSC determined that there was sufficient information to support the reclassification of the species as a pelagic fish and recommended the Council reclassify rainbow runner as a pelagic fish under the Puerto Rico FMP. At the August 2023 Council meeting, the Council accepted the SSC's recommendation, and began to develop Amendment 4.

Actions Contained in Amendment 4

Amendment 4 would reclassify rainbow runner from a reef fish to a pelagic fish under the Puerto Rico FMP definitions. The reclassification would subject rainbow runner to Federal regulations under the FMP applicable to pelagic fish and exclude the species from Federal regulations applicable to reef fish. The current sector ACLs for rainbow runner would not change as a result of the reclassification. Amendment 4 would also establish sector ACTs and subject rainbow runner to AMs consistent with management of pelagic fish.

Reclassification of Rainbow Runner as a Pelagic Fish

Rainbow runner is currently defined as a reef fish under the Puerto Rico FMP (50 CFR 622.431 "Reef fish"). As such, regulations that pertain to managed reef fish apply to rainbow runner. Reef fish-specific regulations include anchoring restrictions, prohibited fishing gear types, seasonal closures, a combined recreational bag and possession limit, a total ACL (*i.e.*, combined commercial and recreational ACLs), and sector-specific AMs. Amendment 4 would remove rainbow runner from the definition of "reef fish" in table 3 to 50 CFR 622.431 and add it to the definition of "pelagic fish" in table 1 to 50 CFR 622.431.

As a result of the changes to the definitions, reef fish-specific regulations under the FMP would no longer apply to rainbow runner. Specifically, restrictions designed to protect reef fish populations, including a recreational bag and possession limit (50 CFR 622.444(a)(2)) and a seasonal closure in the Bajo de Sico area off western Puerto Rico (50 CFR 622.439(a)(3)), would not apply to rainbow runner as a pelagic fish.

As described in Amendment 4, rainbow runner behaves as a pelagic

species and has been historically targeted by Puerto Rico commercial and recreational fishermen consistent with other pelagic species, although catches are infrequent and variable.

Reclassifying rainbow runner as a pelagic fish is not expected to change how the species is currently fished in Federal waters around Puerto Rico or increase the risk of overfishing of the stock. Under the Puerto Rico FMP, crevalle jack and African pompano would continue to be classified and managed as reef fish, which is consistent with their life history characteristics and fishing patterns in Federal waters around Puerto Rico.

ACLs and ACTs

Reclassifying rainbow runner from a reef fish to a pelagic fish under the Puerto Rico FMP would not change the commercial ACL (913 lb [414 kg]) or the recreational ACL (8,091 lb [3,670 kg]). Rather, the reclassification would remove rainbow runner commercial, recreational, and total ACLs from the tables in 50 CFR 622.440(a) and would add the commercial and recreational ACLs to 50 CFR 622.440(b) for pelagic fish. The sector allocations of 10.14 percent commercial and 89.86 percent recreational that were established under the Puerto Rico FMP would remain unchanged. Because AMs for pelagic fish do not evaluate landings relative to total ACLs (*i.e.*, combined commercial and recreational ACLs), the total ACL value of 9,004 lb (4,084.1 kg) for rainbow runner would be removed from regulations.

Additionally, the reclassification as a pelagic fish would require the

establishment of sector-specific ACTs as part of the AMs applicable to pelagic fish. Consistent with management of the other pelagic fish under the Puerto Rico FMP, the sector ACTs would be set at 90 percent of their respective sector ACLs.

Managing pelagic species with sector ACTs and ACLs is intended to serve as a precautionary measure to address harvest uncertainty for pelagic species that are new to Federal management. Amendment 4 would set the commercial ACT of rainbow runner at 822 lb (373 kg) and the recreational ACT at 7,282 lb (3,303 kg).

AMs

Amendment 4 would also change the AM applicable to rainbow runner from the AMs described in 50 CFR 622.440(a)(4) through (7) for reef fish and apply the pelagic fish AM described in 50 CFR 622.440(b)(7). Under the pelagic fish AM, if NMFS estimates that landings have exceeded the applicable ACT for a stock or stock complex, NMFS will determine the appropriate corrective action in consultation with the Council. Unlike a fixed seasonal closure, these measures are adaptive and could involve the future development and implementation of new management measures, such as seasonal or area closures, commercial trip limits, or recreational bag and possession limits.

By applying the pelagic AM to rainbow runner, the corrective action includes a consultation process to ensure the long-term sustainability of the resource, rather than an automatic season reduction.

Proposed Rule for Amendment 4

A proposed rule to implement Amendment 4 has been drafted. In accordance with the Magnuson-Stevens Act, NMFS is evaluating the proposed rule to determine whether it is consistent with Amendment 4, the Puerto Rico FMP, the Magnuson-Stevens Act, and other applicable law. If that determination is affirmative, NMFS will publish the proposed rule in the **Federal Register** for public review and comment.

Consideration of Public Comments

The Council has submitted Amendment 4 for Secretarial review, approval, and implementation. Comments on Amendment 4 must be received by July 20, 2026. Comments received during the respective comment period on Amendment 4 or the proposed rule, whether specifically directed to Amendment 4 or the proposed rule will be considered by NMFS in the decision to approve, disapprove, or partially approve Amendment 4. Comments received after the comment periods will not be considered by NMFS in this decision. All comments received by NMFS on Amendment 4 or the proposed rule during their respective comment periods will be addressed in the final rule.

Authority: 16 U.S.C. 1801 *et seq.*

Dated: May 19, 2026.

David R. Blankinship,

Acting Director, Office of Sustainable Fisheries, National Marine Fisheries Service.

[FR Doc. 2026–10234 Filed 5–20–26; 8:45 am]

BILLING CODE 3510–22–P

Notices

Federal Register

Vol. 91, No. 98

Thursday, May 21, 2026

This section of the FEDERAL REGISTER contains documents other than rules or proposed rules that are applicable to the public. Notices of hearings and investigations, committee meetings, agency decisions and rulings, delegations of authority, filing of petitions and applications and agency statements of organization and functions are examples of documents appearing in this section.

ADMINISTRATIVE CONFERENCE OF THE UNITED STATES

Notice of Public Meeting of the Assembly of the Administrative Conference of the United States

AGENCY: Administrative Conference of the United States.

ACTION: Notice.

SUMMARY: The Assembly of the Administrative Conference of the United States (ACUS) will meet during a one-day hybrid plenary session to consider four proposed recommendations and to conduct other business. Written comments may be submitted in advance, and the meeting will be accessible to the public.

DATES: The meeting will take place on Thursday, June 11, 2026, from 9:30 a.m.–4:30 p.m. (ET). The meeting may adjourn early if all business is finished.

ADDRESSES: For those attending in person, the meeting will be held at The George Washington University State Room, 1957 E Street NW, Washington, DC 20052. There will be a virtual attendance option. Information on how the public can access the meeting will be available on the agency's website prior to the meeting at <https://www.acus.gov/event/85th-plenary-session>. ACUS members will receive member-only access information separately.

FOR FURTHER INFORMATION CONTACT: Shawne McGibbon, General Counsel (Designated Federal Officer), Administrative Conference of the United States, Suite 706 South, 1120 20th Street, NW, Washington, DC 20036; Telephone 202–480–2080; email smcgibbon@acus.gov.

SUPPLEMENTARY INFORMATION: The Administrative Conference of the United States makes recommendations to federal agencies, the President, Congress, and the Judicial Conference of the United States regarding the

improvement of administrative procedures (5 U.S.C. 594). The membership of the Conference, when meeting in plenary session, constitutes the Assembly of the Conference (5 U.S.C. 595).

Agenda: Four proposed recommendations will be considered by the Assembly. In addition, there will be updates on past, current, and pending Conference initiatives, as well as other business. Summaries of the recommendations appear below:

Drafting Regulatory Preambles. This proposed recommendation identifies best practices for drafting rulemaking preambles in light of recent developments in how courts review agency rules. To promote improved understanding of agency decision making by the public, courts, and Congress, the proposed recommendation identifies best practices to help agencies explain, in the preambles to proposed and final rules, how they determined their legal authority, evaluated the rulemaking record, and reached policy decisions.

Interagency Communication in Agency Rulemaking. This proposed recommendation addresses how agencies communicate with each other throughout the rulemaking process—especially outside the formal interagency review processes administered by the Office of Information and Regulatory Affairs—and offers a set of best practices for agencies that promote accuracy, efficiency, and transparency. Among other topics, the proposed recommendation addresses when and on what matters agencies should proactively seek input from other agencies, how agencies should engage with other agencies, how agencies should consider and use input received from other agencies, and what communications agencies should make part of the public rulemaking docket and administrative record for judicial review.

Agreements Between Agencies With Related Regulatory Responsibilities. This proposed recommendation examines how agencies use memoranda of understanding (MOUs) to coordinate with other agencies operating in shared regulatory space. It identifies best practices to assist agencies in using, developing, managing the implementation of, and disclosing

MOUs in a manner that promotes accuracy, fairness, efficiency, transparency, and accountability. Among other topics, the proposed recommendation considers the goals that agencies seek to achieve through MOUs; processes for negotiating, drafting, and structuring MOUs; practices for managing and monitoring the implementation of MOUs; and standards for making MOUs publicly available.

Effectuation of Awards of Monetary Benefits. This proposed recommendation addresses how agencies that administer programs of monetary benefits effectuate payment following an award of benefits and identifies best practices that promote accuracy, efficiency, timeliness, transparency, and fairness. Among other topics, the proposed recommendation identifies best practices for determining benefits amounts; making payments; improving access to information about effectuation; communicating effectively with claimants and representatives promoting quality assurance practices; and using technology to make effectuation processes more accurate, efficient, and timely.

Additional information about the proposals and the agenda, as well as any changes or updates to the same, can be found at the 85th Plenary Session page on ACUS's website prior to the start of the meeting: <https://www.acus.gov/event/85th-plenary-session>.

Public Participation: The Conference welcomes the virtual attendance of the public at the meeting. Members of the public wishing to view the meeting are asked to RSVP online at the 85th Plenary Session web page shown above no later than two days before the meeting to ensure adequate bandwidth. A livestream of the meeting will be posted the morning of the meeting on the 85th Plenary Session web page. A video recording of the meeting will be available on the Conference's website shortly after the conclusion of the event at <https://youtube.com/@AdministrativeConference>.

Written Comments: Persons who wish to comment on any of the proposed recommendations may do so by submitting a written statement either by email to info@acus.gov with "June 2026 Plenary Session Comments" in the subject line of the email, or by U.S. Mail addressed to: June 2026 Plenary Session

Comments, Administrative Conference of the United States, Suite 706 South, 1120 20th Street NW, Washington, DC 20036. Written submissions must be received no later than 10:00 a.m. (ET), Friday, June 5, 2026, to ensure consideration by the Assembly.

(Authority: 5 U.S.C. 595.)

Dated: May 18, 2026.

Shawne McGibbon,
General Counsel.

[FR Doc. 2026–10125 Filed 5–20–26; 8:45 am]

BILLING CODE 6110–01–P

DEPARTMENT OF AGRICULTURE

Submission for OMB Review; Comment Request

The Department of Agriculture has submitted the following information collection requirement(s) to OMB for review and clearance under the Paperwork Reduction Act of 1995, Public Law 104–13. Comments are requested regarding; whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; the accuracy of the agency's estimate of burden including the validity of the methodology and assumptions used; ways to enhance the quality, utility and clarity of the information to be collected; and ways to minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

Comments regarding this information collection received by June 22, 2026 will be considered. Written comments and recommendations for the proposed information collection should be submitted within 30 days of the publication of this notice on the following website www.reginfo.gov/public/do/PRAMain. Find this particular information collection by selecting “Currently under 30-day Review—Open for Public Comments” or by using the search function. An agency may not conduct or sponsor a collection of information unless the collection of information displays a currently valid OMB control number and the agency informs potential persons who are to respond to the collection of information that such persons are not required to respond to the collection of information unless it displays a currently valid OMB control number.

Food and Nutrition Service

Title: Major Changes in Program Design.

OMB Control Number: 0584–0579.

Summary of Collection: Section 11 of the Food and Nutrition Act of 2008 (the Act) (7 U.S.C. 2020), as amended, requires the United States Department of Agriculture (USDA), Food and Nutrition Service (FNS) to develop standards for identifying major changes in the operations of State agencies that administer SNAP.

Need and Use of the Information: Regulations at 7 CFR 272.15 require State agencies to notify the FNS when planning to implement a major change in operations and to collect any information required by FNS to identify and correct any adverse effects on program integrity or access. 7 CFR 272.15(a)(2) outlines the categories of major changes to include: the closure of a local office, substantial increased reliance on automated systems, changes in operations that potentially increase difficulty for household reporting, the reduction or change of functions or responsibilities assigned to merit system personnel, a decrease in the number of merit system personnel involved in the SNAP certification process, or other major changes identified by FNS.

Description of Respondents: State agencies.

Number of Respondents: 20.

Frequency of Responses: Reporting: Monthly, On Occasion, Quarterly.

Total Burden Hours: 14,620.

Food and Nutrition Service

Title: Supplemental Nutrition Assistance Program: Requirement for Interstate Data Matching to Prevent Multiple Issuances.

OMB Control Number: 0584–0684.

Summary of Collection: The Agriculture Improvement Act of 2018 required the Secretary of Agriculture to establish an interstate data system called the National Accuracy Clearinghouse (NAC) to prevent multiple issuances of Supplemental Nutrition Assistance Program (SNAP) benefits to an individual by more than one State agency simultaneously in the same month (also known as interstate duplicate participation).

Need and Use of the Information: The purpose of this information collection is to seek OMB approval for activities associated with the NAC. This includes State agencies uploading SNAP recipient information to the NAC on a daily basis; querying the NAC for duplicate SNAP participation across States when households apply for SNAP benefits, recertify, or add a new

household member; and verifying any questionable and unclear information with other States, as appropriate according to existing regulations. When States have identified possible duplicate participation through the NAC and verified the information, they issue a notice of match results or a combined notice of match results and adverse action when applicable.

Description of Respondents: State agencies, Individual/Households.

Number of Respondents: 45,122.05.

Frequency of Responses: Reporting: Once, On Occasion.

Total Burden Hours: 1,337,741.50.

Rachelle Ragland-Greene,

Departmental Information Collection
Clearance Officer.

[FR Doc. 2026–10121 Filed 5–20–26; 8:45 am]

BILLING CODE 3410–30–P

DEPARTMENT OF AGRICULTURE

U.S. Codex Office

[Docket No. USDA–2026–0166]

International Standard-Setting Activities

AGENCY: U.S. Codex Office, USDA.

ACTION: Notice and request for comments.

SUMMARY: This notice informs the public of the sanitary and phytosanitary (SPS) standard-setting activities of the Codex Alimentarius (Codex), in accordance with section 491 of the Trade Agreements Act of 1979, as amended, and the Uruguay Round Agreements Act. This notice, which covers Codex activities during the period of May 27, 2025, to June 1, 2026, seeks comments on standards under consideration and recommendations for new standards.

ADDRESSES: The U.S. Codex Office (USCO) invites interested persons to submit their comments on this notice. Comments may be submitted by one of the following methods:

- *Federal e-Rulemaking Portal:* This website provides the ability to type short comments directly into the comment field on this web page or attach a file for lengthier comments. Go to <http://www.regulations.gov>. Follow the on-line instructions at the website for submitting comments.

- *Mail:* Send to Docket Clerk, U.S. Department of Agriculture, Trade and Foreign Agricultural Affairs, U.S. Codex Office, 1400 Independence Avenue SW, Mailstop S4861, Washington, DC 20250–3700.

- *Hand- or courier-delivered submittals:* Deliver to 1400

Independence Avenue SW, Room 4861, Washington, DC 20250–3700.

Instructions: All items submitted by mail or email are to include the Agency name (*i.e.*, USCO) and docket number USDA–2026–0166. Comments received in response to this docket will be made available for public inspection and posted without change, including any personal information, to <http://www.regulations.gov>.

Docket: For access to background documents or comments received, email uscodex@usda.gov to schedule an appointment.

FOR FURTHER INFORMATION CONTACT: Julie Chao, Deputy U.S. Manager for Codex Alimentarius, U.S. Codex Office, Office of the Under Secretary for Trade and Foreign Agricultural Affairs, U.S. Department of Agriculture, 1400 Independence Avenue SW, Room 4861, Washington, DC 20250–3700, Email: uscodex@usda.gov.

For information pertaining to committees, contact the U.S. delegate for that committee. A list of delegates and alternate delegates is accessible via the internet at: <https://www.usda.gov/sites/default/files/documents/us-codex-program-officials.pdf>. Documents pertaining to Codex and specific committee agendas are accessible via the internet at <http://www.fao.org/fao-who-codexalimentarius/meetings/en/>. The U.S. Codex Office also maintains a website at <http://www.usda.gov/codex>.

SUPPLEMENTARY INFORMATION:

Background

The World Trade Organization (WTO) was established on January 1, 1995, as the common international institutional framework for the conduct of trade relations among its members in matters related to the Uruguay Round Trade Agreements. The WTO is the successor organization to the General Agreement on Tariffs and Trade (GATT). United States membership in the WTO was approved and the Uruguay Round Agreements Act (Uruguay Round Agreements) was signed into law by the President on December 8, 1994, Public Law 103–465, 108 Stat. 4809. The Uruguay Round Agreements became effective with respect to the United States on January 1, 1995. The Uruguay Round Agreements amended the Trade Agreements Act of 1979. Pursuant to section 491 of the Trade Agreements Act of 1979, as amended, the President is required to designate an agency to be “responsible for informing the public of the sanitary and phytosanitary (SPS) standard-setting activities of each international standard-setting organization” (19 U.S.C. 2578). The

main international standard-setting organizations are the Codex Alimentarius (Codex), the World Organisation for Animal Health (WOAH, founded as OIE), and the International Plant Protection Convention (IPPC). The President, pursuant to Proclamation No. 6780 of March 23, 1995, (60 FR 15845), designated the U.S. Department of Agriculture as the agency responsible for informing the public of the SPS standard-setting activities of each international standard-setting organization. The Secretary of Agriculture has delegated to the Trade and Foreign Agricultural Affairs Mission Area the responsibility to inform the public of the SPS standard-setting activities of Codex. The Trade and Foreign Agricultural Affairs Mission Area has, in turn, assigned the responsibility for informing the public of the SPS standard-setting activities of Codex to the U.S. Codex Office (USCO).

Codex was created in 1963. Codex is the principal international organization for establishing standards for food. Through adoption of food standards, codes of practice, and other guidelines developed by its committees, and by promoting their adoption and implementation by governments, Codex seeks to protect the health of consumers, ensure fair practices in the food trade, and promote coordination of food standards work undertaken by international governmental and non-governmental organizations. In the United States, U.S. Codex activities are managed and carried out by the United States Department of Agriculture (USDA); the Food and Drug Administration (FDA), Department of Health and Human Services (HHS); the National Oceanic and Atmospheric Administration (NOAA), Department of Commerce (DOC); the Office of the U.S. Trade Representative (USTR); and the Environmental Protection Agency (EPA).

As the agency responsible for informing the public of the SPS standard-setting activities of Codex, the USCO publishes this notice in the **Federal Register** annually. *Attachment 1: Sanitary and Phytosanitary Activities of Codex* sets forth the following information:

1. The SPS standards under consideration or planned for consideration; and
2. For each SPS standard specified:
 - a. A description of the consideration or planned consideration of the standard;
 - b. Whether the United States is participating or plans to participate in the consideration of the standard;

c. The agenda for United States participation, if any; and

d. The agency responsible for representing the United States with respect to the standard.

To obtain copies of the standards listed in *Attachment 1: Sanitary and Phytosanitary Activities of Codex*, please contact the U.S. delegate or the U.S. Codex Office.

This notice also solicits public comment on standards that are currently under consideration or planned for consideration and recommendations for new standards. The U.S. delegate, in conjunction with the responsible agency, will take the comments received into account in participating in the consideration of the standards and in proposing matters to be considered by Codex.

The U.S. delegate will facilitate public participation in the United States Government’s activities relating to Codex. The U.S. delegate will maintain a list of individuals, groups, and organizations that have expressed an interest in the activities of the Codex committees and will disseminate information regarding U.S. delegation activities to interested parties. This information will include the status of each agenda item; the U.S. Government’s position or preliminary position on each agenda item; and the time and place of planning meetings and debriefing meetings following the Codex committee sessions. If you would like to access or receive information about specific committees, please visit the web page or notify the appropriate U.S. delegate or the U.S. Codex Office, Room 4861, 1400 Independence Avenue SW, Washington, DC 20250–3700, Email: uscodex@usda.gov.

The information provided in *Attachment 1: Sanitary and Phytosanitary Activities of Codex* describes the status of Codex standard-setting activities by the Codex committees for the time periods from May 27, 2025, to June 1, 2026. A list of forthcoming Codex sessions may be found at: <https://www.fao.org/fao-who-codexalimentarius/meetings/en>.

Additional Public Notification

Public awareness of all segments of rulemaking and policy development is important. Consequently, the USCO will announce this **Federal Register** publication on-line through the U.S. Codex web page located at: <https://www.federalregister.gov/agencies/us-codex-office>.

(Authority: 19 U.S.C. 2578; Pres. Proc. 6780; 7 CFR part 2.602.)

Done at Washington, DC, on May 18, 2026.

Julie Chao,

Deputy U.S. Manager for Codex Alimentarius.

[FR Doc. 2026–10162 Filed 5–20–26; 8:45 am]

BILLING CODE 3420–3F–P

DEPARTMENT OF AGRICULTURE

Forest Service

Reinstatement of Information Collection; Pesticide-Use Proposal

AGENCY: Forest Service, USDA.

ACTION: Notice; request for comment.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995, the Forest Service is seeking comments from all interested individuals and organizations on the reinstatement of a previously approved information collection, Pesticide-Use Proposal.

DATES: Comments must be received in writing on or before July 20, 2026 to be assured of consideration. Comments received after that date will be considered to the extent practicable.

ADDRESSES: Comments concerning this notice should be addressed to Todd Neel, USDA Forest Service, at 1617 Cole Blvd., Bldg. 17, Lakewood, CO 80401 or by email at todd.a.neel@usda.gov.

Please do not include in your comments information of a confidential nature, such as sensitive personal information or proprietary information. If you send an email comment, your email address will be automatically captured and included as part of the comment that is placed in the public docket and made available on the internet. Please note that responses to this public comment request containing any routine notice about the confidentiality of the communication will be treated as public comments that may be made available to the public notwithstanding the inclusion of the routine notice.

The public may request an electronic copy of the draft supporting statement and/or any comments received be sent via return email. Requests should be emailed to todd.a.neel@usda.gov.

FOR FURTHER INFORMATION CONTACT:

Todd Neel, State, Private, and Tribal Forestry, Forest Health Protection, by telephone at 303–273–5061, or by email at todd.a.neel@usda.gov. Individuals who are deaf, hard of hearing, or have a speech disability may call 711 to reach the Telecommunications Relay Service then provide the phone number of the person named as a point of contact for further information

SUPPLEMENTARY INFORMATION:

Title: Pesticide-Use Proposal.

OMB Number: 0596–0241.

Expiration Date of Approval: N/A.

Type of Request: Reinstatement of a previously approved information collection.

Abstract: The Forest Service (FS or Agency) has Federal land stewardship responsibilities for approximately 193 million acres of grasslands and forests (National Forest System land). These land management responsibilities require use of integrated pest management, which in certain circumstances includes use of pesticides. The FS currently uses form FS–2100–2, Pesticide-Use Proposal (PUP), internally to collect and review pesticide applications intended to control pests on National Forest System land (under FSM 2150, and FSH 2109.14). The FS anticipates requests from outside entities for application of pesticides upon National Forest System land within rights-of-way easements, permitted lands, and under similar circumstances.

The FS proposes to use the PUP form to collect pesticide project information from those outside entities to facilitate authorization of selected activities. Completion of the PUP form includes identification of pests to be controlled, pesticide to be applied, and other regulatory compliance information such as use of certified applicators. Because diverse pesticide-use projects are designed for local conditions, it is appropriate for the PUP form to be used to ensure that essential details are uniformly assembled for review.

Proposals will be evaluated by FS pesticide use coordinators and other administrative personnel to safeguard human health and ecological protection consistent with FS land use management programs. Form and instructions will be posted on a FS website for ready public availability.

Affected Public: Individuals and Households, Businesses and Organizations, and State, Local or Tribal Governments responsible for pest control, including vegetation management along rights-of-way, upon National Forest System land.

Estimate of Burden per Response: 12 hours.

Estimated Annual Number of Respondents: 36.

Estimated Annual Number of Responses: 50.

Estimated Total Annual Burden on Respondents: 600 hours.

Comment is Invited: Comment is invited on: (1) Whether this collection of information is necessary for the stated purposes and the proper performance of the functions of the Agency, including whether the information will have

practical or scientific utility; (2) the accuracy of the Agency's estimate of the burden of the collection of information, including the validity of the methodology and assumptions used; (3) ways to enhance the quality, utility, and clarity of the information to be collected; and (4) ways to minimize the burden of the collection of information on respondents, including the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

All comments received in response to this notice, including names and addresses when provided, will be a matter of public record. Comments will be summarized and included in the submission request toward Office of Management and Budget approval.

Lisa Northrop,

Associate Deputy Chief, State, Private, and Tribal Forestry, National Forest System.

[FR Doc. 2026–10136 Filed 5–20–26; 8:45 am]

BILLING CODE 3411–15–P

DEPARTMENT OF AGRICULTURE

Rural Business-Cooperative Service

[Docket No. RBS–26–Business–0199]

Agency Information Collection Activities: Extension of a Currently Approved Information Collection; Comments Request; Meat and Poultry Processing Expansion Program

AGENCY: Rural Business-Cooperative Service, USDA.

ACTION: Notice and request for comment.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995, this notice announces the Rural Business-Cooperative Service's (RBCS or Agency), an agency within the United States Department of Agriculture, Rural Development, intention to request an extension of a currently approved information collection package for the Meat and Poultry Processing Expansion Program (MPPEP). The MPPEP promotes competition and gives more and better options to producers by increasing meat and poultry processing capacity.

DATES: Comments on this notice must be received by July 20, 2026 to be assured of consideration.

FOR FURTHER INFORMATION CONTACT:

Crystal Pemberton, Regulations Management Division, Innovation Center, U.S. Department of Agriculture. Email: Crystal.Pemberton@usda.gov. Telephone: (202) 260–8621.

SUPPLEMENTARY INFORMATION: The Office of Management and Budget's (OMB) regulation (5 CFR part 1320) implementing provisions of the Paperwork Reduction Act of 1995 (Pub. L. 104–13) requires that interested members of the public and affected agencies have an opportunity to comment on information collection and recordkeeping activities (see 5 CFR 1320.8(d)). This notice identifies an information collection that RBCS is submitting to OMB for approval. Comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the Rural Business-Cooperative Service, including whether the information will have practical utility; (b) the accuracy of the Rural Business-Cooperative Service's estimate of the burden of the proposed collection of information including validity of the methodology and assumptions used; (c) ways to enhance the quality, utility and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

Comments may be sent by the Federal eRulemaking Portal: Go to <https://www.regulations.gov> and, in the "Search" box, type in the Docket No. RBS–26–Business–0199. A link to the Notice will appear. You may submit a comment here by selecting the "Comment" button or you can access the "Docket" tab, select the "Notice," and go to the "Browse & Comment on Documents" Tab. Here you may view comments that have been submitted as well as submit a comment. To submit a comment, select the "Comment" button, complete the required information, and select the "Submit Comment" button at the bottom. Information on using *Regulations.gov*, including instructions for accessing documents, submitting comments, and viewing the docket after the close of the comment period, is available through the site's "FAQ" link at the bottom.

Title: Meat and Poultry Processing Expansion Program.

OMB Control Number: 0570–0079.

Type of Request: Extension of a currently approved information collection.

Abstract: The Rural Business-Cooperative Service administers the Meat and Poultry Processing Expansion Program. The purpose of the program is to provide more and better options to producers and consumers as well as

offer assistance to maintain and improve the food and agricultural supply chain resiliency. This information collection will be used to obtain information necessary to evaluate grant applications to determine the eligibility of the applicant and the project for the program and to qualitatively assess the project's technical and financial merit to determine which projects should be funded.

Estimate of Burden: Public reporting burden for this collection of information is estimated to average 4.31 hours per response.

Respondents: Respondents for this data include federally recognized tribes, tribal entities, for-profit entities, corporations, non-profit entities, producer-owned cooperatives and corporations, certified benefit corporations and state or local government entities.

Estimated Number of Respondents: 233.

Estimated Number of Responses per Respondent: 12.

Estimated Number of Responses: 2,796.

Estimated Total Annual Burden on Respondents: 12,049 hours.

Copies of this information collection can be obtained from Crystal Pemberton, Regulations Management Division, Innovation Center, U.S. Department of Agriculture. Email: Crystal.Pemberton@usda.gov. Telephone: (202) 260–8621. All responses to this notice will be summarized and included in the request for OMB approval. All comments will also become a matter of public record.

Victoria Collin,

Acting Administrator, Rural Business-Cooperative Service.

[FR Doc. 2026–10137 Filed 5–20–26; 8:45 am]

BILLING CODE 3410–XY–P

COMMISSION ON CIVIL RIGHTS

Notice of Public Meeting of the Wisconsin Advisory Committee to the U.S. Commission on Civil Rights

AGENCY: U.S. Commission on Civil Rights.

ACTION: Notice of public meeting.

SUMMARY: Notice is hereby given, pursuant to the provisions of the rules and regulations of the U.S. Commission on Civil Rights (Commission) and the Federal Advisory Committee Act, that the Wisconsin Advisory Committee (Committee) to the U.S. Commission on Civil Rights will hold a public business meeting via Zoom at 3:30 p.m. CT on Tuesday, May 26, 2026. The purpose of

this meeting is to vote on vice chair(s) and to vote on the Committee's study topic.

DATES: Tuesday, May 26, 2026, from 3:30 p.m.–5:00 p.m. Central Time.

ADDRESSES: The meeting will be held via Zoom Webinar.

Registration Link (Audio/Visual): <https://www.zoomgov.com/webinar/register/WN/AU1i7Mi3R42Rbzqsm81qHw>.

Join by Phone (Audio Only): (833) 435–1820 USA Toll-Free; Meeting ID: 165 514 3950.

Agenda: (Note: Final meeting agenda will be available prior to the meeting date.)

FOR FURTHER INFORMATION CONTACT: Ana Victoria Fortes, Designated Federal Officer, at afortes@usccr.gov or (202) 681–0857.

SUPPLEMENTARY INFORMATION: This committee meeting is available to the public through the registration link above. Any interested member of the public may listen to the meeting. An open comment period will be provided to allow members of the public to make a statement as time allows. Per the Federal Advisory Committee Act, public minutes of the meeting will include a list of persons who are present at the meeting. If joining via phone, callers can expect to incur regular charges for calls they initiate over wireless lines, according to their wireless plan. The Commission will not refund any charges incurred. Callers will incur no charge for calls when they initiate over land-line connections to the toll-free telephone number. Closed captioning will be available for individuals who are deaf, hard of hearing, or who have certain cognitive or learning impairments. To request additional accommodations, please email Corrine Sanders, Support Specialist, at csanders@usccr.gov at least 10 business days prior to the meeting.

Members of the public are entitled to submit written comments; the comments must be received in the regional office within 30 days following the meeting. Written comments may be emailed to Ana Victoria Fortes at afortes@usccr.gov. Persons who desire additional information may contact the Regional Programs Coordination Unit at (202) 681–0857.

Records generated from this meeting may be inspected and reproduced at the Regional Programs Coordination Unit Office, as they become available, both before and after the meeting. Records of the meetings will be available via the file sharing website, www.box.com, (<https://usccr.app.box.com/s/>)

r6wz3kfxa5jdlrg44ycky0x4w4tbuhzs) as well as at www.facadatabase.gov. Persons interested in the work of this Committee are directed to the Commission's website, <http://www.usccr.gov>, or may contact the Regional Programs Coordination Unit at the above phone number.

Dated: May 19, 2026.

David Mussatt,

Supervisory Chief, Regional Programs Unit.

[FR Doc. 2026-10208 Filed 5-20-26; 8:45 am]

BILLING CODE P

DEPARTMENT OF COMMERCE

Economic Development Administration

Agency Information Collection Activities; Submission for OMB Review; Comment Request; Requirements for Approved Construction and Non-Construction Investments

The Department of Commerce will submit the following information collection request to the Office of Management and Budget (OMB) for review and clearance in accordance with the Paperwork Reduction Act of 1995, on or after the date of publication of this notice. We invite the general public and other Federal agencies to comment on proposed, and continuing information collections, which helps us assess the impact of our information collection requirements and minimize the public's reporting burden. Public comments were previously requested via the **Federal Register** on February 10, 2026 during a 60-day comment period. This notice allows for an additional 30 days for public comments.

Agency: Economic Development Administration (EDA), Commerce.

Title: Requirements for Approved Construction and Non-Construction Investments.

OMB Control Number: 0610-0096.

Form Number(s): None.

Type of Request: Reinstatement of a previously approved information collection with change.

Number of Respondents: 3,500.

Average Hours per Response: 2 hours.

Burden Hours: 7,000 hours.

Needs and Uses: EDA may award assistance for construction and non-construction projects through its Public Works and Economic Adjustment Assistance (EAA) Programs. Public Works Program investments help support the construction or rehabilitation of essential public infrastructure and facilities necessary to generate or retain private sector jobs and investments, attract private sector

capital, and promote vibrant economic ecosystems, regional competitiveness and innovation. The EAA Program provides a wide range of technical, planning and infrastructure assistance in regions experiencing adverse economic changes that may occur suddenly or over time.

EDA is seeking a reinstatement of the series of checklists and templates that constitute EDA's post-approval construction and non-construction tools. These checklists and templates, as well as any special conditions incorporated into the terms and conditions at the time of award, supplement the requirements that apply to EDA-funded projects.

EDA is also changing the name of the collection to reflect that it covers non-construction post award matters as well as construction post award matters.

Affected Public: Current recipients of EDA construction (Public Works or Economic Assistance Adjustment) awards, to include (1) cities or other political subdivisions of a state, including a special purpose unit of state or local government engaged in economic or infrastructure development activities, or a consortium of political subdivisions; (2) states; (3) institutions of higher education or a consortium of institutions of higher education; (4) public or private non-profit organizations or associations; (5) District Organizations; (6) Indian Tribes or a consortia of Indian Tribes; (7) economic development organizations; and (8) public-private partnerships for public infrastructure.

Frequency: One time, although some are periodic.

Respondent's Obligation: Mandatory.

Legal Authority: The Public Works and Economic Development Act of 1965 (42 U.S.C. 3121 *et seq.*).

This information collection request may be viewed at www.reginfo.gov. Follow the

instructions to view the Department of Commerce collections currently under review by OMB.

Written comments and recommendations for the proposed information collection should be submitted within 30 days of the publication of this notice on the following website www.reginfo.gov/public/do/PRAMain. Access this information collection by selecting the following: "Currently under 30-day Review—Open for Public Comments" or

by using the search function and entering the title of the collection.

Sheleen Dumas,

Departmental PRA Compliance Officer, Office of the Under Secretary for Economic Affairs, Commerce Department.

[FR Doc. 2026-10131 Filed 5-20-26; 8:45 am]

BILLING CODE 3510-24-P

DEPARTMENT OF COMMERCE

Bureau of Industry and Security

Agency Information Collection Activities; Submission to the Office of Management and Budget (OMB) for Review and Approval; Comment Request; Reporting of Violations of the Export Administration Regulations

The Department of Commerce will submit the following information collection request to the Office of Management and Budget (OMB) for review and clearance in accordance with the Paperwork Reduction Act of 1995, on or after the date of publication of this notice. We invite the general public and other Federal agencies to comment on proposed, and continuing information collections, which helps us assess the impact of our information collection requirements and minimize the public's reporting burden. Public comments were previously requested via the **Federal Register** on February 24, 2026, during a 60-day comment period. This notice allows for an additional 30 days for public comments.

Agency: Bureau of Industry and Security, Commerce.

Title: Reporting of Violations of the Export Administration Regulations.

OMB Control Number: 0694-0058.

Form Number(s): None.

Type of Request: Revision of a current information collection.

Number of Respondents: 660.

Average Hours per Response: 2 hours and 50 minutes.

Burden Hours: 1,870.

Needs and Uses: This collection of information is needed to detect violations of the Export Administration Regulations (EAR) and determine if an investigation or prosecution is necessary and to reach a settlement with violators. Reporting violations or imminent violations, whether through voluntary self-disclosures or based on information provided by those who have direct knowledge of possible violations of the EAR, strengthens BIS's enforcement efforts. The disclosure activities and burden associated with this collection allows BIS to begin and conduct investigations faster and with more accurate information than would be the

case if BIS had to detect the violations without such information or disclosures. BIS evaluates the seriousness of the violation and either (1) informs the person making the disclosure that no action is warranted; (2) issues a warning letter; (3) issues a proposed charging letter and attempts to settle the matter; (4) issues a charging letter if settlement is not reached; and/or (5) refers the matter to the U.S. Department of Justice for criminal prosecution.

BIS is revising the title of this collection of information to better reflect enforcement and protective measures associated with the full scope of disclosures that are covered in Part 764 of the EAR. In addition, with the modernization of its website (www.bis.gov), BIS will add questions for submission of online tips to make the submission process easier for the public and to allow BIS to more effectively triage and process a tip once it has been submitted.

Affected Public: Business or other for-profit organizations.

Frequency: On Occasion.

Respondent's Obligation: Voluntary.

Legal Authority: EAR Sections 764.4 and 764.5.

This information collection request may be viewed at www.reginfo.gov. Follow the instructions to view the Department of Commerce collections currently under review by OMB.

Written comments and recommendations for the proposed information collection should be submitted within 30 days of the publication of this notice on the following website www.reginfo.gov/public/do/PRAMain. Find this particular information collection by selecting "Currently under 30-day Review—Open for Public Comments" or by using the search function and entering either the title of the collection or the OMB Control Number 0694–0058.

Sheleen Dumas,

Departmental PRA Compliance Officer, Office of the Under Secretary for Economic Affairs, Commerce Department.

[FR Doc. 2026–10217 Filed 5–20–26; 8:45 am]

BILLING CODE 3510–33–P

DEPARTMENT OF COMMERCE

Bureau of Industry and Security

Agency Information Collection Activities; Submission to the Office of Management and Budget (OMB) for Review and Approval; Comment Request; Foreign Availability Procedures

The Department of Commerce will submit the following information collection request to the Office of Management and Budget (OMB) for review and clearance in accordance with the Paperwork Reduction Act of 1995, on or after the date of publication of this notice. We invite the general public and other Federal agencies to comment on proposed, and continuing information collections, which helps us assess the impact of our information collection requirements and minimize the public's reporting burden. Public comments were previously requested via the **Federal Register** on February 24, 2026, during a 60-day comment period. This notice allows for an additional 30 days for public comments.

Agency: Bureau of Industry and Security, Commerce.

Title: Foreign Availability Procedures.

OMB Control Number: 0694–0004.

Form Number(s): None.

Type of Request: Extension of a current information collection.

Number of Respondents: 2.

Average Hours per Response: 255 hours.

Burden Hours: 510 hours.

Needs and Uses: This information is collected in order to respond to requests by Congress and industry to make foreign availability determinations in accordance with Section 768 of the Export Administration Regulations. Continued restrictions on exports when comparable items are available from uncontrollable sources decreases U.S. competitiveness in high technology industries and undermines U.S. national security interests. Exporters are encouraged to voluntarily submit data to support the contention that items controlled for export for national security reasons are available-in-fact, from a non-U.S. source, in sufficient quantity and of comparable quality so as to render the control ineffective.

Affected Public: Business or other for-profit organizations.

Frequency: On Occasion.

Respondent's Obligation: Voluntary.

Legal Authority: Section 1754(a)(6) of the Export Control Reform Act (ECRA).

This information collection request may be viewed at www.reginfo.gov. Follow the instructions to view the

Department of Commerce collections currently under review by OMB.

Written comments and recommendations for the proposed information collection should be submitted within 30 days of the publication of this notice on the following website www.reginfo.gov/public/do/PRAMain. Find this particular information collection by selecting "Currently under 30-day Review—Open for Public Comments" or by using the search function and entering either the title of the collection or the OMB Control Number 0694–0004.

Sheleen Dumas,

Departmental PRA Compliance Officer, Office of the Under Secretary for Economic Affairs, Commerce Department.

[FR Doc. 2026–10210 Filed 5–20–26; 8:45 am]

BILLING CODE 3510–33–P

DEPARTMENT OF COMMERCE

Bureau of Industry and Security

Agency Information Collection Activities; Submission to the Office of Management and Budget (OMB) for Review and Approval; Comment Request; Entity List and Unverified List Requests

The Department of Commerce will submit the following information collection request to the Office of Management and Budget (OMB) for review and clearance in accordance with the Paperwork Reduction Act of 1995, on or after the date of publication of this notice. We invite the general public and other Federal agencies to comment on proposed, and continuing information collections, which helps us assess the impact of our information collection requirements and minimize the public's reporting burden. Public comments were previously requested via the **Federal Register** on February 27, 2026, during a 60-day comment period. This notice allows for an additional 30 days for public comments.

Agency: Bureau of Industry and Security, Commerce.

Title: Entity List and Unverified List Requests.

OMB Control Number: 0694–0134.

Form Number(s): None.

Type of Request: Extension of a current information collection.

Number of Respondents: 20.

Average Hours per Response: 15 hours.

Burden Hours: 300.

Needs and Uses: This collection is needed to provide a procedure for persons or organizations listed on the Entity List and Unverified List to

request removal or modification of the entry that affects them. The Entity List appears at 15 CFR part 744, Supp. No. 4, and the Unverified List appears at 15 CFR part 744, Supp. No. 6. The Entity List and Unverified List are used to inform the public of certain parties whose presence in a transaction that is subject to the Export Administration Regulations (15 CFR parts 730–799) requires a license from the Bureau of Industry and Security (BIS). Requests for removal from the Entity List would be reviewed by the Departments of Commerce, State, and Defense, and Energy and Treasury as appropriate. The final decision will be communicated to the requesting entity by BIS. Requests for removal from the Unverified List would be reviewed by the Department of Commerce. The decision, as communicated to the requesting entity by BIS, would be the final agency action on such a request.

Affected Public: Business or other for-profit organizations.

Frequency: On Occasion.

Respondent's Obligation: Voluntary.

Legal Authority: Sections 744.11, and 744.16 of the EAR.

This information collection request may be viewed at www.reginfo.gov. Follow the instructions to view the Department of Commerce collections currently under review by OMB.

Written comments and recommendations for the proposed information collection should be submitted within 30 days of the publication of this notice on the following website www.reginfo.gov/public/do/PRAMain. Find this particular information collection by selecting “Currently under 30-day Review—Open for Public Comments” or by using the search function and entering either the title of the collection or the OMB Control Number 0694–0134.

Sheleen Dumas,

Departmental PRA Compliance Officer, Office of the Under Secretary for Economic Affairs, Commerce Department.

[FR Doc. 2026–10216 Filed 5–20–26; 8:45 am]

BILLING CODE 3510–33–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[RTID 0648–XF764]

Pacific Fishery Management Council; Public Meetings

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Notice of public meetings.

SUMMARY: The Pacific Fishery Management Council (Pacific Council) and its advisory bodies will meet June 10–15, 2026 in Spokane, Washington and via webinar. The Pacific Council meeting will be live streamed with the opportunity to provide public comment remotely. The following groups will meet in person in Spokane: Pacific Council, Budget Committee, Scientific and Statistical Committee, Groundfish Advisory Subpanel, Groundfish Management Team, Highly Migratory Species Advisory Subpanel, Highly Migratory Species Management Team, and Enforcement Consultants.

DATES: The Pacific Council meeting will begin on Friday, June 12, 2026, at 9 a.m. Pacific Time (PT), reconvening at 8 a.m. on Saturday, June 13 through Monday, June 15, 2026. All meetings are open to the public, except for a Closed Session held from 8 a.m. to 9 a.m., Friday, June 12, 2026, to address litigation and personnel matters. The Pacific Council will meet as late as necessary each day to complete its scheduled business. Advisory Body meetings begin on Wednesday, June 10, 2026, as outlined in the schedule of ancillary meetings below.

ADDRESSES: Meetings of the Pacific Council and its advisory entities will be held at the DoubleTree by Hilton Hotel Spokane City Center, 322 North Spokane Falls Court, Spokane, WA 99201; Telephone: 509–455–9600. Specific meeting information, including directions to join the meeting, connecting to the live stream broadcast, and system requirements will be provided in the meeting announcement on the Pacific Council's website (see www.pcouncil.org). You may send an email to Mr. Hayden York (hayden.york@pcouncil.org) or contact him at (503) 820–2424 for technical assistance.

Council address: Pacific Fishery Management Council, 7700 NE Ambassador Place, Suite 101, Portland, OR 97220–1384.

FOR FURTHER INFORMATION CONTACT: Mr. Merrick Burden, Executive Director, Pacific Council; telephone: (503) 820–2418 or (866) 806–7204 ext. 418 toll-free, or access the Pacific Council website, www.pcouncil.org, for the proposed agenda and meeting briefing materials.

SUPPLEMENTARY INFORMATION: The June 10–15, 2026 meeting of the Pacific Council will be streamed live on the internet. The broadcasts begin initially at 9 a.m. PT Friday, June 12, 2026, and 8 a.m. Saturday, June 13, 2026, through

Monday, June 15, 2026. Broadcasts end when business for the day is complete. Only the audio portion and presentations displayed on the screen at the Pacific Council meeting will be broadcast. The audio portion for the public is listen-only except that an opportunity for oral public comment will be provided prior to Council Action on each agenda item. Additional information and instructions on joining or listening to the meeting can be found on the Pacific Council's website (see www.pcouncil.org).

The following items are on the Pacific Council agenda, but not necessarily in this order. Agenda items noted as “Final Action” refer to actions requiring the Pacific Council to transmit a proposed fishery management plan (FMP), proposed plan amendment, or proposed regulations to the U.S. Secretary of Commerce, under Sections 304 or 305 of the Magnuson-Stevens Fishery Conservation and Management Act. Additional detail on agenda items, Council action, and advisory entity meeting times are described in Agenda Item A.3, Proposed Council Meeting Agenda, and will be in the advance June 2026 briefing materials and posted on the Pacific Council website at www.pcouncil.org no later than Tuesday, May 26, 2026.

A. Call to Order

1. Opening Remarks
2. Roll Call
3. Agenda
4. Executive Director's Report

B. Open Comment Period

1. Comments on Non-Agenda Items

C. Administrative

1. Council Coordinating Committee Meeting Update
2. Fiscal Matters
3. Approve Council Meeting Records
4. Membership Appointments and Council Operating Procedures (COP)
5. Future Council Meeting Agenda and Workload Planning

D. Cross FMP

1. National Ocean Service Briefing—Deep Sea Mineral Mining
2. Marine Planning
3. Special Project 2: Socioeconomic Framework
4. Council and NMFS Workload—Capacity Alignment

E. Groundfish

1. National Marine Fisheries Service Report
2. Inseason Management—Final Action
3. Stock Assessment Process Review and Proposed Process Revisions
4. Final Stock Assessment Plan for 2027, Preliminary Priorities for

- 2029 and Beyond
- 5. Moving Trawl Gear EFP into Regulations; Updating Declaration Requirements; Removing Duplicative Recreational Regulations
- 6. 2027–28 Harvest Specifications, Management Measures, and Exempted Fishing Permits—Fishery Management Plan Amendment Final Action
- 7. Stock Assessment Terms of Reference for 2027–28
- F. Habitat
 - 1. Habitat Issues
- G. Highly Migratory Species
 - 1. National Marine Fisheries Service Report
 - 2. International Management

Advisory Body Agendas

Advisory body agendas will include discussions of relevant issues that are on the Pacific Council agenda for this meeting and may also include issues that may be relevant to future Pacific Council meetings. Proposed advisory body agendas for this meeting will be available on the Pacific Council website, www.pcouncil.org, no later than the end of the day, Tuesday, May 26, 2026.

Schedule of Ancillary Meetings

Day 1—Wednesday, June 10, 2026

Groundfish Management Team—8 a.m.

Day 2—Thursday, June 11, 2026

Groundfish Advisory Subpanel—8 a.m.
Groundfish Management Team—8 a.m.
Scientific and Statistical Committee—8 a.m.

Budget Committee—1 p.m.
Enforcement Consultants—2 p.m.

Day 3—Friday, June 12, 2026

Groundfish Advisory Subpanel—8 a.m.
Groundfish Management Team—8 a.m.
Highly Migratory Species Advisory Subpanel—8 a.m.
Highly Migratory Species Management Team—8 a.m.
Scientific and Statistical Committee—8 a.m.
Enforcement Consultants—8 a.m.

Day 4—Saturday, June 13, 2026

Groundfish Advisory Subpanel—8 a.m.
Groundfish Management Team—8 a.m.
Highly Migratory Species Advisory Subpanel—8 a.m.
Highly Migratory Species Management Team—8 a.m.
Enforcement Consultants—As Necessary

Day 5—Sunday, June 14, 2026

Groundfish Advisory Subpanel—8 a.m.
Groundfish Management Team—8 a.m.
Enforcement Consultants—As Necessary

Although non-emergency issues not contained in the meeting agenda may be

discussed, those issues may not be the subject of formal action during this meeting. Action will be restricted to those issues specifically listed in this document and any issues arising after publication of this document that require emergency action under section 305(c) of the Magnuson-Stevens Fishery Conservation and Management Act, provided the public has been notified of the intent to take final action to address the emergency.

Special Accommodations

Requests for sign language interpretation or other auxiliary aids should be directed to Mr. Hayden York (hayden.york@pcouncil.org; (503) 820–2424) at least 10 business days prior to the meeting date.

Authority: 16 U.S.C. 1801 *et seq.*

Dated: May 19, 2026.

Rey Israel Marquez,

Acting Deputy Director, Office of Sustainable Fisheries, National Marine Fisheries Service.

[FR Doc. 2026–10211 Filed 5–20–26; 8:45 am]

BILLING CODE 3510–22–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[RTID 0648–XF781]

South Atlantic Fishery Management Council; Public Meeting

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Meeting of the South Atlantic Fishery Management Council.

SUMMARY: The South Atlantic Fishery Management Council (Council) will hold meetings of the Snapper Grouper Committee, Dolphin Wahoo Committee, and Outreach and Communication Committee. The meeting week will also include a formal public comment session and closed and open meetings of the Full Council.

DATES: The Council meeting will be held from 8:30 a.m. on Monday, June 8, 2026, until 12 p.m. on Friday, June 12, 2026.

ADDRESSES: *Meeting address:* The meeting will be held at the World Golf Renaissance, 500 S Legacy Trail, St. Augustine, FL 32092; phone (904) 940–8000. The meeting will also be available via webinar. See **SUPPLEMENTARY INFORMATION.**

FOR FURTHER INFORMATION CONTACT: Myra Brouwer, Deputy Director for Management, SAFMC; phone (843) 302–

8436 or toll free (866) SAFMC–10; FAX (843) 769–4520; email: myra.brouwer@safmc.net.

SUPPLEMENTARY INFORMATION: Meeting information, including agendas, overviews, and briefing book materials will be posted on the Council's website at: <https://safmc.net/council-meetings/>. Webinar registration links for the meeting will also be available from the Council's website.

Public comment: Public comment on agenda items may be submitted through the Council's online comment form available from the Council's website at: <https://safmc.net/events/june-2026-council-meeting/>. Written comments will be accepted from May 22, 2026, until June 12, 2026. These comments are accessible to the public, part of the Administrative Record of the meeting, and immediately available for Council consideration. A formal public comment session will also be held during the Council meeting.

The items of discussion in the individual meeting agendas are as follows:

Council Session I, Monday, June 8, 2026, 8:30 a.m. Until 12 p.m. (Closed Session)

The Council will meet in closed session to receive a litigation brief if needed, review applicants for advertised advisory panel seats and consider appointments to the Scientific and Statistical Committee (SSC), the Social and Economic Subpanel; Southeast Data, Assessment and Review (SEDAR) review panels and the SEDAR pool; and nominees for the 2025 Law Enforcement Officer of the Year Award. The Council will also discuss term limits for AP members.

Council Session I, Monday, June 8, 2026, 1:30 p.m. Until 5:00 p.m. and Tuesday, June 9, 2025, 8:30 a.m. Until 10:00 a.m.

The Council will receive the following reports: a litigation brief, law enforcement, Council liaisons, the Council Coordination Committee, Lines of Communication, the Shrimp Workgroup, and the National Marine Fisheries Services' (NMFS) Southeast Regional Office (SERO) and Southeast Fisheries Science Center (SEFSC). The Council will also receive reports from its Scientific and Statistical Committee (SSC), the SSC's Social and Economic Panel (SEP), and reports for managed stocks outside the Council's jurisdiction, if any. The Council will receive an update and discuss the NMFS' proposed risk/value matrix approach for managed stocks and

receive an update from the NMFS' Marine Recreational Information Program.

Snapper Grouper Committee, Tuesday, June 9, 2026, 10:15 a.m. Until 5 p.m., Wednesday, June 10, 2026, 8:30 a.m. Until 3:45 p.m., and Thursday, June 11, 2026, 8:30 a.m. Until 10:30 a.m.

The Committee will receive updates from the NMFS on amendments undergoing rulemaking and Exempted Fishing Permit (EFP) applications. The Committee will also receive an update on the Joint SAFMC and MAFMC Sub-Committee on Blueline Tilefish, review the draft report on sector allocations for Vermilion Snapper and consider approving the report and review an outline and progress on the Wreckfish Individual Transferable Quota Program Review.

The Committee will receive reports on topics pertaining to the snapper grouper fishery from the Snapper Grouper Advisory Panel and the SSC and SEP. The Committee will review feedback from the Commercial Snapper Grouper Sub-Committee on Amendment 60 to the Snapper Grouper Fishery Management Plan and consider approving the amendment for public hearings.

The Committee will continue discussion of Amendment 61 to the Snapper Grouper Fishery Management Plan to evaluate the composition of the Snapper Grouper Fishery Management Unit.

The Committee will discuss Regulatory Amendment 38 to the Snapper Grouper Fishery Management Plan addressing headboat vessel limits for snapper grouper species and Regulatory Amendment 39 to the Snapper Grouper Fishery Management Plan addressing sunseting of Spawning Special Management Zones. The Committee will continue discussing Amendment 44 to the Snapper Grouper Fishery Management Plan addressing yellowtail snapper and mutton snapper and initiate discussion on Regulatory Amendment 40 to the Snapper Grouper Fishery Management Plan addressing possible re-opening of nearshore seasonal closed areas to on-demand Black Sea Bass pot gear and trip limit modification for pot gear. Finally, the Committee will receive an update on the Black Grouper Management Strategy Evaluation (MSE) and address any other business.

Wednesday, June 10, 2026, 4 p.m.— Public comment will be accepted from individuals attending the meeting in person and via webinar on all items on the Council meeting agenda. The Council Chair will determine the

amount of time provided to each commenter based on the number of individuals wishing to comment.

Dolphin Wahoo Committee, Thursday, June 11, 2026, 10:45 a.m. Until 3 p.m.

The Committee will receive a presentation on the Dolphin MSE from the SEFSC, review SSC feedback on the MSE, provide feedback to the SEFSC on management procedures, discuss measures that may be considered in Regulatory Amendment 3 to the Fishery Management Plan for the Dolphin and Wahoo Fishery of the Atlantic, and address any other business.

Outreach and Communications Committee, Thursday, June 11, 2026, 3:15 Until 5 p.m.

The Committee will receive a report from the Outreach and Communications Advisory Panel, review outreach and communications goals and objectives, receive a presentation on the expansion of the Return 'Em Right Program to the South Atlantic, and address any other business.

Council Session II, Friday, June 12, 8:30 a.m. Until 12 p.m.

The Council will review its workplan, reports from the committees that met during the week, review upcoming meetings, and discuss any other business as needed. Documents regarding these issues are available from the Council office (see **ADDRESSES**).

Although non-emergency issues not contained in this agenda may come before this group for discussion, those issues may not be the subject of formal action during this meeting. Action will be restricted to those issues specifically identified in this notice and any issues arising after publication of this notice that require emergency action under section 305(c) of the Magnuson-Stevens Fishery Conservation and Management Act, provided the public has been notified of the Council's intent to take final action to address the emergency.

Special Accommodations

These meetings are physically accessible to people with disabilities. Requests for auxiliary aids should be directed to the council office (see **ADDRESSES**) 5 days prior to the meeting.

Note: The times and sequence specified in this agenda are subject to change.

Authority: 16 U.S.C. 1801 *et seq.*

Dated: May 19, 2026.

Rey Israel Marquez,

Acting Deputy Director, Office of Sustainable Fisheries, National Marine Fisheries Service.

[FR Doc. 2026-10183 Filed 5-20-26; 8:45 am]

BILLING CODE 3510-22-P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[RTID 0648-XF777]

New England Fishery Management Council; Public Meeting

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Notice of public meeting.

SUMMARY: The New England Fishery Management Council (Council) is scheduling a public meeting of its Joint Groundfish Committee, Groundfish Advisory, and Recreational Panels to consider actions affecting New England fisheries in the exclusive economic zone (EEZ). Recommendations from this group will be brought to the full Council for formal consideration and action, if appropriate.

DATES: This meeting will be held on Wednesday, June 10, 2026 at 9 a.m. EDT Webinar registration URL information: <https://nefmc-org.zoom.us/joining/register/s3MhDGJGTT0hSFR8ENINlw>.

ADDRESSES: This meeting will be held at the Four Points by Sheraton, One Audubon Road, Wakefield, MA 01880; Phone (781) 245-9300.

Council address: New England Fishery Management Council, 50 Water Street, Mill 2, Newburyport, MA 01950.

FOR FURTHER INFORMATION CONTACT: Cate O'Keefe, Executive Director, New England Fishery Management Council; telephone: (978) 465-0492.

SUPPLEMENTARY INFORMATION:

Agenda

The Groundfish Committee, Groundfish Advisory Panel, and Recreational Advisory Panel will meet jointly to discuss Framework 74/ Specifications and Management Measures (to be initiated)—receive a report on action that is anticipated to include FY2027 specifications for Georges Bank (GB) cod and GB haddock, FY2027–FY2028 specifications for GB yellowtail flounder, FY2027–FY2031 specifications for seven groundfish stocks, FY2027–FY2028 U.S./Canada total allowable catches, modifications to provisions in the southern windowpane flounder accountability measures, and other measures. They will also discuss Framework 68/Acceptable Biological Catch (ABC) Control Rules—receive a progress report, including status of the Council's new Risk Policy. The Committee and Panels will discuss industry updates—open discussion for

advisors to share observations and perspectives on fishery performance from the past year and considerations for the current fishing year as well as recreational measures planning—receive updates from NOAA Fisheries staff on the recreation demand model and decision support tool used to develop recreational measures for Western Gulf of Maine cod and Gulf of Maine haddock, discuss planning for development of fishing year 2027 measures. Updates on other Council groundfish priorities for 2026 (if available), and other business, as necessary.

Although non-emergency issues not contained on the agenda may come before this Council for discussion, those issues may not be the subject of formal action during this meeting. Council action will be restricted to those issues specifically listed in this notice and any issues arising after publication of this notice that require emergency action under section 305(c) of the Magnuson-Stevens Act, provided the public has been notified of the Council's intent to take final action to address the emergency. The public also should be aware that the meeting will be recorded. Consistent with 16 U.S.C. 1852, a copy of the recording is available upon request.

Special Accommodations

This meeting is physically accessible to people with disabilities. Requests for sign language interpretation or other auxiliary aids should be directed to Cate O'Keefe, Executive Director, at (978) 465-0492, at least 5 days prior to the meeting date.

(Authority: 16 U.S.C. 1801 *et seq.*)

Dated: May 18, 2026.

Rey Israel Marquez,

Acting Deputy Director, Office of Sustainable Fisheries, National Marine Fisheries Service.

[FR Doc. 2026-10122 Filed 5-20-26; 8:45 am]

BILLING CODE 3510-22-P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[RTID 0648-XF791]

Fisheries of the Gulf of America and South Atlantic; Southeast Data, Assessment, and Review; Public Meeting

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Notice of review workshop for Gulf and South Atlantic hogfish.

SUMMARY: The Southeast Data Assessment and Review (SEDAR) 94 assessment process of Gulf and South Atlantic will consist of a Data Workshop, and a series of assessment webinars, and a Review Workshop. See **SUPPLEMENTARY INFORMATION**.

DATES: The SEDAR 94 Review Workshop will be held from 8:30 a.m. on July 14, 2026, until 12 p.m. on July 17, 2026.

ADDRESSES:

Meeting address: The SEDAR 94 Review Workshop will be held at the Hilton Garden Inn Charleston Airport, 5265 International Blvd., North Charleston, SC 29418.

SEDAR address: 4055 Faber Place Drive, Suite 201, North Charleston, SC 29405.

FOR FURTHER INFORMATION CONTACT: Julie A. Neer, SEDAR Coordinator; (843) 571-4366. Email: Julie.neer@safmc.net.

SUPPLEMENTARY INFORMATION: The Gulf, South Atlantic, and Caribbean Fishery Management Councils, in conjunction with NOAA Fisheries and the Atlantic and Gulf States Marine Fisheries Commissions have implemented the SEDAR process, a multi-step method for determining the status of fish stocks in the Southeast Region. SEDAR is a multi-step process including: (1) Data/Assessment Workshop, and (2) a series of webinars. The product of the Data/Assessment Workshop is a report which compiles and evaluates potential datasets and recommends which datasets are appropriate for assessment analyses, and describes the fisheries, evaluates the status of the stock, estimates biological benchmarks, projects future population conditions, and recommends research and monitoring needs. Participants for SEDAR Workshops are appointed by the Gulf, South Atlantic, and Caribbean Fishery Management Councils and NOAA Fisheries Southeast Regional Office, Highly Migratory Species Management Division, and Southeast Fisheries Science Center. Participants include data collectors and database managers; stock assessment scientists, biologists, and researchers; constituency representatives including fishermen, environmentalists, and non-governmental organizations; International experts; and staff of Councils, Commissions, and state and federal agencies.

The items of discussion in the Review Workshop are as follows:

Participants will evaluate the data and assessment reports, as specified in the

Terms of Reference for the workshop and determine if they are scientifically sound.

Although non-emergency issues not contained in this agenda may come before this group for discussion, those issues may not be the subject of formal action during this meeting. Action will be restricted to those issues specifically identified in this notice and any issues arising after publication of this notice that require emergency action under section 305(c) of the Magnuson-Stevens Fishery Conservation and Management Act, provided the public has been notified of the intent to take final action to address the emergency.

Special Accommodations

These meetings are physically accessible to people with disabilities. Requests for sign language interpretation or other auxiliary aids should be directed to the Council office (see **ADDRESSES**) at least 5 business days prior to each workshop.

Note: The times and sequence specified in this agenda are subject to change.

(Authority: 16 U.S.C. 1801 *et seq.*)

Dated: May 18, 2026.

Rey Israel Marquez,

Acting Deputy Director, Office of Sustainable Fisheries, National Marine Fisheries Service.

[FR Doc. 2026-10124 Filed 5-20-26; 8:45 am]

BILLING CODE 3510-22-P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[RTID 0648-XF797]

South Atlantic Fishery Management Council; Public Meeting

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Meeting of the South Atlantic Fishery Management Council's Executive Committee.

SUMMARY: The South Atlantic Fishery Management Council (Council) will hold a closed meeting of its Executive Committee via webinar to discuss staff benefits.

DATES: The meeting will be held from 1:30 p.m. until 2:30 p.m. on Monday, June 22, 2026.

ADDRESSES: *Meeting address:* The meeting will be held via webinar. Webinar registration is required. Details are included in **SUPPLEMENTARY INFORMATION**.

FOR FURTHER INFORMATION CONTACT: John Carmichael, Executive Director, SAFMC; phone 843/302-8440 or toll free 866/SAFMC-10; FAX 843/769-4520; email: john.carmichael@safmc.net.

SUPPLEMENTARY INFORMATION: Meeting information, including the webinar registration link, online public comment form, agenda, and briefing book materials will be posted on the Council's website at: <https://safmc.net/council-meetings/>. Comments become part of the Administrative Record of the meeting and will automatically be posted to the website and available for Council consideration.

At this meeting the Council's Executive Committee will review Council staff benefits.

Although non-emergency issues not contained in this agenda may come before this group for discussion, those issues may not be the subject of formal action during this meeting. Action will be restricted to those issues specifically identified in this notice and any issues arising after publication of this notice that require emergency action under section 305(c) of the Magnuson-Stevens Fishery Conservation and Management Act, provided the public has been notified of the Council's intent to take final action to address the emergency.

Special Accommodations

These meetings are physically accessible to people with disabilities. Requests for auxiliary aids should be directed to the council office (see **ADDRESSES**) 5 days prior to the meeting.

Note: The times and sequence specified in this agenda are subject to change.

Authority: 16 U.S.C. 1801 *et seq.*

Dated: May 18, 2026.

Rey Israel Marquez,

Acting Deputy Director, Office of Sustainable Fisheries, National Marine Fisheries Service.

[FR Doc. 2026-10181 Filed 5-20-26; 8:45 am]

BILLING CODE 3510-22-P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[RTID 0648-XF780]

Fisheries of the Gulf of America; Southeast Data, Assessment, and Review; Public Meeting

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Notice of webinar.

SUMMARY: The Southeast Data Assessment and Review (SEDAR) 105 assessment process of Gulf gag grouper will consist of a series of assessment webinars. See **SUPPLEMENTARY INFORMATION**.

DATES: The SEDAR 105 Topical Working Groups Data Recommendations webinar will be held June 9, 2026, from 1:30-3:30 p.m. Eastern Time.

ADDRESSES:

SEDAR address: 4055 Faber Place Drive, Suite 201, North Charleston, SC 29405.

Meeting address: The meeting will be held via webinar. The webinar is open to members of the public. Those interested in participating should contact Julie A. Neer at SEDAR (See **FURTHER INFORMATION CONTACT**) to request an invitation providing webinar access information. Please request webinar invitations at least 24 hours in advance of each webinar.

FOR FURTHER INFORMATION CONTACT: Julie A. Neer, SEDAR Coordinator; (843) 571-4366. Email: Julie.neer@safmc.net.

SUPPLEMENTARY INFORMATION: The Gulf, South Atlantic, and Caribbean Fishery Management Councils, in conjunction with the National Marine Fisheries Service and the Atlantic and Gulf States Marine Fisheries Commissions have implemented the SEDAR process. SEDAR is a participatory process for developing, evaluating and reviewing information used for fisheries management advice. This multi-step process for determining the status of fish stocks in the Southeast Region may include (1) a Data stage, and (2) an Assessment stage, and (3) a Review stage. Each stage produces a report summarizing decisions made during that stage. A final stock assessment report is produced at the end of a SEDAR process documenting data sets used, model configurations and the opinions from the independent peer review. Participants for SEDAR projects are appointed by the Gulf, South Atlantic, and Caribbean Fishery Management Councils and National Marine Fisheries Service Southeast Regional Office, Highly Migratory Species Management Division, and Southeast Fisheries Science Center. Participants may include data collectors and database managers; stock assessment scientists, biologists, and researchers; constituency representatives including fishermen, environmentalists, and non-governmental organizations; International experts; and staff of Councils, Commissions, and state and Federal agencies.

The items of discussion during the SEDAR 105 Topical Working Groups Data Recommendations webinar are as follows:

Participants will review the data analyses and make recommendations.

Although non-emergency issues not contained in this agenda may come before this group for discussion, those issues may not be the subject of formal action during this meeting. Action will be restricted to those issues specifically identified in this notice and any issues arising after publication of this notice that require emergency action under section 305(c) of the Magnuson-Stevens Fishery Conservation and Management Act, provided the public has been notified of the intent to take final action to address the emergency.

Special Accommodations

These meetings are physically accessible to people with disabilities. Requests for sign language interpretation or other auxiliary aids should be directed to the Council office (see **ADDRESSES**) at least (5) five business days prior to each workshop.

Note: The times and sequence specified in this agenda are subject to change.

(Authority: 16 U.S.C. 1801 *et seq.*)

Dated: May 18, 2026.

Rey Israel Marquez,

Acting Deputy Director, Office of Sustainable Fisheries, National Marine Fisheries Service.

[FR Doc. 2026-10123 Filed 5-20-26; 8:45 am]

BILLING CODE 3510-22-P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[RTID 0648-XF796]

North Pacific Fishery Management Council; Public Meeting

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Notice of public meeting.

SUMMARY: The Center of Independent Experts (CIE) review of the Alaska sablefish stock assessment will be held June 16, 2026, through June 18, 2026.

DATES: The meeting will be held on June 16, 2026, through June 18, 2026, inclusive, from 9 a.m. to 5 p.m. Alaska Time.

ADDRESSES: The meeting will be in-person only and will be held at the Ted Stevens Marine Institute, 17109 Pt Lena Loop Rd., Juneau, AK 99801. The

meeting will be in the Royce Room (Room 131).

FOR FURTHER INFORMATION CONTACT: Daniel Goethel, Alaska Fishery Science Center staff (Auke Bay Lab); email: daniel.goethel@noaa.gov; phone: (305) 361-4231.

SUPPLEMENTARY INFORMATION:

Agenda

Tuesday, June 16, 2026, Through Thursday, June 18, 2026

The CIE will review the Alaska sablefish stock assessment. The agenda is subject to change, and the latest version and meeting materials will be posted at https://github.com/dgoethel-noaa/2026_Sablefish_CIE/tree/main.

Authority: 16 U.S.C. 1801 *et seq.*

Dated: May 19, 2026.

Rey Israel Marquez,

Acting Deputy Director, Office of Sustainable Fisheries, National Marine Fisheries Service.

[FR Doc. 2026-10182 Filed 5-20-26; 8:45 am]

BILLING CODE 3510-22-P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[RTID 0648-XF740]

Marine Mammals and Endangered Species

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Notice; issuance of permits, including permit amendments.

SUMMARY: Notice is hereby given that permits have been issued under the Marine Mammal Protection Act (MMPA) and the Endangered Species Act (ESA), as applicable.

ADDRESSES: The permits and related documents are available for review upon written request via email to NMFS.Pr1Comments@noaa.gov.

FOR FURTHER INFORMATION CONTACT: Courtney Smith, Ph.D. (File Nos. 24378,

29471, and 29565), Shasta McClenahan, Ph.D. (File Nos. 23966, 29070, and 29154), Amy Hapeman (File No. 29017), and Jennifer Skidmore (File No. 28985); at (301) 427-8401.

SUPPLEMENTARY INFORMATION: The requested permits have been issued under the MMPA of 1972, as amended (16 U.S.C. 1361 *et seq.*), the regulations governing the taking and importing of marine mammals (50 CFR part 216), the ESA of 1973, as amended (16 U.S.C. 1531 *et seq.*), and the regulations governing the taking, importing, and exporting of endangered and threatened species (50 CFR parts 222-226), as applicable. Notices were published in the **Federal Register** on the dates listed below that requests had been submitted. To locate the **Federal Register** notice that announced our receipt of the application and a complete description of the activities, go to <https://www.federalregister.gov> and search for the file number provided in table 1 below.

TABLE 1—ISSUED PERMITS

File No.	Version No.	RTID	Applicant	Previous Federal Register notice	Issuance date
23966	01	0648-XB412 ...	Christopher Cilfone, Kohola Film Project, 61 Loa Place, Lahaina, HI 96761.	86 FR 50704, September 10, 2021	April 29, 2026.
24378	02	0648-XE954 ...	University of Alaska Southeast-Sitka, 1332 Seward Avenue, Sitka, AK 99835 (Responsible Party: Jan Straley).	90 FR 23519, June 3, 2025	April 17, 2026.
28985	N/A	0648-XF551 ...	Minnesota Zoological Gardens, 13000 Zoo Boulevard, Apple Valley, MN 55124 (Responsible Party: John Frawley).	91 FR 8467, February 23, 2026	April 29, 2026.
29017	N/A	0648-XF059 ...	Alaska Department of Fish and Game, P.O. Box 25526, Juneau, AK 99802 (Responsible Party: Lori Quakenbush, Ph.D.).	90 FR 44648, September 16, 2025	April 22, 2026.
29070	N/A	0648-XF512 ...	University of Florida, 2015 Southwest 16th Avenue, Gainesville, FL 32608 (Responsible Party: Michael Walsh, DVM).	91 FR 5729, February 9, 2026	April 8, 2026.
29154	N/A	0648-XF513 ...	Briana Witteveen, Ph.D., University of Alaska Fairbanks, 4422 SE 50th Avenue, Portland, OR 97206.	91 FR 5726, February 9, 2026	April 29, 2026.
29471	N/A	0648-XF419 ...	Fort Wayne Zoo, 3411 Sherman Boulevard, Fort Wayne, IN 46808 (Responsible Party: Rick Schuiteman).	91 FR 5928, February 10, 2026	April 15, 2026.
29565	N/A	0648-XF543 ...	Mission Partners Entertainment Group, 5500 Greenwood Plaza Boulevard, Greenwood Village, CO 80111 (Responsible Party: Greg Eliason).	91 FR 12172, March 12, 2026	April 29, 2026.

In compliance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 *et seq.*), a final determination has been made that the activities proposed are categorically excluded from the requirement to prepare an environmental assessment or environmental impact statement.

As required by the ESA, as applicable, issuance was based on a finding that such permits: (1) were applied for in good faith; (2) will not operate to the disadvantage of such endangered species; and (3) are consistent with the purposes and policies set forth in section 2 of the ESA.

Dated: May 18, 2026.

Shannon Bettridge,

Chief, Marine Mammal and Sea Turtle Conservation Division, Office of Protected Resources, National Marine Fisheries Service.

[FR Doc. 2026-10166 Filed 5-20-26; 8:45 am]

BILLING CODE 3510-22-P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[RTID 0648-XF787]

South Atlantic Fishery Management Council (Council)—Public Meetings

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Notice of the South Atlantic Fishery Management Council's Shrimp Workgroup meeting.

SUMMARY: The Council will hold a meeting of the Shrimp Workgroup on June 30, 2026.

DATES: The Shrimp Workgroup meeting will be held June 30, 2026, from 9 p.m. until 5 p.m. EDT.

ADDRESSES: *Council address:* South Atlantic Fishery Management Council, 4055 Faber Place Drive, Suite 201, N Charleston, SC 29405.

The meeting will be held via webinar. Registration is required. Webinar registration, an online public comment form, and briefing book materials will be available 2 weeks prior to the meeting at: <https://safmc.net/workgroups/>.

FOR FURTHER INFORMATION CONTACT: Allie Iberle, Fishery Scientist, email: allie.iberle@safmc.net; phone 843/225-8135.

SUPPLEMENTARY INFORMATION: The South Atlantic Fishery Management Council formed the Shrimp workgroup to identify workable solutions that aim to reduce interactions with smalltooth sawfish and giant manta rays in the South Atlantic federal shrimp trawl fishery. During the meeting representatives from the shrimp fishery, NMFS, Council staff, Council members, Science and Statistical Committee member, and relevant researchers will review available data and information pertaining to both giant manta rays, smalltooth sawfish, and the South Atlantic federal shrimp fisheries. In addition, they will discuss a list of potential options for bycatch reduction and/or mitigation.

Special Accommodations: These meetings are physically accessible to people with disabilities. Requests for auxiliary aid should be directed to the council office (see **ADDRESSES**) 5 days prior to the meeting.

Note: The times and sequence specified in this agenda are subject to change.

Authority: 16 U.S.C. 1801 *et seq.*

Dated: May 19, 2026.

Rey Israel Marquez,

Acting Deputy Director, Office of Sustainable Fisheries, National Marine Fisheries Service.

[FR Doc. 2026-10184 Filed 5-20-26; 8:45 am]

BILLING CODE 3510-22-P

COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED

Procurement List; Deletions

AGENCY: Committee for Purchase From People Who Are Blind or Severely Disabled.

ACTION: Deletions from the Procurement List.

SUMMARY: This action deletes service(s) from the Procurement List that were furnished by nonprofit agencies employing persons who are blind or have other severe disabilities.

DATES: *Date deleted from the Procurement List:* June 20, 2026.

ADDRESSES: Committee for Purchase From People Who Are Blind or Severely Disabled, 250 E Street SW, Suite 3100, Washington, DC 20024.

FOR FURTHER INFORMATION CONTACT: For further information or to submit comments contact: Michael R. Jurkowski, Telephone: (703) 489-1322, or email CMTEFedReg@AbilityOne.gov.

SUPPLEMENTARY INFORMATION:

Deletion

On April 16, 2025 (91 FR 20418), the Committee for Purchase From People Who Are Blind or Severely Disabled published notice of proposed deletions from the Procurement List. This notice is published pursuant to 41 U.S.C. 8503 (a)(2) and 41 CFR 51-2.3.

After consideration of the relevant matter presented, the Committee has determined that the service(s) listed below are no longer suitable for procurement by the Federal Government under 41 U.S.C. 8501-8506 and 41 CFR 51-2.4.

Regulatory Flexibility Act Certification

I certify that the following action will not have a significant impact on a substantial number of small entities. The major factors considered for this certification were:

1. The action will not result in additional reporting, recordkeeping or other compliance requirements for small entities.
2. The action may result in authorizing small entities to furnish the service(s) to the Government.
3. There are no known regulatory alternatives which would accomplish the objectives of the Javits-Wagner-O'Day Act (41 U.S.C. 8501-8506) in connection with the service(s) deleted from the Procurement List.

End of Certification

Accordingly, the following service(s) are deleted from the Procurement List:

Services(s)

Service Type: Shelf Stocking, Custodial & Warehousing.

Mandatory for: Defense Commissary Agency, Camp Pendleton MCB Commissary, MCB Camp Pendleton, CA, 20850 Vandegrift Boulevard, MCB Camp Pendleton, CA.

Authorized Source of Supply: Job Options,

Inc., San Diego, CA.

Contracting Activity: DEPT OF DEFENSE, DEFENSE COMMISSARY AGENCY.

Service Type: Base Supply Center.

Mandatory for: US Navy, Marine Corps Air Station, SERVMART Stores, Cherry Point, NC, LCI-SERVMART, Bldg. 1702 B, 6th Avenue, MCAS Cherry Point, NC.

Authorized Source of Supply: LC Industries, Inc., Durham, NC.

Contracting Activity: GENERAL SERVICES ADMINISTRATION, GSA/FAS.

Michael R. Jurkowski,

Director, Business Operations.

[FR Doc. 2026-10154 Filed 5-20-26; 8:45 am]

BILLING CODE 6353-01-P

COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED

Procurement List; Proposed Additions and Deletions

AGENCY: Committee for Purchase From People Who Are Blind or Severely Disabled.

ACTION: Proposed additions to and deletions from the Procurement List.

SUMMARY: The Committee is proposing to add service(s) to the Procurement List that will be furnished by nonprofit agencies employing persons who are blind or have other severe disabilities, and delete product(s) previously furnished by such agencies.

DATES: Comments must be received on or before: June 20, 2026.

ADDRESSES: Committee for Purchase From People Who Are Blind or Severely Disabled, 250 E Street SW, Suite 3100, Washington, DC 20024.

FOR FURTHER INFORMATION CONTACT: For further information or to submit comments contact: Michael R. Jurkowski, Telephone: (703) 489-1322, or email CMTEFedReg@AbilityOne.gov.

SUPPLEMENTARY INFORMATION: This notice is published pursuant to 41 U.S.C. 8503 (a)(2) and 41 CFR 51-2.3. Its purpose is to provide interested persons an opportunity to submit comments on the proposed actions.

Additions

In accordance with 41 CFR 51-5.3(b), the Committee intends to add this services requirement to the Procurement List as a mandatory purchase only for the contracting activity at the location listed with the proposed qualified nonprofit agency as the authorized source of supply. Prior to adding the service to the Procurement List, the Committee will consider other pertinent information, including information from Government personnel and relevant

comments from interested parties regarding the Committee's intent to geographically limit this services requirement.

The following services(s) are proposed for addition to the Procurement List for production by the nonprofit agencies listed:

Services(s)

Service Type: Custodial Service

Mandatory for: National Park Service, Santa Monica Mountains National Recreation Area, 26876 Mulholland Highway, Calabasas, CA

Authorized Source of Supply: Goodwill Industries of Southern California, Panarama City, CA

Contracting Activity: DEPARTMENT OF THE INTERIOR, NATIONAL PARK SERVICE

The following product(s) are proposed for deletion to the Procurement List:

Product(s)

NSN(s)—Product Name(s)

7510-01-695-6116—Dated 2026 12-Month 2-Sided Laminated Wall Planner, 24" x 37"

Authorized Source of Supply: Chicago Lighthouse Industries, Chicago, IL

Contracting Activity: GENERAL SERVICES ADMINISTRATION, GSA/FAS ADMIN SVCS ACQUISITION BR(2)

NSN(s)—Product Name(s)

7510-00-NIB-0217—Binder, Round Ring, Letter Size, 1/2" Capacity, Gray

7510-00-NIB-0218—Binder, Round Ring, Letter Size, 1/2" Capacity, Blue

7510-00-NIB-0219—Binder, Round Ring, Letter Size, 1/2" Capacity, Red

Authorized Source of Supply: South Texas Lighthouse for the Blind, Corpus Christi, TX

Contracting Activity: GENERAL SERVICES ADMINISTRATION, GSA/FAS ADMIN SVCS ACQUISITION BR(2)

NSN(s)—Product Name(s)

7530-01-693-5567—Monthly Desk Planner, Dated 2026, Wire Bound, Non-refillable, Black Cover

7530-01-693-6156—Weekly Desk Planner, Dated 2026, Wire Bound, Non-refillable, Black Cover

7530-01-693-5599—Daily Desk Planner, Dated 2026, Wire bound, Non-refillable, Black Cover 7530-01-693-5592—Weekly Planner Book, Dated 2026, 5" x 8", Black

7510-01-693-5083—Monthly Wall Calendar, Dated 2026, Jan–Dec, 8 1/2" x 11"

7510-01-693-5101—Wall Calendar, Dated 2026, Wire Bound w/Hanger, 12" x 17"

7510-01-693-5087—Wall Calendar, Dated 2026, Wire Bound w/hanger, 15.5" x 22"

7510-01-682-8096—Monthly Planner, Recycled, Dated 2026, 14-month, 6-7/8" x 8-3/4"

7510-01-682-8109—Professional Planner, Dated 2026, Recycled, Weekly, Black, 8 1/2" x 11" 7510-01-682-8102—Wall Calendar, Recycled, Dated 2026, Vertical, 3 Months, 12-1/4" x 26"

Authorized Source of Supply: Chicago

Lighthouse Industries, Chicago, IL
Contracting Activity: GENERAL SERVICES ADMINISTRATION, GSA/FAS ADMIN SVCS ACQUISITION BR(2)

NSN(s)—Product Name(s)

5970-00-240-0617—Tape, Insulation, Electrical, Cold, Heat, and Corrosion Resistant, Black, 0.75" x 30'

5970-00-685-9059—Tape, Electrical Insulation, Black, .75" x 360" *Designated*

Source of Supply: Blind Industries & Services of Maryland, Baltimore, MD
Contracting Activity: DEPT OF DEFENSE, DLA LAND AND MARITIME

NSN(s)—Product Name(s)

5970-00-685-9059—Tape, Electrical Insulation, Black, .75" x 360"

Designated Source of Supply: Blind Industries & Services of Maryland, Baltimore, MD

Contracting Activity: DEPT OF DEFENSE, DLA LAND AND MARITIME

NSN(s)—Product Name(s)

8520-01-522-3888—PURELL-SKILCRAFT, Instant Hand Sanitizer with Aloe, 1000 mL

Authorized Source of Supply: Travis Association for the Blind, Austin, TX

Contracting Activity: DEPARTMENT OF VETERANS AFFAIRS, 241—NETWORK CONTRACT OFC 01(00241)

Contracting Activity: GENERAL SERVICES ADMINISTRATION, GSA/FSS GREATER SOUTHWEST ACQUISITI

8520-00-NIB-0154—Instant Hand Sanitizer, Refill, Foam, Advanced Green Certified, 700ml

Authorized Source of Supply: Travis Association for the Blind, Austin, TX

Contracting Activity: DEPARTMENT OF VETERANS AFFAIRS, STRATEGIC ACQUISITION CENTER

Michael R. Jurkowski,

Director, Business Operations.

[FR Doc. 2026-10155 Filed 5-20-26; 8:45 am]

BILLING CODE 6353-01-P

DEPARTMENT OF DEFENSE

Department of the Air Force

Notice of Intent To Prepare an Environmental Impact Statement (EIS) for Basing KC-46A Pegasus Squadron at Selfridge Air National Guard Base, Macomb County, Michigan

AGENCY: Department of the Air Force, Department of Defense.

ACTION: Notice of intent.

SUMMARY: The Department of the Air Force (DAF) is issuing this Notice of Intent (NOI) to prepare an Environmental Impact Statement (EIS) to assess the potential social, economic, and environmental impacts associated with facility improvements and construction necessary to support basing a KC-46A Pegasus (KC-46) Squadron at Selfridge Air National

Guard Base (SANGB) in Macomb County, Michigan. The proposed action would consist of a squadron of up to eight (8) KC-46 aircraft proposed to replace the current fleet of eight KC-135T Stratotanker (KC-135) aircraft. The EIS will also consider Alternative 1, which consists of basing up to 12 KC-46 aircraft and the No Action Alternative.

DATES: A public scoping period of 30 days will take place starting from the date of this NOI publication in the **Federal Register**. Substantive comments are requested on alternatives, impacts, relevant information, studies, or analyses with respect to the proposed action. Comments should be submitted in writing to the website or address listed in the **ADDRESSES** section and will be accepted at any time during the EIS process; however, to ensure the DAF has sufficient time to consider public input, please submit within the 30-day scoping period. The Final EIS is anticipated in Spring 2027.

ADDRESSES: The project website, www.selfridgekc46eis.com, provides information on the EIS and the scoping process and can be used to submit scoping comments online. Scoping comments may also be submitted by email to NGB.CCA4F.NEPACOMMENTSorg@us.af.mil, including "Selfridge KC-46 EIS" in the subject line, or by mail to the NEPA Project Manager, Ms. Kristi Kucharek, P.O. Box 31645, Knoxville, TN 37930-1645. EIS inquiries and requests for digital or print copies of scoping materials are available upon request at the email or mailing address provided. For printed material requests, the standard U.S. Postal Service shipping timeline will apply. Members of the public who are interested in additional information about the project are encouraged to visit the project website.

FOR FURTHER INFORMATION CONTACT: For inquiries regarding accommodations under the Americans with Disabilities Act or questions regarding the Proposed Action, scoping, and EIS development please contact Ms. Kristi Kucharek, NEPA Project Manager at NGB.CCA4F.NEPACOMMENTSorg@us.af.mil or by phone at (240) 612-9471.

SUPPLEMENTARY INFORMATION: The DAF is the lead agency on the Proposed Action. The purpose of the Proposed Action is to provide the DAF with a modernized, more capable, and mission-effective aerial refueling squadron at the 127 Wing (WG) at SANGB in Macomb County, Michigan by transitioning from a KC-135 mission to KC-46 mission.

The need for this action is driven by the strategic imperative to align the 127 WG's mission with the National Defense Strategy while addressing the operational and logistical obsolescence of its aging KC-135 Stratotanker fleet. The EIS will assess the potential environmental consequences of the proposed beddown, operation, and associated infrastructure construction supporting one squadron of KC-46 aircraft at SANGB. Resource areas proposed for analysis include airspace, noise, air quality, biological and natural resources, cultural resources, water resources, geological resources, land use/noise compatible land use, socioeconomics, hazardous materials/waste, infrastructure and utilities, transportation and aircraft parking, community services, and aesthetics. Potential significant impacts include those related to aircraft noise, air quality, and land use. DAF has determined that the proposed action has the potential to be located within a floodplain. This NOI serves as early notice to responsible state and federal agencies per Executive Order (E.O.) 11988, "Floodplain Management." The DAF will obtain any permits or other authorizations required for the Proposed Action. The DAF will consult with and obtain the comments of federally recognized Native American Tribes and Federal agencies which have jurisdiction by law or special expertise related to the environmental analysis. The scoping process will be used to involve the agencies and the public early in the planning and development of the EIS to assist in identifying issues and information to be addressed in the analysis. To effectively define the full range of issues to be evaluated, DAF and NGB will determine the scope of the analysis in part by considering the substantive comments received regarding potential alternatives, information and analyses from interested local, State, and Federal agencies, Tribes, members of the public, and others.

(Authority: 42 U.S.C. 4321, *et seq.* and Department of Defense National Environmental Policy Act Implementing Procedures.)

Crystle C. Poge,

Air Force Federal Register Liaison Officer.
[FR Doc. 2026-10185 Filed 5-20-26; 8:45 am]

BILLING CODE 3911-44-P

DEPARTMENT OF DEFENSE

Department of the Army

[Docket ID: USA-2026-HQ-0298]

Privacy Act of 1974; System of Records

AGENCY: Department of the Army, Department of Defense (DoD).

ACTION: Rescindment of three system of records notices (SORNs).

SUMMARY: In accordance with the Privacy Act of 1974, the Department of the Army is providing notice to rescind the following three systems of records: Army Continuing Education System Records, A0621-1 AHRC system of records was originally established to document, monitor, manage, and administer the attendance at a civilian training agency or civilian school. Army Personnel System (APS), A0600-8-104 system of records was originally established to manage the career, administer benefits, document military service, and safeguard the service member's rights while in service of the nation. Army Housing Operations Management Systems (HOMES), A0210-50 DAIM system of records was originally established to provide information relating to the management, operation, and control of the Army housing program; to provide housing and related services for military personnel, their dependents, and qualified civilian employees; to render reports; and, to investigate complaints and related matters.

DATES: The rescindment of these SORNs is effective May 21, 2026.

ADDRESSES: You may submit comments, identified by docket number and title, by either of the following methods:

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

* *Mail:* Department of Defense, Office of the Director of Administration and Management, Privacy, Civil Liberties, and Transparency Directorate, Regulatory Division, 4800 Mark Center Drive, Attn: Mailbox #24, Suite 05F16, Alexandria, VA 22350-1700.

Instructions: All submissions received must include the agency name and docket number for this **Federal Register** document. The general policy for comments and other submissions from members of the public is to make these submissions available for public viewing on the internet at <https://www.regulations.gov> as they are received without change, including any personal identifiers or contact information.

FOR FURTHER INFORMATION CONTACT: Ms. Joyce Luton, Department of the Army, Army Record Management Directorate: Attention Army Privacy and Civil Liberties Office, 9301 Chapek Road (Building 1458), Fort Belvoir, VA 22060-5605, usarmy.belvoir.hqda-cio.mbx.armd-apclb-pia-sorn-ssnj@army.mil, or by calling (520) 673-3981.

SUPPLEMENTARY INFORMATION:

I. Background

The Army Continuing Education System Records, A0621-1 AHRC (January 31, 2011; 76 FR 5351) was established to document, monitor, manage, and administer the attendance at a civilian training agency or civilian school. The Army is rescinding A0621-1 AHRC because the records are covered under the Defense Training Records SORN, DoD-0005 (December 28, 2020; 85 FR 84316).

The Army Personnel System (APS), A0600-8-104 (July 18, 2019; 84 FR 34373) was established to manage the career, administer benefits, document military service, and safeguard the Soldier's rights while in service of the nation. The Army is rescinding A0600-8-104 because the records are covered under the Military Human Resource Records, DoD-0020 (May 15, 2024; 89 FR 42459).

The Army Housing Operations Management Systems (HOMES), A0210-50 DAIM (July 24, 2006, 71 FR 41782) was established to provide information relating to the management, operation, and control of the Army housing program; to provide housing and related services for military personnel, their dependents, and qualified civilian employees; to render reports; to investigate complaints and related matters. The Army is rescinding A0210-50 DAIM because the systems were decommissioned and the records are covered under the Family and Unaccompanied Housing Program, NM1101-1 (September 5, 2018; 83 FR 45112; September 20, 2018, 83 FR 47614).

DoD SORNs have been published in the **Federal Register** and are available at the Privacy, Civil Liberties and Transparency Directorate website at <https://pclt.defense.gov/DIRECTORATES/Privacy-and-Civil-Liberties-Directorate/Privacy/>.

II. Privacy Act

Under the Privacy Act, a "system of records" is a group of records under the control of an agency from which information is retrieved by the name of an individual or by some identifying number, symbol, or other identifying particular assigned to the individual. In

the Privacy Act, an individual is defined as a U.S. citizen or alien lawfully admitted for permanent residence.	In accordance with 5 U.S.C. 552a(r) and Office of Management and Budget (OMB) Circular No. A-108, DoD has	provided a report of this SORN rescindment notice to OMB and Congress.
System name and No.		History
Army Continuing Education System Records, A0621-1 AHRC		January 31, 2011; 76 FR 5351.
Army Personnel System (APS), A0600-8-104		July 18, 2019; 84 FR 34373.
Army Housing Operations Management Systems, A0210-50 DAIM		July 24, 2006, 71 FR 41782.

Aaron T. Siegel,
Alternate OSD Federal Register, Liaison
Officer, Department of Defense.
[FR Doc. 2026-10221 Filed 5-20-26; 8:45 am]
BILLING CODE 6001-FR-P

DEPARTMENT OF DEFENSE

Department of the Army, Corps of Engineers
[COE-2026-0034]

Proposed Deauthorization of Water Resources Projects
AGENCY: U.S. Army Corps of Engineers, Department of the Army, DoD.
ACTION: Notice of proposed deauthorization list.

SUMMARY: The U.S. Army Corps of Engineers (Corps) is publishing a proposed deauthorization list of water resources development projects and separable elements that have been identified for deauthorization in accordance with Section 301 of the Water Resources Development Act (WRDA) of 2020 as amended by WRDA 2024 (33 U.S.C. 579d-2) and is soliciting comments from the public on the list for 90 calendar days. Comments should be provided through the methods identified below.
DATES: The public comment period will end on August 19, 2026. To ensure your comment is considered, comments should be received on or before that date.
ADDRESSES: You may submit written comments, identified by Docket ID No. COE-2026-0034, by any of the following methods:
Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the online instructions for submitting comments.
Email: WRDA2024@usace.army.mil. Include Docket ID No. COE-2026-0034 in the subject line of the message.
Mail: U.S. Army Corps of Engineers, ATTN: Sharon Sartor, U.S. Army Corps of Engineers, 441 G St NW, Washington, DC 20314.
Hand Delivery/Courier: Due to security requirements, we cannot receive comments by hand delivery or courier. Comments received may be

posted without change to <https://www.regulations.gov/>, including any personal information provided.
FOR FURTHER INFORMATION CONTACT: All requests for further information on the notice may be directed to Ms. Sharon Sartor, Corps Headquarters, at 202-761-4495 or WRDA2024@usace.army.mil.
SUPPLEMENTARY INFORMATION: Section 1301 of WRDA 2024 (Pub. L. 118-272) amended Section 301 of WRDA 2020 (33 U.S.C. 579d-2) specifies how the Corps should develop a deauthorization list of inactive projects to submit to Congress and provide an opportunity for public input on the list prior to submission. The intent is to identify water resources development projects and separable elements of projects that are no longer viable for construction due to: (1) a lack of local support, (2) a lack of available Federal or non-Federal resources, or (3) an authorizing purpose that is no longer relevant or feasible. This process is intended to identify projects for Congress to deauthorize and allow the continued authorization of projects that remain viable for construction.
33 U.S.C. 579d-2 provides that the Secretary shall develop a Proposed Deauthorization List that identifies water resources development projects and separable element of projects, authorized for construction before June 10, 2014, that meet one of the three criteria listed above. Projects and separable elements on the proposed deauthorization list also are those that (1) planning, design, or construction was not initiated before January 4, 2025; or (2) planning, design, or construction was initiated before January 4, 2025, but for which no funds, Federal or non-Federal, were obligated for planning, design, or construction of the project or separable element of the project during the current fiscal year or any of the 10 preceding fiscal years.
In accordance with Section 103(f) of WRDA 1986, as amended (33 U.S.C. 2213(f)), a separable element is defined as “a portion of a project—(1) which is physically separable from other portions of the project; and (2) which—(A) achieves hydrologic effects, or (B) produces physical or economic benefits,

which are separately identifiable from those produced by other portions of the project.”
Following this public review period of the Proposed Deauthorization List, the Assistant Secretary of the Army for Civil Works will consider the comments received and publish a Final Deauthorization List in the **Federal Register** and submit the list to Congress. The Proposed Deauthorization List can be found at: <https://www.usace.army.mil/Missions/Civil-Works/Water-Resources-Development-Act/>.
Authority: This notice is required by Section 1301 of the Water Resources Development Act of 2024, Pub. L. 118-272.
Adam R. Telle,
Assistant Secretary of the Army (Civil Works).
[FR Doc. 2026-10218 Filed 5-20-26; 8:45 am]
BILLING CODE 3720-58-P

DEPARTMENT OF EDUCATION
[Docket No.: ED-2026-SCC-1717]

Agency Information Collection Activities; Comment Request; Case Service Report (RSA-911)
AGENCY: Office of Special Education and Rehabilitative Services (OSERS), Department of Education (ED).
ACTION: Notice.

SUMMARY: In accordance with the Paperwork Reduction Act (PRA) of 1995, the Department is proposing a revision of a currently approved information collection request (ICR).
DATES: Interested persons are invited to submit comments on or before July 20, 2026
ADDRESSES: To access and review all the documents related to the information collection listed in this notice, please use <http://www.regulations.gov> by searching the Docket ID number ED-2026-SCC-1717. Comments submitted in response to this notice should be submitted electronically through the Federal eRulemaking Portal at <http://www.regulations.gov> by selecting the Docket ID number or via postal mail, commercial delivery, or hand delivery.

If the *regulations.gov* site is not available to the public for any reason, the Department will temporarily accept comments at *ICDocketMgr@ed.gov*. Please include the docket ID number and the title of the information collection request when requesting documents or submitting comments. Please note that comments submitted after the comment period will not be accepted. Written requests for information or comments submitted by postal mail or delivery should be addressed to the Chief of the Data Collection and Analysis Unit within the State Monitoring and Program Improvement Division, Rehabilitation Services Administration, Office of Special Education and Rehabilitative Services, U.S. Department of Education, 400 Maryland Ave SW, Washington, DC 20202–1200.

FOR FURTHER INFORMATION CONTACT: For specific questions related to collection activities, please contact Michael Quinn, (202) 245–6527.

SUPPLEMENTARY INFORMATION: The Department, in accordance with the Paperwork Reduction Act of 1995 (PRA) (44 U.S.C. 3506(c)(2)(A)), provides the general public and Federal agencies with an opportunity to comment on proposed, revised, and continuing collections of information. This helps the Department assess the impact of its information collection requirements and minimize the public's reporting burden. It also helps the public understand the Department's information collection requirements and provide the requested data in the desired format. The Department is soliciting comments on the proposed information collection request (ICR) that is described below. The Department is especially interested in public comment addressing the following issues: (1) is this collection necessary to the proper functions of the Department; (2) will this information be processed and used in a timely manner; (3) is the estimate of burden accurate; (4) how might the Department enhance the quality, utility, and clarity of the information to be collected; and (5) how might the Department minimize the burden of this collection on the respondents, including through the use of information technology. Please note that written comments received in response to this notice will be considered public records.

Title of Collection: Case Service Report (RSA–911).

OMB Control Number: 1820–0508.

Type of Review: Revision of a currently approved ICR.

Respondents/Affected Public: State, Local, and Tribal Governments.

Total Estimated Number of Annual Responses: 312.

Total Estimated Number of Annual Burden Hours: 8,885,949.

Abstract: The Case Service Report (RSA–911) is used to collect individual level data on State Vocational Rehabilitation (VR) program participants on a quarterly basis. The data collected in this report are mandated by section 101(a)(10) and 607 of the Rehabilitation Act of 1973 (Act) and section 116(d) of the Workforce Innovation and Opportunity Act. In addition, the Rehabilitation Services Administration (RSA) uses data reported through this collection to support its other responsibilities under the Act. Section 14(a) of the Act calls for the evaluation of programs authorized under the Act, as well as an assessment of the programs' effectiveness in relation to cost. Many of these evaluations use RSA–911 data. RSA also uses data captured through the RSA–911 during the conduct of both the annual review and periodic on-site monitoring of VR agencies required by section 107 of the Act to examine the effectiveness of program performance. Other important management activities, such as the provision of technical assistance, program planning, and budget preparation and development, are greatly enhanced through the use of RSA–911 data. In addition, RSA uses RSA–911 data in the exchange of data under a data sharing agreement with the Social Security Administration and the U.S. Department of Health and Human Services as required by section 131 of the Act. Finally, the RSA–911 is considered to be one of the most robust databases in describing the demographics of the disabled population in the country and as such is used widely in researchers' disability-related analyses and reports.

Ross Santy,

Chief Data Officer, Office of Planning, Evaluation and Policy Development.

[FR Doc. 2026–10134 Filed 5–20–26; 8:45 am]

BILLING CODE 4000–01–P

DEPARTMENT OF EDUCATION

[Docket No.: ED–2026–SCC–0464]

Agency Information Collection Activities; Submission to the Office of Management and Budget for Review and Approval; Comment Request; Measuring Educational Gain in the National Reporting System for Adult Education

AGENCY: Office of Career, Technical, and Adult Education (OCTAE), Department of Education (ED).

ACTION: Notice

SUMMARY: In accordance with the Paperwork Reduction Act (PRA) of 1995, the Department is proposing an extension without change of a currently approved information collection request (ICR).

DATES: Interested persons are invited to submit comments on or before June 22, 2026.

ADDRESSES: Written comments and recommendations for proposed information collection requests should be submitted within 30 days of publication of this notice. Click on this link www.reginfo.gov/public/do/PRAMain to access the site. Find this information collection request (ICR) by selecting “Department of Education” under “Currently Under Review,” then check the “Only Show ICR for Public Comment” checkbox. *Reginfo.gov* provides two links to view documents related to this information collection request. Information collection forms and instructions may be found by clicking on the “View Information Collection (IC) List” link. Supporting statements and other supporting documentation may be found by clicking on the “View Supporting Statement and Other Documents” link.

FOR FURTHER INFORMATION CONTACT: For specific questions related to collection activities, please contact John LeMaster, 202–987–0903.

SUPPLEMENTARY INFORMATION: The Department is especially interested in public comment addressing the following issues: (1) is this collection necessary to the proper functions of the Department; (2) will this information be processed and used in a timely manner; (3) is the estimate of burden accurate; (4) how might the Department enhance the quality, utility, and clarity of the information to be collected; and (5) how might the Department minimize the burden of this collection on the respondents, including through the use of information technology. Please note that written comments received in

response to this notice will be considered public records.

Title of Collection: Measuring Educational Gain in the National Reporting System for Adult Education.

OMB Control Number: 1830–0567.

Type of Review: An extension without change of a currently approved ICR.

Respondents/Affected Public: Private Sector.

Total Estimated Number of Annual Responses: 15.

Total Estimated Number of Annual Burden Hours: 600.

Abstract: Title 34 of the Code of Federal Regulations part 462 establishes procedures the Secretary uses to consider literacy tests for use in the National Reporting System (NRS) for adult education. This information is used by the Secretary to determine the suitability of published literacy tests to measure and report educational gain under the NRS.

Ross Santy,
Chief Data Officer, Office of Planning, Evaluation and Policy Development.
[FR Doc. 2026–10135 Filed 5–20–26; 8:45 am]
BILLING CODE 4000–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Project No. 10198–033]

City of Pelican, AK; Notice of Intent To Prepare an Environmental Assessment

On September 16, 2024, the City of Pelican, AK (City) filed an application for a new minor license ¹ for the existing 0.7-megawatt Pelican Project (FERC No. 10198). The Pelican Project is located on the Pelican Creek in the City of Pelican, AK.

In accordance with the Commission’s regulations, on March 2, 2026, Commission staff issued a notice that the project was ready for environmental analysis (REA Notice). Based on the information in the record, including comments filed on the REA Notice, staff does not anticipate that licensing the project would constitute a major federal action significantly affecting the quality of the human environment. Therefore, staff intends to prepare an Environmental Assessment (EA) on the

¹ The licensee filed an application for a subsequent license, but because the existing license did not include a waiver of sections 14 and 15 of the FPA, any license issued in response to this application will be a new license pursuant to 18 CFR 16.2(a).”

application to license the Pelican Project.²

The EA will be issued and circulated for review by all interested parties. All comments filed on the EA will be analyzed by staff and considered in the Commission’s final licensing decision.

For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, contact the Office of Public Participation at (202) 502–6595 or *OPP@ferc.gov*.

The application will be processed according to the following schedule. Revisions to the schedule may be made as appropriate.

Milestone	Target date
Commission issues EA	January 29, 2027.

Any questions regarding this notice may be directed to Ingrid Brofman at (202) 502–8347 or at *ingrid.brofman@ferc.gov*.

(Authority: 18 CFR 2.1)

Dated: May 18, 2026.

Debbie-Anne A. Reese,
Secretary.
[FR Doc. 2026–10225 Filed 5–20–26; 8:45 am]
BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

Combined Notice of Filings #1

Take notice that the Commission received the following exempt wholesale generator filings:

Docket Numbers: EG26–242–000.
Applicants: Crimson Orchard Solar LLC.
Description: Crimson Orchard Solar LLC submits Notice of Self-Certification of Exempt Wholesale Generator Status.
Filed Date: 5/15/26.
Accession Number: 20260515–5248.
Comment Date: 5 p.m. ET 6/5/26.

Take notice that the Commission received the following electric rate filings:

Docket Numbers: ER21–47–000.
Applicants: Tucson Electric Power Company.
Description: Refund Report: Refund Report—Spot Market Sales Exceeding WECC Soft Price Cap to be effective N/A.

² For tracking purposes under the National Environmental Policy Act, the unique identification number for documents relating to this environmental review is EAXX–019–20–000–1777997768.

Filed Date: 5/18/26.
Accession Number: 20260518–5115.
Comment Date: 5 p.m. ET 6/8/26.
Docket Numbers: ER21–55–000.
Applicants: Mesquite Power, LLC.
Description: Refund Report: Refund Report—Mesquite Power, LLC (ER21–55–003) to be effective N/A.
Filed Date: 5/18/26.
Accession Number: 20260518–5144.
Comment Date: 5 p.m. ET 6/8/26.
Docket Numbers: ER22–907–005.
Applicants: Indeck Niles, LLC.
Description: Compliance filing: Compliance Filing Regarding Effective Date to be effective 4/4/2022.
Filed Date: 5/18/26.
Accession Number: 20260518–5077.
Comment Date: 5 p.m. ET 6/8/26.
Docket Numbers: ER22–907–006.
Applicants: Indeck Niles, LLC.
Description: Compliance filing: Compliance Filing Regarding Effective Date to be effective 7/1/2023.
Filed Date: 5/18/26.
Accession Number: 20260518–5079.
Comment Date: 5 p.m. ET 6/8/26.
Docket Numbers: ER26–1088–001.
Applicants: PJM Interconnection, L.L.C.
Description: Compliance filing: Compliance Filing to Order in ER26–1088 to be effective 4/16/2026.
Filed Date: 5/18/26.
Accession Number: 20260518–5084.
Comment Date: 5 p.m. ET 6/8/26.
Docket Numbers: ER26–1873–001.
Applicants: Hollis Creek PV I, LLC.
Description: Tariff Amendment: Response to Deficiency Letter to be effective 5/18/2026.
Filed Date: 5/18/26.
Accession Number: 20260518–5004.
Comment Date: 5 p.m. ET 6/8/26.
Docket Numbers: ER26–2557–000.
Applicants: PJM Interconnection, L.L.C.
Description: § 205(d) Rate Filing: Amendment to GIA, SA No. 7548; Project Identifier No. AG1–512 to be effective 7/18/2026.
Filed Date: 5/18/26.
Accession Number: 20260518–5043.
Comment Date: 5 p.m. ET 6/8/26.
Docket Numbers: ER26–2558–000.
Applicants: PJM Interconnection, L.L.C.
Description: Tariff Amendment: Notice of Cancellation of CSA, SA No. 7549; Project Identifier No. AG1–512 to be effective 10/5/2025.
Filed Date: 5/18/26.
Accession Number: 20260518–5044.
Comment Date: 5 p.m. ET 6/8/26.
Docket Numbers: ER26–2559–000.
Applicants: Southern California Edison Company.

Description: § 205(d) Rate Filing: GIA, Santa Ana River 1 Power House (WDT010/SA No. 1421) to be effective 5/19/2026.

Filed Date: 5/18/26.

Accession Number: 20260518–5054.

Comment Date: 5 p.m. ET 6/8/26.

Docket Numbers: ER26–2560–000.

Applicants: PJM Interconnection, L.L.C.

Description: § 205(d) Rate Filing: Amendment to GIA, Service Agreement No. 7390; AF1–143 to be effective 7/18/2026.

Filed Date: 5/18/26.

Accession Number: 20260518–5076.

Comment Date: 5 p.m. ET 6/8/26.

Docket Numbers: ER26–2562–000.

Applicants: Duke Energy Carolinas, LLC.

Description: § 205(d) Rate Filing: DEC–PMPA Revised NITSA SA No. 355 (2026) to be effective 8/1/2026.

Filed Date: 5/18/26.

Accession Number: 20260518–5101.

Comment Date: 5 p.m. ET 6/8/26.

Docket Numbers: ER26–2563–000.

Applicants: Atlas Solar Manager, LLC.

Description: § 205(d) Rate Filing: Second Amended and Restated Shared Facilities Agreement (Substation #2) to be effective 4/23/2026.

Filed Date: 5/18/26.

Accession Number: 20260518–5104.

Comment Date: 5 p.m. ET 6/8/26.

Docket Numbers: ER26–2564–000.

Applicants: New York State Electric & Gas Corporation, New York Independent System Operator, Inc.

Description: § 205(d) Rate Filing: New York Independent System Operator, Inc. submits tariff filing per 35.13(a)(2)(iii): NYISO–NYSEG Joint 205: Standard IA Agricola Wind SA2964 (CEII) to be effective 5/4/2026.

Filed Date: 5/18/26.

Accession Number: 20260518–5127.

Comment Date: 5 p.m. ET 6/8/26.

Docket Numbers: ER26–2565–000.

Applicants: Commonwealth Edison Company.

Description: § 205(d) Rate Filing: Filing of TSA between ComEd and Pioneer to be effective 7/18/2026.

Filed Date: 5/18/26.

Accession Number: 20260518–5132.

Comment Date: 5 p.m. ET 6/8/26.

Docket Numbers: ER26–2566–000.

Applicants: Commonwealth Edison Company.

Description: § 205(d) Rate Filing: Filing of TSA between ComEd and Tur Ventures to be effective 7/18/2026.

Filed Date: 5/18/26.

Accession Number: 20260518–5135.

Comment Date: 5 p.m. ET 6/8/26.

Docket Numbers: ER26–2567–000.

Applicants: New York Independent System Operator, Inc.

Description: § 205(d) Rate Filing: NYISO 205: Proposed Revisions to Further Enhance Duct-Firing Modeling to be effective 12/31/9998.

Filed Date: 5/18/26.

Accession Number: 20260518–5137.

Comment Date: 5 p.m. ET 6/8/26.

Docket Numbers: ER26–2568–000.

Applicants: PJM Interconnection, L.L.C.

Description: § 205(d) Rate Filing: Amendment to ISA/ICSA, Service Agreement Nos. 6220/6221; AB2–037 to be effective 7/18/2026.

Filed Date: 5/18/26.

Accession Number: 20260518–5140.

Comment Date: 5 p.m. ET 6/8/26.

Docket Numbers: ER26–2569–000.

Applicants: PJM Interconnection, L.L.C.

Description: § 205(d) Rate Filing: Amendment to ISA, SA No. 6879; Queue Nos. AD1–056/AD1–057 to be effective 7/18/2026.

Filed Date: 5/18/26.

Accession Number: 20260518–5148.

Comment Date: 5 p.m. ET 6/8/26.

The filings are accessible in the Commission's eLibrary system (<https://elibrary.ferc.gov/idmws/search/fercensearch.asp>) by querying the docket number.

Any person desiring to intervene, to protest, or to answer a complaint in any of the above proceedings must file in accordance with Rules 211, 214, or 206 of the Commission's Regulations (18 CFR 385.211, 385.214, or 385.206) on or before 5:00 p.m. Eastern time on the specified comment date. Protests may be considered, but intervention is necessary to become a party to the proceeding.

eFiling is encouraged. More detailed information relating to filing requirements, interventions, protests, service, and qualifying facilities filings can be found at: <http://www.ferc.gov/docs-filing/efiling/filing-req.pdf>. For other information, call (866) 208–3676 (toll free). For TTY, call (202) 502–8659.

For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, contact the Office of Public Participation at (202) 502–6595 or OPP@ferc.gov.

Dated: May 18, 2026.

Carlos D. Clay,

Deputy Secretary.

[FR Doc. 2026–10178 Filed 5–20–26; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Project No. 9088–052]

Sugar River Power LLC; Notice of Intent To File License Application, Filing of Pre-Application Document, and Approving Use of the Traditional Licensing Process

a. *Type of Filing:* Notice of Intent to File License Application and Request to Use the Traditional Licensing Process

b. *Project No.:* 9088–052.

c. *Date Filed:* February 25, 2026.

d. *Submitted By:* Sugar River Power LLC (Sugar River Power).

e. *Name of Project:* Lower Village Hydroelectric Project (project).

f. *Location:* On the Sugar River in Sullivan County, New Hampshire.

g. *Filed Pursuant to:* 18 CFR 5.3 of the Commission's regulations.

h. *Potential Applicant Contact:* Mr. Sam Payne, Sugar River Power LLC; 2126 Stickney Brook Rd, Dummerston, VT 05301; (603) 903–7663; or email at bungeegull@hotmail.com.

i. *FERC Contact:* Robert Haltner at (202) 502–8612; or email at robert.haltner@ferc.gov.

j. Sugar River Power filed its request to use the Traditional Licensing Process on February 25, 2026, and provided public notice of its request on the same day. In a letter issued May 18, 2026, the Acting Director of the Division of Hydropower Licensing approved Sugar River Power's request to use the Traditional Licensing Process.

k. With this notice, we are initiating informal consultation with the U.S. Fish and Wildlife Service and the National Marine Fisheries Service (NMFS) under section 7 of the Endangered Species Act and the joint agency regulations thereunder at 50 CFR, Part 402; and NMFS under section 305(b) of the Magnuson-Stevens Fishery Conservation and Management Act and implementing regulations at 50 CFR 600.920. We are also initiating consultation with the New Hampshire State Historic Preservation Officer, as required by section 106 of the National Historic Preservation Act, and the implementing regulations of the Advisory Council on Historic Preservation at 36 CFR 800.2.

l. With this notice, we are designating Sugar River Power as the Commission's non-federal representative for carrying out informal consultation pursuant to section 7 of the Endangered Species Act and consultation pursuant to section 106 of the National Historic Preservation Act.

m. On March 2, 2026, Sugar River Power filed a Pre-Application Document (PAD; including a proposed process plan and schedule) with the Commission, pursuant to 18 CFR 5.6 of the Commission's regulations.

n. A copy of the PAD may be viewed on the Commission's website (<http://www.ferc.gov>), using the "eLibrary" link. Enter the docket number, excluding the last three digits in the docket number field to access the document (P-9088). For assistance, contact FERC Online Support at FERCOnlineSupport@ferc.gov, (866) 208-3676 (toll free), or (202) 502-8659 (TTY).

o. The licensee states its unequivocal intent to submit an application for a subsequent license for the Lower Village Project. Pursuant to 18 CFR 16.20, each application for a subsequent license and any competing license applications must be filed with the Commission at least 24 months prior to the expiration of the existing license. All applications for license for this project must be filed by February 28, 2029.

p. Register online at <https://ferconline.ferc.gov/FERConline.aspx> to be notified via email of new filings and issuances related to this or other pending projects. For assistance, contact FERC Online Support.

q. For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, contact the Office of Public Participation at (202)502-6595 or OPP@ferc.gov. (Authority: 18 CFR 2.1.)

Dated: May 18, 2026.

Debbie-Anne A. Reese,
Secretary.

[FR Doc. 2026-10226 Filed 5-20-26; 8:45 am]

BILLING CODE 6717-01-P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. CP26-520-000]

Southwest Gas Storage Company; Notice of Request Under Blanket Authorization and Establishing Intervention and Protest Deadline

Take notice that on May 8, 2026, Southwest Gas Storage Company (Southwest), 1300 Main Street, Houston, Texas 77002, filed in the above referenced docket, a prior notice request pursuant to sections 157.205 and 157.216 of the Commission's regulations under the Natural Gas Act (NGA), and Southwest's blanket certificate issued in

Docket No. CP99-230-000, for authorization to abandon five (5) injection/withdrawal (I/W) wells, associated pipeline laterals, associated aboveground piping and certain appurtenant facilities at its North Hopeton Storage Field. All of the above facilities are located in Woods County, Oklahoma (North Hopeton Wells Abandonment Project). The project will allow Southwest to maintain the continued reliable and efficient operation of the North Hopeton Storage Field by abandoning and plugging I/W wells that have high saltwater production and are underperforming, all as more fully set forth in the request which is on file with the Commission and open to public inspection.

In addition to publishing the full text of this document in the **Federal Register**, the Commission provides all interested persons an opportunity to view and/or print the contents of this document via the internet through the Commission's Home Page (<http://www.ferc.gov>). From the Commission's Home Page on the internet, this information is available on eLibrary. The full text of this document is available on eLibrary in PDF and Microsoft Word format for viewing, printing, and/or downloading. To access this document in eLibrary, type the docket number excluding the last three digits of this document in the docket number field.

User assistance is available for eLibrary and the Commission's website during normal business hours from FERC Online Support at (202) 502-6652 (toll free at 1-866-208-3676) or email at ferconlinesupport@ferc.gov, or the Public Reference Room at (202) 502-8371, TTY (202) 502-8659. Email the Public Reference Room at public.referenceroom@ferc.gov.

Any questions concerning this request should be directed to Irma Jarrett, Senior Manager of Certificates, Southwest Gas Storage Company, 1300 Main St., Houston, Texas 77002, by phone at (713) 989-7679, or by email at irma.jarrett@energytransfer.com.

Public Participation

There are three ways to become involved in the Commission's review of this project: you can file a protest to the project, you can file a motion to intervene in the proceeding, and you can file comments on the project. There is no fee or cost for filing protests, motions to intervene, or comments. The deadline for filing protests, motions to intervene, and comments is 5:00 p.m. Eastern Time on July 17, 2026. How to file protests, motions to intervene, and comments is explained below.

For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, contact the Office of Public Participation (OPP) at (202) 502-6595 or OPP@ferc.gov.

Protests

Pursuant to section 157.205 of the Commission's regulations under the NGA,¹ any person² or the Commission's staff may file a protest to the request. If no protest is filed within the time allowed or if a protest is filed and then withdrawn within 30 days after the allowed time for filing a protest, the proposed activity shall be deemed to be authorized effective the day after the time allowed for protest. If a protest is filed and not withdrawn within 30 days after the time allowed for filing a protest, the instant request for authorization will be considered by the Commission.

Protests must comply with the requirements specified in section 157.205(e) of the Commission's regulations,³ and must be submitted by the protest deadline, which is 5:00 p.m. Eastern Time on July 17, 2026. A protest may also serve as a motion to intervene so long as the protestor states it also seeks to be an intervenor.

Interventions

Any person has the option to file a motion to intervene in this proceeding. Only intervenors have the right to request rehearing of Commission orders issued in this proceeding and to subsequently challenge the Commission's orders in the U.S. Circuit Courts of Appeal.

To intervene, you must submit a motion to intervene to the Commission in accordance with Rule 214 of the Commission's Rules of Practice and Procedure⁴ and the regulations under the NGA⁵ by the intervention deadline for the project, which is 5:00 p.m. Eastern Time on July 17, 2026. As described further in Rule 214, your motion to intervene must state, to the extent known, your position regarding the proceeding, as well as your interest in the proceeding. For an individual, this could include your status as a landowner, ratepayer, resident of an impacted community, or recreationist. You do not need to have property directly impacted by the project in order to intervene. For more information

¹ 18 CFR 157.205.

² Persons include individuals, organizations, businesses, municipalities, and other entities. 18 CFR 385.102(d).

³ 18 CFR 157.205(e).

⁴ 18 CFR 385.214.

⁵ 18 CFR 157.10.

about motions to intervene, refer to the FERC website at <https://www.ferc.gov/resources/guides/how-to/intervene.asp>.

All timely, unopposed motions to intervene are automatically granted by operation of Rule 214(c)(1). Motions to intervene that are filed after the intervention deadline are untimely and may be denied. Any late-filed motion to intervene must show good cause for being late and must explain why the time limitation should be waived and provide justification by reference to factors set forth in Rule 214(d) of the Commission's Rules and Regulations. A person obtaining party status will be placed on the service list maintained by the Secretary of the Commission and will receive copies (paper or electronic) of all documents filed by the applicant and by all other parties.

Comments

Any person wishing to comment on the project may do so. The Commission considers all comments received about the project in determining the appropriate action to be taken. To ensure that your comments are timely and properly recorded, please submit your comments on or before 5:00 p.m. Eastern Time on July 17, 2026. The filing of a comment alone will not serve to make the filer a party to the proceeding. To become a party, you must intervene in the proceeding.

How To File Protests, Interventions, and Comments

There are two ways to submit protests, motions to intervene, and comments. In both instances, please reference the Project docket number CP26–520–000 in your submission.

(1) You may file your protest, motion to intervene, and comments by using the Commission's eFiling feature, which is located on the Commission's website (www.ferc.gov) under the link to Documents and Filings. New eFiling users must first create an account by clicking on "eRegister." You will be asked to select the type of filing you are making; first select "General" and then select "Protest", "Intervention", or "Comment on a Filing"; or ⁶

(2) You can file a paper copy of your submission by mailing it to the address below. Your submission must reference the Project docket number CP26–520–000.

⁶ Additionally, you may file your comments electronically by using the eComment feature, which is located on the Commission's website at www.ferc.gov under the link to Documents and Filings. Using eComment is an easy method for interested persons to submit brief, text-only comments on a project.

To file via USPS: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426.

To file via any other method: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 12225 Wilkins Avenue, Rockville, Maryland 20852.

The Commission encourages electronic filing of submissions (option 1 above) and has eFiling staff available to assist you at (202) 502–8258 or FercOnlineSupport@ferc.gov.

Protests and motions to intervene must be served on the applicant either by mail at: Irma Jarrett, Senior Manager of Certificates, Southwest Gas Storage Company, 1300 Main St., Houston, Texas 77002, or by email (with a link to the document) at irma.jarrett@energytransfer.com. Any subsequent submissions by an intervenor must be served on the applicant and all other parties to the proceeding. Contact information for parties can be downloaded from the service list at the eService link on FERC Online.

Tracking the Proceeding

Throughout the proceeding, additional information about the project will be available from OPP at (202) 502–6595 or on the FERC website at www.ferc.gov using the "eLibrary" link as described above. The eLibrary link also provides access to the texts of all formal documents issued by the Commission, such as orders, notices, and rulemakings.

In addition, the Commission offers a free service called eSubscription which allows you to keep track of all formal issuances and submittals in specific dockets. This can reduce the amount of time you spend researching proceedings by automatically providing you with notification of these filings, document summaries, and direct links to the documents. For more information and to register, go to www.ferc.gov/docs-filing/esubscription.asp.

(Authority: 18 CFR 2.1)

Dated: May 18, 2026.

Debbie-Anne A. Reese,
Secretary.

[FR Doc. 2026–10223 Filed 5–20–26; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Project No. 2740–055]

Duke Energy Carolinas, LLC; Notice of Intent To Prepare an Environmental Assessment

On July 14, 2025, Duke Energy Carolinas, LLC (Duke Energy) filed an application to relicense the 1,400-megawatt Bad Creek Pumped Storage Project (Bad Creek Project) No. 2740. The project is located adjacent to Lake Jocassee, Oconee County, South Carolina.

In accordance with the Commission's regulations, on February 27, 2026, Commission staff issued a notice that the project was ready for environmental analysis (REA notice). Based on the information in the record, including comments filed on the REA Notice, staff does not anticipate that relicensing the project would constitute a major federal action significantly affecting the quality of the human environment. Therefore, staff intends to prepare an environmental assessment (EA) on the application to relicense the project.¹

The EA will be issued and circulated for review by all interested parties. All comments filed on the EA will be analyzed by staff and considered in the Commission's final licensing decision.

For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, contact the Office of Public Participation at (202)502–6595 or OPP@ferc.gov.

The application will be processed according to the following schedule. The EA will be issued for a 30-day comment period. Revisions to the schedule may be made as appropriate.

Milestone	Target Date
Commission issues EA	May 7, 2007

Any questions regarding this notice may be directed to Sarah Salazar at 202–502–6863, or sarah.salazar@ferc.gov.

(Authority: 18 CFR 2.1.)

Dated: May 18, 2026.

Debbie-Anne A. Reese,
Secretary.

[FR Doc. 2026–10228 Filed 5–20–26; 8:45 am]

BILLING CODE 6717–01–P

¹ For tracking purposes under the National Environmental Policy Act, the unique identification number for documents relating to this environmental review is EAXX–019–20–000–1774598314.

DEPARTMENT OF ENERGY

Federal Energy Regulatory
Commission

[Docket No. CP26–130–000]

Northern Natural Gas Company; Notice
of Schedule for the Preparation of an
Environmental Assessment for the
Ventura to Farmington A-Line
Abandonment and Capacity
Replacement Project and Northern
Lights 2027 Expansion Project

On March 2, 2026, Northern Natural Gas Company filed an application in Docket No. CP26–130–000 requesting a Certificate of Public Convenience and Necessity pursuant to Section 7(c) and Authorization pursuant to Section 7(b) of the Natural Gas Act to construct, operate, and abandon certain natural gas pipeline facilities in Iowa and Minnesota. The proposed project is known as the Ventura to Farmington A-line Abandonment and Capacity Replacement Project (V2F Project) and Northern Lights 2027 Expansion Project (NL27 Project), collectively referred to as “Project,” and would replace the capacity lost through the abandonment and provide an additional 79,303 dekatherms per day of incremental firm service.

On March 16, 2026, the Federal Energy Regulatory Commission (Commission or FERC) issued its Notice of Application for the Project. Among other things, that notice alerted agencies issuing federal authorizations of the requirement to complete all necessary reviews and to reach a final decision on a request for a federal authorization within 90 days of the date of issuance of the Commission staff’s environmental document for the Project.

This notice identifies Commission staff’s intention to prepare an environmental assessment (EA) for the Project and the planned schedule for the completion of the environmental review.¹ The EA will be issued for a 30-day comment period.

Schedule for Environmental Review

Issuance of EA	October 2, 2026.
90-day Federal Authorization Decision Deadline ² .	December 31, 2026.

If a schedule change becomes necessary, additional notice will be provided so that the relevant agencies

¹ For tracking purposes under the National Environmental Policy Act, the unique identification number for documents relating to this environmental review is EAXX–019–20–000–1776779749.

are kept informed of the Project’s progress.

Project Description

The V2F Project would abandon in-place 131 miles of aging 16-inch-diameter pipeline from Ventura, Iowa, to Farmington, Minnesota. The lost capacity would be replaced through the construction and operation of three pipeline extensions, totaling about 18 miles of 36-inch and 30-inch-diameter pipeline, and associated aboveground facilities in Freeborn, Steele and Dakota Counties, Minnesota. The NL27 Project would construct and operate ten pipeline extensions totaling 28.5 miles of various diameter pipeline (ranging from 4-inch to 36-inch-diameter), a compressor station uprate, and associated aboveground appurtenances in Freeborn, Steele, Scott, Carver, Martin, Stearns, Jackson, Watonwan, Isanti, Morrison, and Washington Counties, Minnesota. The two projects are being filed together because two of the proposed pipeline extensions (the Lake Mills M500 E-line and Albert Lea M500 E-line) are required for each project and would be constructed concurrently.

Background

On April 13, 2026, the Commission issued a *Notice of Scoping Period Requesting Comments on Environmental Issues for the Proposed Ventura to Farmington A-Line Abandonment and Capacity Replacement Project and Northern Lights 2027 Project* (Notice of Scoping). The Notice of Scoping was sent to affected landowners; federal, state, and local government agencies; elected officials; Native American tribes; environmental and public interest groups; other interested parties; and local libraries and newspapers. The Commission received comments from three landowners. The primary issues raised by the commentors relate to compensation, and further concerns including the diminution of property value, agricultural and structural effects, and the extent and duration of the construction and restoration. All substantive comments will be addressed in the EA.

² The Commission’s deadline applies to the decisions of other federal agencies, and state agencies acting under federally delegated authority, that are responsible for federal authorizations, permits, and other approvals necessary for proposed projects under the Natural Gas Act. Per 18 CFR 157.22(a), the Commission’s deadline for other agency’s decisions applies unless a schedule is otherwise established by federal law.

Additional Information

In order to receive notification of the issuance of the EA and to keep track of formal issuances and submittals in specific dockets, the Commission offers a free service called eSubscription. This service provides automatic notification of filings made to subscribed dockets, document summaries, and direct links to the documents. Go to <https://www.ferc.gov/ferc-online/overview> to register for eSubscription.

For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, contact the Office of Public Participation at (202)502–6595 or OPP@ferc.gov.

Additional information about the Project is available from the FERC website (www.ferc.gov). Using the “eLibrary” link, select “General Search” from the eLibrary menu, enter the selected date range and “Docket Number” excluding the last three digits (*i.e.*, CP26–130), and follow the instructions. For assistance with access to eLibrary, the helpline can be reached at (866) 208–3676, TTY (202) 502–8659, or at FERCOnlineSupport@ferc.gov. The eLibrary link on the FERC website also provides access to the texts of formal documents issued by the Commission, such as orders, notices, and rule makings.

(Authority: 18 CFR 2.1)

Dated: May 18, 2026.

Debbie-Anne A. Reese,
Secretary.

[FR Doc. 2026–10227 Filed 5–20–26; 8:45 am]

BILLING CODE 6717–01–P

ENVIRONMENTAL PROTECTION
AGENCY

[EPA–HQ–OPPT–2017–0319; FRL–13397–01–OMS]

Agency Information Collection
Activities; Submission to the Office of
Management and Budget for Review
and Approval; Comment Request;
Asbestos-Containing Materials in
Schools and Asbestos Model
Accreditation Plan (Renewal)

AGENCY: Environmental Protection
Agency (EPA).

ACTION: Notice.

SUMMARY: The Environmental Protection Agency (EPA) has submitted an information collection request (ICR), Asbestos-Containing Materials in Schools and Asbestos Model Accreditation Plans (EPA ICR Number 1365.13, OMB Control Number 2070–

0091) to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act. This is a proposed extension of the ICR, which is approved through May 31, 2026. Public comments were previously requested via the **Federal Register** on July 23, 2025 during a 60-day comment period. This notice allows for an additional 30 days for public comments.

DATES: Comments may be submitted on or before June 22, 2026.

ADDRESSES: Submit your comments, referencing Docket ID Number EPA-HQ-OPPT-2017-0319, to EPA online using www.regulations.gov (our preferred method), by email to docket.epa.gov, or by mail to: EPA Docket Center, Environmental Protection Agency, Mail Code 2821T, 1200 Pennsylvania Ave. NW, Washington, DC 20460.

EPA's policy is that all comments received will be included in the public docket without change including any personal information provided, unless the comment includes profanity, threats, information claimed to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute.

Submit written comments and recommendations to OMB for the proposed information collection within 30 days of publication of this notice to www.reginfo.gov/public/do/PRAMain. Find this particular information collection by selecting "Currently under 30-day Review—Open for Public Comments" or by using the search function.

FOR FURTHER INFORMATION CONTACT:

Katherine Sleasman, Office of Mission Critical Operations (Mail Code 7602M), Office of Chemical Safety and Pollution Prevention, Environmental Protection Agency, 1200 Pennsylvania Ave. NW, Washington, DC 20460; telephone number: (202) 566-1204; email address: Sleasman.Katherine@epa.gov.

SUPPLEMENTARY INFORMATION: This is a proposed extension of the ICR, which is currently approved through May 31, 2026. An agency may not conduct or sponsor and a person is not required to respond to a collection of information unless it displays a currently valid OMB control number.

Public comments were previously requested via the **Federal Register** on July 23, 2025, during a 60-day comment period (90 FR 346580). This notice allows for an additional 30 days for public comments. Supporting documents, which explain in detail the information that the EPA will be collecting, are available in the public

docket for this ICR. The docket can be viewed online at www.regulations.gov or in person at the EPA Docket Center, WJC West, Room 3334, 1301 Constitution Ave. NW, Washington, DC. The telephone number for the Docket Center is 202-566-1744. Additional information about EPA's public docket, visit: <http://www.epa.gov/dockets>.

Abstract: This Information Collection Request addresses reporting and recordkeeping requirements found in the Asbestos-Containing Materials in Schools Rule ("AHERA Rule" a.k.a. "Schools Rule") and the Asbestos Model Accreditation Plan (MAP) Rule. Section 203 of the Asbestos Hazard Emergency Response Act (AHERA) 15 U.S.C. 2641-2656, authorizes the EPA Administrator to promulgate regulations "for determining whether asbestos-containing material is present in a school building under the authority of a local education agency (LEA)." Accordingly, the Agency developed regulations in 40 CFR part 763, subpart E to require LEAs to conduct inspections, develop management plans, and design or conduct response actions. Records must be maintained by all LEAs on inspections and response action activity, and current management plans must be provided upon request to EPA and state reviewers for examination. Section 206 of AHERA, as amended, authorized the EPA Administrator, in consultation with affected organizations, to develop a model accreditation plan for states. The MAP provides accreditation criteria for persons who inspect for asbestos, develop management plans, and design or conduct response actions. States are required to adopt an accreditation plan at least as stringent as the EPA model plan. The accreditation requirements apply to persons who work in public and commercial buildings as well as schools. Accreditation of laboratories that analyze asbestos bulk samples and asbestos air samples is also required by AHERA. This ICR estimates the paperwork burden for LEAs to inspect for asbestos and update management plans to protect all school building occupants from exposure to asbestos. This collection also estimates the paperwork burden for the accreditation of persons who inspect for asbestos, develop management plans, and design or conduct response actions and the paperwork burden associated with state accreditation programs.

The ICR, which is available in the docket along with other related materials, provides a detailed explanation of the collection activities and the burden estimate that is only briefly summarized here:

Form number(s): None.

Respondents/affected entities: Entities potentially affected by this ICR include the following respondents with NAICS Codes: Elementary and Secondary School Districts (61111); All States (92311); Training Providers (61143) and State Asbestos Accreditation Programs (92312).

Respondent's obligation to respond: Mandatory, per 15 U.S.C. 2643, 15 U.S.C. 2601 and 15 U.S.C. 2646.

Estimated number of respondents: 129,640 (total).

Frequency of response: On Occasion.

Total estimated burden: 2,414,694 hours (per year). Burden is defined at 5 CFR 1320.3(b).

Total estimated cost: \$152,203,002 (per year), which includes \$0 annualized capital or operation & maintenance costs.

Changes in the estimates: There is a decrease of 185,985 hours in the total estimated respondent burden compared with the ICR currently approved by OMB. This decrease, which is discussed in more detail in the ICR, reflects a steadily declining number of schools with friable asbestos containing materials (ACM). This change is an adjustment.

Courtney Kerwin,

Deputy Director, Data & Enterprise Programs Division.

[FR Doc. 2026-10193 Filed 5-20-26; 8:45 am]

BILLING CODE 6560-50-P

ENVIRONMENTAL PROTECTION AGENCY

[EPA-HQ-OAR-2021-0125; FRL-13396-01-OMS]

Agency Information Collection Activities; Submission to the Office of Management and Budget for Review and Approval; Comment Request; NESHAP for Polyvinyl Chloride and Copolymer Production (Renewal)

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice.

SUMMARY: The Environmental Protection Agency (EPA) has submitted an information collection request (ICR), NESHAP for Polyvinyl Chloride and Copolymer Production (EPA ICR Number 2432.07, OMB Control Number 2060-0666) to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act. This is a proposed extension of the ICR, which is currently approved through May 31, 2026. Public comments were previously

requested via the **Federal Register** on August 6, 2024 during a 60-day comment period. This notice allows for an additional 30 days for public comments.

DATES: Comments may be submitted on or before June 22, 2026.

ADDRESSES: Submit your comments, referencing Docket ID Number EPA–HQ–OAR–2021–0125, to EPA online using www.regulations.gov (our preferred method), by email to a-and-r-docket@epa.gov, or by mail to: EPA Docket Center, Environmental Protection Agency, Mail Code 28221T, 1200 Pennsylvania Ave. NW, Washington, DC 20460.

EPA's policy is that all comments received will be included in the public docket without change including any personal information provided, unless the comment includes profanity, threats, information claimed to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute.

Submit written comments and recommendations to OMB for the proposed information collection within 30 days of publication of this notice to www.reginfo.gov/public/do/PRAMain. Find this particular information collection by selecting "Currently under 30-day Review—Open for Public Comments" or by using the search function.

FOR FURTHER INFORMATION CONTACT:

Aiden Titel, Natural Resources Division (D230–0L), Office of Clean Air Programs, U.S. Environmental Protection Agency, Research Triangle Park, North Carolina 27711; telephone number: (919) 541–4836; email address: titel.aiden@epa.gov.

SUPPLEMENTARY INFORMATION: This is a proposed extension of the ICR, which is currently approved through May 31, 2026. An agency may not conduct or sponsor and a person is not required to respond to a collection of information unless it displays a currently valid OMB control number.

Public comments were previously requested via the **Federal Register** on August 6, 2024 during a 60-day comment period (89 FR 63933). This notice allows for an additional 30 days for public comments. Supporting documents, which explain in detail the information that the EPA will be collecting, are available in the public docket for this ICR. The docket can be viewed online at www.regulations.gov or in person at the EPA Docket Center, WJC West, Room 3334, 1301 Constitution Ave. NW, Washington, DC. The telephone number for the Docket

Center is 202–566–1744. For additional information about EPA's public docket, visit <http://www.epa.gov/dockets>.

Abstract: The National Emission Standards for Hazardous Air Pollutants (NESHAP) for the regulations published at 40 CFR part 63, subpart HHHHHHHH were proposed on May 20, 2011, and promulgated on April 17, 2012. These regulations apply to existing facilities and new PVC production facilities. Area source PVC facilities are subject to 40 CFR part 63, subpart DDDDDDD and not covered in this ICR. New facilities include those that commenced construction or reconstruction after the date of proposal. This information is being collected to assure compliance with 40 CFR part 63, subpart HHHHHHHH.

In general, all NESHAP standards require initial notifications, performance tests, and periodic reports by the owners/operators of the affected facilities. They are also required to maintain records of the occurrence and duration of any startup, shutdown, or malfunction in the operation of an affected facility, or any period during which the monitoring system is inoperative. These notifications, reports, and records are essential in determining compliance, and are required of all affected facilities subject to NESHAP.

Form Numbers: None.

Respondents/affected entities: PVC and copolymer production major source facilities.

Respondent's obligation to respond: Mandatory (40 CFR part 63, subpart HHHHHHHH).

Estimated number of respondents: 13 (total).

Frequency of response: Initially, occasionally, and semiannually.

Total estimated burden: 318,000 hours (per year). Burden is defined at 5 CFR 1320.03(b).

Total estimated cost: \$50,600,000 (per year), includes \$7,140,000 annualized capital or operation & maintenance costs.

Changes in the estimates: There is no change in burden from the most recently approved ICR as currently identified in the OMB Inventory of Approved Burdens. This is due to two considerations. First, the regulations have not changed over the past three years and are not anticipated to change over the next three years. Second, the growth rate for this industry is very low or non-existent, so there is no significant change in the overall burden. Since there are no changes in the regulatory requirements and there is no significant industry growth, there are also no changes in the capital/startup or

operation and maintenance (O&M) costs.

Courtney Kerwin,

Deputy Director, Data and Enterprise Programs Division.

[FR Doc. 2026–10192 Filed 5–20–26; 8:45 am]

BILLING CODE 6560–50–P

ENVIRONMENTAL PROTECTION AGENCY

[EPA–HQ–OECA–2013–0547; FRL–10383.1–01–OECA]

Agency Information Collection Activities; Proposed Information Collection Request; Comment Request; Performance Evaluation Studies on Wastewater Laboratories (Renewal)

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice.

SUMMARY: The Environmental Protection Agency (EPA) is planning to submit an information collection request (ICR), "Performance Evaluation Studies on Wastewater Laboratories" (EPA ICR Number 0234.15, OMB Control Number 2080–0021) to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act. Before doing so, EPA is soliciting public comments on specific aspects of the proposed information collection as described below. This is a proposed extension of the ICR, which is currently approved through August 31, 2026. This notice allows for 60 days for public comments.

DATES: Comments must be submitted on or before July 20, 2026.

ADDRESSES: Submit your comments, referencing Docket ID Number EPA–HQ–OECA–2013–0547, to EPA online using www.regulations.gov (our preferred method), by email to docket.oeca@epa.gov, or by mail to: EPA Docket Center, Environmental Protection Agency, Mail Code 28221T, 1200 Pennsylvania Ave. NW, Washington, DC 20460. EPA's policy is that all comments received will be included in the public docket without change including any personal information provided, unless the comment includes profanity, threats, information claimed to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute.

FOR FURTHER INFORMATION CONTACT:

Gregory Savitske, Compliance, Inspector, and Training Division, Office of Compliance, Mail Code 2227A, Environmental Protection Agency, 1200

Pennsylvania Ave. NW, Washington, DC 20460; telephone number: (202) 564-2601; email address: savitske.gregory@epa.gov.

SUPPLEMENTARY INFORMATION: This is a proposed extension of the ICR, which is currently approved through August 31, 2026. An agency may not conduct or sponsor and a person is not required to respond to a collection of information unless it displays a currently valid OMB control number.

This notice allows 60 days for public comments. Supporting documents, which explain in detail the information that the EPA will be collecting, are available in the public docket for this ICR. The docket can be viewed online at www.regulations.gov or in person at the EPA Docket Center, WJC West, Room 3334, 1301 Constitution Ave. NW, Washington, DC. The telephone number for the Docket Center is 202-566-1744. For additional information about EPA's public docket, visit <http://www.epa.gov/dockets>.

Pursuant to section 3506(c)(2)(A) of the PRA, EPA is soliciting comments and information to enable it to: (i) evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the Agency, including whether the information will have practical utility; (ii) evaluate the accuracy of the Agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (iii) enhance the quality, utility, and clarity of the information to be collected; and (iv) minimize the burden of the collection of information on those who are to respond, including through the use of appropriate forms of information technology. EPA will consider the comments received and amend the ICR as appropriate. The final ICR package will then be submitted to OMB for review and approval. At that time, EPA will issue another **Federal Register** notice to announce the submission of the ICR to OMB and the opportunity to submit additional comments to OMB.

Abstract: Discharge Monitoring Report-Quality Assurance (DMR-QA) study program participation is mandatory for Major and selected Minor National Pollutant Discharge Elimination System (NPDES) permit holders in accordance with Clean Water Act Section 308. The DMR-QA study program is designed to evaluate the analytic ability of laboratories that perform chemical, microbiological and whole effluent toxicity (WET) analyses required in NPDES permits for reporting

results in the Discharge Monitoring Reports (DMR). Under DMR-QA, the permit holder is responsible for having their in-house and/or contract laboratories analyze proficiency test samples and submit results to proficiency testing (PT) providers for grading. Graded results are transmitted by either the permit holder or PT provider to the appropriate federal or state NPDES permitting authority. Permit holders are responsible for submitting corrective action reports to the appropriate permitting authority.

Form Number: 6400-01.

Respondents/affected entities: Major and selected Minor permit holders under the Clean Water Act's National Pollutant Discharge Elimination System (NPDES).

Respondent's obligation to respond: Major permit holders must participate annually. Minor permit holders must participate if selected by the state or EPA DMR-QA coordinator.

Estimated number of respondents: 5,500 (total).

Frequency of response: Major permit holders must participate annually. Minor permit holders must participate if selected by the state or EPA DMR-QA coordinator.

Total estimated burden: 36,300 hours (per year). Burden is defined at 5 CFR 1320.03(b).

Total estimated cost: \$6,241,180 (per year), which includes \$3,995,365 annualized capital or operation & maintenance costs.

Changes in the Estimates: The total estimated respondent burden is projected to remain the same as the ICR currently approved by OMB; this is attributed to the estimated number of respondents receiving this ICR remaining stable over the past three years. The estimated cost has increased due to increases in both labor and non-labor costs to account for changes in employee benefit and compensation costs as well as inflation.

Loren Denton,

Director, Compliance, Inspection, and Training Division, Office of Compliance.

[FR Doc. 2026-10191 Filed 5-20-26; 8:45 am]

BILLING CODE 6560-50-P

ENVIRONMENTAL PROTECTION AGENCY

[EPA-HQ-OPP-2020-0273; FRL-13398-01-OMS]

Agency Information Collection Activities; Submission to the Office of Management and Budget for Review and Approval; Comment Request; Consolidated Pesticide Registration Submission Portal (Renewal)

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice.

SUMMARY: The Environmental Protection Agency (EPA) has submitted an information collection request (ICR), Consolidated Pesticide Registration Submission Portal" (EPA ICR Number 2624.03 and OMB Control Number 2070-0226) to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act. This is a proposed extension of the ICR, which is currently approved through July 31, 2026. Public comments were previously requested via the **Federal Register** on December 2, 2025, during a 60-day comment period. This notice allows for an additional 30 days for public comments.

DATES: Comments may be submitted on or before June 22, 2026.

ADDRESSES: Submit your comments, referencing Docket ID Number EPA-HQ-OPP-2020-0273 to EPA online using www.regulations.gov (our preferred method) or by mail to: EPA Docket Center, Environmental Protection Agency, Mail Code 2821T, 1200 Pennsylvania Ave. NW, Washington, DC 20460.

EPA's policy is that all comments received will be included in the public docket without change including any personal information provided, unless the comment includes profanity, threats, information claimed to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute.

Submit written comments and recommendations to OMB for the proposed information collection within 30 days of publication of this notice to www.reginfo.gov/public/do/PRAMain. Find this particular information collection by selecting "Currently under 30-day Review—Open for Public Comments" or by using the search function.

FOR FURTHER INFORMATION CONTACT: Carolyn Siu, Office of Mission Critical Operations (Mail Code 7602M), Office of Chemical Safety and Pollution

Prevention, Environmental Protection Agency, 1200 Pennsylvania Ave. NW, Washington, DC 20460; telephone number: (202) 566-1204; email address: Siu.Carolyn@epa.gov.

SUPPLEMENTARY INFORMATION: This is a proposed extension of the ICR, which is currently approved through July 31, 2026. An agency may not conduct or sponsor and a person is not required to respond to a collection of information unless it displays a currently valid OMB control number.

Public comments were previously requested via the **Federal Register** on December 2, 2025, during a 60-day comment period (90 FR 55315). This notice allows for an additional 30 days for public comments. Supporting documents, which explain in detail the information that the EPA will be collecting, are available in the public docket for this ICR. The docket can be viewed online at www.regulations.gov or in person at the EPA Docket Center, WJC West, Room 3334, 1301 Constitution Ave. NW, Washington, DC. The telephone number for the Docket Center is 202-566-1744. For additional information about EPA's public docket, visit <http://www.epa.gov/dockets>.

Abstract: This ICR covers pesticide registration collection activities supporting the statutorily mandated pesticide registration program under the Federal Insecticide Fungicide and Rodenticide Act (FIFRA) and the Federal Food, Drug, and Cosmetic Act (FFDCA) as amended by the Food Quality Protection Act (FQPA). Such activities include pesticide registration, pesticide use, pesticide sale and distribution, pesticide permitting activities, determinations regarding whether a product must be regulated under FIFRA or Pesticide Tolerances all which are submitted electronically through the Agency's Central Data Exchange (CDX) system.

The ICR, which is available in the docket along with other related materials, provides a detailed explanation of the collection activities and the burden estimate that is only briefly summarized here:

Form numbers: 8570-1, 8570-4, 8570-5, 8570-17, 8570-25, 8570-27, 8570-34, 8570-35, 8570-36 and 8570-37.

Respondents/affected entities: Entities potentially affected by this ICR include pesticide and other agricultural chemical manufacturing, research, and development in the physical, engineering, and life sciences, biological products (except diagnostic) manufacturing, colleges, universities, and professional schools, farm supplies

wholesalers, flower, nursery stock, and florist's supplies wholesalers, state government, other chemical and allied product merchant wholesalers, exterminating and pest control service, management, scientific, and technical consulting services. The North American Industrial Classification System (NAICS) codes are identified in question 12 of the supporting statement.

Respondent's obligation to respond: Mandatory. FIFRA and FFDCA.

Estimated number of respondents: 15,023 (total).

Frequency of response: On occasion.

Total estimated burden: 2,234,433 hours (per year). Burden is defined at 5 CFR 1320.3(b).

Total estimated costs: \$172,873,497 (per year), includes \$0 annualized capital or operation & maintenance costs.

Changes in the estimates: There is an increase of 59,385 hours in the total estimated respondent burden compared with the ICR currently approved by OMB. This increase reflects EPA's updating of burden estimates for this collection based upon historical information on the number of responses anticipated for some ICs (recorded as adjustments); and the inclusion of an additional prior ICR titled, Exemptions of Certain Plant Incorporated Protectants (PIPs) Derived from Newer Technologies (OMB Control Number 2070-0214; Rulemaking RIN-2070-AK54), which is considered program change. Based upon revised estimates and the inclusion of an additional IC, the total number of responses anticipated across categories has increased by 32,627 with a corresponding increase in the associated burden hours. While burden hours have increased, the annual total costs to respondents have decreased due to updated guidance on the calculation of overhead in fully loaded wages.

Courtney Kerwin,

Deputy Director, Data and Enterprise Programs Division.

[FR Doc. 2026-10194 Filed 5-20-26; 8:45 am]

BILLING CODE 6560-50-P

ENVIRONMENTAL PROTECTION AGENCY

[EPA-HQ-OPPT-2021-0303; FRL-13399-01-OMS]

Agency Information Collection Activities; Submission to the Office of Management and Budget for Review and Approval; Comment Request; Methylene Chloride; Regulation Under TSCA Section 6(a) (Renewal)

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice.

SUMMARY: The Environmental Protection Agency (EPA) has submitted an information collection request (ICR), Methylene Chloride; Regulation under TSCA Section 6(a) (EPA ICR Number 2556.04, OMB Control Number 2070-0204) to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act. This is a proposed extension of the ICR, which is currently approved through May 31, 2026. Public comments were previously requested via the **Federal Register** on August 25, 2025 during a 60-day comment period. This notice allows for an additional 30 days for public comments.

DATES: Comments may be submitted on or before June 22, 2026.

ADDRESSES: Submit your comments, referencing Docket ID Number EPA-HQ-OPPT-2021-0303, to EPA online using www.regulations.gov (our preferred method), by email to docket.epa.gov, or by mail to: EPA Docket Center, Environmental Protection Agency, Mail Code 2821T, 1200 Pennsylvania Ave. NW, Washington, DC 20460.

EPA's policy is that all comments received will be included in the public docket without change including any personal information provided, unless the comment includes profanity, threats, information claimed to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute.

Submit written comments and recommendations to OMB for the proposed information collection within 30 days of publication of this notice to www.reginfo.gov/public/do/PRAMain. Find this particular information collection by selecting "Currently under 30-day Review—Open for Public Comments" or by using the search function.

FOR FURTHER INFORMATION CONTACT: Katherine Sleasman, Office of Mission Critical Operations (Mail Code 7602M), Office of Chemical Safety and Pollution

Prevention, Environmental Protection Agency, 1200 Pennsylvania Ave. NW, Washington, DC 20460; telephone number: (202) 566-1204; email address: sleasman.katherine@epa.gov.

SUPPLEMENTARY INFORMATION: This is a proposed extension of the ICR, which is currently approved through May 31, 2026. An agency may not conduct or sponsor and a person is not required to respond to a collection of information unless it displays a currently valid OMB control number.

Public comments were previously requested via the **Federal Register** on August 25, 2025 during a 60-day comment period (90 FR 41391). This notice allows for an additional 30 days for public comments. Supporting documents, which explain in detail the information that the EPA will be collecting, are available in the public docket for this ICR. The docket can be viewed online at www.regulations.gov or in person at the EPA Docket Center, WJC West, Room 3334, 1301 Constitution Ave. NW, Washington, DC. The telephone number for the Docket Center is 202-566-1744. For additional information about EPA's public docket, visit <http://www.epa.gov/dockets>.

Abstract: The EPA is consolidating the rule-related ICR titled, Methylene Chloride; Regulation under TSCA Section 6(a) (Final Rule; RIN 2070-AK70) (EPA ICR No. 2735.02; OMB Control No. 2070-0229) into Methylene Chloride; Regulation under TSCA Section 6(a) (EPA ICR No. 2556.04; OMB Control No. 2070-0204). Under TSCA (15 U.S.C. 2605(a)) this ICR enables the EPA to ensure the prohibition of the manufacture, process, and distribution of methylene chloride for all consumer use and most industrial and commercial uses and delay prohibition for two conditions: a requirement for a workplace chemical protection program (WCPP) and related workplace methylene chloride monitoring. This ICR covers the information collection activities for downstream notification requirements through Safety Data Sheets, WCPP-related information generation, recordkeeping, and notification requirements, recordkeeping for interim requirements for use of methylene chloride for refinishing wood pieces of artistic, cultural, or historic value and downstream notification for consumer use of paints and coatings.

The ICR, which is available in the docket along with other related materials, provides a detailed explanation of the collection activities and the burden estimate that is only briefly summarized here:

Form Numbers: None.

Respondents/affected entities: Entities potentially affected by this ICR include North American Industrial Classification System (NAICS) codes 4246—Chemical and Allied Products Merchant Wholesaler firms and 3251—Basic Chemical Manufacturing firms.

Respondent's obligation to respond: Mandatory. Per 40 CFR 751 and 15 U.S.C. 2605(a).

Estimated number of respondents: 6,515 (total).

Frequency of response: On occasion.

Total estimated burden: 72,699 hours (per year). Burden is defined at 5 CFR 1320.03(b).

Total estimated cost: \$5,342,124 (per year), which includes \$4,583,912 annualized capital or operation & maintenance costs.

Changes in the Estimates: There is increase of 72,692 hours in the total estimated respondent burden compared with that currently approved by OMB. This change, which is discussed in more detail in the ICR, reflects the consolidation of two ICRs into one. However, if the burden from the two original ICRs is considered there is an overall net decrease in burden to industry. This change is an adjustment.

Courtney Kerwin,

Deputy Director, Data and Enterprise Programs Division.

[FR Doc. 2026-10197 Filed 5-20-26; 8:45 am]

BILLING CODE 6560-50-P

ENVIRONMENTAL PROTECTION AGENCY

[EPA-HQ-OLEM-2018-0105; FRL-13400-01-OMS]

Agency Information Collection Activities; Submission to the Office of Management and Budget for Review and Approval; Comment Request; Implementation of the Oil Pollution Act Facility Response Plan Requirements (Renewal)

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice.

SUMMARY: The Environmental Protection Agency (EPA) has submitted an information collection request (ICR), Oil Pollution Act Facility Response Plans (EPA ICR Number 1630.15, OMB Control Number 2050-0135) to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act. This is a proposed extension of the ICR, which is currently approved through May 31, 2026. Public

comments were previously requested via the **Federal Register** on November 17, 2025 during a 60-day comment period. This notice allows for an additional 30 days for public comments.

DATES: Comments may be submitted on or before June 22, 2026.

ADDRESSES: Submit your comments, referencing Docket ID Number EPA-HQ-OLEM-2018-0105, to EPA online using www.regulations.gov (our preferred method) or by mail to: EPA Docket Center, Environmental Protection Agency, Mail Code 28221T, 1200 Pennsylvania Ave. NW, Washington, DC 20460.

EPA's policy is that all comments received will be included in the public docket without change including any personal information provided, unless the comment includes profanity, threats, information claimed to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute.

Submit written comments and recommendations to OMB for the proposed information collection within 30 days of publication of this notice to www.reginfo.gov/public/do/PRAMain. Find this particular information collection by selecting "Currently under 30-day Review—Open for Public Comments" or by using the search function.

FOR FURTHER INFORMATION CONTACT:

Christie Torres Rosa, Office of Resource Conservation and Recovery, Mail Code 5104A, Environmental Protection Agency, 1200 Pennsylvania Ave. NW, Washington, DC 20460; telephone number: (202) 566-0121; email address: torres-rosa.christie@epa.gov.

SUPPLEMENTARY INFORMATION: This is a proposed extension of the ICR, which is currently approved through May 31, 2026. An agency may not conduct or sponsor and a person is not required to respond to a collection of information unless it displays a currently valid OMB control number.

Public comments were previously requested via the **Federal Register** on November 17, 2025 during a 60-day comment period (90 FR 51311). This notice allows for an additional 30 days for public comments. Supporting documents, which explain in detail the information that the EPA will be collecting, are available in the public docket for this ICR. The docket can be viewed online at www.regulations.gov or in person at the EPA Docket Center, WJC West, Room 3334, 1301 Constitution Ave. NW, Washington, DC. The telephone number for the Docket Center is 202-566-1744. For additional

information about EPA's public docket, visit <http://www.epa.gov/dockets>.

Abstract: The authority for EPA's facility response plan (FRP) requirements is derived from section 311(j)(5) of the Clean Water Act, as amended by the Oil Pollution Act of 1990. EPA's regulation is codified at 40 CFR 112.20 and 112.21 and related appendices. The owner or operator of a facility subject to 40 CFR 112.20 must prepare and submit an FRP to EPA based on the following applicability criteria: (1) The facility transfers oil over water to or from a vessel and has a total storage capacity of greater than or equal to 42,000 gallons; or (2) the facility's total oil storage capacity is greater than or equal to one million gallons and one or more of the following harm factors are met: insufficient secondary containment for aboveground storage tanks at the facility; a discharge of oil could cause injury to fish and wildlife and sensitive environments; a discharge of oil could shut down a drinking water intake; the facility has experienced a reportable oil discharge of 10,000 gallons or more in the last 5 years; or other factors considered by the Regional Administrator.

The purpose of an FRP is to help an owner or operator identify the necessary resources to respond to an oil discharge in a timely manner. If implemented effectively, the FRP will reduce the impact and severity of oil discharges and may prevent discharges because of the identification of risks at the facility. Although the owner or operator is the primary data user, EPA also uses the data in certain situations to ensure that facilities comply with the regulation and to help allocate response resources. State and local governments may use the data, which are not generally available elsewhere, and can greatly assist local emergency preparedness planning efforts. The EPA reviews all submitted FRPs and must approve FRPs for those facilities whose discharges may cause significant and substantial harm to the environment to ensure that facilities believed to pose the highest risk have planned for adequate resources and procedures to respond to oil discharges.

No information collected under the FRP rule is expected to be confidential. One of the criteria necessary for information to be classified as "proprietary business information" (40 CFR 2.208) is that a business must show that it has previously taken reasonable measures to protect the confidentiality of the information and that it intends to continue to take such measures. EPA provides no assurances of

confidentiality to facility owners or operators when they file their FRPs.

Form Numbers: None.

Respondents/affected entities:

Owners or operators of facilities required to have Spill Prevention, Control, and Countermeasure (SPCC) plans under the Oil Pollution Prevention regulation (40 CFR part 112) and that, because of their location, could reasonably be expected to cause substantial harm to the environment.

Respondent's obligation to respond: Mandatory under section 311(j)(5) of the Clean Water Act, as amended by the Oil Pollution Act of 1990.

Estimated number of respondents: 17,269 (total).

Frequency of response: Annual.

Total estimated burden: 319,919 hours (per year). Burden is defined at 5 CFR 1320.03(b).

Total estimated cost: \$16,046,491 (per year), which includes \$20,366 annualized capital or operation & maintenance costs.

Changes in the estimates: There is a decrease of 65,867 hours in the total estimated respondent burden compared with the ICR currently approved by OMB. This decrease is due to changes in the number of affected facilities, estimates of affected facilities by size and type, and labor rates.

Courtney Kerwin,

Deputy Director, Data and Enterprise Programs Division.

[FR Doc. 2026-10199 Filed 5-20-26; 8:45 am]

BILLING CODE 6560-50-P

FEDERAL RESERVE SYSTEM

Change in Bank Control Notices; Acquisitions of Shares of a Savings and Loan Holding Company

The notificants listed below have applied under the Change in Bank Control Act ("Act") (12 U.S.C. 1817(j)) and of the Board's Regulation LL (12 CFR 238.31) to acquire shares of a savings and loan holding company. The factors that are considered in acting on the notices are set forth in paragraph 7 of the Act (12 U.S.C. 1817(j)(7)).

The public portions of the applications listed below, as well as other related filings required by the Board, if any, are available for immediate inspection at the Federal Reserve Bank(s) indicated below and at the offices of the Board of Governors. This information may also be obtained on an expedited basis, upon request, by contacting the appropriate Federal Reserve Bank and from the Board's Freedom of Information Office at

<https://www.federalreserve.gov/foia/request.htm>. Interested persons may express their views in writing on the standards enumerated in paragraph 7 of the Act.

Comments received are subject to public disclosure. In general, comments received will be made available without change and will not be modified to remove personal or business information including confidential, contact, or other identifying information. Comments should not include any information such as confidential information that would not be appropriate for public disclosure.

Comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors, Benjamin W. McDonough, Secretary of the Board, 20th Street and Constitution Avenue NW, Washington, DC 20551-0001, not later than June 5, 2026.

A. Federal Reserve Bank of Cleveland (Jenni M. Frazer, Vice President) 1455 East Sixth Street, Cleveland, Ohio 44101-2566. Comments can also be sent electronically to

Comments.applications@clev.frb.org:

1. **Lance F. Osborne, individually, as trustee of the Osborne Capital Group Pension, and as trustee of the Osborne Capital Corp. 401K Plan, Osborne Capital Partners II, LLC, and Brian Osborne, as trustee of the L.F. Osborne Irrevocable Family Trust, all of Mentor, Ohio;** to join the Osborne Capital Corp, a group acting in concert, to acquire voting shares of First Niles Financial, Inc., and thereby indirectly acquire voting shares of Home Federal Savings and Loan Association of Niles Ohio, both of Niles, Ohio.

Board of Governors of the Federal Reserve System.

Michele Taylor Fennell,

Associate Secretary of the Board.

[FR Doc. 2026-10212 Filed 5-20-26; 8:45 am]

BILLING CODE P

FEDERAL RESERVE SYSTEM

Formations of, Acquisitions by, and Mergers of Bank Holding Companies

The companies listed in this notice have applied to the Board for approval, pursuant to the Bank Holding Company Act of 1956 (12 U.S.C. 1841 *et seq.*) (BHC Act), Regulation Y (12 CFR part 225), and all other applicable statutes and regulations to become a bank holding company and/or to acquire the assets or the ownership of, control of, or the power to vote shares of a bank or bank holding company and all of the banks and nonbanking companies

owned by the bank holding company, including the companies listed below.

The public portions of the applications listed below, as well as other related filings required by the Board, if any, are available for immediate inspection at the Federal Reserve Bank(s) indicated below and at the offices of the Board of Governors. This information may also be obtained on an expedited basis, upon request, by contacting the appropriate Federal Reserve Bank and from the Board's Freedom of Information Office at <https://www.federalreserve.gov/foia/request.htm>. Interested persons may express their views in writing on the standards enumerated in the BHC Act (12 U.S.C. 1842(c)).

Comments received are subject to public disclosure. In general, comments received will be made available without change and will not be modified to remove personal or business information including confidential, contact, or other identifying information. Comments should not include any information such as confidential information that would not be appropriate for public disclosure.

Comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors, Benjamin W. McDonough, Secretary of the Board, 20th Street and Constitution Avenue NW, Washington, DC 20551–0001, not later than June 22, 2026.

A. Federal Reserve Bank of New York (Bank Applications Officer) 33 Liberty Street, New York, New York 10045–0001. Comments can also be sent electronically to

Comments.applications@ny.frb.org:

1. *Community Bancorp MHC*, Kingston, New York; to become a bank holding company by acquiring Ulster Savings Bank, Kingston, New York, upon the conversion of Ulster Savings Bank from mutual to stock form.

B. Federal Reserve Bank of Atlanta (Erien O. Terry, Assistant Vice President) 1000 Peachtree Street NE, Atlanta, Georgia 30309. Comments can also be sent electronically to

Applications.Comments@atl.frb.org:

1. *Credicorp, Ltd., Hamilton, Bermuda*; *Grupo Credito, S.A. and Banco de Credito del Peru, S.A.A., both of Lima, Peru*; to become holding companies by acquiring Helm Bank USA, Miami, Florida.

Board of Governors of the Federal Reserve System.

Michele Taylor Fennell,

Associate Secretary of the Board.

[FR Doc. 2026–10214 Filed 5–20–26; 8:45 am]

BILLING CODE P

FEDERAL RESERVE SYSTEM

Change in Bank Control Notices; Acquisitions of Shares of a Bank or Bank Holding Company

The notificants listed below have applied under the Change in Bank Control Act (Act) (12 U.S.C. 1817(j)) and § 225.41 of the Board's Regulation Y (12 CFR 225.41) to acquire shares of a bank or bank holding company. The factors that are considered in acting on the applications are set forth in paragraph 7 of the Act (12 U.S.C. 1817(j)(7)).

The public portions of the applications listed below, as well as other related filings required by the Board, if any, are available for immediate inspection at the Federal Reserve Bank(s) indicated below and at the offices of the Board of Governors. This information may also be obtained on an expedited basis, upon request, by contacting the appropriate Federal Reserve Bank and from the Board's Freedom of Information Office at <https://www.federalreserve.gov/foia/request.htm>. Interested persons may express their views in writing on the standards enumerated in paragraph 7 of the Act.

Comments received are subject to public disclosure. In general, comments received will be made available without change and will not be modified to remove personal or business information including confidential, contact, or other identifying information. Comments should not include any information such as confidential information that would not be appropriate for public disclosure.

Comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors, Benjamin W. McDonough, Secretary of the Board, 20th Street and Constitution Avenue NW, Washington, DC 20551–0001, not later than June 5, 2026.

A. Federal Reserve Bank of Chicago (Colette A. Fried, Assistant Vice President) 230 South LaSalle Street, Chicago, Illinois 60690–1414.

Comments can also be sent electronically to

Comments.applications@chi.frb.org:

1. *Gregory Westra, Rock Valley, Iowa*; to retain voting shares of Premier Holdings, Ltd., and thereby indirectly retain voting shares of Premier Bank, both of Rock Valley, Iowa.

In addition, *Matthew Westra, Rock Valley, Iowa*; *Katie Vander Zwaag, Hudson, South Dakota*; and *Scott Westra, Milford, Iowa*; to join the Westra Family Control Group, a group acting in concert, to acquire voting shares of

Premier Holdings, Ltd., Rock Valley, Iowa.

B. Federal Reserve Bank of Kansas City (Jeffrey Imgarten, Assistant Vice President) 1 Memorial Drive, Kansas City, Missouri 64198–0001. Comments can also be sent electronically to KCApplicationComments@kc.frb.org:

1. *Aaron P. Graft, Dallas, Texas, as trustee of the Tricia Graft Trust and the Graft Family Residuary Trust, both of Clinton, Oklahoma*; to retain voting shares of Bancwest, Inc., and thereby indirectly retain voting shares of The Bank of the West, both of Thomas, Oklahoma.

Board of Governors of the Federal Reserve System.

Michele Taylor Fennell,

Associate Secretary of the Board.

[FR Doc. 2026–10213 Filed 5–20–26; 8:45 am]

BILLING CODE P

GENERAL SERVICES ADMINISTRATION

[Notice–Q–2026–02; Docket No. 2026–0002; Sequence No. 5]

Federal Secure Cloud Advisory Committee—Accepting Open Membership Applications

AGENCY: Federal Acquisition Service (F), General Services Administration (GSA).

ACTION: Notice; request for applications.

SUMMARY: GSA is seeking applications to fill five (5) open or upcoming membership seats on the Federal Secure Cloud Advisory Committee (FSCAC), a statutory federal advisory committee established under the FedRAMP Authorization Act and operating in accordance with the Federal Advisory Committee Act.

DATES: GSA will consider complete applications received no later than 5:00 p.m. Eastern Time on Friday, June 12, 2026.

ADDRESSES: Applications will be accepted electronically. Applicants must complete the electronic application form at https://docs.google.com/forms/d/e/1FAIpQLSd4Eh7luDrctPi_ONYslpqoqBnRpHno9mppyKZ_TgZPbYjSGg/viewform?usp=sharing&ouid=109592692527580875505, which will also be available at <https://gsa.gov/fscac>. Applicants must also email required supporting documents in PDF format to fscac@gsa.gov with the subject line: FSCAC APPLICATION—[Applicant Name].

FOR FURTHER INFORMATION CONTACT: Ryan Hoelsing, Designated Federal

Officer (DFO), FSCAC, GSA, 202–577–1938, fscac@gsa.gov. Additional information about the Committee is online at <https://gsa.gov/fscac>.

SUPPLEMENTARY INFORMATION:

Background

In compliance with the FedRAMP Authorization Act, GSA established the FSCAC, a statutory advisory committee in accordance with the provisions of FACA, as amended (5 U.S.C. Ch. 10). The Federal Risk and Authorization Management Program (FedRAMP) within GSA is responsible for providing a standardized, reusable approach to security assessment and authorization for cloud computing products and services that process unclassified information used by agencies.

The FSCAC provides advice and recommendations to the GSA Administrator, or the Administrator's designee, the FedRAMP Board, and agencies on technical, financial, programmatic, and operational matters regarding the secure adoption of cloud computing products and services. The FSCAC helps ensure effective and ongoing coordination of agency adoption, use, authorization, monitoring, acquisition, and security of cloud computing products and services to enable agency mission and administrative priorities. The purposes of the Committee are:

- Examine the operations of FedRAMP and determine ways that authorization processes can continuously be improved, including the following:
 - Measures to increase agency reuse of FedRAMP authorizations.
 - Proposed actions that can be adopted to reduce the burden, confusion, and cost associated with FedRAMP authorizations for cloud service providers (CSPs).
 - Measures to increase the number of FedRAMP authorizations for cloud computing products and services offered by small businesses concerns (as defined by section 3(a) of the Small Business Act (15 U.S.C. 632(a)).
 - Proposed actions that can be adopted to reduce the burden and cost of FedRAMP authorizations for agencies.
- Collect information and feedback on agency compliance with, and implementation of, FedRAMP requirements.
- Serve as a forum that facilitates communication and collaboration among the FedRAMP stakeholder community.

The FSCAC will meet no fewer than three (3) times each calendar year. Meetings shall occur as frequently as needed, called, and approved by the DFO. Meetings may be held virtually or in person. Members serve without compensation and may be allowed travel expenses, including per diem, in accordance with 5 U.S.C. 5703.

Membership

The Committee shall be comprised of not more than 15 members who are qualified representatives from the public and private sectors, appointed by the Administrator, in consultation with the Director of OMB, as follows:

- i. The GSA Administrator or the GSA Administrator's designee, who shall be the Chair of the Committee.
- ii. At least one representative each from the Cybersecurity and Infrastructure Security Agency and the National Institute of Standards and Technology.
- iii. At least two officials who serve as the Chief Information Security Officer within an agency, who shall be required to maintain such a position throughout the duration of their service on the Committee.
- iv. At least one official serving as Chief Procurement Officer (or equivalent) in an agency, who shall be required to maintain such a position throughout the duration of their service on the Committee.
- v. At least one individual representing an independent assessment organization.
- vi. At least five representatives from unique businesses that primarily provide cloud computing services or products, including at least two representatives from a small business (as defined by section 3(a) of the Small Business Act (15 U.S.C. 632(a))).
- vii. At least two other representatives from the Federal Government as the Administrator determines to be necessary to provide sufficient balance, insights, or expertise to the Committee.

Each member shall be appointed for a term of three (3) years, except the initial terms, which were staggered into one (1), two (2) or three (3) year terms to establish a rotation in which one third of the members are selected. No member shall be appointed for more than two (2) consecutive terms nor shall any member serve for more than six (6) consecutive years. GSA encourages applications from individuals with a broad range of professional backgrounds, experiences, and viewpoints relevant to the committee's work.

Members will be designated as Regular Government Employees (RGEs)

or Representative members as appropriate and consistent with Section 3616(d) of the FedRAMP Authorization Act of 2022. GSA's Office of General Counsel will assist the Designated Federal Officer (DFO) to determine the advisory committee member designations. Representatives are members selected to represent a specific point of view held by a particular group, organization, or association. Members who are full time or permanent part-time Federal civilian officers or employees shall be appointed to serve as Regular Government Employee (RGE) members. In accordance with OMB Final Guidance published in the **Federal Register** on October 5, 2011 and revised on August 13, 2014, federally registered lobbyists may not serve on the Committee in an individual capacity to provide their own individual best judgment and expertise, such as RGEs members. This ban does not apply to lobbyists appointed to provide the Committee with the views of a particular group, organization, or association, such as Representative members.

Applications

Applications are being accepted to fill the following open or upcoming open committee member positions in 2026:

- *Two agency Chief Information Security Officer seats:* Two open seats for federal officials who serve as the Chief Information Security Officer within an agency. Selected members must maintain such a position throughout the duration of their service on the Committee and will be appointed to serve a three-year term effective upon appointment.
- *Two large cloud service provider seats:* Two open seats as representatives of unique large businesses that primarily provide cloud computing products or services. One selection will be appointed to serve a three-year term effective upon appointment and one selection will be appointed to serve a three-year term beginning on or around July 31, 2026.
- *One small business cloud service provider seat:* One upcoming seat for a representative of a unique small business that primarily provides cloud computing products or services. The selected member will be appointed to serve a three-year term beginning on or around July 9, 2026.

Applications for membership on the Committee will be accepted until 5:00 p.m. Eastern Time on Friday, June 12, 2026.

There are two parts to submitting an application. First, complete the information requested via this electronic form: https://docs.google.com/forms/d/e/1FAIpQLSd4Eh7luDrctPi_ONYslpqoqBnRpHno9mppyKZ_TgZPbYjSGg/viewform?usp=sharing&oid=109592692527580875505. Next, email your CV or resume and a letter of endorsement from your organization or organization's leadership, endorsing you to represent your company, in PDF format to fscac@gsa.gov with the subject line: FSCAC APPLICATION—[Applicant Name]. The letter of endorsement must come from your organization or organization's leadership. If you are the CEO, then it must come from another member of the executive team of your organization, as you cannot endorse yourself. The letter must be signed and specifically state that you are authorized to apply to FSCAC as a representative of your organization.

Applications that do not include the completion of the above instructions will not be considered.

Letters of Recommendation may also be submitted if desired by the applicant; however, please note they may or may not have an impact on final appointments and are not required for an application to be considered.

Stephanie Shutt,

*Chief of Staff, Federal Acquisition Service,
General Services Administration.*

[FR Doc. 2026-10233 Filed 5-20-26; 8:45 am]

BILLING CODE 6820-34-P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Disease Control and Prevention

[Docket No. CDC-2026-0892]

Notice of Order Under Sections 362 and 365 of the Public Health Service Act Suspending Introduction of Certain Persons From Countries Where a Communicable Disease Exists

AGENCY: Centers for Disease Control and Prevention (CDC), Department of Health and Human Services (HHS).

ACTION: Notice with comment period.

SUMMARY: The Centers for Disease Control and Prevention (CDC), a component of the Department of Health and Human Services (HHS), announces the issuance of an Order under Section 362 and 365 of the Public Health Service Act that suspends the introduction of certain persons from countries where an outbreak of a communicable disease exists for a

period of 30 days. The Order was issued on May 18, 2026.

DATES: This action took effect May 18, 2026.

Written comments must be received on or before June 22, 2026.

ADDRESSES: You may submit comments, identified by Docket No. CDC-2026-0892 by either of the methods listed below. Do not submit comments by email. CDC does not accept comments by email.

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

- *Mail:* Division of Global Migration Health, Centers for Disease Control and Prevention, 1600 Clifton Road NE, MS H16-4, Atlanta, GA 30329.

Instructions: All submissions received must include the agency name and Docket Number. All relevant comments received will be posted without change to <http://regulations.gov>, including any personal information provided. For access to the docket to read background documents or comments received, go to <http://www.regulations.gov>.

FOR FURTHER INFORMATION CONTACT:

Matthew J. Buzzelli, Chief of Staff, Centers for Disease Control and Prevention, 1600 Clifton Road NE, MS V18-2, Atlanta, GA 30329. Phone: 404-639-7000. Email: cdcregulations@cdc.gov.

SUPPLEMENTARY INFORMATION: On May 18, 2026, the Senior Official Carrying out the Delegable Duties of the Director of the Centers for Disease Control and Prevention issued the following Order prohibiting the introduction of certain persons who have departed from, or were otherwise present within, specified countries during the last 21 days. The order is effective for a period of 30 days.

A copy of the order is provided below and a copy of the signed order can be found at <https://www.cdc.gov/ebola/situation-summary/index.html>.

U.S. Department of Health and Human Services Centers for Disease Control and Prevention (CDC)

Order Under Sections 362 & 365 of the Public Health Service Act

(42 U.S.C. 265, 268) and 42 CFR 71.40

Order Suspending the Right To Introduce Certain Persons From Countries Where a Quarantinable Communicable Disease Exists

I. Executive Summary

The Centers for Disease Control and Prevention (CDC), a component of the U.S. Department of Health and Human Services (HHS), issues this Order pursuant to Sections 362 and 365 of the Public Health Service (PHS) Act, 42 U.S.C. 265, 268, and their

implementing regulations. This Order suspends the right to introduce “covered aliens,” as defined herein, into the United States for a period of thirty days, subject to the outcome of an ongoing comprehensive public health risk assessment. This Order is necessary to protect the health of the United States from the serious risk posed by the introduction of Ebola disease into the United States by covered aliens based on the emergent outbreak of Ebola disease caused by the Bundibugyo virus strain confirmed present in Democratic Republic of the Congo (DRC) and Uganda.

This suspension Order applies to covered aliens who have departed from, or were otherwise present within, DRC, Uganda, or South Sudan during the last 21 days (regardless of their country of origin). This Order is based on an assessment of the most recently available data and current conditions regarding the Ebola disease outbreak.

This order is time-limited and shall be in effect for 30 days from the date of issuance. This Order is intended to address the serious risk of introduction of Ebola disease into the United States, while allowing the U.S. Government the time necessary to conduct a full assessment of the unique public health risks posed by Ebola disease, assist with implementing surveillance, diagnostic capabilities and contact tracing, and develop a comprehensive mitigation and containment strategy in consultation with other stakeholders.

II. Authority, Scope, and Purpose

I issue this Order pursuant to Sections 362 and 365 of the Public Health Service (PHS) Act, 42 U.S.C. 265, 268, and their implementing regulations under 42 CFR part 71,¹ which authorize the CDC Director to suspend the right to introduce² persons into the United States when the Director determines that the existence of a quarantinable communicable disease in a foreign country or place creates a serious danger of the introduction of such disease into the United States and the danger is so increased by the introduction of persons from the foreign country or place that a temporary suspension of the right of such introduction is necessary to protect public health.

This Order applies to persons who have departed from, or were otherwise present within, Democratic Republic of Congo, Uganda, and South Sudan during the last 21 days (regardless of their country of origin), subject to the exceptions detailed below. For purposes of this Order, I refer to persons covered by the Order as “covered aliens.”

This Order does *not* apply to the following:

¹ Control of Communicable Diseases; Foreign Quarantine: Suspension of the Right to Introduce and Prohibition of Introduction of Persons into United States from Designated Foreign Countries or Places for Public Health Purposes, 85 FR 56424 (Sept. 11, 2020); 42 CFR 71.40.

² *Suspension of the right to introduce* means to cause the temporary cessation of the effect of any law, rule, decree, order, or settlement agreement pursuant to which a person might otherwise have the right to be introduced or seek introduction into the United States. 42 CFR 71.40(b)(5).

- U.S. citizens, U.S. nationals, and lawful permanent residents;³
- Members of the armed forces of the United States and associated personnel, U.S. government personnel serving overseas, associated personnel, and their spouses and children, subject to required assurances;⁴
- Persons whom customs officers determine, with approval from a supervisor, should be excepted from this Order based on the totality of the circumstances, including consideration of significant law enforcement, officer and public safety, humanitarian, and public health interests. The U.S. Department of Homeland Security (DHS) will consult with CDC regarding the standards for such exceptions to help ensure consistency with current CDC guidance and public health recommendations; and
- Noncitizens who would otherwise be subject to this Order, who are permitted to enter the United States as part of a DHS-approved process, where the process approved by DHS has been documented and shared with CDC, and includes appropriate mitigation protocols, per CDC guidance.

The purpose of this order is two-fold. First, this Order aims to immediately minimize the number of covered aliens entering the United States who have been within countries experiencing a known or suspected outbreak of Ebola disease and thereby reduce the risk of introduction of Ebola disease into the United States. Second, this Order is intended to facilitate a thorough assessment and complete understanding of the full public health risk profile associated with the Ebola disease outbreak. Thirty days is the minimum amount of time necessary for CDC to conduct the assessment, which will enable the acting CDC Director to make an informed determination regarding what restrictions are necessary going forward and provide the opportunity for the development of a comprehensive mitigation and containment plan in consultation with other stakeholders.

III. Factual Basis

A. Ebola Disease

Viral hemorrhagic fever refers to a group of severe illnesses caused by certain viruses that damage the body's blood vessels and affect the ability of the blood to clot properly. Viral hemorrhagic fevers include diseases such as Ebola, Marburg, Lassa fever, and dengue hemorrhagic fever.

Ebola virus disease (EVD) is a severe and often fatal illness caused by viruses in the Ebola family. Ebola disease outbreaks occur mainly in parts of sub-Saharan Africa and can spread rapidly in communities with limited healthcare resources. Ebola disease caused by the Bundibugyo virus is a rare form of Ebola first identified during an outbreak in Bundibugyo District, Uganda, in 2007. Bundibugyo virus is one of several species within the orthoebolavirus family and causes symptoms similar to other forms of Ebola, including fever, weakness, vomiting, diarrhea, and, in severe cases, hemorrhagic complications and organ failure. The disease spreads through direct contact

with infected bodily fluids or contaminated materials.

The incubation period for Ebola virus disease caused by the Bundibugyo virus is typically between 2 and 21 days, with most people developing symptoms within 4 to 10 days after exposure. During this incubation period, infected individuals do not spread the virus until symptoms begin.

Screening for Bundibugyo virus disease focuses on identifying symptoms and possible exposure history, such as recent travel to affected areas or contact with infected individuals. Suspected patients are evaluated for symptoms including fever, weakness, vomiting, diarrhea, and bleeding, and laboratory confirmation is performed using specialized tests such as PCR (polymerase chain reaction) to detect the virus in blood and other body fluid samples. Health authorities also use temperature checks, contact tracing, and isolation procedures to prevent transmission.

There are currently no widely approved vaccines or specific antiviral treatments for the Bundibugyo strain of Ebola disease. Treatment mainly consists of supportive care, including intravenous fluids, electrolyte replacement, oxygen support, pain and fever management, and treatment of secondary infections. Early medical care significantly improves survival chances. Robust public health measures such as early detection, rapid isolation, strong infection prevention measures (*i.e.*, use of personal protective equipment (PPE)), and monitoring of contacts are critical to controlling outbreaks and reducing deaths.

B. Ongoing Bundibugyo Virus Disease Outbreak

Presently, there is a confirmed ongoing outbreak of Ebola disease caused by the Bundibugyo virus in DRC and Uganda. The current outbreak is centered in eastern DRC's Ituri Province, where hundreds of suspected cases and dozens of deaths have been reported. Conflict, weak health infrastructure, and relatively porous borders in the region are complicating containment efforts.

Uganda has confirmed imported cases linked to travel from DRC, including one case detected in Kampala, imported from a traveler from DRC. Ugandan authorities have activated emergency response systems, expanded surveillance, and strengthened screening at borders and health facilities. Uganda has significant prior experience managing Ebola disease outbreaks, including the Sudan virus strain outbreak in 2025, which improved preparedness and response capacity.

South Sudan has not reported confirmed cases in the current outbreak, but it is considered at high risk because of its close border with affected areas in eastern DRC and Uganda, limited healthcare infrastructure, and cross-border population movement. Regional and international agencies, including WHO and Africa CDC, are supporting preparedness measures, surveillance, and coordination among the three countries to prevent wider spread. Despite these efforts there is a risk that the outbreak could spread beyond these three

countries, and ultimately reach the United States, through international travel by infected individuals during the virus's incubation period, when they have been exposed but are not yet showing symptoms. Travelers moving between affected countries and major international transit hubs could unknowingly carry the virus before becoming ill.

DRC, Uganda, and South Sudan are connected to the global aviation network through a series of regional and international transit hubs that provide pathways into the United States. Travelers departing from outbreak-affected regions frequently transit through densely populated metropolitan airports such as Addis Ababa Bole International Airport (ADD), Jomo Kenyatta International Airport (NBO) in Nairobi, Hamad International Airport (DOH) in Doha, Dubai International Airport (DXB), and Istanbul Airport (IST), all of which maintain extensive passenger connectivity to major U.S. gateway airports including John F. Kennedy International Airport (JFK), Washington Dulles International Airport (IAD), Hartsfield-Jackson Atlanta International Airport (ATL), Chicago O'Hare International Airport (ORD), and Los Angeles International Airport (LAX). These international transportation corridors support continuous movement of travelers between Central and East Africa and major U.S. metropolitan centers, increasing the likelihood that individuals exposed to Ebola virus disease could enter the United States before symptoms become apparent. Complex multi-leg itineraries and the rapid pace of international travel create substantial challenges for identifying potentially infected travelers before arrival.

The risk of Bundibugyo virus disease introduction into the United States is heightened by the virus's incubation period, which can extend up to 21 days, allowing infected individuals to travel internationally while asymptomatic and therefore unlikely to be detected through routine symptom-based screening measures. A traveler infected in outbreak regions of DRC and Uganda may transit through multiple countries and major international airports before developing fever or other clinical signs of disease. Upon arrival in major U.S. metropolitan areas, travelers who become symptomatic could interact with crowded airport environments, domestic transportation systems, healthcare facilities, hotels, or community settings prior to diagnosis and isolation. Because modern aviation networks enable rapid movement from outbreak zones to the United States within one to two days, even a limited number of infected travelers could create significant public health response demands, particularly if exposure events occur in high-density urban environments. The interconnected nature of global air travel therefore presents a credible pathway for Bundibugyo virus disease importation into the United States, underscoring the importance of aggressive surveillance, traveler monitoring, airport screening, healthcare preparedness, and rapid containment capabilities.

Travelers utilizing air transit pathways originating in or passing through DRC,

³ 42 CFR 71.40(f).

⁴ 42 CFR 71.40(e)(1) and (3).

Uganda, and South Sudan include non-U.S. citizens, including regional migrants, foreign contract workers, humanitarian personnel, business travelers, students, refugees, and third-country nationals moving through international aviation hubs in Africa, the Middle East, and Europe. Many travelers entering U.S.-bound itineraries from these pathways may do so under temporary visas, refugee or asylum processing mechanisms, international organizational travel, or multi-country itineraries that obscure their original point of departure. As a result, public health screening and border security systems face heightened operational complexity in identifying travelers with recent exposure histories linked to Ebola-affected regions, particularly when travelers originate from or transit through multiple jurisdictions prior to arrival at major U.S. metropolitan airports.

Restricting entry of non-U.S. citizens who originate from or have recently traveled through DRC, Uganda, and South Sudan would reduce the volume of higher-risk international arrivals requiring public health monitoring and follow-up. Limiting the number of potentially exposed travelers entering through major U.S. ports of entry, federal, state, and local public health authorities could concentrate finite surveillance, screening, contact tracing, quarantine management, and medical monitoring resources on returning U.S. citizens and lawful permanent residents. Such an approach would reduce operational strain on airport screening systems, CDC quarantine stations, public health laboratories, and healthcare facilities responsible for evaluating suspected Bundibugyo virus disease cases. It would also improve the ability of authorities to conduct detailed exposure assessments, ensure compliance with monitoring requirements during the 21-day incubation period, rapidly identify symptomatic individuals, and allocate specialized isolation and treatment capacity more effectively. In the context of a rapidly evolving Bundibugyo virus disease outbreak with significant international mobility, prioritizing surveillance efforts toward a smaller and more traceable traveler population would strengthen the overall effectiveness of U.S. disease containment and border health security operations.

IV. Legal Basis for This Order Under Sections 362 and 365 of the Public Health Service Act and 42 CFR 71.40

CDC is issuing this Order pursuant to sections 362 and 365 of the Public Health Service Act (42 U.S.C. 265, 268) and the implementing regulation at 42 CFR 71.40. In accordance with these authorities, the CDC Director is permitted to prohibit, in whole or in part, the introduction into the United States of persons from designated foreign countries (or one or more political subdivisions or regions thereof) or places, only for such period of time that the Director deems necessary to avert the serious danger of the introduction of a quarantinable communicable disease, by issuing an Order in which the Director determines that:

(1) By reason of the existence of any quarantinable communicable disease in a

foreign country (or one or more political subdivisions or regions thereof) or place there is serious danger of the introduction of such quarantinable communicable disease into the United States; and

(2) This danger is so increased by the introduction of persons from such country (or one or more political subdivisions or regions thereof) or place that a suspension of the right to introduce such persons into the United States is required in the interest of public health.⁵

Section 362 and the implementing regulation provide the Director with a public health tool to suspend introduction of persons not only to prevent the introduction of a quarantinable communicable disease, but also to aide in continued efforts to mitigate spread of that disease.⁶

The term “introduction into the United States” is defined in 42 CFR 71.40 as “the movement of a person from a foreign country (or one or more political subdivisions or regions thereof) or place, or series of foreign countries or places, into the United States so as to bring the person into contact with persons or property in the United States, in a manner that the Director determines to present a risk of transmission of a quarantinable communicable disease to persons, or a risk of contamination of property with a quarantinable communicable disease.” 42 CFR 71.40(b)(1). Similarly, the term “serious danger of the introduction of such quarantinable communicable disease into the United States” is defined as, “the probable introduction of one or more persons capable of transmitting the quarantinable communicable disease into the United States, even if persons or property in the United States are already infected or contaminated with the quarantinable communicable disease.” 42 CFR 71.40(b)(3).

Section 71.40(b)(2) defines “[p]rohibit, in whole or in part, the introduction into the United States of persons” in Section 362 to mean “to prevent the introduction of persons into the United States by suspending any right to introduce into the United States, physically stopping or restricting movement into the United States.” See also 42 U.S.C. 265 (authorizing the prohibition when the danger posed by the communicable disease “is so increased by the introduction of persons from such country . . . or place that a suspension of the right to introduce such persons into the United States is required in the interest of public health Pursuant to that provision”).⁷

As stated in the Final Rule for 42 CFR 71.40, CDC “may, in its discretion, consider a wide array of facts and circumstances when determining what is required in the interest of public health in a particular situation . . . includ[ing]: the overall number of cases of disease; any large increase in the number of cases over a short period of time; the geographic distribution of cases; any sustained (generational) transmission; the

method of disease transmission; morbidity and mortality associated with the disease; the effectiveness of contact tracing; the adequacy of state and local health care systems; and the effectiveness of state and local public health systems and control measures.”⁸

As stated in 42 CFR 71.40, this Order does not apply to U.S. citizens, U.S. nationals, lawful permanent residents, members of the armed forces of the United States and associated personnel if the Secretary of War provides assurance to the Director that the Secretary of War has taken or will take measures such as quarantine or isolation, or other measures maintaining control over such individuals, to prevent the risk of transmission of the quarantinable communicable disease into the United States, and United States government employees or contractors on orders abroad, or their accompanying family members who are on their orders or are members of their household, if the Director receives assurances from the relevant head of agency and determines that the head of the agency or department has taken or will take measures such as quarantine or isolation, to prevent the risk of transmission of a quarantinable communicable disease into the United States.⁹

In addition, this Order does not apply to additional classes of persons excepted by the CDC Director. Creating exceptions in the Order is consistent with Section 362 and 42 CFR 71.40. Section 362 explicitly states that the prohibition of introduction into the United States may be “in whole or in part.” This phrase is also included in section 71.40(a) and, as explained in the Final Rule, is intended to allow the Director to narrowly tailor the use of the authority to what is required in the interest of public health.¹⁰ Pursuant to this capability, CDC is therefore excepting certain categories of persons, as described herein.

This Order will be in effect for 30 days to avert the serious danger of the introduction, transmission, and spread of Ebola disease into the United States. Finally, as directed by 42 CFR 71.40(c), the Order sets out the following:

(1) The foreign countries (or one or more political subdivisions or regions thereof) or places from which the introduction of persons is being prohibited;

(2) The period of time or circumstances under which the introduction of any persons or class of persons into the United States is being prohibited;

(3) The conditions under which that prohibition on introduction will be effective, in whole or in part, including any relevant exceptions that the Director determines are appropriate;

(4) The means by which the prohibition will be implemented; and

(5) The serious danger posed by the introduction of the quarantinable communicable disease in the foreign country or countries (or one or more political subdivisions or regions thereof) or places from which the introduction of persons is being prohibited.

⁵ 42 U.S.C. 265; 42 CFR 71.40.

⁶ 85 FR 56424 at 56425–26.

⁷ Viral hemorrhagic fevers, which include Ebola, were added to the U.S. federal list of quarantinable communicable diseases by Executive Order 13295 on April 4, 2003.

⁸ *Id.* at 56444.

⁹ 42 CFR 71.40(e) and (f).

¹⁰ 85 FR 56424 at 56444.

V. Determination and Implementation

Based on the foregoing, I hereby determine that Ebola disease, a highly transmissible quarantinable communicable disease, is confirmed present in the DRC and Uganda. There is a material risk that the outbreak will spread to South Sudan. I also determine that the prevalence of Ebola disease in these foreign countries constitutes a serious danger of the introduction of this disease into the United States due to the limited screening and testing and mitigation measures currently available. Finally, I determine that a temporary 30-day suspension of the right to introduce covered aliens is necessary to protect the public health from the serious danger of the introduction of Ebola disease into the United States, pending completion of a thorough public health assessment of the unique public health risk profile posed by Ebola disease and the development of a comprehensive mitigation and containment strategy in consultation with other stakeholders.

I consulted with the Department of State, DHS, and other federal departments as needed before I issued this Order and requested that DHS aid in the enforcement of this Order because CDC does not have the capability, resources, or personnel needed to do so.¹¹ As part of the consultation, DHS developed operational plans for implementing this Order. These plans are consistent with the language of this Order.

Although this Order is not a rule subject to notice and comment under the Administrative Procedure Act (APA) and is issued with immediate effect, in order to ensure that the forthcoming public health risk assessment is informed by public input, the Order is being issued with a simultaneous 30-day comment period.

* * * * *

In testimony whereof, the Senior Official carrying out the delegable duties of the Director, Centers for Disease Control and Prevention, U.S. Department of Health and Human Services, has hereunto set his hand at Fairfax County, Virginia this 18th day of May, 2026.

Public Participation

Interested persons or organizations are invited to participate by submitting written views, recommendations, and data so that the public can provide input that may inform the forthcoming public health risk assessment and whether any subsequent exercise of this authority is necessary.

Please note that comments received, including attachments and other supporting materials, are part of the public record and are subject to public disclosure. Comments will be posted on <https://www.regulations.gov>. Therefore, do not include any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure. If you include your name, contact

information, or other information that identifies you in the body of your comments, that information will be on public display. CDC will review all submissions and may choose to redact, or withhold, submissions containing private or proprietary information such as Social Security numbers, medical information, inappropriate language, or duplicate/near duplicate examples of a mass-mail campaign. Do not submit comments by email. CDC does not accept comment by email.

Authority

The authority for these orders is Sections 362 and 365 of the Public Health Service Act (42 U.S.C. 265, 268).

Jay Bhattacharya,

Senior Official Carrying out the Delegable Duties of the Director, Centers for Disease Control and Prevention.

[FR Doc. 2026–10157 Filed 5–19–26; 8:45 am]

BILLING CODE 4163–18–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

[Docket No. FDA–2025–N–6076]

Agency Information Collection Activities; Submission for Office of Management and Budget Review; Comment Request; Required Warnings for Cigarette Packages and Advertisements

AGENCY: Food and Drug Administration, HHS.

ACTION: Notice.

SUMMARY: The Food and Drug Administration (FDA) is announcing that a proposed collection of information has been submitted to the Office of Management and Budget (OMB) for review and clearance under the Paperwork Reduction Act of 1995.

DATES: Submit written comments (including recommendations) on the collection of information by June 22, 2026.

ADDRESSES: To ensure that comments on the information collection are received, OMB recommends that written comments be submitted to <https://www.reginfo.gov/public/do/PRAMain>. Find this particular information collection by selecting “Currently under Review—Open for Public Comments” or by using the search function. The OMB control number for this information collection is 0910–0877. Also include the FDA docket number found in brackets in the heading of this document.

FOR FURTHER INFORMATION CONTACT:

Amber Barrett, Office of Operations, Food and Drug Administration, Three White Flint North, 10A–12M, 11601 Landsdown St., North Bethesda, MD 20852, 301–796–8867, PRASStaff@fda.hhs.gov.

SUPPLEMENTARY INFORMATION: In compliance with 44 U.S.C. 3507, FDA has submitted the following proposed collection of information to OMB for review and clearance.

Required Warnings for Cigarette Packages and Advertisements—21 CFR Part 1141

OMB Control Number 0910–0877—Extension

This information collection supports Food and Drug Administration (FDA) regulations and guidance. Tobacco products are governed by chapter IX of the Federal Food, Drug, and Cosmetic Act (sections 900 through 920) (21 U.S.C. 387 through 21 U.S.C. 387t).

On March 18, 2020, FDA issued a final rule establishing new cigarette health warnings for cigarette packages and advertisements entitled “Tobacco Products; Required Warnings for Cigarette Packages and Advertisements” (85 FR 15638; <https://www.federalregister.gov/d/2020-05223>). The final rule implements a provision of the Family Smoking Prevention and Tobacco Control Act (Tobacco Control Act) (Pub. L. 111–31) that requires FDA to issue regulations requiring color graphics depicting the negative health consequences of smoking to accompany new textual warning label statements. The Tobacco Control Act amended section 4 of the Federal Cigarette Labeling and Advertising Act of 1965 (FCLAA) (15 U.S.C. 1333) to require each cigarette package and advertisement to bear one of the new required warnings. The 2020 final rule specifies the 11 new textual warning label statements and accompanying color graphics.

Section 4(c) of the FCLAA and 21 CFR 1141.10(g) sets forth the specific marketing requirements relating to the random and equal display and distribution of required warnings on cigarette packaging and quarterly rotation of required warnings in alternating sequence in cigarette advertising and requires the submission of plans outlining how the cigarette packaging and advertising will comply with such requirements. FDA must review and approve cigarette plans in advance of any person displaying or distributing cigarette packages or advertisements for products that are required to carry the required warnings,

¹¹ 42 U.S.C. 268; 42 CFR 71.40(d).

and a record of the FDA-approved plan must be established and maintained by the tobacco product manufacturer.

To implement these statutory requirements, cigarette plans will be reviewed by FDA upon submission by respondents. FDA published an updated guidance document in September, 2024, entitled “Submission of Plans for Cigarette Packages and Cigarette Advertisements (Revised)” which describes cigarette plans information, format and submission (<https://www.fda.gov/regulatory-information/search-fda-guidance-documents/submission-plans-cigarette-packages-and-cigarette-advertisements-revised>). Pursuant to section 201(b) of the Tobacco Control Act, FDA finalized the “Required Warnings for Cigarette Packages and Advertisements” rule with an effective date of June 18, 2021, 15 months after the date of publication.

Litigation is pending regarding the validity of the final rule. See *R.J. Reynolds Tobacco Co. et al. v. United States Food and Drug Administration et al.*, No. 6:20-cv-00176 (E.D. Tex.), 25-40137 (5th Cir.); and *Philip Morris USA Inc. et al. v. United States Food and Drug Administration et al.*, No. 2:24-cv-00143 (S.D. Ga.). FDA will provide updates regarding submission of cigarette plans as they are available. Visit FDA’s website <https://www.fda.gov/tobacco-products/labeling-and-warning-statements-tobacco-products/cigarette-labeling-and-health-warning-requirements> for updates.

In the **Federal Register** of December 19, 2025, FDA published a 60-day notice requesting public comment on the proposed information collection and associated burden estimates. FDA received two PRA related public

comments on the 60-day notice for this information collection. One commenter supported the extension, agreed that the collection is necessary for FDA’s public health mission, and found the burden estimates reasonable. The second commenter supported the required warnings but questioned whether FDA’s collection of “consumer data” was necessary and expressed concern about potential burden.

(Comment) One commenter supported the proposed extension of this information collection, stating that the collection appears necessary for FDA’s public health mission and implementation of statutorily required warning plans. The commenter also indicated that the burden estimates are reasonable and appropriately reflect recent submission trends.

(FDA Response) FDA agrees that this information collection is necessary to implement statutory and regulatory requirements for cigarette packages and advertisements, including the submission of warning plans required under section 4 of the Federal Cigarette Labeling and Advertising Act and 21 CFR 1141.10(g). FDA’s burden estimates are based on the Agency’s experience with similar submissions and available data on industry activity. Based on this comment, FDA has not made any changes to the burden estimates or methodology.

(Comment) The second commenter supported the requirement for cigarette health warnings but questioned whether FDA’s collection of “consumer data” is necessary and expressed concern about potential burden associated with such data collection.

(FDA Response) FDA agrees that this information collection is necessary to

support required warnings for cigarette packages and advertisements. However, FDA disagrees with the commenter’s concern regarding “consumer data.” This information collection does not involve the collection of data from consumers. Rather, it requires manufacturers, distributors, and certain retailers to submit plans describing how they will comply with statutory and regulatory requirements for the display and rotation of required warnings. The burden estimates reflect only the reporting and recordkeeping activities associated with preparing, submitting, and maintaining these plans. Based on this comment, FDA has not made any changes to the burden estimates or methodology.

FDA considered all comments received in response to the 60-day notice and determined that no revisions to the information collection or burden estimates are warranted.

FDA’s burden estimates, discussed below, reflect consideration of the comments received in response to the 60-day notice as well as updated data on recent submission activity. These burden estimates reflect only industry reporting and recordkeeping activities associated with plan submission and maintenance, and do not include any collection of information from individual consumers. The following estimates reflect only the reporting and recordkeeping burden for manufacturers, distributors, and retailers associated with preparing, submitting, and maintaining cigarette warning plans.

FDA estimates the burden of this collection of information as follows:

TABLE 1—ESTIMATED ANNUAL REPORTING BURDEN ¹

21 CFR part 1141 and activity	Number of respondents	Number of responses per respondent	Total annual responses	Average burden per response (hours)	Total hours
Original Submission (Initial Plan)	17	1	17	150	2,550
Supplement	8	1	8	75	600
Total .....	.....	.....	.....	.....	3,150

¹ There are no capital costs or operating and maintenance costs associated with this collection of information.

The burden estimates are based on FDA’s experience with information collections for other tobacco product plans (*i.e.*, smokeless, consolidated under OMB control number 0910-0671) and 2023 Treasury Alcohol and Tobacco Tax and Trade Bureau (TTB) data.

FDA estimates up to 17 entities are affected annually. We estimate these 17 entities will submit initial plans, and it

will take an average of 150 hours per respondent to prepare and submit a plan for packaging and advertising for a total of 2,550 hours. We estimate that about half of respondents will submit a supplement each year. FDA estimates it will take respondents half the time per response to prepare and submit a supplement to an approved plan. We estimate receiving 8 supplements per

year at 75 hours per response for a total of 600 hours. FDA estimates that the total annual hours for submitting initial plans and supplements will be 3,150. Based on a review of the information collection since our last request for OMB approval, our reporting burden estimate has reduced from 11,100 to 3,150 hours annually.

Section 1141.10(g)(4) establishes that each tobacco product manufacturer required to randomly and equally display and distribute warnings on cigarette packages or quarterly rotate warnings in cigarette advertisements in accordance with an FDA-approved plan

under section 4 of the FCLAA and 21 CFR part 1141 must maintain a copy of the FDA-approved plan (approved under § 1141.10(g)(3)). This copy of such FDA-approved plan must be available for inspection and copying by officers or employees of FDA. This

subsection requires that the FDA-approved plan must be retained while in effect and for a period of not less than 4 years from the date it was last in effect.

TABLE 2—ESTIMATED ANNUAL RECORDKEEPING BURDEN ^{1 2}

21 CFR part 1141 and activity	Number of recordkeepers	Number of records per recordkeeper	Total annual records	Average burden per recordkeeping (hours)	Total hours
Original Submission (Initial Plan) Records	51	1.5	77	3	231
Total					231

¹ There are no capital costs or operating and maintenance costs associated with this collection of information.
² Numbers are rounded.

FDA estimates that 51 recordkeepers will keep a total of about 77 (rounded) records at 3 hours per record for a total of 231 hours. As stated previously, these estimates are based on FDA’s experience with information collections for other tobacco product plans (*i.e.*, smokeless, consolidated under OMB control number 0910–0671). Based on our estimates for the submission of one-time, initial plans and supplements (*i.e.*, that all respondents will submit one-time, initial plans and about half of respondents will submit supplements to FDA-approved plans), we estimate that each recordkeeper will keep an average of 1.5 records.

FDA concludes that the required warnings for cigarette packages and cigarette advertisements in § 1141.10 are not subject to review by OMB because they do not constitute a “collection of information” under the PRA (44 U.S.C. 3501–3520). Rather, these labeling statements are a “public disclosure” of information originally supplied by the federal government to the recipient for the purpose of “disclosure to the public” (5 CFR 1320.3(c)(2)).

FDA estimates that the total burden for this information collection is 3,381 hours annually (3,150 hours for reporting + 231 hours for recordkeeping). Independently of the public comments received, FDA has adjusted its burden estimate based on updated submission data, which has resulted in a decrease to the currently approved burden. Our estimated reporting burden for the information collection reflects an overall decrease of 76 annual responses and a corresponding decrease of 7,986 annual hours. We attribute this adjustment to a decrease in the number of submissions we received over the last few years. These updated estimates are consistent with the scope of this information

collection as described above and do not reflect any changes made in response to public comments.

Grace R. Graham,
Deputy Commissioner for Policy, Legislation, and International Affairs.
[FR Doc. 2026–10187 Filed 5–20–26; 8:45 am]
BILLING CODE 4164–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration
[Docket No. FDA–2026–N–1303]

Agency Information Collection Activities; Submission for Office of Management and Budget Review; Comment Request; Adverse Experience/Events With Approved New Animal Drugs

AGENCY: Food and Drug Administration, HHS.
ACTION: Notice.

SUMMARY: The Food and Drug Administration (FDA) is announcing that a proposed collection of information has been submitted to the Office of Management and Budget (OMB) for review and clearance under the Paperwork Reduction Act of 1995.
DATES: Submit written comments (including recommendations) on the collection of information by June 22, 2026.
ADDRESSES: To ensure that comments on the information collection are received, OMB recommends that written comments be submitted to <https://www.reginfo.gov/public/do/PRAMain>. Find this particular information collection by selecting “Currently under Review—Open for Public Comments” or by using the search function. The OMB

control number for this information collection is 0910–0284. Also include the FDA docket number found in brackets in the heading of this document.

FOR FURTHER INFORMATION CONTACT: Kelly Covington, Office of Operations, Food and Drug Administration, Three White Flint North, 10A–12M, 11601 Landsdown St., North Bethesda, MD 20852, 240–402–5661, PRASStaff@fda.hhs.gov.

SUPPLEMENTARY INFORMATION: In compliance with 44 U.S.C. 3507, FDA has submitted the following proposed collection of information to OMB for review and clearance.

Adverse Experience/Events With Approved New Animal Drugs
OMB Control Number 0910–0284—Extension

This information collection supports statutory and regulatory requirements governing reporting associated with certain animal drug products. With regard to adverse events and product/manufacturing defects associated with approved new animal drugs, section 512(l) of the Federal Food, Drug, and Cosmetic Act (FD&C Act) (21 U.S.C. 360b(l)) requires applicants with approved new animal drug applications (NADAs) and abbreviated new animal drug applications (ANADAs) to establish and maintain records and reports of data relating to experience with uses of such drug, or with respect to animal feeds bearing or containing such drug, to facilitate a determination under section 512(e) as to whether there may be grounds for suspending or withdrawing approval of the NADA or ANADA under section 512(e) or 512(m)(4). Regulations in § 514.80 (21 CFR 514.80) require the electronic submission of postmarketing safety

reports for approved new animal drugs but provide a procedure for requesting a temporary waiver from the requirement. We, therefore, retain use of certain paper-based forms. Section 514.80 requires applicants and nonapplicants to keep records of and report to us data, studies, and other information concerning experience with new animal drugs for each approved NADA and ANADA.

Following complaints from animal owners or veterinarians, or following their own detection of a problem, applicants or nonapplicants are required to submit adverse event reports and product/manufacturing defect reports

under § 514.80(b)(1), (b)(2)(i) and (ii), (b)(3), and (b)(4)(iv)(A) and (C) on Form FDA 1932 (to include FDA 1932 and 1932a (e-form)). The information collection also includes Form FDA 2301; Transmittal of Periodic Reports and Promotional Material for New Animal Drugs.

The information collection also includes submissions under § 514.80(d)(2), by an applicant or nonapplicant requesting, in writing, a temporary waiver of the electronic submission requirements. The initial request may be by telephone or email to CVM's Division of Pharmacovigilance and Surveillance, with prompt written

follow-up submitted as a letter to the application(s). FDA will grant waivers on a limited basis for good cause shown. If FDA grants a waiver, the applicant or nonapplicant must comply with the conditions for reporting specified by FDA upon granting the waiver.

In the **Federal Register** of February 20, 2026 (91 FR 8245), FDA published a 60-day notice requesting public comment on the proposed collection of information. No comments were received.

FDA estimates the burden of this collection of information as follows:

TABLE 1—ESTIMATED ANNUAL REPORTING BURDEN^{1 2}

21 CFR section	Form No.	Number of respondents	Number of responses per respondent	Total annual responses	Average burden per response	Total hours
Medicated feed reports, 510.301(a) and (b).	N/A	7	1	7	.5 (30 minutes)	3.5
Submission of postmarketing safety reports under § 514.80(b)(1), (2)(i) and (ii), (3), and (4)(iv)(A) and (C).	1932	85	1262.94	107,350	1	107,350
Voluntary reporting FDA Form 1932a for the public.	1932a	217	1	217	1	217
514.80(b)(4) Periodic Drug Experience Reports.	2301	66	24.68	1,629	16	26,064
514.80(b)(5)(i) Special Drug Experience Reports.	2301	52	363.2	18,886	2	37,772
514.80(b)(5)(ii) Advertisement and Promotional labeling.	2301	35	326.71	11,435	2	22,870
514.80(b)(5)(iii) Distributor's Statements.	2301	13	2.77	36	2	72
514.80(d)(2)	N/A	1	1	1	1	1
Total .....	.....	.....	.....	139,561	.....	194,349.5

¹ There are no capital costs or operating and maintenance costs associated with this collection of information.

² Sums may not total due to rounding.

TABLE 2—ESTIMATED ANNUAL RECORDKEEPING BURDEN¹

21 CFR section	Number of recordkeepers	Number of records per recordkeeper	Total annual records	Average burden per recordkeeping	Total hours
Recordkeeping, 510.301 ²	7	1	7	4	28
Recordkeeping, 21 U.S.C. 360b(1) and 514.80(e) ³	79	1,575.14	124,436	14	1,742,104
Total .....	.....	.....	124443	.....	1,742,132

¹ There are no capital costs or operating and maintenance costs associated with this collection of information.

² This estimate includes all recordkeeping by licensed medicated feed manufacturers under § 510.301.

³ This estimate includes all recordkeeping by applicants of approved NADAs, ANADAs, and conditional NADAs under § 514.80(e).

Our estimated burden for the information collection reflects an overall increase of 22,073.50 hours and a corresponding increase of 15,117 responses. We attribute this adjustment to an increase in the number of submissions we received over the last few years. An increase of safety reports represents a pattern that aligns with expectations—as product availability and usage expand, adverse event reporting increases proportionally. The recent three-year increase appears to be a continuation of this established pattern rather than an indication of new safety concerns.

Grace R. Graham,

Deputy Commissioner for Policy, Legislation, and International Affairs.

[FR Doc. 2026–10189 Filed 5–20–26; 8:45 am]

BILLING CODE 4164–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

[Docket No. FDA–2026–N–0746]

Agency Information Collection Activities; Submission for Office of Management and Budget Review; Comment Request; Current Good Manufacturing Practice (CGMP): Manufacturing, Processing, Packing, and Holding of Drugs; GMP for Finished Pharmaceuticals (Including Active Pharmaceutical Ingredients) and the Advanced Manufacturing Technologies Designation Program

AGENCY: Food and Drug Administration, HHS.

ACTION: Notice.

SUMMARY: The Food and Drug Administration (FDA) is announcing that a proposed collection of information has been submitted to the Office of Management and Budget (OMB) for review and clearance under the Paperwork Reduction Act of 1995.

DATES: Submit written comments (including recommendations) on the collection of information by June 22, 2026.

ADDRESSES: To ensure that comments on the information collection are received, OMB recommends that written comments be submitted to <https://www.reginfo.gov/public/do/PRAMain>. Find this particular information collection by selecting “Currently under Review—Open for Public Comments” or by using the search function. The OMB control number for this information collection is 0910–0139. Also include the FDA docket number found in

brackets in the heading of this document.

FOR FURTHER INFORMATION CONTACT:

Kelly Covington, Office of Operations, Food and Drug Administration, Three White Flint North, 10A–12M, 11601 Landsdown St., North Bethesda, MD 20852, 240–402–5661, PRASStaff@fda.hhs.gov.

SUPPLEMENTARY INFORMATION: In compliance with 44 U.S.C. 3507, FDA has submitted the following proposed collection of information to OMB for review and clearance.

Current Good Manufacturing Practice (CGMP): Manufacturing, Processing, Packing, and Holding of Drugs; GMP for Finished Pharmaceuticals (Including Active Pharmaceutical Ingredients), and the Advanced Manufacturing Technologies Designation Program

OMB Control Number 0910–0139—Revision

This information collection supports statutory and regulatory requirements that govern the manufacture, processing, packing, or holding of finished pharmaceuticals, including active pharmaceutical ingredients (APIs). Under section 501(a)(2)(B) of the Federal Food, Drug, and Cosmetic Act (FD&C Act) (21 U.S.C. 351(a)(2)(B)), a drug is adulterated if the methods used in, or the facilities or controls used for its manufacture, processing, packing, or holding do not conform to or are not operated or administered in conformity with CGMP regulations. FDA is responsible for enforcing the FD&C Act as well as related statutes, including the Public Health Service Act. Congress enacted these laws to ensure that covered products meet applicable requirements regarding the safety, identity and strength, and the quality and purity characteristics they purport or are represented to possess and are labeled with adequate warnings and instructions for use.

The pharmaceutical or drug quality-related regulations appear in several parts of Title 21 Code of Federal Regulations (CFR) (Food and Drugs), including sections in parts 1 through 99, 200 through 299, 300 through 499, 600 through 799, and 800 through 1299. The regulations enable a common understanding of the regulatory process by describing requirements to be followed by drug manufacturers, applicants, and FDA. The information collection also supports regulations codified under parts 610 and 680 (21 CFR parts 610 and 680), which reference certain CGMP regulations in part 211

(see §§ 610.12(g), 610.13(a)(2), 610.18(d), 680.2(f), and 680.3(f)). The information collection requirements help FDA ensure compliance with applicable requirements and meet its public health protection responsibilities.

The information collection also includes FDA’s Center for Drug Evaluation and Research’s (CDER) Program for the Recognition of Voluntary Consensus Standards Related to Pharmaceutical Quality. The National Technology Transfer and Advancement Act of 1995 (Pub. L. 104–113) and Circular A–119 by the Office of Management and Budget (OMB) have established Federal Government policies to improve the internal management of the executive branch by directing agencies to use voluntary consensus standards developed or adopted by a standards developing organization—rather than Government-unique standards—except where these standards are inconsistent with applicable law or otherwise impractical. The guidance document entitled, “*CDER’s Program for the Recognition of Voluntary Consensus Standards Related to Pharmaceutical Quality*” (July 2023), outlines justifications for why a standard may be recognized wholly, partly, or not at all. (The guidance document is available for download from our website at: *CDER’s Program for the Recognition of Voluntary Consensus Standards Related to Pharmaceutical Quality* | FDA.) The guidance document also communicates that interested parties may request recognition of a standard. We intend on finalizing the guidance document upon OMB approval of the attendant information collection.

The information collection also covers activities associated with FDA’s Advanced Manufacturing Technologies (AMT) Designation Program, as provided for in section 506L of the FD&C Act (21 U.S.C. 356l) and added by section 3213 of the Food and Drug Omnibus Reform Act of 2022 (FDORA). The guidance document entitled, *Advanced Manufacturing Technologies Designation Program*, (December 2024), communicates the statutory goals, scope, and framework of the AMT program. The guidance document is available for download from our internet site at <https://www.fda.gov/regulatory-information/search-fda-guidance-documents/advanced-manufacturing-technologies-designation-program>.

We are revising the information collection to remove activities and burden attributable to medical gas requirements. Through rulemaking on

June 18, 2024, (89 FR 51738) (RIN 0910–AC53), current good manufacturing practice requirements applicable to medical gas are now established in 21 CFR parts 213 and 230 and accounted

for under OMB control number 0910–0906.

In the **Federal Register** of February 20, 2026 (91 FR 8249), FDA published a 60-day notice requesting public comment on the proposed collection of

information. Although three comments were received, the comments were not responsive to the four collection of information topics solicited.

FDA estimates the burden of this collection of information as follows:

TABLE 1—ESTIMATED ANNUAL RECORDKEEPING BURDEN—APIS AND FINISHED PHARMACEUTICALS^{1 2}

Information collection activity	Number of recordkeepers	Number of records per recordkeeper	Total annual records	Average burden per recordkeeping	Total hours
CGMP API Manufacturers	1,260	256	322,560	0.82 (49.2 minutes)	264,499
CGMP Finished Pharmaceuticals Manufacturers (excludes medical gases)	3,270	299	977,730	0.64 (38 minutes)	625,747
Voluntary Consensus Standard Activities	9	1	9	1	9
AMT Program Activities, including designation requests	20	1	20	10	200
Total			1,300,319		890,455

¹ There are no capital or operating and maintenance costs associated with the information collection.

² Records and burden per activity have been averaged and rounded.

Our estimated burden for the information collection reflects a decrease of 396,293 hours and 639,491 responses annually, resulting from removal of burden attributable to information collection for medical gas requirements. We have otherwise retained currently approved estimates, noting that the AMT activity element has been inadvertently omitted from our burden summary table that appears at www.reginfo.gov.

Grace R. Graham,

Deputy Commissioner for Policy, Legislation, and International Affairs.

[FR Doc. 2026–10188 Filed 5–20–26; 8:45 am]

BILLING CODE 4164–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

[Docket No. FDA–2026–N–0497]

Agency Information Collection Activities; Submission for Office of Management and Budget Review; Comment Request; Patent Term Restoration; Due Diligence Petitions; Filing, Format, and Content of Petitions

AGENCY: Food and Drug Administration, HHS.

ACTION: Notice.

SUMMARY: The Food and Drug Administration (FDA) is announcing that a proposed collection of information has been submitted to the Office of Management and Budget (OMB) for review and clearance under the Paperwork Reduction Act of 1995.

DATES: Submit written comments (including recommendations) on the

collection of information by June 22, 2026.

ADDRESSES: To ensure that comments on the information collection are received, OMB recommends that written comments be submitted to <https://www.reginfo.gov/public/do/PRAMain>. Find this particular information collection by selecting “Currently under Review—Open for Public Comments” or by using the search function. The OMB control number for this information collection is 0910–0233. Also include the FDA docket number found in brackets in the heading of this document.

FOR FURTHER INFORMATION CONTACT:

Anne Taylor, Office of Operations, Food and Drug Administration, Three White Flint North, 10A–12M, 11601 Landsdown St., North Bethesda, MD 20852, 240–402–5683, PRAStaff@fda.hhs.gov.

SUPPLEMENTARY INFORMATION: In compliance with 44 U.S.C. 3507, FDA has submitted the following proposed collection of information to OMB for review and clearance.

Patent Term Restoration; Due Diligence Petitions; Filing, Format, and Content of Petitions—21 CFR Part 60

OMB Control Number 0910–0233—Extension

This information collection supports Agency regulations. FDA’s patent extension activities are conducted under the authority of section 505(j) of the Federal Food, Drug, and Cosmetic Act (FD&C Act) (21 U.S.C. 355(j)) and the Generic Animal Drug and Patent Term Restoration Act of 1988 (Pub. L. 100–670) (21 U.S.C. 301, *et seq.*). The regulations are codified in part 60 (21 CFR part 60), Patent Term Restoration. New human drug, animal drug, human

biological, medical device, food additive, or color additive products regulated by FDA must undergo FDA safety, or safety and effectiveness review before marketing is permitted. If the product is covered by a patent, part of the patent’s term may be consumed during this review, which diminishes the value of the patent.

In enacting section 505(j) of the FD&C Act and the Generic Animal Drug and Patent Term Restoration Act of 1988, Congress sought to encourage development of new, safer, and more effective medical and food additive products. It did so by authorizing the U.S. Patent and Trademark Office (USPTO) to extend the patent term by a portion of the time during which FDA’s safety and effectiveness review prevented marketing of the product. The length of the patent term extension is generally limited to a maximum of 5 years and is calculated by USPTO based on a statutory formula. When a patent holder submits an application for patent term extension to USPTO, USPTO requests information from FDA, including the length of the regulatory review period for the patented product. If USPTO concludes that the product is eligible for patent term extension, FDA publishes a notice that describes the length of the regulatory review period and the dates used to calculate that period. Interested parties may request, under § 60.24 (21 CFR 60.24), revision of the length of the regulatory review period, or may petition under § 60.30 (21 CFR 60.30) to reduce the regulatory review period by any time where marketing approval was not pursued with “due diligence.”

In 21 CFR 60.36(a) *due diligence* is defined as “that degree of attention, continuous directed effort, and timeliness as may reasonably be expected from, and are ordinarily

exercised by, a person during a regulatory review period.” As provided in § 60.30(c), a due diligence petition “shall set forth sufficient facts, including dates, if possible, to merit an investigation by FDA of whether the applicant acted with due diligence.” Upon receipt of a due diligence petition, FDA reviews the petition and evaluates whether any change in the regulatory review period is necessary. If so, the corrected regulatory review period is published in the **Federal Register**. A due diligence petitioner not satisfied with FDA’s decision regarding the petition may, under § 60.40 (21 CFR 60.40), request an informal hearing for reconsideration of the due diligence determination. Petitioners are likely to include persons or organizations having knowledge that FDA’s marketing permission for that product was not actively pursued throughout the regulatory review period. The information collection for which an extension of approval is being sought is the use of the statutorily created due diligence petition.

In the **Federal Register** of February 18, 2026 (91 FR 7497), FDA published a 60-day notice requesting public comment on the proposed collection of information with respect to the following topics: (1) whether the proposed collection of information is necessary for the proper performance of FDA’s functions, including whether the information will have practical utility; (2) the accuracy of FDA’s estimate of the

burden of the proposed collection of information, including the validity of the methodology and assumptions used; (3) ways to enhance the quality, utility, and clarity of the information to be collected; and (4) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques, when appropriate, and other forms of information technology. One multi-part comment was received.

The commenter affirms that this information collection is necessary for the FDA to administer the Patent Term Extension provisions of the Hatch-Waxman Act. The commenter asserts, however, that the information collection’s value is contingent on whether it produces clear, reliable, and appropriately bounded information, and that the low volume of petitions received may suggest that the process is underutilized. The commenter notes that due diligence petitions and requests to revise regulatory review period determinations are not purely administrative exercises—they frequently require integration of legal analysis, scientific and technical documentation, and detailed factual timelines, meaning actual burden may vary significantly and may exceed FDA’s estimates in some cases. The commenter suggests that greater clarity regarding the types of information expected and the way it should be presented would improve both the efficiency and effectiveness of the

collection. The commenter’s suggestions generally imply that standardization and clear articulation of the due diligence process would reduce the burden on respondents. The commenter also made several comments about the background, purpose, and policy considerations of due diligence petitions concerning FDA regulatory review period determinations for patent term extensions pursuant to the Hatch-Waxman Act.

After thoroughly considering the commenter’s thoughts on the information collections assessed burden, FDA will not currently adjust its burden estimates for the present submission until it analyzes additional burden information. The Agency will observe the program and process between now and the next renewal cycle. If evidence corroborates the commenter’s observations, refinements to the information collection may be made at that time. Additionally, the commenter also made several comments about the background, purpose, and policy considerations of due diligence petitions and noted that the Agency should consider refining the definition of “due diligence.” We believe “due diligence” is adequately defined. We will not address the remaining comments here as they are outside the scope of this notice.

We estimate the burden of this collection of information as follows:

TABLE 1—ESTIMATED ANNUAL REPORTING BURDEN ¹

21 CFR part 60—patent term restoration	Number of respondents	Number of responses per respondent	Total annual responses	Average burden per response	Total hours
Revision of regulatory review period determinations; § 60.24	4	1.25	5	100	500
Due diligence petitions; § 60.30	1	1	1	50	50
Due diligence hearings; § 60.40	1	1	1	10	10
Total .....	.....	.....	.....	.....	560

¹ There are no capital costs or operating and maintenance costs associated with this collection of information.

We base our estimates on our experience and the average number of requests for revision of regulatory review period determinations, due diligence petitions, and requests for hearing received in the past 3 years. We estimate that 4 respondents will submit an average of 1.25 requests for revision of the regulatory review period determinations annually, for a total of 5 requests received annually. We assume that it will take respondents 100 hours to prepare the factual and legal information necessary to submit a request for revision. Thus, we estimate

a total reporting burden of 500 hours. We estimate that one or fewer due diligence petitions will be submitted annually and that will take a respondent 50 hours to prepare the petition, for a total of 50 hours. We estimate that one or fewer requests for hearing will be submitted annually and that it will take a respondent 10 hours to prepare the request for hearing, for a total of 10 hours.

Based on a review of the information collection since our last request for

OMB approval, we have made no adjustments to our burden estimate.

Grace R. Graham,
Deputy Commissioner for Policy, Legislation, and International Affairs.
[FR Doc. 2026–10190 Filed 5–20–26; 8:45 am]

BILLING CODE 4164-01-P

DEPARTMENT OF HEALTH AND HUMAN SERVICES**National Institutes of Health****Center for Scientific Review; Notice of Closed Meeting**

Pursuant to section 1009 of the Federal Advisory Committee Act, as amended, notice is hereby given of the following meeting.

The meeting will be closed to the public in accordance with the provisions set forth in sections 552b(c)(4) and 552b(c)(6), Title 5 U.S.C., as amended. The grant applications and the discussions could disclose confidential trade secrets or commercial property such as patentable material, and personal information concerning individuals associated with the grant applications, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Topics in Infectious Diseases and Immunology.

Date: June 9, 2026.

Time: 1:00 p.m. to 3:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Caitlin Elizabeth Angela Moyer, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 443-4577, caitlin.moyer@nih.gov.

(Catalogue of Federal Domestic Assistance Program Nos. 93.306, Comparative Medicine; 93.333, Clinical Research; 93.306, 93.333, 93.337, 93.393-93.396, 93.837-93.844, 93.846-93.878, 93.892, 93.893, National Institutes of Health, HHS)

Dated: May 18, 2026.

Sterlyn H. Gibson,

Program Specialist, Office of Federal Advisory Committee Policy.

[FR Doc. 2026-10175 Filed 5-20-26; 8:45 am]

BILLING CODE 4167-05-P

DEPARTMENT OF HEALTH AND HUMAN SERVICES**National Institutes of Health****National Cancer Institute; Notice of Meeting**

Pursuant to section 1009 of the Federal Advisory Committee Act, as amended, notice is hereby given of a meeting of the President's Cancer Panel.

The meeting will be held in-person and will be open to the public. Individuals who plan to view the virtual

meeting and need special assistance or other reasonable accommodations to view the meeting should notify the Contact Person listed below in advance of the meeting. The meeting can also be accessed by clicking on the links below.

Name of Committee: President's Cancer Panel.

Date: June 8, 2026.

Open: 9:00 a.m. to 5:00 p.m.

Agenda: Modifiable Risk Factors for Cancer: Opportunities for Prevention.

Place: National Institutes of Health, 9609 Medical Center Drive, NCI Shady Grove, Room Seminar 110, Rockville, MD 20850 (In Person Meeting).

Date: June 09, 2026.

Open: 8:30 a.m. to 3:00 p.m.

Agenda: Modifiable Risk Factors for Cancer: Opportunities for Prevention.

Place: National Institutes of Health, 9609 Medical Center Drive, NCI Shady Grove, Room Seminar 110, Rockville, MD 20850 (In Person Meeting).

Contact Person: Samantha L. Finstad, Ph.D., Executive Secretary, President's Cancer Panel, Office of the Director, National Cancer Institute, NIH, 31 Center Drive, Room 11A30B, MSC 2590, Bethesda, MD 20892, 240-276-6460, samantha.finstad@nih.gov.

Any interested person may file written comments with the committee by forwarding the statement to the Contact Person listed on this notice. The statement should include the name, address, telephone number and when applicable, the business or professional affiliation of the interested person.

In the interest of security, NIH has instituted stringent procedures for entrance onto the NCI-Shady Grove campus. All visitors will be asked to show one form of identification (for example, a government-issued photo ID, driver's license, or passport) and to state the purpose of their visit.

Information is also available on the President's Cancer Panel website page: <https://prescancerpanel.cancer.gov/>, where an agenda and any additional information for the meeting will be posted when available.

(Catalogue of Federal Domestic Assistance Program Nos. 93.392, Cancer Construction; 93.393, Cancer Cause and Prevention Research; 93.394, Cancer Detection and Diagnosis Research; 93.395, Cancer Treatment Research; 93.396, Cancer Biology Research; 93.397, Cancer Centers Support; 93.398, Cancer Research Manpower; 93.399, Cancer Control, National Institutes of Health, HHS)

Dated: May 19, 2026.

David W. Freeman,

Supervisory Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2026-10232 Filed 5-20-26; 8:45 am]

BILLING CODE 4167-05-P

DEPARTMENT OF HEALTH AND HUMAN SERVICES**National Institutes of Health****Center for Scientific Review; Notice of Closed Meetings**

Pursuant to section 1009 of the Federal Advisory Committee Act, as amended, notice is hereby given of the following meetings.

The meetings will be closed to the public in accordance with the provisions set forth in sections 552b(c)(4) and 552b(c)(6), Title 5 U.S.C., as amended. The grant applications and the discussions could disclose confidential trade secrets or commercial property such as patentable material, and personal information concerning individuals associated with the grant applications, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

Name of Committee: Center for Scientific Review Special Emphasis Panel; PAR Panel; Risk Factors for Neurodegeneration.

Date: June 23-24, 2026.

Time: 9:30 a.m. to 8:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Ashley Marie Kopec, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 496-9293, kopecam@csr.nih.gov.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Clinical Decision Making and Clinical Outcomes for Aged Populations.

Date: June 24, 2026.

Time: 9:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Rhoda Keese Moise, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (304) 594-0702, rhoda.moise@nih.gov.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Training and Career Development: Brain Development, Aging, and Cognition.

Date: June 24, 2026.

Time: 9:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Sindhu Kizhakke Madathil, Ph.D., Scientific Review Officer,

Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 827-5702, sindhu.kizhakkemadathil@nih.gov.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Metabolic-Associated Liver Diseases.

Date: June 24, 2026.

Time: 9:30 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Murali Ganesan, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 594-9448, murali.ganesan@nih.gov.

Name of Committee: Interdisciplinary Molecular Sciences and Training Integrated Review Group; Advancing Therapeutics—B Study Section.

Date: June 24–25, 2026.

Time: 9:30 a.m. to 6:30 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Lystranne Alysia Maynard Smith, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, 301-402-4809, lystranne.maynard-smith@nih.gov.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Oncological Sciences (R21).

Date: June 24, 2026.

Time: 9:30 a.m. to 2:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Elisaveta Ninova Voynova, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (202) 934-2336, voynovae@mail.nih.gov.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Pathophysiological Basis of Mental Disorders.

Date: June 24, 2026.

Time: 10:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Jingshan Chen, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 594-9284, jingshan.chen@nih.gov.

Name of Committee: Center for Scientific Review Special Emphasis Panel; PAR Panel;

Biomedical Data Repositories and Knowledgebases.

Date: June 24, 2026.

Time: 10:00 a.m. to 7:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Archana Jha, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 480-2159, archana.jha@nih.gov.

Name of Committee: Endocrinology, Metabolism, Nutrition and Reproductive Sciences Integrated Review Group; Human Studies of Diabetes and Obesity Study Section.

Date: June 24, 2026.

Time: 10:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Baskaran Thyagarajan, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 800B, Bethesda, MD 20892, (301) 594-0331, baski.thyagarajan@nih.gov.

Name of Committee: Biobehavioral and Behavioral Processes Integrated Review Group, Adult Lifespan Psychopathology Study Section.

Date: June 25, 2026.

Time: 9:00 a.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Benjamin G. Shapero, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 3182, MSC 7848, Bethesda, MD 20892, (301) 402-4786, shaperobg@mail.nih.gov.

(Catalogue of Federal Domestic Assistance Program Nos. 93.306, Comparative Medicine; 93.333, Clinical Research, 93.306, 93.333, 93.337, 93.393–93.396, 93.837–93.844, 93.846–93.878, 93.892, 93.893, National Institutes of Health, HHS)

Dated: May 18, 2026.

Sterlyn H. Gibson,

Program Specialist, Office of Federal Advisory Committee Policy.

[FR Doc. 2026-10174 Filed 5-20-26; 8:45 am]

BILLING CODE 4167-05-P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

Center For Scientific Review; Notice of Closed Meetings

Pursuant to section 1009 of the Federal Advisory Committee Act, as amended, notice is hereby given of the following meetings.

The meetings will be closed to the public in accordance with the provisions set forth in sections 552b(c)(4) and 552b(c)(6), Title 5 U.S.C., as amended. The contract proposals and the discussions could disclose confidential trade secrets or commercial property such as patentable material, and personal information concerning individuals associated with the contract proposals, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Topics in Biochemistry and Molecular Biophysics.

Date: June 10, 2026.

Time: 9:00 a.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Guillermo Andres Bermejo, Ph.D., Scientific Review Officer, The Center for Scientific Review, The National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 827-5742, bermejog@mail.nih.gov.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Special: NIH BioLINCC Program.

Date: June 15, 2026.

Time: 1:00 p.m. to 6:00 p.m.

Agenda: To review and evaluate contract proposals.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Nawazish Ali Naqvi, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 827-7911, nawazish.naqvi@nih.gov.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Special: NIH nuMOM2b Heart Health Study.

Date: June 16, 2026.

Time: 10:00 a.m. to 1:00 p.m.

Agenda: To review and evaluate contract proposals.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Nawazish Ali Naqvi, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of

Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 827–7911, nawazish.naqvi@nih.gov.

Name of Committee: Cardiovascular and Respiratory Sciences Integrated Review Group; Lung Immunology and Infection Study Section.

Date: June 17, 2026.

Time: 9:00 a.m. to 6:30 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Rupali Das, Ph.D., Scientific Review Officer, The Center for Scientific Review, The National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 594–0023, rupali.das@nih.gov.

Name of Committee: Cardiovascular and Respiratory Sciences Integrated Review Group; Integrative Myocardial Physiology/Pathophysiology A Study Section.

Date: June 18, 2026.

Time: 9:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Abdelouahab Aitouché, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 4222, MSC 7814, Bethesda, MD 20892, 301–435–2365, aitouchea@csr.nih.gov.

Name of Committee: Center for Scientific Review Special Emphasis Panel; PAR Panel: Translational Neural Devices and Blueprint MedTech Translator (Clinical Trial Optional).

Date: June 24, 2026.

Time: 9:30 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Cristina Backman, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 5211, MSC 7846, Bethesda, MD 20892, (301) 480–9069, cbackman@mail.nih.gov.

Name of Committee: Biological Chemistry and Macromolecular Biophysics Integrated Review Group; Chemical Synthesis and Biosynthesis Study Section.

Date: June 24, 2026.

Time: 9:30 a.m. to 6:30 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Shan Wang, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 496–4390, shan.wang@nih.gov. (Catalogue of Federal Domestic Assistance Program Nos. 93.306, Comparative Medicine;

93.333, Clinical Research, 93.306, 93.333, 93.337, 93.393–93.396, 93.837–93.844, 93.846–93.878, 93.892, 93.893, National Institutes of Health, HHS)

Dated: May 19, 2026.

Rosalind M. Niamke,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2026–10229 Filed 5–20–26; 8:45 am]

BILLING CODE 4167–05–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

Center for Scientific Review; Notice of Closed Meetings

Pursuant to section 1009 of the Federal Advisory Committee Act, as amended, notice is hereby given of the following meetings.

The meetings will be closed to the public in accordance with the provisions set forth in sections 552b(c)(4) and 552b(c)(6), Title 5 U.S.C., as amended. The grant applications and the discussions could disclose confidential trade secrets or commercial property such as patentable material, and personal information concerning individuals associated with the grant applications, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

Name of Committee: Bioengineering Sciences & Technologies Integrated Review Group; Instrumentation and Systems Development Study Section.

Date: June 25, 2026.

Time: 9:00 a.m. to 6:30 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Zachary Stephen Bailey, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 594–4691, zach.bailey@nih.gov.

Name of Committee: Infectious Diseases and Immunology B Integrated Review Group; Bacterial-Host Interactions Study Section.

Date: June 25, 2026.

Time: 9:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Uma Basavanna, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 827–1398, uma.basavanna@nih.gov.

Name of Committee: Vascular and Hematology Integrated Review Group; Basic

Biology of Blood, Heart and Vasculature Study Section.

Date: June 25, 2026.

Time: 9:00 a.m. to 7:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Aisha Lanette Walker, Ph.D. Scientific Review Officer Center for Scientific Review National Institutes of Health 6701 Rockledge Drive Bethesda, MD 20892 (301) 594–3527 aisha.walker@nih.gov.

Name of Committee: Oncology 2—Translational Clinical Integrated Review Group; Cancer Prevention Study Section.

Date: June 25, 2026.

Time: 9:00 a.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Byung Min Chung, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 496–4056, justin.chung@nih.gov.

Name of Committee: Surgical Sciences, Biomedical Imaging and Bioengineering Integrated Review Group; Imaging Technology Development Study Section.

Date: June 25, 2026.

Time: 9:00 a.m. to 6:30 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Guo Feng Xu, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 5122, MSC 7854, Bethesda, MD 20892, (301) 237–9870, xuguofen@csr.nih.gov.

Name of Committee: Infectious Diseases and Immunology A Integrated Review Group; Molecular and Structural Immunology Study Section.

Date: June 25, 2026.

Time: 9:30 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Velasco Cimica, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 594–1760, velasco.cimica@nih.gov.

Name of Committee: Cardiovascular and Respiratory Sciences Integrated Review Group; Clinical Integrative Cardiovascular and Hematological Sciences Study Section.

Date: June 25, 2026.

Time: 9:30 a.m. to 6:30 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Marie-Luise Brennan, MD, Ph.D., Scientific Review Officer, The Center for Scientific Review, The National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 480-0732, marie-luise.brennan@nih.gov.

Name of Committee: Infectious Diseases and Immunology B Integrated Review Group; Etiology, Diagnostic, Intervention and Treatment of Infectious Diseases Study Section.

Date: June 25–26, 2026.

Time: 9:30 a.m. to 6:30 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Lisa Ann Lewis, Ph.D., Scientific Review Officer, The Center for Scientific Review, The National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 480-2582, lisa.lewis3@nih.gov.

Name of Committee: Biological Chemistry and Macromolecular Biophysics Integrated Review Group; Maximizing Investigators' Research Award B Study Section.

Date: June 25–26, 2026.

Time: 9:30 a.m. to 6:30 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Sudha Veeraraghavan, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 903-L, MSC 7846, Bethesda, MD 20892, (301) 827-5263, sudha.veeraraghavan@nih.gov.

Name of Committee: Cell Biology Integrated Review Group; Maximizing Investigators' Research Award C Study Section.

Date: June 25–26, 2026.

Time: 10:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Ezgi Kunttas-Tatli, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 594-7047, ezgi.kunttas-tatli@nih.gov.

Name of Committee: Cell Biology Integrated Review Group; Maximizing Investigators' Research Award—D Study Section.

Date: June 25–26, 2026.

Time: 10:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Anne Marie Strohecker, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (202) 924-4186, stroheckeram@csr.nih.gov.

Name of Committee: Endocrinology, Metabolism, Nutrition and Reproductive Sciences Integrated Review Group; Cell Signaling and Molecular Endocrinology Study Section.

Date: June 25, 2026.

Time: 10:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Andrew M. Wolfe, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Dr., Room 6214, Bethesda, MD 20892, andrew.wolfe@nih.gov.

(Catalogue of Federal Domestic Assistance Program Nos. 93.306, Comparative Medicine; 93.333, Clinical Research, 93.306, 93.333, 93.337, 93.393–93.396, 93.837–93.844, 93.846–93.878, 93.892, 93.893, National Institutes of Health, HHS)

Dated: May 19, 2026.

Rosalind M Niamke,
Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2026–10231 Filed 5–20–26; 8:45 am]

BILLING CODE 4167-05-P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

[Docket No. USCG–2026–0109]

Area Maritime Security Advisory Committee (AMSC), Eastern Great Lakes, Northwestern Pennsylvania; Sub-Committee Vacancy

AGENCY: Coast Guard, DHS.

ACTION: Notice; request for applications.

SUMMARY: The Coast Guard is accepting applications to fill one vacancy on the Area Maritime Security Committee, Eastern Great Lakes, Northwestern Pennsylvania Region Sub-Committee (Sub-Committee). The Area Maritime Security Committee assists the Captain of the Port as the Federal Maritime Security Coordinator (FMSC), Buffalo, in developing, reviewing, and updating the Area Maritime Security Plan for their area of responsibility.

DATES: Applications for membership must reach the Captain of the Port, Buffalo, by June 12, 2026.

ADDRESSES: Applications for membership must be submitted to the

Captain of the Port at the following address: Captain of the Port, Buffalo, Attention: LCDR Kyle Maxey, 1 Fuhrmann Boulevard, Buffalo, NY 14203–3189.

FOR FURTHER INFORMATION CONTACT: For questions about submitting an application, or about the AMSC in general, contact Mr. John Kelly, Northwestern Pennsylvania Region Sub-Committee Executive Coordinator, at 571–613–2856 or John.K.Kelly@uscg.mil.

SUPPLEMENTARY INFORMATION:

Basis and Purpose

Section 102 of the Maritime Transportation Security Act (MTSA) of 2002 (Pub. L. 107–295) added section 70112 to Title 46 of the U.S. Code and authorized the Secretary of the Department in which the Coast Guard is operating to establish Area Maritime Security Advisory Committees (AMSC) for any port area of the United States. 46 U.S.C. 70112. See 33 CFR 1.05–1, 6.01; Department of Homeland Security Delegation No. 0170.1. The MTSA includes a provision exempting these AMSCs from the Federal Advisory Committee Act (FACA). 46 U.S.C. 70112(b)(7). See 5 U.S.C. 1001–1014. The AMSCs assist the FMSC in the development, review, update, and implementation of the Area Maritime Security Plan (AMSP) for their area of responsibility. The responsibilities of the AMSCs may include, but are not limited to, the following:

- (1) Identifying critical port infrastructure and operations;
- (2) Identifying risks (threats, vulnerabilities, and consequences);
- (3) Determining mitigation strategies and implementation methods;
- (4) Developing strategies to facilitate the recovery of the Maritime Transportation System after a Transportation Security Incident;
- (5) Developing and describing the process to continually evaluate overall port security by considering consequences and vulnerabilities, how they may change over time, and what additional mitigation strategies can be applied; and
- (6) Providing advice to and assisting the FMSC in developing and maintaining the AMSP.

AMSC Membership

Members of the AMSC should have at least five years of experience related to maritime or port security operations. We are seeking to fill one (1) Sub-Committee vacancy with this solicitation: an Executive Board member to serve as Vice-Chairperson. The

position will serve concurrently as a member of the Eastern Great Lakes AMSC when convened by the FMSC.

Applicants may be required to pass an appropriate security background check prior to appointment to the Committee. The member's term of office will be for five years; however, a member is eligible to serve additional terms of office. Members will not receive any salary or other compensation for their service on an AMSC. In accordance with 33 CFR 103.305, members may be selected from Federal, Territorial, or Tribal governments; State government and political subdivisions of the State; local public safety, crisis management, and emergency response agencies; law enforcement and security organizations; maritime industry, including labor; other port stakeholders having a special competence in maritime security; and port stakeholders affected by security practices and policies.

The Department of Homeland Security does not discriminate in selection of committee members on the basis of race, color, religion, sex, national origin, political affiliation, sexual orientation, gender identity, marital status, disability, and genetic information, age, membership in an employee organization, or any other non-merit factor. The Department of Homeland Security strives to achieve a widely diverse candidate pool for all of its recruitment actions.

Request for Applications

Those seeking membership are not required to submit formal applications to the local Captain of the Port. Because we have an obligation to ensure that a specific number of members have the prerequisite maritime security experience, however, we encourage the submission of resumes highlighting experience in the maritime and security industries.

Dated: May 18, 2026.

Matthew J. Walter,
Captain, U.S. Coast Guard, Captain of the Port & Federal Maritime Security Coordinator, Eastern Great Lakes.

[FR Doc. 2026-10163 Filed 5-20-26; 8:45 am]

BILLING CODE 9110-15-P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

[Docket No. USCG-2025-0393]

Information Collection Request to Office of Management and Budget;
OMB Control Number: 1625-0095

AGENCY: Coast Guard, DHS.

ACTION: Sixty-day notice requesting comments.

SUMMARY: In compliance with the Paperwork Reduction Act of 1995, the U.S. Coast Guard intends to submit an Information Collection Request (ICR) to the Office of Management and Budget (OMB), Office of Information and Regulatory Affairs (OIRA), requesting an extension of its approval for the following collection of information: 1625-0095, Oil and Hazardous Material Pollution Prevention and Safety Records, Equivalents/Alternatives and Exemptions; without change. Our ICR describes the information we seek to collect from the public. Before submitting this ICR to OIRA, the Coast Guard is inviting comments as described below.

DATES: Comments must reach the Coast Guard on or before July 20, 2026.

ADDRESSES: You may submit comments identified by Coast Guard docket number USCG-2025-0393 to the Coast Guard using the Federal eRulemaking Portal at <https://www.regulations.gov>. See the "Public participation and request for comments" portion of the **SUPPLEMENTARY INFORMATION** section for further instructions on submitting comments.

A copy of the ICR is available through the docket on the internet at <https://www.regulations.gov>. Additionally, copies are available from: Commandant (CG-C5I-P), ATTN: Paperwork Reduction Act Manager, U.S. Coast Guard, 2703 Martin Luther King Jr. Ave. SE, STOP 7710, Washington, DC 20593-7710.

FOR FURTHER INFORMATION CONTACT: A.L. Craig, Office of Privacy Management, telephone (571) 607-4058, or email hqs-dg-m-cg-61-pii@uscg.mil.

SUPPLEMENTARY INFORMATION:

Public Participation and Request for Comments

This notice relies on the authority of the Paperwork Reduction Act of 1995; 44 U.S.C., chapter 35, as amended. An ICR is an application to OIRA seeking the approval, extension, or renewal of a Coast Guard collection of information (Collection). The ICR contains information describing the Collection's purpose, the Collection's likely burden on the affected public, an explanation of the necessity of the Collection, and other important information describing the Collection. There is one ICR for each Collection.

The Coast Guard invites comments on whether this ICR should be granted based on the Collection being necessary for the proper performance of

Departmental functions. In particular, the Coast Guard would appreciate comments addressing: (1) the practical utility of the Collection; (2) the accuracy of the estimated burden of the Collection; (3) ways to enhance the quality, utility, and clarity of information subject to the Collection; and (4) ways to minimize the burden of the Collection on respondents, including the use of automated collection techniques or other forms of information technology.

In response to your comments, we may revise this ICR or decide not to seek an extension of approval for the Collection with change. We will consider all comments and material received during the comment period.

We encourage you to respond to this request by submitting comments and related materials. Comments must contain the OMB Control Number of the ICR and the docket number of this request, USCG-2025-0393, and must be received by July 20, 2026.

Submitting Comments

We encourage you to submit comments through the Federal eRulemaking Portal at <https://www.regulations.gov>. If your material cannot be submitted using <https://www.regulations.gov>, contact the person in the **FOR FURTHER INFORMATION CONTACT** section of this document for alternate instructions. Documents mentioned in this notice as being available in the docket, and all public comments, are in our online docket at <https://www.regulations.gov> and can be viewed by following that website's instructions. If you go to the online docket and sign up for email alerts, you will be notified when comments are posted.

We accept anonymous comments. Comments we post to <https://www.regulations.gov> will include any personal information you have provided. For more about privacy and submissions in response to this document, see DHS's eRulemaking System of Records notice (85 FR 14226, March 11, 2020).

Information Collection Request

Title: Oil and Hazardous Material Pollution Prevention and Safety Records, Equivalents/Alternatives and Exemptions.

OMB Control Number: 1625-0095.

Summary: The information is used by the Coast Guard to ensure that an oil or hazardous material requirement alternative or exemption provides an equivalent level of safety and protection from pollution.

Need: Under 33 U.S. Code 1321 and Executive Order 12777 the Coast Guard is authorized to prescribe regulations to prevent the discharge of oil and hazardous substances from vessels and facilities and to contain such discharges. Coast Guard regulations in 33 CFR parts 154–156 are intended to: (1) prevent or mitigate the results of an accidental release of bulk liquid hazardous materials being transferred at waterfront facilities; (2) ensure that facilities and vessels that use vapor control systems are in compliance with the safety standards developed by the Coast Guard; (3) provide equipment and operational requirements for facilities and vessels that transfer oil or hazardous materials in bulk to or from vessels with a 250 or more barrel capacity; and (4) provide procedures for vessel or facility operators who request exemption or partial exemption from the requirements of the pollution prevention regulations.

Forms: None.

Respondents: Owners and operators of bulk oil and hazardous materials facilities and vessels.

Frequency: On occasion.

Hour Burden Estimate: The estimated burden has decreased from 1,800 hours to 1,760 hours a year, due to a decrease in the estimated annual number of responses.

Authority: The Paperwork Reduction Act of 1995; 44 U.S.C. chapter 35, as amended.

Dated: May 13, 2026.

Bradley E. White,

Chief, Office of Privacy Management, U.S. Coast Guard.

[FR Doc. 2026–10196 Filed 5–20–26; 8:45 am]

BILLING CODE 9110–04–P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

[Docket No. USCG–2025–0344]

Collection of Information Under Review by Office of Management and Budget; OMB Control Number: 1625–0040

AGENCY: Coast Guard, DHS.

ACTION: Thirty-day notice requesting comments.

SUMMARY: In compliance with the Paperwork Reduction Act of 1995 the U.S. Coast Guard is forwarding an Information Collection Request (ICR), abstracted below, to the Office of Management and Budget (OMB), Office of Information and Regulatory Affairs (OIRA), requesting an extension of its

approval for the following collection of information: 1625–0040, Applications for Merchant Mariner Credentials and Medical Certificates; with change. Our ICR describes the information we seek to collect from the public. Review and comments by OIRA ensure we only impose paperwork burdens commensurate with our performance of duties.

DATES: You may submit comments to the Coast Guard and OIRA on or before June 22, 2026.

ADDRESSES: Comments to the Coast Guard should be submitted using the Federal eRulemaking Portal at <https://www.regulations.gov>. Search for docket number [USCG–2025–0344]. Written comments and recommendations to OIRA for the proposed information collection should be sent within 30 days of publication of this notice to <https://www.reginfo.gov/public/do/PRAMain>.

Find this particular information collection by selecting “Currently under 30-day Review—Open for Public Comments” or by using the search function.

A copy of the ICR is available through the docket on the internet at <https://www.regulations.gov>. Additionally, copies are available from: Commandant (CG–C5I–P), ATTN: Paperwork Reduction Act Manager, U.S. Coast Guard, 2703 Martin Luther King Jr. Ave. SE, STOP 7710, Washington, DC 20593–7710.

FOR FURTHER INFORMATION CONTACT: A.L. Craig, Office of Privacy Management, telephone (571) 607–4058, or email hqs-dg-m-cg-61-pii@uscg.mil.

SUPPLEMENTARY INFORMATION:

Public Participation and Request for Comments

This notice relies on the authority of the Paperwork Reduction Act of 1995; 44 U.S.C., chapter 35, as amended. An ICR is an application to OIRA seeking the approval, extension, or renewal of a Coast Guard collection of information (Collection). The ICR contains information describing the Collection’s purpose, the Collection’s likely burden on the affected public, an explanation of the necessity of the Collection, and other important information describing the Collection. There is one ICR for each Collection.

The Coast Guard invites comments on whether this ICR should be granted based on the Collection being necessary for the proper performance of Departmental functions. In particular, the Coast Guard would appreciate comments addressing: (1) the practical utility of the Collection; (2) the accuracy of the estimated burden of the

Collection; (3) ways to enhance the quality, utility, and clarity of information subject to the Collection; and (4) ways to minimize the burden of the Collection on respondents, including the use of automated collection techniques or other forms of information technology. These comments will help OIRA determine whether to approve the ICR referred to in this Notice.

We encourage you to respond to this request by submitting comments and related materials. Comments to Coast Guard or OIRA must contain the OMB Control Number of the ICR. They must also contain the docket number of this request, USCG–2025–0344, and must be received by June 22, 2026.

Submitting Comments

We encourage you to submit comments through the Federal eRulemaking Portal at <https://www.regulations.gov>. If your material cannot be submitted using <https://www.regulations.gov>, contact the person in the **FOR FURTHER INFORMATION CONTACT** section of this document for alternate instructions. Documents mentioned in this notice, and all public comments, are in our online docket at <https://www.regulations.gov> and can be viewed by following that website’s instructions. If you go to the online docket and sign up for email alerts, you will be notified when comments are posted.

We accept anonymous comments. Comments we post to <https://www.regulations.gov> will include any personal information you have provided. For more about privacy and submissions to the Coast Guard in response to this document, see DHS’s eRulemaking System of Records notice (85 FR 14226, March 11, 2020). For more about privacy and submissions to OIRA in response to this document, see the <https://www.reginfo.gov>, comment-submission web page. OIRA posts its decisions on ICRs online at <https://www.reginfo.gov/public/do/PRAMain> after the comment period for each ICR. An OMB Notice of Action on each ICR will become available via a hyperlink in the OMB Control Number: 1625–0040.

Previous Request for Comments

This request provides a 30-day comment period required by OIRA. The Coast Guard published the 60-day notice (90 FR 55147, December 1, 2025) required by 44 U.S.C. 3506(c)(2). That notice elicited no comments. However, the Coast Guard is making one change to the Collection to the Section III title of the Small Vessel Sea Service Form CG–719S. . Prior to publication of the

60-day FRN, the Coast Guard received requests for clarification on the determination of sea service in relation to underway time versus dockside time. The 60-day notice had the Small Vessel Sea Service Form CG-719S Section III title as "Record of Underway Service." The Section III title has been updated to "Record of Service" to limit the perceived restriction of this section to only underway service when in specific circumstances dockside time may also be included.

Information Collection Request

Title: Applications for Merchant Mariner Credentials and Medical Certificates.

OMB Control Number: 1625-0040.

Summary: This information is necessary to determine competency, character and physical qualifications for the issuance of a Merchant Mariner Credential (MMC) or Medical Certificate.

Need: 46 CFR parts 10-13 and 16 detail the requirements for the issuance of an MMC or Medical Certificate.

Forms: • CG-718A, Certificate of Discharge to Merchant Mariner.

• CG-719B, Application for Merchant Mariner Credential.

• CG-719C, Disclosure Statement for Narcotics, DWI/DUI, and/or Other Convictions.

• CG-719D, Application for Duplicate Merchant Mariner Credential and Medical Certificate.

• CG-719K, Application for Medical Certificate.

• CG-719K/E, Application for Medical Certificate, Short Form.

• CG-719P, DOT/USCG Periodic Drug Testing Form.

• CG-719S, Small Vessel Sea Service Form.

Basis for the change to the Forms: The majority of changes to the forms in this collection are not associated with new statutory or regulatory authority, but rather improvements to the flow and quality of content, user functionality, and to aid the Coast Guard in processing applications. The forms have undergone significant reorganization in response to recommendations from the National Merchant Mariner Medical Advisory Committee (NMEDMAC), the National Merchant Marine Personnel Advisory Committee (NMERPAC), and comments from the public provided at the NMEDMAC and NMERPAC public meetings. As an example, the wording, location and specificity of form instructions were revised to provide better clarity and to improve ease of use. Key instructions are now located within the corresponding section of the form to reduce the need for mariner applicants

to flip back and forth between pages to search for instructions. This improvement is also expected to reduce processing delays caused by submission of incomplete forms. Another improvement is that these forms will now provide an option for applicants to sign the forms using an electronic signature. Finally, additional language was added to Criminal Record Review section of the CG-719B to clarify that mariners must disclose all convictions, including convictions for boating safety crimes. Additionally, for applicants without convictions who have used or been addicted to dangerous drugs, the CG-719B form now provides a place for them to list the drugs used without having to fill out a CG-719C.

Basis for the change for the addition of Forms to this collection: First, the Coast Guard is proposing to add a new optional form, the CG-719D, to provide a convenient option for individuals who want to request a duplicate merchant mariner credential or duplicate medical certificate. Second, the Coast Guard seeks comments on adding form CG-718A "Certificate of Discharge to Merchant Mariner" into this collection. Coast Guard personnel use form CG-718A to evaluate an applicant for an MMC. Form CG-718A was previously accounted for under OMB Control Number 1625-0012.

Respondents: Applicants for MMC, whether original, renewal, duplicate, raise of grade, or a new endorsement on a previously issued MMC. Applicants for Medical Certificates to include National and STCW credentialed mariners, and first-class pilots.

Frequency: On occasion.

Hour Burden Estimate: The estimated burden has decreased from 62,006 hours to 57,333 hours a year; due to a decrease in the estimated annual number of responses.

Authority: The Paperwork Reduction Act of 1995; 44 U.S.C. chapter 35, as amended.

Dated: May 13, 2026.

Bradley E. White,

Chief, Office of Privacy Management, U.S. Coast Guard.

[FR Doc. 2026-10203 Filed 5-20-26; 8:45 am]

BILLING CODE 9110-04-P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

[Docket No. USCG-2025-0396]

Information Collection Request to Office of Management and Budget; OMB Control Number: 1625-0072

AGENCY: Coast Guard, DHS.

ACTION: Sixty-day notice requesting comments.

SUMMARY: In compliance with the Paperwork Reduction Act of 1995, the U.S. Coast Guard intends to submit an Information Collection Request (ICR) to the Office of Management and Budget (OMB), Office of Information and Regulatory Affairs (OIRA), requesting an extension of its approval for the following collection of information: 1625-0072, Waste Management Plans, Refuse Discharge Logs, Letters of Designation for Certain Persons-in-Charge (PIC) and Great Lakes Dry Cargo Residue Recordkeeping; without change. Our ICR describes the information we seek to collect from the public. Before submitting this ICR to OIRA, the Coast Guard is inviting comments as described below.

DATES: Comments must reach the Coast Guard on or before July 20, 2026.

ADDRESSES: You may submit comments identified by Coast Guard docket number USCG-2025-0396 to the Coast Guard using the Federal eRulemaking Portal at <https://www.regulations.gov>. See the "Public participation and request for comments" portion of the **SUPPLEMENTARY INFORMATION** section for further instructions on submitting comments.

A copy of the ICR is available through the docket on the internet at <https://www.regulations.gov>. Additionally, copies are available from: Commandant (CG-C5I-P), ATTN: Paperwork Reduction Act Manager, U.S. Coast Guard, 2703 Martin Luther King Jr. Ave. SE, STOP 7710, Washington, DC 20593-7710.

FOR FURTHER INFORMATION CONTACT: A.L. Craig, Office of Privacy Management, telephone (571) 607-4058, or email hqs-dg-m-cg-61-pii@uscg.mil.

SUPPLEMENTARY INFORMATION:

Public Participation and Request for Comments

This notice relies on the authority of the Paperwork Reduction Act of 1995; 44 U.S.C., chapter 35, as amended. An ICR is an application to OIRA seeking the approval, extension, or renewal of a Coast Guard collection of information

(Collection). The ICR contains information describing the Collection's purpose, the Collection's likely burden on the affected public, an explanation of the necessity of the Collection, and other important information describing the Collection. There is one ICR for each Collection.

The Coast Guard invites comments on whether this ICR should be granted based on the Collection being necessary for the proper performance of Departmental functions. In particular, the Coast Guard would appreciate comments addressing: (1) the practical utility of the Collection; (2) the accuracy of the estimated burden of the Collection; (3) ways to enhance the quality, utility, and clarity of information subject to the Collection; and (4) ways to minimize the burden of the Collection on respondents, including the use of automated collection techniques or other forms of information technology.

In response to your comments, we may revise this ICR or decide not to seek an extension of approval for the Collection without change. We will consider all comments and material received during the comment period.

We encourage you to respond to this request by submitting comments and related materials. Comments must contain the OMB Control Number of the ICR and the docket number of this request, USCG–2025–0396, and must be received by July 20, 2026

Submitting Comments

We encourage you to submit comments through the Federal eRulemaking Portal at <https://www.regulations.gov>. If your material cannot be submitted using <https://www.regulations.gov>, contact the person in the **FOR FURTHER INFORMATION CONTACT** section of this document for alternate instructions. Documents mentioned in this notice as being available in the docket, and all public comments, are in our online docket at <https://www.regulations.gov> and can be viewed by following that website's instructions. If you go to the online docket and sign up for email alerts, you will be notified when comments are posted.

We accept anonymous comments. Comments we post to <https://www.regulations.gov> will include any personal information you have provided. For more about privacy and submissions in response to this document, see DHS's eRulemaking System of Records notice (85 FR 14226, March 11, 2020).

Information Collection Request

Title: Waste Management Plans, Refuse Discharge Logs, Letters of Designation for Certain Persons-in-Charge (PIC) and Great Lakes Dry Cargo Residue Recordkeeping.

OMB Control Number: 1625–0072.

Summary: This information is needed to ensure that: (1) certain U.S. oceangoing vessels develop and maintain a waste management plan; (2) certain U.S. oceangoing vessels maintain refuse discharge records; (3) certain individuals that act as person-in-charge of the transfer of fuel receive a letter of designation, for prevention of pollution; and (4) certain Great Lakes vessels comply with dry cargo residue requirements.

Need: This collection of information is needed as part of the Coast Guard's pollution prevention compliance program.

Forms: N/A.

Respondents: Owners, operators, masters, and persons-in-charge of vessels.

Frequency: On occasion.

Hour Burden Estimate: The estimated burden has decreased from 116,690 hours to 110,541 hours a year, due to an estimated decrease in the annual number of respondents.

Authority: The Paperwork Reduction Act of 1995; 44 U.S.C. chapter 35, as amended.

Dated: May 13, 2026.

Bradley E. White,

Chief, Office of Privacy Management, U.S. Coast Guard.

[FR Doc. 2026–10204 Filed 5–20–26; 8:45 am]

BILLING CODE 9110–04–P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

[Docket No. USCG–2025–0301]

Collection of Information Under Review by Office of Management and Budget; OMB Control Number: 1625–0074

AGENCY: Coast Guard, DHS.

ACTION: Thirty-day notice requesting comments.

SUMMARY: In compliance with the Paperwork Reduction Act of 1995 the U.S. Coast Guard is forwarding an Information Collection Request (ICR), abstracted below, to the Office of Management and Budget (OMB), Office of Information and Regulatory Affairs (OIRA), requesting an extension of its approval for the following collection of information: 1625–0074, Direct User

Fees for Inspection or Examination of U.S. and Foreign Commercial Vessels; without change. Our ICR describes the information we seek to collect from the public. Review and comments by OIRA ensure we only impose paperwork burdens commensurate with our performance of duties.

DATES: You may submit comments to the Coast Guard and OIRA on or before June 22, 2026.

ADDRESSES: Comments to the Coast Guard should be submitted using the Federal eRulemaking Portal at <https://www.regulations.gov>. Search for docket number [USCG–2025–0301]. Written comments and recommendations to OIRA for the proposed information collection should be sent within 30 days of publication of this notice to <https://www.reginfo.gov/public/do/PRAMain>.

Find this particular information collection by selecting “Currently under 30-day Review—Open for Public Comments” or by using the search function.

A copy of the ICR is available through the docket on the internet at <https://www.regulations.gov>. Additionally, copies are available from: Commandant (CG–C5I–P), ATTN: Paperwork Reduction Act Manager, U.S. Coast Guard, 2703 Martin Luther King Jr. Ave. SE, STOP 7710, Washington, DC 20593–7710.

FOR FURTHER INFORMATION CONTACT: A.L. Craig, Office of Privacy Management, telephone (571) 607–4058, or email hqs-dg-m-cg-61-pii@uscg.mil.

SUPPLEMENTARY INFORMATION:

Public Participation and Request for Comments

This notice relies on the authority of the Paperwork Reduction Act of 1995; 44 U.S.C. chapter 35, as amended. An ICR is an application to OIRA seeking the approval, extension, or renewal of a Coast Guard collection of information (Collection). The ICR contains information describing the Collection's purpose, the Collection's likely burden on the affected public, an explanation of the necessity of the Collection, and other important information describing the Collection. There is one ICR for each Collection.

The Coast Guard invites comments on whether this ICR should be granted based on the Collection being necessary for the proper performance of Departmental functions. In particular, the Coast Guard would appreciate comments addressing: (1) the practical utility of the Collection; (2) the accuracy of the estimated burden of the Collection; (3) ways to enhance the quality, utility, and clarity of

information subject to the Collection; and (4) ways to minimize the burden of the Collection on respondents, including the use of automated collection techniques or other forms of information technology. These comments will help OIRA determine whether to approve the ICR referred to in this Notice.

We encourage you to respond to this request by submitting comments and related materials. Comments to Coast Guard or OIRA must contain the OMB Control Number of the ICR. They must also contain the docket number of this request, USCG–2025–0301, and must be received by June 22, 2026.

Submitting Comments

We encourage you to submit comments through the Federal eRulemaking Portal at <https://www.regulations.gov>. If your material cannot be submitted using <https://www.regulations.gov>, contact the person in the **FOR FURTHER INFORMATION CONTACT** section of this document for alternate instructions. Documents mentioned in this notice as being available in the docket, and public comments, are in our online docket at <https://www.regulations.gov> and can be viewed by following that website's instructions. If you go to the online docket and sign up for email alerts, you will be notified when comments are posted.

We accept anonymous comments. Comments we post to <https://www.regulations.gov> will include any personal information you have provided. For more about privacy and submissions to the Coast Guard in response to this document, see DHS's eRulemaking System of Records notice (85 FR 14226, March 11, 2020). For more about privacy and submissions to OIRA in response to this document, see the <https://www.reginfo.gov>, comment-submission web page. OIRA posts its decisions on ICRs online at <https://www.reginfo.gov/public/do/PRAMain> after the comment period for each ICR. An OMB Notice of Action on each ICR will become available via a hyperlink in the OMB Control Number: 1625–0074.

Previous Request for Comments

This request provides a 30-day comment period required by OIRA. The Coast Guard published the 60-day notice (90 FR 58258, December 16, 2025) required by 44 U.S.C. 3506(c)(2). That notice elicited no comments. Accordingly, no changes have been made to the Collection.

Information Collection Request

Title: Direct User Fees for Inspection or Examination of U.S. and Foreign Commercial Vessels.

OMB Control Number: 1625–0074.

Summary: This collection requires the submission of identifying information such as a vessel's name and identification number, and of the owner's choice whether or not to pay fees for future years. A written request to the Coast Guard is necessary.

Need: The Omnibus Budget Reconciliation Act of 1990 [Pub. L. 101–508], which amended 46 U.S.C. 2110, requires the Coast Guard to collect user fees from inspected vessels. To properly collect and manage these fees, the Coast Guard must have current information on identification. This collection helps to ensure that we get that information and manage it efficiently.

Forms: None.

Respondents: Owners of vessels.

Frequency: Annually.

Hour Burden Estimate: The estimated burden has increased from 3,086 hours to 3,527 hours a year, due to an increase in the estimated annual number of responses.

Authority: The Paperwork Reduction Act of 1995; 44 U.S.C. chapter 35, as amended.

Dated: May 13, 2026.

Bradley E. White,

Chief, Office of Privacy Management, U.S. Coast Guard.

[FR Doc. 2026–10198 Filed 5–20–26; 8:45 am]

BILLING CODE 9110–04–P

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR–7109–N–09; OMB Control No.: 2577–0265]

60-Day Notice of Proposed Information Collection: Public Housing Mortgage Program and Section 30

AGENCY: Office of the Assistant Secretary for Public and Indian Housing (PIH), HUD.

ACTION: Notice.

SUMMARY: HUD is seeking approval from the Office of Management and Budget (OMB) for the information collection described below. In accordance with the Paperwork Reduction Act, HUD is requesting comments from all interested parties on the proposed collection of information. The purpose of this notice is to allow for 60 days of public comment.

DATES: *Comments Due Date:* July 20, 2026.

ADDRESSES: Interested persons are invited to submit comments regarding this proposal. Written comments and recommendations for the proposed information collection can be sent within 60 days of publication of this notice to www.regulations.gov. Interested persons are also invited to submit comments regarding this proposal and comments should refer to the proposal by name and/or OMB Control Number and should be sent to, Dawn Martin, Office of Public and Indian Housing, Department of Housing and Urban Development, 451 7th Street SW, Washington, DC 20410.

FOR FURTHER INFORMATION CONTACT:

Dawn Martin, Office of Public and Indian Housing, Department of Housing and Urban Development, 451 7th Street SW, Washington, DC 20410; email PIH-PRAPublicComments@hud.gov; telephone 202–402–6488. This is not a toll-free number. HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as individuals with speech or communication disabilities. To learn more about how to make an accessible telephone call, please visit <https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs>.

Copies of available documents submitted to OMB may be obtained from Ms. Martin.

SUPPLEMENTARY INFORMATION: This notice informs the public that HUD is seeking approval from OMB for the information collection described in Section A.

A. Overview of Information Collection

Title of Information Collection: Public Housing Mortgage Program and Section 30.

OMB Approval Number: 2577–0265.

Type of Request: Extension of currently approved collection.

Form Number: N/A.

Description of the Need: Section 516 of the Quality Housing and Work Responsibility Act of 1998 (QHWRA) (Pub. L. 105–276, October 21, 1998) added Section 30, Public Housing Mortgages and Security Interest, to the United States Housing Act of 1937 (42 U.S.C. 1437z–2). Section 30 authorizes the HUD Secretary to approve a public housing agency's (PHA's) request to mortgage public housing real property or grant a security interest in other tangible forms of personal property if the proceeds of the loan resulting from the mortgage or security interest are used for low-income housing uses. PHAs must provide information to HUD for approval to allow PHAs to grant a mortgage in public housing real estate or

a security interest in some tangible form of personal property owned by the PHA for the purposes of securing loans or other financing for modernization or

development of low-income housing. The documents required to be submitted as part of a Section 30 proposal request are listed in the table below.

Respondents: Public Housing Agencies.

Information collection	Number of respondents	Frequency of response	Responses per annum	Burden hour per response	Annual burden hours	Hourly cost per response	Annual cost
Cover Letter	10	1	10	8	40	\$55.00	\$2,200.00
Financing Term Sheet	10	1	10	10	40	55.00	2,200.00
Debt Service Schedule	10	1	10	8	80	55.00	4,400.00
Sources and Uses	10	1	10	15	300	55.00	16,500.00
Construction Cash Flow Schedule	10	1	10	16	150	55.00	8,250.00
Commitment Letters	10	1	10	20	300	55.00	16,500.00
Fairness Opinion	10	1	10	15	150	55.00	8,250.00
Title Report	10	1	10	40	800	55.00	44,000.00
Appraisal	10	1	10	20	200	55.00	11,000.00
Loan/Bond Documents	10	1	10	80	800	88.00	70,400.00
Legal Opinions	10	1	10	20	500	88.00	44,000.00
Board Resolution	10	1	10	8	80	55.00	4,400.00
PHMP Proposals Total	10	1	10	260	3,440	.....	232,100.00
Quarterly Reports	20	4	80	4	320	55.00	17,600.00
Totals	30	.....	90	.....	3,760	.....	249,700.00

B. Solicitation of Public Comment

This notice is soliciting comments from members of the public and affected parties concerning the collection of information described in Section A on the following:

(1) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

(2) The accuracy of the agency's estimate of the burden of the proposed collection of information;

(3) Ways to enhance the quality, utility, and clarity of the information to be collected; and

(4) Ways to minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated collection techniques or other forms of information technology, *e.g.*, permitting electronic submission of responses.

HUD encourages interested parties to submit comments in response to these questions.

C. Authority

Section 2 of the Paperwork Reduction Act of 1995, 44 U.S.C. 3507.

Laura Kunkel,

Acting Director, Office of Policy, Programs, and Legislative Initiatives.

[FR Doc. 2026-10153 Filed 5-20-26; 8:45 am]

BILLING CODE 4210-67-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. TA-201-79]

Quartz Surface Products

AGENCY: United States International Trade Commission.

ACTION: Publication of summary of the Commission's report on the investigation.

SUMMARY: Section 202(f)(3) of the Trade Act of 1974 requires that the United States International Trade Commission ("Commission") publish in the **Federal Register** a summary of each report that it submits to the President under section 202(f)(1) of the Trade Act of 1974. Set forth below is a summary of the report that the Commission submitted to the President on May 18, 2026, on investigation No. TA-201-79, *Quartz Surface Products*. The Commission conducted the investigation under section 202(b) of the Trade Act of 1974 following receipt of a petition, as supplemented, deemed properly filed on November 17, 2025. The full text of the report (with the exception of confidential business information) will be posted on the Commission's website at <https://www.usitc.gov>.

DATES: May 18, 2026: Transmittal of the Commission's report to the President.

ADDRESSES: United States International Trade Commission, 500 E Street SW, Washington, DC 20436. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <https://edis.usitc.gov>.

FOR FURTHER INFORMATION CONTACT: Alejandro Orozco (202-205-3177),

Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. The media should contact Jennifer Andberg, Office of External Relations (202-205-3404 or jennifer.andberg@usitc.gov). Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>).

SUPPLEMENTARY INFORMATION:

Procedural Summary.—On November 17, 2025, the Commission instituted this investigation under section 202(b) of the Trade Act of 1974 (19 U.S.C. 2252(b)) to determine whether quartz surface products are being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported article. The Commission instituted the investigation in response to a petition initially submitted on September 15, 2025, and supplemented on September 23, 2025, and November 17, 2025, by the Quartz Manufacturing Alliance of America ("QMAA"),¹ which

¹ The QMAA is composed of Cambria Company, LLC, Le Sueur, Minnesota; Dal-Tile LLC, Dallas, Texas; Guidoni USA, McRae-Helena, Georgia; and Hyundai L&C USA, Norcross, Georgia.

was deemed to be properly filed on November 17, 2025.

Notice of the institution of the Commission's investigation and of the scheduling of public hearings to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the **Federal Register** (90 FR 55165 (December 1, 2025)). The public hearing in connection with the injury phase of the investigation was held on February 24, 2026, in Washington, DC, and the public hearing in connection with the remedy phase of the investigation was held on April 14, 2026, in Washington, DC; all persons who requested the opportunity were permitted to participate. The Commission voted with respect to injury issues on April 1, 2026, and with respect to remedy issues on May 5, 2026.

The Commission submitted its report to the President on May 18, 2026. The report included the Commission's injury determination and remedy recommendations, an explanation of the basis for the determination and remedy recommendations, and a summary of the information obtained in the investigation.

Section 202(f)(3) of the Trade Act of 1974 (19 U.S.C. 2252(f)(3)) requires that the United States International Trade Commission ("Commission") publish in the **Federal Register** a summary of each report that it submits to the President under section 202(f)(1) of the Trade Act of 1974.

Determination.—On the basis of information developed in the subject investigation, the Commission determined pursuant to section 202(b)

of the Trade Act of 1974 that quartz surface products are being imported into the United States in such increased quantities as to be a substantial cause of serious injury to the domestic industry producing an article like or directly competitive with the imported article.²

Having made an affirmative injury determination pursuant to section 202(b) of the Trade Act of 1974, the Commission was required to make certain additional findings under the implementing statutes of certain free trade agreements ("FTAs") or under statutory provisions related to certain preferential trade programs. Under section 301(a) of the United States-Mexico-Canada ("USMCA") Implementation Act (19 U.S.C. 4551(a)), the Commission found that imports of quartz surface products from neither Canada nor Mexico account for a substantial share of total imports or contribute importantly to the serious injury caused by imports. The Commission further found that imports of quartz surface products from Australia, the U.S.-Dominican Republic—Central America Free Trade Agreement ("CAFTA-DR") countries, Colombia, Jordan, Panama, Peru, Singapore, and South Korea, individually, are not a substantial cause of serious injury or threat thereof, under the relevant FTA implementing statutes. See 19 U.S.C. 2112 note (Jordan); 19 U.S.C. 3805 note (Australia, Colombia, South Korea, Panama, Peru, Singapore); 19 U.S.C. 4101 (CAFTA-DR). The Commission also found that the serious injury substantially caused by imports to the domestic industry producing a like or directly competitive article does not result from the reduction or elimination of any duty provided for

under the U.S.-Israel Free Trade Agreement or from duty-free treatment provided for under the Caribbean Basin Economic Recovery Act ("CBERA") provisions of the Caribbean Basin Initiative Trade Program or the Generalized System of Preferences ("GSP") program. See 19 U.S.C. 2112 note (Israel); 19 U.S.C. 2703(e) (CBERA); 19 U.S.C. 2253(e)(6) (GSP).

Remedy recommendations.—In order to address the serious injury to the domestic industry producing quartz surface products and be most effective in facilitating the efforts of the domestic industry to make a positive adjustment to import competition, Chair Amy A. Karpel and Commissioner Jason E. Kearns recommend several actions.

The Commissioners recommend a tariff-rate-quota (TRQ) on imports of quartz surface products, including slabs and fabricated quartz surface products, for a four-year period. The recommended in-quota tariff rate is 25 percent *ad valorem* and the recommended above-quota tariff rate is 40 percent *ad valorem* in Year 1 of the relief period, both of which decrease by one percentage point in each subsequent year of the four-year relief period. The TRQ recommended volume is 140,000,000 square feet in Year 1 of the relief period, 159,000,000 square feet in Year 2, 164,000,000 square feet in Year 3, and 169,000,000 square feet in Year 4; and the annual in-quota volume level is recommended to be allocated on a quarterly basis, with each quarter allowing for 25 percent of the in-quota annual volume, and further allowing for any unused portion of a quarterly allocation to be added to the allocation in the following quarter.

SUMMARY OF COMMISSIONERS' RECOMMENDED TRQ ON QUARTZ SURFACE PRODUCTS

	Year 1	Year 2	Year 3	Year 4
In-Quota Volume Level (in millions of square feet)	140	159	164	169
In-Quota Tariff Rate (<i>ad valorem</i>)	25%	24%	23%	22%
Out-of-Quota Tariff Rate (<i>ad valorem</i>)	40%	39%	38%	37%

Having made negative findings with respect to imports from Canada and Mexico under section 302 of the USMCA Implementation Act, and having made findings that imports from Australia, Colombia, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Israel, Jordan, Nicaragua, Panama, Peru, Singapore, and South Korea, and the beneficiary countries under the Caribbean Basin

Economic Recovery Act or the GSP program were not a substantial cause of the serious injury experienced by the domestic industry, the Commissioners recommend that the President exclude such countries from any form of the TRQ.

The Commissioners further recommend that the President consider policy proposals suggested by the Petitioners or another robust mechanism

to mitigate potential circumvention via non-covered countries.

In addition, Commissioner Kearns recommends several actions:

That the President "de-stack" the in-quota and out-of-quota tariffs imposed by the TRQ action described above with any other tariffs to prevent multiple additional duties on U.S. imports of quartz surface products, in consideration of the potential impact of

² Commissioner David S. Johanson made a negative determination on serious injury and threat

thereof and did not participate in the remedy phase of the investigation.

the TRQ action on domestic manufacturers of downstream products. This does not apply to antidumping and countervailing duty tariffs because they serve a different purpose of remedying unfair trade.

That the President submit to Congress, pursuant to his authority under section 203(a)(3)(H) of the Trade Act of 1974, a legislative proposal to distribute tariff revenue generated by the TRQ action to mitigate the potential impact of the remedy on fabricators of slab QSP.

That the President, pursuant to his authority under section 203(a)(3)(G) of the Trade Act of 1974, continue international negotiations to reduce overcapacity and global imbalances that drive U.S. imports of quartz surface products and other products to levels that injure domestic producers.

That the President authorize the establishment of an exclusion process to allow for importation of U.S. imports of quartz surface products without application of the TRQ action described above in the case of a demonstrated lack of production in the United States for a particularized quartz surface product or in the case of a critical short supply of a particularized quartz surface product from domestic sources.

Availability of the public version of the report.—The public version of the Commission's report containing the Commission's injury determination, its remedy recommendations, an explanation of the basis for its injury determination and remedy recommendations, and a summary of the information obtained in the investigation is contained in *Quartz Surface Products*, Inv. No. TA–201–79, USITC Publication 5738 (May 2026).

By order of the Commission.

Issued: May 18, 2026.

Lisa Barton,

Secretary to the Commission.

[FR Doc. 2026–10133 Filed 5–20–26; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 337–TA–1451]

Certain Ink Cartridges and Components Thereof I; Notice of Request for Submissions on the Public Interest

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that on May 15, 2026, the presiding

administrative law judge (“ALJ”) issued an Initial Determination (Order No. 16) granting a motion for summary determination on violation of section 337. The ALJ's order included a Recommended Determination on remedy and bonding should a violation be found in the above-captioned investigation. The Commission is soliciting submissions on public interest issues raised by the recommended relief should the Commission find a violation. This notice is soliciting comments from the public and interested government agencies only.

FOR FURTHER INFORMATION CONTACT:

Edward S. Jou, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436, telephone (202) 205–3316. Copies of non-confidential documents filed in connection with this investigation may be viewed on the Commission's electronic docket (EDIS) at <https://edis.usitc.gov>. For help accessing EDIS, please email EDIS3Help@usitc.gov. General information concerning the Commission may also be obtained by accessing its internet server at <https://www.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on (202) 205–1810.

SUPPLEMENTARY INFORMATION: Section 337 of the Tariff Act of 1930 provides that, if the Commission finds a violation, it shall exclude the articles concerned from the United States unless, after considering the effect of such exclusion upon the public health and welfare, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, and United States consumers, it finds that such articles should not be excluded from entry. (19 U.S.C. 1337(d)(1)). A similar provision applies to cease and desist orders. (19 U.S.C. 1337(f)(1)).

The Commission is soliciting submissions on public interest issues raised by the recommended relief should the Commission find a violation, specifically: a general exclusion order directed to certain ink cartridges and components thereof; and cease and desist orders directed to respondents Mountain Peak, Inc., d/b/a/Billiontree Technology USA, Inc., d/b/a TonerKingdom of City of Industry, California, and Straightouttink, LP, d/b/a discountinkllc, d/b/a einkshop2014 of San Jose, California. Parties are to file public interest submissions pursuant to 19 CFR 210.50(a)(4).

The Commission is interested in further development of the record on the public interest in this investigation. Accordingly, members of the public and interested government agencies are invited to file submissions of no more than five (5) pages, inclusive of attachments, concerning the public interest in light of the ALJ's Recommended Determination on Remedy and Bonding issued in this investigation on May 15, 2026. Comments should address whether issuance of the recommended remedial orders in this investigation, should the Commission find a violation, would affect the public health and welfare in the United States, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, or United States consumers.

In particular, the Commission is interested in comments that:

- (i) explain how the articles potentially subject to the recommended remedial orders are used in the United States;
- (ii) identify any public health, safety, or welfare concerns in the United States relating to the recommended orders;
- (iii) identify like or directly competitive articles that complainant, its licensees, or third parties make in the United States which could replace the subject articles if they were to be excluded;
- (iv) indicate whether complainant, complainant's licensees, and/or third-party suppliers have the capacity to replace the volume of articles potentially subject to the recommended orders within a commercially reasonable time; and
- (v) explain how the recommended orders would impact consumers in the United States.

Written submissions must be filed no later than by close of business on June 15, 2026.

Persons filing written submissions must file the original document electronically on or before the deadlines stated above pursuant to 19 CFR 210.4(f). Submissions should refer to the investigation number (“Inv. No. 337–TA–1451”) in a prominent place on the cover page and/or the first page. (See Handbook for Electronic Filing Procedures, https://www.usitc.gov/secretary/fed_reg_notices/rules/handbook_on_electronic_filing.pdf). Persons with questions regarding filing should contact the Secretary (202–205–2000).

Any person desiring to submit a document to the Commission in confidence must request confidential treatment by marking each document

with a header indicating that the document contains confidential information. This marking will be deemed to satisfy the request procedure set forth in Rules 201.6(b) and 210.5(e)(2) (19 CFR 201.6(b) & 210.5(e)(2)). Documents for which confidential treatment by the Commission is properly sought will be treated accordingly. Any non-party wishing to submit comments containing confidential information must serve those comments on the parties to the investigation pursuant to the applicable Administrative Protective Order. A redacted non-confidential version of the document must also be filed simultaneously with any confidential filing and must be served in accordance with Commission Rule 210.4(f)(7)(ii)(A) (19 CFR 210.4(f)(7)(ii)(A)). All information, including confidential business information and documents for which confidential treatment is properly sought, submitted to the Commission for purposes of this investigation may be disclosed to and used: (i) by the Commission, its employees and Offices, and contract personnel (a) for developing or maintaining the records of this or a related proceeding, or (b) in internal investigations, audits, reviews, and evaluations relating to the programs, personnel, and operations of the Commission including under 5 U.S.C. Appendix 3; or (ii) by U.S. government employees and contract personnel, solely for cybersecurity purposes. All contract personnel will sign appropriate nondisclosure agreements. All nonconfidential written submissions will be available for public inspection on EDIS.

This action is taken under the authority of section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), and in Part 210 of the Commission's Rules of Practice and Procedure (19 CFR part 210).

By order of the Commission.

Issued: May 18, 2026.

Lisa Barton,

Secretary to the Commission.

[FR Doc. 2026-10150 Filed 5-20-26; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 337-TA-1455]

Certain Electronic Eyewear Products, Components Thereof, and Related Charging Apparatuses (II); Notice of Commission Determination Not To Review an Initial Determination Finding the Remaining Respondent in Default; Request for Written Submissions on Remedy, the Public Interest, and Bonding

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined not to review an initial determination ("ID") (Order No. 27) of the presiding administrative law judge ("ALJ") that finds the remaining respondent MyW Technology Co., Ltd. ("MyW") of Guangming District, Shenzhen, Guangdong, China in default. The Commission requests written submissions from the parties, interested government agencies, and other interested persons on the issues of remedy, the public interest, and bonding, under the schedule set forth below.

FOR FURTHER INFORMATION CONTACT:

Richard P. Hadorn, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436, telephone (202) 205-3179. Copies of non-confidential documents filed in connection with this investigation may be viewed on the Commission's electronic docket (EDIS) at <https://edis.usitc.gov>. For help accessing EDIS, please email EDIS3Help@usitc.gov. General information concerning the Commission may also be obtained by accessing its internet server at <https://www.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal, telephone (202) 205-1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation on July 11, 2025, based on a complaint filed by IngenioSpec, LLC ("IngenioSpec") of San Jose, California. 90 FR 30980-81 (July 11, 2025). The complaint, as supplemented, alleges violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337, based on the importation into the United States, the sale for importation, and the sale within the United States after importation of certain electronic

eyewear products, components thereof, and related charging apparatuses by reason of the infringement of certain claims of U.S. Patent Nos. 10,310,296 and 12,078,870 (collectively, the "Asserted Patents"). *Id.* at 30980. The complaint further alleges that a domestic industry exists or is in the process of being established. *Id.*

The notice of investigation ("NOI") names the following respondents: (1) Brilliant Labs Limited ("Brilliant") of Singapore; (2) SZ DJI Technology Co., Ltd. ("SZ DJI") of Nanshan District, Shenzhen, China; (3) Even Realities Ltd. of Nanshan District, Shenzhen, China and Even Realities GmbH of Berlin, Germany (collectively, "Even Realities"); (4) Halliday Global Limited of Kaki Bukit, Singapore, Halliday Holdings Pte. Ltd. of Kaki Bukit, Singapore, and Cosonic Intelligent Technologies Co., Ltd. of Dongguan City, Guangdong, China (collectively, "Halliday"); (5) Shenzhen Yingmu Technology Co., Ltd. and Sichuan INMO Technology Co., Ltd., both of Nanshan District, Shenzhen, Guangdong, China (collectively, "INMO"); (6) MyW; (7) Shenzhen Langzhiyin Electronic Co., Ltd. ("OHO") of Xuexiang Bantian Longgang District, Shenzhen, China; (8) Hangzhou Guangli Technology Co., Ltd. ("Guangli") of Xi Hu District, Hangzhou, Zhejiang, China; and (9) Lexiang Technology Co., Ltd. ("DPVR") of Pudong New Area, Shanghai, China. *Id.* at 30981. The Office of Unfair Import Investigations is not named as a party. *Id.*

The Commission previously terminated the investigation as to several respondents based on settlement. Order No. 9 (Aug. 14, 2025), *unreviewed by Comm'n Notice* (Sept. 15, 2025) (Guangli); Order No. 11 (Aug. 25, 2025), *unreviewed by Comm'n Notice* (Sept. 15, 2025) (Brilliant); Order No. 19 (Dec. 1, 2025) (Halliday), Order No. 20 (Dec. 1, 2025) (INMO), Order No. 21 (Dec. 1, 2025) (Even Realities), *all unreviewed by Comm'n Notice* (Dec. 19, 2025); Order No. 24 (Apr. 1, 2026) (SZ DJI), Order No. 25 (Apr. 1, 2026) (DPVR), *both unreviewed by Comm'n Notice* (Apr. 29, 2026).

On January 16, 2026, the Commission terminated the investigation as to respondent OHO based on withdrawal of the complaint. Order No. 22 (Dec. 17, 2025), *unreviewed by Comm'n Notice* (Jan. 16, 2026).

On January 12, 2026, IngenioSpec filed a motion for an order directing respondent MyW to show cause as to why it should not be found in default for failing to respond to the complaint and the NOI. The motion also requests an ID finding MyW in default should it

fail to show such cause. MyW did not file a response to the motion.

On April 7, 2026, the ALJ issued Order No. 26 (i) finding that MyW was served with the complaint and the NOI, yet did not file responses thereto “and has not entered an appearance or otherwise demonstrated any intent to participate in this investigation,” and (ii) directing MyW to show cause, no later than April 22, 2026, as to why it should not be found in default. Order No. 26 at 3–4 (Apr. 7, 2026); see EDIS Doc. ID 878098 (Certificate of Service for Order No. 26). MyW did not file a response to Order No. 26.

On April 27, 2026, the ALJ issued the subject ID (Order No. 27) finding MyW in default, pursuant to Commission Rule 210.16 (19 CFR 210.16), for failing to respond to the complaint and the NOI and failing to show cause as to why it should not be found in default. Order No. 27 at 1–2. The ALJ noted that MyW is “the last remaining named Respondent; all other Respondents have been terminated from the present investigation.” *Id.* at 2. No petitions for review of the subject ID were filed.

Having reviewed the record of this investigation, including the subject ID and Order No. 26, the Commission has determined not to review the subject ID. Respondent MyW, the only remaining respondent in this investigation, is hereby in default pursuant to Commission Rule 210.16.

In connection with the final disposition of this investigation, the statute authorizes issuance of, *inter alia*, (1) an exclusion order that could result in the exclusion of the subject articles from entry into the United States; and/or (2) cease and desist orders that could result in respondent MyW being required to cease and desist from engaging in unfair acts in the importation and sale of such articles. Accordingly, the Commission is interested in receiving written submissions that address the form of remedy, if any, that should be ordered. If a party seeks exclusion of an article from entry into the United States for purposes other than entry for consumption, the party should so indicate and provide information establishing that activities involving other types of entry either are adversely affecting it or likely to do so. For background, see *Certain Devices for Connecting Computers via Telephone Lines*, Inv. No. 337–TA–360, USITC Pub. No. 2843, Comm’n Op. at 7–10 (Dec. 1994).

The statute requires the Commission to consider the effects of that remedy upon the public interest. The public interest factors the Commission will

consider include the effect that an exclusion order and cease and desist orders would have on: (1) the public health and welfare, (2) competitive conditions in the U.S. economy, (3) U.S. production of articles that are like or directly competitive with those that are subject to investigation, and (4) U.S. consumers. The Commission is therefore interested in receiving written submissions that address the aforementioned public interest factors in the context of this investigation.

If the Commission orders some form of remedy, the U.S. Trade Representative, as delegated by the President, has 60 days to approve, disapprove, or take no action on the Commission’s determination. See Presidential Memorandum of July 21, 2005, 70 FR 43251 (July 26, 2005). During this period, the subject articles would be entitled to enter the United States under bond, in an amount determined by the Commission and prescribed by the Secretary of the Treasury. The Commission is therefore interested in receiving submissions concerning the amount of the bond that should be imposed if a remedy is ordered.

Written Submissions: Parties to the investigation, interested government agencies, and any other interested parties are encouraged to file written submissions on the issues of remedy, the public interest, and bonding.

In its initial written submission, IngenioSpec is also requested to identify the remedy sought and to submit proposed remedial orders for the Commission’s consideration. IngenioSpec is further requested to state the dates that the Asserted Patents expire, to provide the HTSUS subheadings under which the accused products are imported, and to supply the identification information for all known importers of the products at issue in this investigation. All initial written submissions, from the parties and/or third parties/interested government agencies, and proposed remedial orders from IngenioSpec must be filed no later than close of business on June 10, 2026. All reply submissions must be filed no later than the close of business on June 17, 2026. Opening submissions from the parties are limited to 25 pages. Reply submissions from the parties are limited to 15 pages. All submission from third parties and/or interested government agencies are limited to 10 pages. No further submissions on any of these issues will be permitted unless otherwise ordered by the Commission.

Persons filing written submissions must file the original document

electronically on or before the deadlines stated above pursuant to 19 CFR 210.4(f). Submissions should refer to the investigation number (Inv. No. 337–TA–1455) in a prominent place on the cover page and/or the first page. (See Handbook for Electronic Filing Procedures, https://www.usitc.gov/documents/handbook_on_filing_procedures.pdf). Persons with questions regarding filing should contact the Secretary (202–205–2000).

Any person desiring to submit a document to the Commission in confidence must request confidential treatment by marking each document with a header indicating that the document contains confidential information. This marking will be deemed to satisfy the request procedure set forth in Rules 201.6(b) and 210.5(e)(2) (19 CFR 201.6(b) & 210.5(e)(2)). Documents for which confidential treatment by the Commission is properly sought will be treated accordingly. Any non-party wishing to submit comments containing confidential information must serve those comments on the parties to the investigation pursuant to the applicable Administrative Protective Order. A redacted non-confidential version of the document must also be filed with the Commission and served on any parties to the investigation within two business days of any confidential filing. All information, including confidential business information and documents for which confidential treatment is properly sought, submitted to the Commission for purposes of this investigation may be disclosed to and used: (i) by the Commission, its employees and Offices, and contract personnel (a) for developing or maintaining the records of this or a related proceeding, or (b) in internal investigations, audits, reviews, and evaluations relating to the programs, personnel, and operations of the Commission including under 5 U.S.C. Appendix 3; or (ii) by U.S. government employees and contract personnel, solely for cybersecurity purposes. All contract personnel will sign appropriate nondisclosure agreements. All nonconfidential written submissions will be available for public inspection on EDIS.

The Commission vote for this determination took place on May 19, 2026.

The authority for the Commission’s determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), and in Part 210 of the Commission’s Rules of Practice and Procedure (19 CFR part 210).

By order of the Commission.

Issued: May 19, 2026.

Lisa Barton,

Secretary to the Commission.

[FR Doc. 2026–10215 Filed 5–20–26; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701–TA–791 and 731–TA–1779–1781 (Preliminary)]

Oil Country Tubular Goods From Austria, Taiwan, and the United Arab Emirates; Determinations

On the basis of the record¹ developed in the subject investigations, the United States International Trade Commission (“Commission”) determines, pursuant to the Tariff Act of 1930 (“the Act”), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of oil country tubular goods (“OCTG”) from Austria, Taiwan, and the United Arab Emirates, provided for in subheadings 7304.29.10, 7304.29.20, 7304.29.31, 7304.29.41, 7304.29.50, 7304.29.61, 7305.20.20, 7305.20.40, 7305.20.60, 7305.20.80, 7306.29.10, 7306.29.20, 7306.29.31, 7306.29.41, 7306.29.60, and 7306.29.81 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (“LTFV”) and imports of the subject merchandise from Austria that are alleged to be subsidized by the government of Austria.²

Commencement of Final Phase Investigations

Pursuant to section 207.18 of the Commission’s rules, the Commission also gives notice of the commencement of the final phase of its investigations. The Commission will issue a final phase notice of scheduling, which will be published in the **Federal Register** as provided in § 207.21 of the Commission’s rules, upon notice from the U.S. Department of Commerce (“Commerce”) of affirmative preliminary determinations in the investigations under §§ 703(b) or 733(b) of the Act, or, if the preliminary determinations are negative, upon notice of affirmative final determinations in those investigations under §§ 705(a) or 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the

investigations need not enter a separate appearance for the final phase of the investigations. Any other party may file an entry of appearance for the final phase of the investigations after publication of the final phase notice of scheduling. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations. As provided in section 207.20 of the Commission’s rules, the Director of the Office of Investigations will circulate draft questionnaires for the final phase of the investigations to parties to the investigations, placing copies on the Commission’s Electronic Document Information System (EDIS, <https://edis.usitc.gov>), for comment.

Background

On April 2, 2026, the U.S. OCTG Manufacturers Association,³ United States Steel Corporation, Pittsburgh, Pennsylvania, and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL–CIO, CLC, Washington, DC filed petitions with the Commission and Commerce, alleging that an industry in the United States is materially injured or threatened with material injury by reason of subsidized imports of OCTG from Austria and LTFV imports of OCTG from Austria, Taiwan, and the United Arab Emirates. Accordingly, effective April 2, 2026, the Commission instituted countervailing duty investigation No. 701–TA–791 and antidumping duty investigation Nos. 731–TA–1779–1781 (Preliminary).

Notice of the institution of the Commission’s investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the **Federal Register** of April 7, 2026 (91 FR 17661). The Commission conducted its conference on April 23, 2026. All

³ The specific members of the U.S. OCTG Manufacturers Association that join the petition are: Axis Pipe and Tube LLC, Bryan, Texas; Borusan Pipe U.S., Inc., Houston, Texas; PTC Liberty Tubulars LLC, Wexford, Pennsylvania; Tenaris USA, Houston, Texas; Vallourec STAR L.P., Houston, Texas; and Welded Tube USA, Inc., Lackawanna, New York.

persons who requested the opportunity were permitted to participate.

The Commission made these determinations pursuant to §§ 703(a) and 733(a) of the Act (19 U.S.C. 1671b(a) and 1673b(a)). It completed and filed its determinations in these investigations on May 18, 2026. The views of the Commission are contained in USITC Publication 5741 (May 2026), entitled *Oil Country Tubular Goods from Austria, Taiwan, and the United Arab Emirates: Investigation Nos. 701–TA–791 and 731–TA–1779–1781 (Preliminary)*.

By order of the Commission.

Issued: May 18, 2026.

Lisa Barton,

Secretary to the Commission.

[FR Doc. 2026–10138 Filed 5–20–26; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF JUSTICE

Notice of Lodging of Proposed Consent Decree Under the Comprehensive Environmental Response, Compensation, and Liability Act

On May 18, 2026, the Department of Justice lodged a proposed Consent Decree with the United States District Court for the District of Idaho in the lawsuit entitled *United States v. Diconia, LLC, et. al.*, Civil Action No. 4:25–cv–7–AKB (D. Idaho).

The United States seeks reimbursement of response costs under Section 107 of the Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”) concerning the Burley Demolition Asbestos Site (“Site”), located in the City of Burley, Cassia County, Idaho.

Under the Proposed Consent Decree, Brian Tibbets (“Settling Defendant”) agrees to pay \$10,000 plus interest to reimburse Past Response Costs incurred by the United States Environmental Protection Agency (“EPA”) related to the Site. In exchange, Settling Defendant will receive contribution protection and covenants not to sue under Sections 107(a) and 113 of CERCLA, 42 U.S.C. 9607(a) and 9613, for EPA’s Past Response Costs at the Site.

The publication of this notice opens a period for public comment on the Consent Decree. Comments should be addressed to the Assistant Attorney General, Environment and Natural Resources Division, and should refer to *United States v. Diconia, LLC, et. al.*, Civil Action No. 4:25–cv–7–AKB, D.J. Ref. No. 90–11–3–12616. All comments

¹ The record is defined in § 207.2(f) of the Commission’s Rules of Practice and Procedure (19 CFR 207.2(f)).

² 91 FR 22790 and 91 FR 22806 (April 28, 2026).

must be submitted no later than thirty (30) days after the publication date of this notice. Comments may be submitted either by email or by mail:

To submit comments:	Send them to:
By e-mail	pubcomment-ees.enrd@usdoj.gov .
By mail	Assistant Attorney General, U.S. DOJ—ENRD, P.O. Box 7611, Washington, D.C. 20044–7611.

Any comments submitted in writing may be filed by the United States in whole or in part on the public court docket without notice to the commenter.

During the public comment period, the Consent Decree may be examined and downloaded at this Justice Department website: <https://www.justice.gov/enrd/consent-decrees>. If you require assistance accessing the proposed Consent Decree, you may request assistance by email or by mail to the addresses provided above for submitting comments.

Scott Bauer,

Assistant Section Chief, Environmental Enforcement Section, Environment and Natural Resources Division.

[FR Doc. 2026–10173 Filed 5–20–26; 8:45 am]

BILLING CODE 4410–15–P

DEPARTMENT OF JUSTICE

Notice of Lodging of Proposed Consent Decree Under the Comprehensive Environmental Response, Compensation, and Liability Act

On May 18, 2026, the Department of Justice lodged a proposed Consent Decree with the United States District Court for the District of Idaho in the lawsuit entitled *United States v. Diconia, LLC, et. al.*, Civil Action No. 4:25–cv–7–AKB (D. Idaho).

The United States seeks reimbursement of response costs under Section 107 of the Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”) concerning the Burley Demolition Asbestos Site (“Site”), located in the City of Burley, Cassia County, Idaho.

Under the Proposed Consent Decree, Brek Pilling (“Settling Defendant”) agrees to pay \$350,000 to reimburse Past Response Costs incurred by the United States Environmental Protection Agency (“EPA”) related to the Site. In exchange, Settling Defendant will receive contribution protection and covenants not to sue under Sections 107(a) and

113 of CERCLA, 42 U.S.C. 9607(a) and 9613, for EPA’s Past Response Costs at the Site.

The publication of this notice opens a period for public comment on the Consent Decree. Comments should be addressed to the Assistant Attorney General, Environment and Natural Resources Division, and should refer to *United States v. Diconia, LLC, et. al.*, Civil Action No. 4:25–cv–7–AKB, D.J. Ref. No. 90–11–3–12616. All comments must be submitted no later than thirty (30) days after the publication date of this notice. Comments may be submitted either by email or by mail:

To submit comments:	Send them to:
By e-mail	pubcomment-ees.enrd@usdoj.gov .
By mail	Assistant Attorney General, U.S. DOJ—ENRD, P.O. Box 7611, Washington, DC 20044–7611.

Any comments submitted in writing may be filed by the United States in whole or in part on the public court docket without notice to the commenter.

During the public comment period, the Consent Decree may be examined and downloaded at this Justice Department website: <https://www.justice.gov/enrd/consent-decrees>. If you require assistance accessing the proposed Consent Decree, you may request assistance by email or by mail to the addresses provided above for submitting comments.

Scott Bauer,

Assistant Section Chief, Environmental Enforcement Section, Environment and Natural Resources Division.

[FR Doc. 2026–10172 Filed 5–20–26; 8:45 am]

BILLING CODE 4410–15–P

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

Institute of Museum and Library Services

Submission for OMB Review, Comment Request for Proposed Collection: 2026–2028 Grant Performance Report Forms

AGENCY: Institute of Museum and Library Services, National Foundation on the Arts and the Humanities.

ACTION: Submission for OMB Review, request for comments on this collection of information.

SUMMARY: The Institute of Museum and Library Services (IMLS) announces the following information collection has

been submitted to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act. This law helps to ensure that requested data can be provided in the desired format, reporting burden (time and financial resources) is minimized, collection instruments are clearly understood, and the impact of collection requirements on respondents can be properly assessed. This Notice proposes the clearance of the 2026–2028 Grant Performance Report Forms.

A copy of the proposed information collection request can be obtained by contacting the individual listed below in the **FOR FURTHER INFORMATION CONTACT** section of this Notice.

DATES: Written comments must be submitted to the office listed in the **ADDRESSES** section below on or before June 21, 2026.

ADDRESSES: Written comments and recommendations for proposed information collection requests should be sent within 30 days of publication of this Notice to www.reginfo.gov/public/do/PRAMain. Find this particular information collection request by selecting “Institute of Museum and Library Services” under “Currently Under Review;” then check “Only Show ICR for Public Comment” checkbox. Once you have found this information collection request, select “Comment,” and enter or upload your comment and information. Alternatively, please mail your written comments to Office of Information and Regulatory Affairs, Attn.: OMB Desk Officer for Education, Office of Management and Budget, Room 10235, Washington, DC 20503, or call (202) 395–7316.

OMB is particularly interested in comments that help the agency to:

- Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;
- Evaluate the accuracy of the agency’s estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;
- Enhance the quality, utility, and clarity of the information to be collected; and
- Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology (e.g., permitting electronic submission of responses).

FOR FURTHER INFORMATION CONTACT:

Sandra Narva, Acting Director, Office of Grants Management, Institute of Museum and Library Services, 200 Constitution Ave. NW, Suite N-3627, Washington, DC 20210. Ms. Narva may be reached by telephone at 202-653-4634, or by email at snarva@imls.gov.

SUPPLEMENTARY INFORMATION: IMLS is the primary source of federal support for the nation's libraries and museums. The agency advances, supports, and empowers America's museums, libraries, and related organizations through grant making, research, and policy development. To learn more, visit www.imls.gov.

Current Action: This Notice proposes the clearance of 2026–2028 Grant Performance Review Forms. To administer IMLS's processes associated with grants and cooperative agreements, the agency uses standardized application forms, guidelines, and reporting forms for eligible libraries, museums, and other organizations to apply for IMLS funding and to report on performance of funded projects. The forms submitted for public review in this Notice are the Interim Performance Report and the Final Performance Report, along with their respective instructions. The collection of information obtained by these forms is essential to IMLS's grant performance reporting requirements and monitoring processes. This action is to renew the content, forms, and instructions for the next three years (2026 through 2028).

The 60-day Notice was published in the **Federal Register** on March 16, 2026 (91 FR 12626). The agency received no comments in response to this Notice.

Agency: Institute of Museum and Library Services.

Title: 2026–2028 Grant Performance Report Forms.

OMB Control Number: 3137–0100.

Agency Number: 3137.

Affected Public: Library and Museum grant program recipients.

Total Number of Respondents: 1,200.

Frequency of Response: Once per request.

Average Hours per Response: 4 hours for each Interim Performance Report and 12 hours for each Final Performance Report.

Total Burden Hours: 9,600.

Total Annual Cost Burden: \$321,792.

Total Annual Federal Costs: \$73,275.

Dated: May 19, 2026.

Suzanne Mbollo,

Grants Management Specialist, Institute of Museum and Library Services.

[FR Doc. 2026–10209 Filed 5–20–26; 8:45 am]

BILLING CODE 7036–01–P

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES**Institute of Museum and Library Services****Submission for OMB Review, Comment Request, Proposed Collection: 2026–2028 IMLS Native American Library Services Basic Grants Program—Final Performance Report Form**

AGENCY: Institute of Museum and Library Services, National Foundation on the Arts and the Humanities.

ACTION: Submission for OMB Review, request for comments, collection of information.

SUMMARY: The Institute of Museum and Library Services (IMLS) announces the following information collection has been submitted to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act. This law helps to ensure that requested data can be provided in the desired format, reporting burden (time and financial resources) is minimized, collection instruments are clearly understood, and the impact of collection requirements on respondents can be properly assessed. This Notice proposes the clearance of the 2026–2028 IMLS Native American Library Services Basic Grants Program—Final Performance Report Form.

A copy of the proposed information collection request can be obtained by contacting the individual listed below in the **FOR FURTHER INFORMATION CONTACT** section of this Notice.

DATES: Written comments must be submitted to the office listed in the **ADDRESSES** section below on or before June 21, 2026.

ADDRESSES: Written comments and recommendations for proposed information collection requests should be sent within 30 days of publication of this Notice to www.reginfo.gov/public/do/PRAMain. Find this particular information collection request by selecting “Institute of Museum and Library Services” under “Currently Under Review;” then check “Only Show ICR for Public Comment” checkbox. Once you have found this information collection request, select “Comment,” and enter or upload your comment and information. Alternatively, please mail your written comments to Office of Information and Regulatory Affairs, Attn.: OMB Desk Officer for Education, Office of Management and Budget, Room 10235, Washington, DC 20503, or call (202) 395–7316.

OMB is particularly interested in comments that help the agency to:

- Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;
- Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;
- Enhance the quality, utility, and clarity of the information to be collected; and
- Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology (e.g., permitting electronic submission of responses).

FOR FURTHER INFORMATION CONTACT:

Sandra Narva, Acting Director, Office of Grants Management, Institute of Museum and Library Services, 200 Constitution Ave. NW, Suite N-3627, Washington, DC 20210. Ms. Narva may be reached by telephone at 202-653-4634, or by email at snarva@imls.gov.

SUPPLEMENTARY INFORMATION: IMLS is the primary source of federal support for the nation's libraries and museums. The agency advances, supports, and empowers America's museums, libraries, and related organizations through grant making, research, and policy development. To learn more, visit www.imls.gov.

Current Actions:

This Notice proposes the clearance of 2026–2028 IMLS Native American Library Services Basic Grants Program—Final Performance Report Form. To administer IMLS's processes associated with the Native American Library Services Basic Grants, the agency uses standardized application forms, guidelines, and reporting forms for eligible Native American Tribes. The form submitted for public review in this Notice is the Final Performance Report Form with instructions. The collection of information using this form is essential to IMLS's grant performance reporting requirements and monitoring processes. This action is to renew the content, form, and instructions for the next three years (2026 through 2028).

The 60-day Notice was published in the **Federal Register** on March 16, 2026 (91 FR 12625). The agency received no comments in response to this Notice.

Agency: Institute of Museum and Library Services.

Title: 2026–2028 IMLS Native American Library Services Basic Grants Program—Final Performance Report Form.

OMB Control Number: 3137–0098.

Agency Number: 3137.

Affected Public: Native American Basic grant program recipients.

Total Number of Respondents: 150.

Frequency of Response: Once per request.

Average Hours per Response: 1.5.

Total Burden Hours: 225.

Total Annual Cost Burden: \$7,419.

Total Annual Federal Costs: \$7,328.

Dated: May 19, 2026.

Suzanne Mbollo,

Grants Management Specialist, Institute of Museum and Library Services.

[FR Doc. 2026–10205 Filed 5–20–26; 8:45 am]

BILLING CODE 7036–01–P

NUCLEAR REGULATORY COMMISSION

[NRC–2026–1387]

State of Indiana: NRC Staff Assessment of a Proposed Agreement Between the Nuclear Regulatory Commission and the State of Indiana; Correction

AGENCY: Nuclear Regulatory Commission.

ACTION: Proposed state agreement; request for comment; correction.

SUMMARY: The U.S. Nuclear Regulatory Commission (NRC) is correcting a notice that was published in the **Federal Register** on May 15, 2026, regarding the State of Indiana: NRC Staff Assessment of a Proposed Agreement Between the Nuclear Regulatory Commission and the State of Indiana, proposed state agreement and request for comment. This action is necessary to change the designation of the Draft Staff Assessment of the Proposed Indiana Program, dated April 10, 2026, from non-publicly available to publicly available.

DATES: The correction takes effect on May 21, 2026.

ADDRESSES: Please refer to Docket ID NRC–2026–1387 when contacting the NRC about the availability of information for this action. You may obtain publicly available information related to this action by any of the following methods:

- *Federal Rulemaking Website:* Go to <https://www.regulations.gov> and search for Docket ID NRC–2026–1387.
- *NRC’s Agencywide Documents Access and Management System*

(ADAMS): You may obtain publicly available documents online in the ADAMS Public Documents collection at <https://www.nrc.gov/reading-rm/adams.html>. To begin the search, select “Begin ADAMS Public Search.” For problems with ADAMS, please contact the NRC’s Public Document Room (PDR) reference staff at 1–800–397–4209, at 301–415–4737, or by email to PDR.Resource@nrc.gov.

- *NRC’s PDR:* The PDR, where you may examine and order copies of publicly available documents, is open by appointment. To make an appointment to visit the PDR, please send an email to PDR.Resource@nrc.gov or call 1–800–397–4209 or 301–415–4737, between 8 a.m. and 4 p.m. eastern time (ET), Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT:

Sherrie Flaherty, Office of Nuclear Material Safety and Safeguards, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001; telephone: 301–415–7288; email: Sherrie.Flaherty@nrc.gov.

SUPPLEMENTARY INFORMATION: In the **Federal Register** (FR) on May 15, 2026, in FR Doc. 2026–09778, on page 27991 in the Availability of Documents table, change the non-public designation of the “Draft Staff Assessment of the Proposed Indiana Program,” dated April 10, 2026, (found in ADAMS under Accession No. ML26069A567) to publicly available.

Authority: 42 U.S.C. 2011 *et seq.*

Dated: May 19, 2026.

For the Nuclear Regulatory Commission.

Dafna Silberfeld,

Acting Director, Division of Materials Safety, Security, State, and Tribal Programs, Office of Nuclear Material Safety and Safeguards.

[FR Doc. 2026–10165 Filed 5–20–26; 8:45 am]

BILLING CODE 7590–01–P

NUCLEAR REGULATORY COMMISSION

[NRC–2025–1600]

Information Collection: Suspicious Activity Reporting Using the Protective Web Server

AGENCY: Nuclear Regulatory Commission.

ACTION: Renewal of existing information collection; request for comment.

SUMMARY: The U.S. Nuclear Regulatory Commission (NRC) invites public comment on the renewal of Office of Management and Budget (OMB) approval for an existing collection of information. The information collection

is entitled, “Suspicious Activity Reporting Using the Protective Web Server.”

DATES: Submit comments by July 20, 2026. Comments received after this date will be considered if it is practical to do so, but the Commission is able to ensure consideration only for comments received on or before this date.

ADDRESSES: You may submit comments by any of the following methods (unless this document describes a different method for submitting comments on a specific subject); however, the NRC encourages electronic comment submission through the Federal rulemaking website:

- *Federal rulemaking website:* Go to <https://www.regulations.gov> and search for Docket ID NRC–2025–1600. Address questions about Docket IDs in *Regulations.gov* to Bridget Curran; telephone: 301–415–1003; email: Bridget.Curran@nrc.gov. For technical questions, contact the individual(s) listed in the **FOR FURTHER INFORMATION CONTACT** section of this document.

- *Mail comments to:* Heather Dempsey, Office of the Chief Information Officer, Mail Stop: T–6 A10M, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001.

For additional direction on obtaining information and submitting comments, see “Obtaining Information and Submitting Comments” in the **SUPPLEMENTARY INFORMATION** section of this document.

FOR FURTHER INFORMATION CONTACT:

Heather Dempsey, Office of the Chief Information Officer, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001; telephone: 301–415–0856; email: Infocollects.Resource@nrc.gov.

SUPPLEMENTARY INFORMATION:

I. Obtaining Information and Submitting Comments

A. Obtaining Information

Please refer to Docket ID NRC–2025–1600 when contacting the NRC about the availability of information for this action. You may obtain publicly available information related to this action by any of the following methods:

- *Federal Rulemaking Website:* Go to <https://www.regulations.gov> and search for Docket ID NRC–2025–1600. A copy of the collection of information and related instructions may be obtained without charge by accessing Docket ID NRC–2025–1600 on this website.
- *NRC’s Agencywide Documents Access and Management System* (ADAMS): You may obtain publicly

available documents online in the ADAMS Public Documents collection at <https://www.nrc.gov/reading-rm/adams.html>. To begin the search, select "Begin ADAMS Public Search." For problems with ADAMS, please contact the NRC's Public Document Room (PDR) reference staff at 1-800-397-4209, at 301-415-4737, or by email to PDR.Resource@nrc.gov. A copy of the collection of information and related instructions may be obtained without charge by accessing ADAMS Accession No. ML23048A096. The supporting statement is available in ADAMS under Accession No. ML26029A364.

- **NRC's PDR:** The PDR, where you may examine and order copies of publicly available documents, is open by appointment. To make an appointment to visit the PDR, please send an email to PDR.Resource@nrc.gov or call 1-800-397-4209 or 301-415-4737, between 8 a.m. and 4 p.m. eastern time (ET), Monday through Friday, except Federal holidays.

- **NRC's Clearance Officer:** A copy of the collection of information and related instructions may be obtained without charge by contacting the NRC's Acting Clearance Officer, Heather Dempsey, Office of the Chief Information Officer, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001; telephone: 301-415-0856; email: Infocollects.Resource@nrc.gov.

B. Submitting Comments

The NRC encourages electronic comment submission through the Federal rulemaking website (<https://www.regulations.gov>). Please include Docket ID NRC-2025-1600, in your comment submission.

The NRC cautions you not to include identifying or contact information in comment submissions that you do not want to be publicly disclosed in your comment submission. All comment submissions are posted at <https://www.regulations.gov> and entered into ADAMS. Comment submissions are not routinely edited to remove identifying or contact information.

If you are requesting or aggregating comments from other persons for submission to the NRC, then you should inform those persons not to include identifying or contact information that they do not want to be publicly disclosed in their comment submission. Your request should state that comment submissions are not routinely edited to remove such information before making the comment submissions available to the public or entering the comment into ADAMS.

II. Background

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35), the NRC is requesting public comment on its intention to request the OMB's approval for the information collection summarized as follows.

1. *The title of the information collection:* Suspicious Activity Reporting Using the Protective Web Server.
2. *OMB approval number:* 3150-0219.
3. *Type of submission:* Extension.
4. *The form number, if applicable:* Not applicable.

5. *How often the collection is required or requested:* On occasion. Reports to the NRC are made as suspicious activities occur.

6. *Who will be required or asked to respond:* Licensees subject to section 73.1215 of title 10 of the *Code of Federal Regulations* (10 CFR), "Suspicious Activity Reports," paragraphs (d), (e), and (f) must report suspicious activities that are applicable to their facility, material, or shipping activity. Entities that may voluntarily send reports include but are not limited to: applicants for 10 CFR part 50 or 52 licenses; holders of construction permits under 10 CFR part 50; fuel fabrication facilities; uranium conversion/deconversion facilities; and holders of certificates of compliance under 10 CFR part 72.

7. *The estimated number of annual responses:* 65.

8. *The estimated number of annual respondents:* 56.

9. *The estimated number of hours needed annually to comply with the information collection requirement or request:* 72.5.

10. *Abstract:* NRC licensees submit either mandatory or voluntary reports on suspicious activity as these activities occur, based on applicable regulations. Each report provides details about a specific suspicious activity (e.g., suspicious person, manned or unmanned aircraft flyovers) and actions taken by the reporting organization. This information is shared with authorized nuclear industry officials and Federal, State, and local government agencies using the Protected Web Server. Information provided by licensees is considered OFFICIAL USE ONLY and is not made public.

III. Specific Requests for Comments

The NRC is seeking comments that address the following questions:

1. Is the proposed collection of information necessary for the NRC to

properly perform its functions? Does the information have practical utility? Please explain your answer.

2. Is the estimate of the burden of the information collection accurate? Please explain your answer.

3. Is there a way to enhance the quality, utility, and clarity of the information to be collected?

4. How can the burden of the information collection on respondents be minimized, including the use of automated collection techniques or other forms of information technology?

Authority: 42 U.S.C. 2011 *et seq.*

Dated: May 18, 2026.

For the Nuclear Regulatory Commission.

Heather Dempsey,

Acting NRC Clearance Officer, Office of the Chief Information Officer.

[FR Doc. 2026-10152 Filed 5-20-26; 8:45 am]

BILLING CODE 7590-01-P

NUCLEAR REGULATORY COMMISSION

[Docket No. 50-298; NRC-2026-2344]

Nebraska Public Power District; Cooper Nuclear Station; Subsequent License Renewal Application

AGENCY: Nuclear Regulatory Commission.

ACTION: Notice; receipt.

SUMMARY: The U.S. Nuclear Regulatory Commission (NRC) has received an application for the subsequent renewal of Facility Operating License No. DPR-46, which authorizes Nebraska Public Power District (NPPD, the applicant), to operate Cooper Nuclear Station (Cooper). The renewed license would authorize the applicant to operate Cooper for an additional 20 years beyond the period specified in the current license. The current operating license for Cooper expires January 18, 2034.

DATES: The subsequent license renewal application referenced in this document is available as of May 21, 2026.

ADDRESSES: Please refer to Docket ID NRC-2026-2344 when contacting the NRC about the availability of information regarding this document. You may obtain publicly available information related to this document using any of the following methods:

- **Federal Rulemaking Website:** Go to <https://www.regulations.gov> and search for Docket ID NRC-2026-2344. Address questions about Docket IDs in [Regulations.gov](https://www.regulations.gov) to Bridget Curran; telephone 301-415-1003; email Bridget.Curran@nrc.gov. For technical questions, contact the individual(s)

listed in the **FOR FURTHER INFORMATION CONTACT** section of this document.

- **NRC Agencywide Documents Access and Management System (ADAMS):** You may obtain publicly available documents online in the ADAMS Public Documents collection at <https://www.nrc.gov/reading-rm/adams.html>. To begin the search, select “Begin ADAMS Public Search.” For problems with ADAMS, please contact the NRC’s Public Document Room (PDR) reference staff at 1–800–397–4209, at 301–415–4737, or by email to PDR.Resource@nrc.gov. The ADAMS accession number for each document referenced (if it is available in ADAMS) is provided the first time that the document is mentioned in this notice.

- **Public Library:** A copy of the subsequent license renewal application for Cooper can be accessed at the following public libraries: Auburn Memorial Library, 1810 Courthouse Avenue, Auburn, NE 68305, and Atchison County Library, 200 South Main Street, Rock Port, MO 64482.

- **NRC PDR:** The PDR, where you may examine and order copies of publicly available documents, is open by appointment. To make an appointment to visit the PDR, please send an email to PDR.Resource@nrc.gov or call 1–800–397–4209 or 301–415–4737, between 8 a.m. and 4 p.m. eastern time (ET), Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT: Mark Yoo, Office of Nuclear Reactor Regulation, U.S. Nuclear Regulatory

Commission, Washington, DC 20555–0001; telephone: 301–415–8583; email: Mark.Yoo@nrc.gov.

SUPPLEMENTARY INFORMATION: The NRC has received an application from NPPD, dated May 7, 2026 (ADAMS Package Accession No. ML26127A279), filed pursuant to section 103 of the Atomic Energy Act of 1954, as amended, and part 54 of title 10 of the *Code of Federal Regulations* (10 CFR), “Requirements for Renewal of Operating Licenses for Nuclear Power Plants,” to renew the operating license for Cooper. Renewal of the license would authorize the applicant to operate the facility for an additional 20-year period beyond the period specified in the current operating license. The current operating license for Cooper expires January 18, 2034. Cooper is a boiling-water reactor located near Brownville, Nebraska. The acceptability of the tendered application for docketing, and other matters, including an opportunity to request a hearing, will be the subject of subsequent **Federal Register** notices.

A copy of the subsequent license renewal application for Cooper is also available near the site at the following public libraries: Auburn Memorial Library, 1810 Courthouse Avenue, Auburn, NE 68305, and Atchison County Library, 200 South Main Street, Rock Port, MO 64482.

Authority: 42 U.S.C. 2011 *et seq.*

Dated: May 18, 2026.

For the Nuclear Regulatory Commission.

Clinton Hobbs,

Chief, License Renewal Project Branch, Division of New and Renewed Licenses, Office of Nuclear Reactor Regulation.

[FR Doc. 2026–10151 Filed 5–20–26; 8:45 am]

BILLING CODE 7590–01–P

NUCLEAR REGULATORY COMMISSION

Advisory Committee on the Medical Uses of Isotopes: Meeting Notice

AGENCY: Nuclear Regulatory Commission.

ACTION: Notice of meeting.

SUMMARY: The U.S. Nuclear Regulatory Commission (NRC) will convene a meeting of the Advisory Committee on the Medical Uses of Isotopes (ACMUI) on June 8, 2026, to discuss and provide recommendations from the subcommittee on modernizing NRC regulations for byproduct material use of rulemaking. Topic is tentative based on its rulemaking schedule. Meeting information, including a copy of the agenda and handouts, will be available on the ACMUI’s Meetings and Related Documents web page at <https://www.nrc.gov/reading-rm/doc-collections/acmui/meetings/2026> or by emailing Ms. Sarah Hoenig at the contact information below.

DATES:

Date and Time for Open Session: June 8, 2026, from 12:30 p.m. to 2:00 p.m. EST.

Date	Webinar information (Microsoft teams)
June 8, 2026 ...	Link: https://teams.microsoft.com/meet/293870212597451?p=zZln45KWYAO8QvVhQP . Meeting ID: 293 870 212 597 451. Passcode: do7Xo2Lk. Call in number (audio only): +1 301–576–2978, United States, Silver Spring. Phone conference ID: 549 512 836#.

Public Participation: Any member of the public who wishes to participate in the meeting via Microsoft Teams or via phone should contact Ms. Sarah Hoenig using the information below.

FOR FURTHER INFORMATION CONTACT: Ms. Sarah Hoenig, email: sarah.hoenig@nrc.gov phone: 301–415–3284.

SUPPLEMENTARY INFORMATION:

Purpose: Discuss recommendations from the subcommittee on modernizing NRC regulations for byproduct material use of rulemaking.

Conduct of the Meeting

The ACMUI Chair, Hossein Jadvar, M.D., Ph.D., will preside over the meeting.

Dr. Jadvar will conduct the meeting in a manner that will facilitate the orderly conduct of business. The following procedures apply to public participation in the meeting:

1. Persons who wish to provide a written statement should submit an electronic copy to Ms. Sarah Hoenig using the contact information listed above. All submittals must be received by the close of business on June 2, 2026, and must only pertain to the topics on the agenda.

2. Questions and comments from members of the public will be permitted during the meeting, at the discretion of the ACMUI Chair.

3. The draft transcript and meeting summary will be available on ACMUI’s website <https://www.nrc.gov/reading-rm/doc-collections/acmui/meetings/2026> on or about July 8, 2026.

4. Persons who require special services, such as those for the hearing impaired, should notify Ms. Sarah Hoenig of their planned participation.

This meeting will be held in accordance with the Atomic Energy Act of 1954, as amended (primarily Section 161a); the Federal Advisory Committee

Act (5 U.S.C. App); and the Commission's regulations in Title 10 of the *Code of Federal Regulations*, Part 7.

Dated at Rockville, Maryland, this 19th day of May 2026.

For the U.S. Nuclear Regulatory Commission.

Russell E. Chazell,

Federal Advisory Committee Management Officer.

[FR Doc. 2026-10171 Filed 5-20-26; 8:45 am]

BILLING CODE 7590-01-P

OFFICE OF PERSONNEL MANAGEMENT

Submission for Reinstatement Generic Information Collection: 3206-0252 Program Services Evaluation Surveys and 3206-0253 Leadership Assessment Surveys

AGENCY: Office of Personnel Management.

ACTION: 30-Day notice and request for comments.

SUMMARY: The Office of Personnel Management (OPM) intends to submit to the Office of Management and Budget (OMB) a request for reinstatement of previously approved collections, *Program Services Evaluation Surveys* and *Leadership Assessment Surveys*, as Generic Collections. Approval of the Program Services Evaluation Surveys and the Leadership Assessment Surveys is necessary to collect information on Federal agency and program performance, climate, employee attitudes and leadership effectiveness, and to give OPM the ability to customize each Program Services Evaluation survey based on customer requirements.

DATES: Comments are encouraged and will be accepted until June 22, 2026.

ADDRESSES: Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to <http://www.reginfo.gov/public/do/PRAMain>. Find this particular information collection request by selecting "Office of Personnel Management" under "Currently Under Review," then check "Only Show ICR for Public Comment" checkbox.

FOR FURTHER INFORMATION CONTACT: A copy of this ICR, with applicable supporting documentation, may be obtained by contacting Human Resources Strategy and Evaluation Solutions, Office of Personnel Management, 1900 E Street NW, Rm. 2469, NW Washington, DC 20415, Attention: Renee Vincent, via phone at

202-606-8001, or via email to Organizational_Assessment@opm.gov.

SUPPLEMENTARY INFORMATION: As required by the Paperwork Reduction Act of 1995, 44 U.S.C. 3506(c)(2), OPM is soliciting comments for this collection. The information collection was previously published in the **Federal Register** on February 24, 2026 at 91 FR 8921 allowing for a 60-day public comment period. No comments were received. The purpose of this notice is to allow for an additional 30 days for public comments. The Office of Management and Budget is particularly interested in comments that:

1. Evaluate whether the proposed collection of information is necessary for the proper performance of functions of the agency, including whether the information will have practical utility;
2. Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;
3. Enhance the quality, utility, and clarity of the information to be collected; and
4. Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submissions of responses.

Background

OPM's Human Resources Strategy and Evaluation Solutions performs assessment and related consultation activities for Federal agencies on a reimbursable basis. The assessments are authorized by various statutes and regulations: 5 U.S.C. 4702 and 4703; Section 1128, Public Law 108-136 (5 U.S.C. 7101 note); 5 U.S.C. 1103(a)(5), 1104, 3301; E.O. 13197, 66 FR 7853 (Jan. 18, 2001).

This collection request includes surveys we currently use and plan to use during the next three years to measure agency performance, climate, employee attitudes, and leadership effectiveness. OMB Control No. 3206-0252 covers a broad range of surveys all focused on improving organizational performance. OMB Control No. 3206-0253 surveys focus on leadership characteristics. Non-Federal respondents will almost never receive more than one of these surveys. All of these surveys consist of Likert-type, mark-one, and mark-all-that-apply items, and may include a small number of open-ended comment items. The surveys included under OMB Control

Nos. 3206-0252 and 3206-0253 are almost always administered electronically.

Analysis

Agency: Office of Personnel Management.

Title: Program Services Evaluation Surveys, Leadership Assessment Surveys.

OMB: 3206-0252 and 3206-0253.

Frequency: On occasion.

Affected Public: Government contractors and individuals.

Number of Respondents: For 3206-0252, approximately 4,080. For 3206-0253, approximately 8,150 annually.

Estimated Time per Respondent: For 3206-0252, 13 minutes. For 3206-0253, 24 minutes.

Total Burden Hours: For 3206-0252, 969 hours. For 3206-0253, 2,071 hours.

Note: Total burden is the sum of individual estimates.

Office of Personnel Management.

Alexys Stanley,

Federal Register Liaison.

[FR Doc. 2026-10139 Filed 5-20-26; 8:45 am]

BILLING CODE 6325-43-P

POSTAL REGULATORY COMMISSION

[Docket Nos. MC2026-248 and K2026-246]

New Postal Products

AGENCY: Postal Regulatory Commission.

ACTION: Notice.

SUMMARY: The Commission is noticing a recent Postal Service filing for the Commission's consideration concerning a negotiated service agreement. This notice informs the public of the filing, invites public comment, and takes other administrative steps.

ADDRESSES: Submit comments electronically via the Commission's Filing Online system at <https://www.prc.gov>. Those who cannot submit comments electronically should contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section by telephone for advice on filing alternatives.

FOR FURTHER INFORMATION CONTACT: David A. Trissell, General Counsel, at 202-789-6820.

SUPPLEMENTARY INFORMATION:

Table of Contents

- I. Introduction
- II. Public Proceeding(s)
- III. Summary Proceeding(s)

I. Introduction

Pursuant to 39 CFR 3041.405, the Commission gives notice that the Postal

Service filed request(s) for the Commission to consider matters related to Competitive negotiated service agreement(s). The request(s) may propose the addition of a negotiated service agreement from the Competitive product list or the modification of an existing product currently appearing on the Competitive product list.

The public portions of the Postal Service's request(s) can be accessed via the Commission's website (<http://www.prc.gov>). Non-public portions of the Postal Service's request(s), if any, can be accessed through compliance with the requirements of 39 CFR 3011.301.¹

Section II identifies the docket number(s) associated with each Postal Service request, if any, that will be reviewed in a public proceeding as defined by 39 CFR 3010.101(p), the title of each such request, the request's acceptance date, and the authority cited by the Postal Service for each request. For each such request, the Commission appoints an officer of the Commission to represent the interests of the general public in the proceeding, pursuant to 39 U.S.C. 505 and 39 CFR 3000.114 (Public Representative). The Public Representative does not represent any individual person, entity or particular point of view, and, when Commission attorneys are appointed, no attorney-client relationship is established. Section II also establishes comment deadline(s) pertaining to each such request.

The Commission invites comments on whether the Postal Service's request(s) identified in Section II, if any, are consistent with the policies of title 39. Applicable statutory and regulatory requirements include 39 U.S.C. 3632, 39 U.S.C. 3633, 39 U.S.C. 3642, 39 CFR part 3035, and 39 CFR part 3041. Comment deadline(s) for each such request, if any, appear in Section II.

Section III identifies the docket number(s) associated with each Postal Service request, if any, to add a standardized distinct product to the Competitive product list or to amend a standardized distinct product, the title of each such request, the request's acceptance date, and the authority cited by the Postal Service for each request. Standardized distinct products are negotiated service agreements that are variations of one or more Competitive products, and for which financial models, minimum rates, and classification criteria have undergone

advance Commission review. *See* 39 CFR 3041.110(n); 39 CFR 3041.205(a). Such requests are reviewed in summary proceedings pursuant to 39 CFR 3041.325(c)(2) and 39 CFR 3041.505(f)(1). Pursuant to 39 CFR 3041.405(c)–(d), the Commission does not appoint a Public Representative or request public comment in proceedings to review such requests.

II. Public Proceeding(s)

None. *See* Section III for summary proceedings.

III. Summary Proceeding(s)

1. *Docket No(s)*: MC2026–248 and K2026–246; *Filing Title*: USPS Request to Add New Fulfillment Standardized Distinct Product, PM–GA Contract 992, and Notice of Filing Materials Under Seal; *Filing Acceptance Date*: May 18, 2026; *Filing Authority*: 39 U.S.C. 3642 and 3633, 39 CFR 3035.105, and 39 CFR 3041.325.

This Notice will be published in the **Federal Register**.

Danielle LeFlore,

Legal Assistant.

[FR Doc. 2026–10220 Filed 5–20–26; 8:45 am]

BILLING CODE 7710–FW–P

RAILROAD RETIREMENT BOARD

Civil Monetary Penalty Inflation Adjustment

AGENCY: Railroad Retirement Board.

ACTION: Notice announcing no penalty inflation adjustment for civil monetary penalties for 2026.

SUMMARY: As required by Section 701 of the Bipartisan Budget Act of 2015, entitled the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, the Railroad Retirement Board (Board) hereby publishes notice that civil monetary penalties will not be adjusted for inflation for 2026 and will remain at the levels set for 2025.

FOR FURTHER INFORMATION CONTACT:

Peter J. Orlowicz, Senior Counsel, Railroad Retirement Board, 844 North Rush Street, Chicago, IL 60611–1275, (312) 751–4922.

SUPPLEMENTARY INFORMATION: Section 701 of the Bipartisan Budget Act of 2015, Public Law 114–74 (Nov. 2, 2015), entitled the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 (the 2015 Act), amended the Federal Civil Penalties Inflation Adjustment Act of 1990 (28 U.S.C. § 2461 note) (Inflation Adjustment Act) to require agencies to publish regulations adjusting the amount of civil

monetary penalties provided by law within the jurisdiction of the agency not later than January 15th of every year. In accordance with the 2015 Act, the amount of the adjustment is based on the percent increase between the Consumer Price Index (CPI–U) for the month of October preceding the date of the adjustment and the CPI–U for the October one year prior to the October immediately preceding the date of the adjustment. If there is no increase, there is no adjustment of civil penalties.

On April 17, 2026, Office of Management and Budget Memorandum M–26–11 was issued, advising agencies that due to the lapse in appropriations for government agencies in October 2025, the Bureau of Labor Statistics was unable to calculate the CPI–U for October 2025. Based on the lack of October 2025 CPI–U data, which is necessary to calculate the inflation adjustment for civil penalties under the 2015 Act, the Office of Management and Budget advised agencies that the annual adjustment for 2026 would be cancelled and agencies should continue to use the 2025 civil monetary penalty amounts. Therefore, the maximum penalty under the Program Fraud Civil Remedies Act for 2026 will remain \$14,308. The minimum penalty under the False Claims Act for 2026 will remain \$14,308, and the maximum penalty will remain \$28,618.

Dated: May 19, 2026.

By Authority of the Board.

Sarah Kreydich,

Administrative Specialist.

[FR Doc. 2026–10206 Filed 5–20–26; 8:45 am]

BILLING CODE 7905–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–105509; File No. SR–PEARL–2026–22]

Self-Regulatory Organizations; MIAx PEARL, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Establish the Trade-by-Trade Report

May 18, 2026.

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act” or “Exchange Act”) ¹ and Rule 19b–4 thereunder,² notice is hereby given that on May 5, 2026, MIAx PEARL, LLC (“MIAx Pearl” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

¹ *See* Docket No. RM2018–3, Order Adopting Final Rules Relating to Non-Public Information, June 27, 2018, Attachment A at 19–22 (Order No. 4679).

as described in Items I and II below, which Items have been prepared by the Exchange. 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

The Exchange proposes to introduce the "Trade-by-Trade Report" (described below).

The text of the proposed rule change is available on the Exchange's website at <https://www.miaxglobal.com/markets/us-options/all-options-exchanges/rule-filings> and at the Exchange's principal office.

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 Exchange 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. The Exchange 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 Exchange Rule 531 to introduce the Trade-by-Trade Report (referred to herein as the "Report"), which will be available for purchase³ to Members⁴ and non-Members. The Report will provide subscribers with comprehensive trade level detail for each options transaction executed on the Exchange and will be described under proposed Exchange Rule 531(d)(2). The Report will be produced and updated at the end of each trading day and be made available to subscribers overnight, after midnight Eastern Time (*i.e.*, T+1), ensuring that the data is strictly historical and cannot be used to influence intraday trading decisions.

Specifically, each row in the Report will represent one side of a single trade event, and will include the following

information: trade date, session, trade time, trade ID (a unique identifier for all executions on the Book⁵), transaction ID (a unique identifier linking all individual trades executed as part of the same transaction on the Exchange), underlying symbol, expiration, strike, type (*i.e.*, put or call), penny or non-penny class,⁶ trade quantity, trade price, side (buy or sell), open/close indicator, origin (*i.e.*, away Exchange Market Maker, broker-dealer, Priority Customer, firm, Market Maker, non-Priority Customer⁷), market context indicators (*e.g.*, NBBO and PBO⁸), and a trade segment code (indicates trade segment, for example, opening/reopening auction, routed, simple, etc.).⁹

The Exchange anticipates a wide variety of market participants would purchase the Report, including, but not limited to, individual customers, buy-side investors, and investment banks. The Exchange believes the proposed Report will aid subscribers in performing detailed transaction-level analysis, compliance checks, and historical market reconstruction. The Report may also serve as a foundation for analytics on liquidity, price formation, and trade behavior at in-depth trade level detail. The proposed Report is a completely voluntary product, in that the Exchange is not required by any rule or regulation to make this data available and that potential subscribers may purchase it only if they voluntarily choose to do so, and are not required to purchase the Report.

The Exchange notes that Cboe Exchange, Inc. ("Cboe") offers a similar report for voluntary purchase by Cboe's Trading Permit Holders and non-Trading Permit Holders,¹⁰ which report contains trade-by-trade level details for executions on Cboe (the "Cboe Trade-by-Trade Report").¹¹ The Exchange

⁵ See Exchange Rule 100.

⁶ See Exchange Rule 510.

⁷ See Exchange Rule 100 for the definitions of Priority Customer and Market Maker. The Exchange notes that certain terms are not specifically defined in the Rulebook, including away Exchange Market Maker, broker-dealer, firm and non-Priority Customer.

⁸ See Exchange Rule 100.

⁹ The full list of trade segment categories contained in the Report, along with the description of the rows of information, will be available to potential subscribers via the Trade-by-Trade Report specification. Market participants may request access to the specification via the Exchange's website. See <https://www.miaxglobal.com/company/data/data-products-services/reports>.

¹⁰ See Cboe Rules, Chapter 1, Section A, Rule 1.1 for the definition of Trading Permit Holder.

¹¹ See Securities Exchange Act Release No. 104415 (December 16, 2025), 90 FR 59603 (December 19, 2025) (SR-CBOE-2025-088) (providing that "each row in the [Trade-by-Trade] Report will represent a single trade event and will

believes the proposed Report contains substantively similar trade execution details as the Cboe Trade-by-Trade Report,¹² with the only difference being that the proposed Report identifies whether an option transaction involves a penny or non-penny class. The Cboe Trade-by-Trade Report also contains historical data and is made available to subscribers on a T+1 basis.¹³

Implementation

The Exchange targets a launch date for the Report of the second or third quarter of 2026 and will issue an alert to announce the date that the proposed Report will be available to subscribers.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the "Act") and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.¹⁴ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁵ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁶ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In adopting Regulation NMS, the Commission granted self-regulatory

include transaction time, trading floor timestamp, underlying symbol, Options Symbolology Initiative . . . details (*e.g.*, root, expiry, strike, call/put), trade size, trade price, market context indicators (*e.g.*, National Best Bid/National Best Offer, local Best Bid/Best Offer), side of the market (*i.e.*, buy or sell), transaction type (opening or closing), and origin (*i.e.*, customer, professional customer, broker-dealer, and market maker), as well as the subscribing Member's execution IDs for Simple Book trades that will better allow for accurate linkage and reconstruction of trading activity . . .") (footnote citations omitted).

¹² See Cboe Data Shop, Enhanced US Option Trade-By-Trade Execution Detail Specification, v1.0 (dated January 12, 2026), available at <https://cdn.cboe.com/resources/membership/US-Options-Trade-By-Trade-Execution-Detail-Specification.pdf>.

¹³ See *supra* note 11.

¹⁴ 15 U.S.C. 78f(b).

¹⁵ 15 U.S.C. 78f(b)(5)

¹⁶ *Id.*

³ The Exchange intends to submit a separate rule filing with the Securities and Exchange Commission ("Commission") to establish fees for the Report.

⁴ See Exchange Rule 100.

organizations (“SROs”) and broker-dealers increased authority and flexibility to offer new and unique market data to the public. It was believed that this authority would expand the amount of data available to consumers, and also spur innovation and competition for the provision of market data. The Exchange believes that the proposed Report would further broaden the availability of U.S. option market data to investors consistent with the principles of Regulation NMS. The proposal also promotes increased transparency through the dissemination of the Report. The proposed rule change would benefit investors by providing access to the Report, which as noted above, may aid subscribers in performing detailed transaction-level analysis, compliance checks, and historical market reconstruction. The proposed Report may also serve as a foundation for analytics on liquidity, price formation, and trade behavior at in-depth trade level detail. Additionally, in-depth trade level information regarding opening and closing activity across different option series may indicate investor sentiment, which can be helpful trading information.

Importantly, given the proposed Report’s similarities to the Cboe Trade-by-Trade Report,¹⁷ the Exchange believes that this proposal does not present any new or novel issues. In terms of utility, the Exchange believes that the proposed Report is very similar in nature to the Cboe Trade-by-Trade Report and offers similar data sets, with the primary difference being that the proposed Report identifies whether an option transaction involves a penny or non-penny class, while the Cboe Trade-by-Trade Report appears not to make such identification. As such, the Exchange believes the utility of these reports is substantially similar.

The Exchange believes that both the proposed Report and Cboe Trade-by-Trade Report provide information regarding options trading activity on the Exchange, which in turn, may be used by subscribers to create and test trading models and analytical strategies, and provide comprehensive insight into trading on the Exchange. Importantly, by offering the proposed Report, subscribers will have an additional option for historical trade data and may choose to purchase the data that best suits their business needs.

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

The Exchange 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. Rather, the Exchange believes that the proposal will promote competition by permitting the Exchange to offer a data product that is substantively similar to that offered by at least one other options exchange.¹⁸

The Exchange proposes to introduce the Report in order to keep pace with changes in the industry and evolving customer needs, and believes this proposed rule change would contribute to robust competition among national securities exchanges, by meeting the needs of such customers. The Exchange has received feedback from customers that additional in-depth trade level data would be helpful to review.

Moreover, the proposal would enable the Exchange to offer a similar product as is currently being offered another exchange. The Cboe Trade-by-Trade Report contains a substantively similar data set as the proposed Report.¹⁹ As a result, the Exchange believes this proposed rule change permits fair competition among national securities exchanges. Therefore, the Exchange does not believe 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. Furthermore, this product offering is entirely optional and is available to any market participant who believes this data will be helpful for their purposes. As such, the Exchange does not believe this proposed rule change places a burden on intra-market competition.

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

Because the proposed rule change does not (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act²⁰ and Rule 19b-4(f)(6)²¹ thereunder.

¹⁸ See *supra* notes 11 and 12.

¹⁹ See *id.*

²⁰ 15 U.S.C. 78s(b)(3)(A).

²¹ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act²² normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)²³ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposed rule change may become operative immediately upon filing. The Exchange states that the proposed Report will promote increased transparency in trading activity and may promote better informed trading on the Exchange, and that waiver of the operative delay will allow the Exchange to offer the proposed Report sooner. The Exchange also states that the proposed data product will promote competition by allowing the Exchange to offer a similar product to that offered by another exchange. For these reasons, and because the proposed rule change raises no new or novel legal or regulatory issues, the Commission finds that waiver of the operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission waives the 30-day operative delay and designates the proposed rule change to be operative upon filing.²⁴

At any time within 60 days of the filing of this proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B) of the Act²⁵ to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing,

give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

²² 17 CFR 240.19b-4(f)(6).

²³ 17 CFR 240.19b-4(f)(6)(iii).

²⁴ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

²⁵ 15 U.S.C. 78s(b)(2)(B).

¹⁷ See *supra* notes 11 and 12.

including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-PEARL-2026-22 on the subject line.

Paper Comments

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

All submissions should refer to file number SR-PEARL-2026-22. 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 (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. 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-PEARL-2026-22 and should be submitted on or before June 11, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁶

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2026-10146 Filed 5-20-26; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105506; File No. SR-SAPPHIRE-2026-23]

Self-Regulatory Organizations; MIAx SAPHIRE, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Establish the Trade-by-Trade Report

May 18, 2026.

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act" or "Exchange Act")¹ and

Rule 19b-4 thereunder,² notice is hereby given that on May 5, 2026, MIAx Sapphire, LLC ("MIAx Sapphire" or "Exchange") filed with the Securities and Exchange Commission ("Commission") a proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. 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

The Exchange proposes to introduce the "Trade-by-Trade Report" (described below).

The text of the proposed rule change is available on the Exchange's website at <https://www.miaxglobal.com/markets/us-options/all-options-exchanges/rule-filings> and at the Exchange's principal office.

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 Exchange 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. The Exchange 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 Exchange Rule 531 to introduce the Trade-by-Trade Report (referred to herein as the "Report"), which will be available for purchase³ to Members⁴ and non-Members. The Report will provide subscribers with comprehensive trade level detail for each options transaction executed on the Exchange and will be described under proposed Exchange Rule 531(e)(2). The Report will be produced and updated at the end of each trading day and be made available to subscribers overnight, after

midnight Eastern Time (*i.e.*, T+1), ensuring that the data is strictly historical and cannot be used to influence intraday trading decisions.

Specifically, each row in the Report will represent one side of a single trade event, and will include the following information: trade date, session, trade time, trade ID (a unique identifier for all executions on the Simple Order Book⁵ and Strategy Book⁶), complex trade ID (a unique identifier linking all components of any complex order⁷ execution on the Strategy Book), transaction ID (a unique identifier linking all individual trades executed as part of the same transaction on the Exchange), underlying symbol, expiration, strike, type (*i.e.*, put or call), penny or non-penny class,⁸ trade quantity, trade price, side (buy or sell), open/close indicator, origin (*i.e.*, away Exchange Market Maker, broker-dealer, Priority Customer, firm, Market Maker, non-Priority Customer⁹), market context indicators (*e.g.*, NBBO and SBBO¹⁰), and a trade segment code (indicates trade segment, for example, opening/reopening auction, routed, simple/complex, QCC,¹¹ etc.).¹²

The Exchange anticipates a wide variety of market participants would purchase the Report, including, but not limited to, individual customers, buy-side investors, and investment banks. The Exchange believes the proposed Report will aid subscribers in performing detailed transaction-level analysis, compliance checks, and historical market reconstruction. The Report may also serve as a foundation for analytics on liquidity, price formation, and trade behavior at in-depth trade level detail. The proposed Report is a completely voluntary product, in that the Exchange is not required by any rule or regulation to make this data available and that potential subscribers may purchase it only if they voluntarily choose to do so,

⁵ See Exchange Rule 100.

⁶ See Exchange Rule 100.

⁷ See Exchange Rule 518(a).

⁸ See Exchange Rule 510.

⁹ See Exchange Rule 100 for the definitions of Priority Customer and Market Maker. The Exchange notes that certain terms are not specifically defined in the Rulebook, including away Exchange Market Maker, broker-dealer, firm and non-Priority Customer.

¹⁰ See Exchange Rule 100.

¹¹ See Exchange Rule 516(j).

¹² The full list of trade segment categories contained in the Report, along with the description of the rows of information, will be available to potential subscribers via the Trade-by-Trade Report specification. Market participants may request access to the specification via the Exchange's website. See <https://www.miaxglobal.com/company/data/data-products-services/reports>.

² 17 CFR 240.19b-4.

³ The Exchange intends to submit a separate rule filing with the Securities and Exchange Commission ("Commission") to establish fees for the Report.

⁴ See Exchange Rule 100.

²⁶ 17 CFR 200.30-3(a)(12) and (59).

¹ 15 U.S.C. 78s(b)(1).

and are not required to purchase the Report.

The Exchange notes that Cboe Exchange, Inc. (“Cboe”) offers a similar report for voluntary purchase by Cboe’s Trading Permit Holders and non-Trading Permit Holders,¹³ which report contains trade-by-trade level details for executions on Cboe (the “Cboe Trade-by-Trade Report”).¹⁴ The Exchange believes the proposed Report contains substantively similar trade execution details as the Cboe Trade-by-Trade Report,¹⁵ with the only difference being that the proposed Report identifies whether an option transaction involves a penny or non-penny class. The Cboe Trade-by-Trade Report also contains historical data and is made available to subscribers on a T+1 basis.¹⁶

Implementation

The Exchange targets a launch date for the Report of the second or third quarter of 2026 and will issue an alert to announce the date that the proposed Report will be available to subscribers.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.¹⁷ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁸ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged

in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁹ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In adopting Regulation NMS, the Commission granted self-regulatory organizations (“SROs”) and broker-dealers increased authority and flexibility to offer new and unique market data to the public. It was believed that this authority would expand the amount of data available to consumers, and also spur innovation and competition for the provision of market data. The Exchange believes that the proposed Report would further broaden the availability of U.S. option market data to investors consistent with the principles of Regulation NMS. The proposal also promotes increased transparency through the dissemination of the Report. The proposed rule change would benefit investors by providing access to the Report, which as noted above, may aid subscribers in performing detailed transaction-level analysis, compliance checks, and historical market reconstruction. The proposed Report may also serve as a foundation for analytics on liquidity, price formation, and trade behavior at in-depth trade level detail. Additionally, in-depth trade level information regarding opening and closing activity across different option series may indicate investor sentiment, which can be helpful trading information.

Importantly, given the proposed Report’s similarities to the Cboe Trade-by-Trade Report,²⁰ the Exchange believes that this proposal does not present any new or novel issues. In terms of utility, the Exchange believes that the proposed Report is very similar in nature to the Cboe Trade-by-Trade Report and offers similar data sets, with the primary difference being that the proposed Report identifies whether an option transaction involves a penny or non-penny class, while the Cboe Trade-by-Trade Report appears not to make such identification. As such, the Exchange believes the utility of these reports is substantially similar.

The Exchange believes that both the proposed Report and Cboe Trade-by-

Trade Report provide information regarding options trading activity on the Exchange, which in turn, may be used by subscribers to create and test trading models and analytical strategies, and provide comprehensive insight into trading on the Exchange. Importantly, by offering the proposed Report, subscribers will have an additional option for historical trade data and may choose to purchase the data that best suits their business needs.

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

The Exchange 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. Rather, the Exchange believes that the proposal will promote competition by permitting the Exchange to offer a data product that is substantively similar to that offered by at least one other options exchange.²¹

The Exchange proposes to introduce the Report in order to keep pace with changes in the industry and evolving customer needs, and believes this proposed rule change would contribute to robust competition among national securities exchanges, by meeting the needs of such customers. The Exchange has received feedback from customers that additional in-depth trade level data would be helpful to review.

Moreover, the proposal would enable the Exchange to offer a similar product as is currently being offered by another exchange. The Cboe Trade-by-Trade Report contains a substantively similar data set as the proposed Report.²² As a result, the Exchange believes this proposed rule change permits fair competition among national securities exchanges. Therefore, the Exchange does not believe 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. Furthermore, this product offering is entirely optional and is available to any market participant who believes this data will be helpful for their purposes. As such, the Exchange does not believe this proposed rule change places a burden on intra-market competition.

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.

¹³ See Cboe Rules, Chapter 1, Section A, Rule 1.1 for the definition of Trading Permit Holder.

¹⁴ See Securities Exchange Act Release No. 104415 (December 16, 2025), 90 FR 59603 (December 19, 2025) (SR-CBOE-2025-088) (providing that “each row in the [Trade-by-Trade] Report will represent a single trade event and will include transaction time, trading floor timestamp, underlying symbol, Options Symbolology Initiative . . . details (e.g., root, expiry, strike, call/put), trade size, trade price, market context indicators (e.g., National Best Bid/National Best Offer, local Best Bid/Best Offer), side of the market (i.e., buy or sell), transaction type (opening or closing), and origin (i.e., customer, professional customer, broker-dealer, and market maker), as well as the subscribing Member’s execution IDs for both Simple Book and Complex Order Book trades that will better allow for accurate linkage and reconstruction of trading activity. . . .”) (footnote citations omitted).

¹⁵ See Cboe Data Shop, Enhanced US Option Trade-by-Trade Execution Detail Specification, v1.0 (dated January 12, 2026), available at <https://cdn.cboe.com/resources/membership/US-Options-Trade-By-Trade-Execution-Detail-Specification.pdf>.

¹⁶ See *supra* note 14.

¹⁷ 15 U.S.C. 78f(b).

¹⁸ 15 U.S.C. 78f(b)(5)

¹⁹ *Id.*

²⁰ See *supra* notes 14 and 15.

²¹ See *supra* notes 14 and 15.

²² See *id.*

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

Because the proposed rule change does not (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act²³ and Rule 19b-4(f)(6)²⁴ thereunder.

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act²⁵ normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)²⁶ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposed rule change may become operative immediately upon filing. The Exchange states that the proposed Report will promote increased transparency in trading activity and may promote better informed trading on the Exchange, and that waiver of the operative delay will allow the Exchange to offer the proposed Report sooner. The Exchange also states that the proposed data product will promote competition by allowing the Exchange to offer a similar product to that offered by another exchange. For these reasons, and because the proposed rule change raises no new or novel legal or regulatory issues, the Commission finds that waiver of the operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission waives the 30-day operative delay and designates the proposed rule change to be operative upon filing.²⁷

At any time within 60 days of the filing of this proposed rule change, the Commission summarily may temporarily suspend such rule change if

it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B) of the Act²⁸ to determine whether the proposed rule change should be approved or 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-SAPPHIRE-2026-23 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-SAPPHIRE-2026-23. 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 (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. 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-SAPPHIRE-2026-23 and should be submitted on or before June 11, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁹

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2026-10144 Filed 5-20-26; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105510; File No. SR-MIAX-2026-20]

Self-Regulatory Organizations; Miami International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Exchange Rule 307, Position Limits, and Exchange Rule 309, Exercise Limits, To Increase the Position and Exercise Limits for iShares Bitcoin Trust ETF

May 18, 2026.

Pursuant to the provisions of 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 May 7, 2026, Miami International Securities Exchange, LLC ("MIAX" or "Exchange") filed with the Securities and Exchange Commission ("Commission") a proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. 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

The Exchange proposes to amend Exchange Rule 307, Position Limits, and Exchange Rule 309, Exercise Limits to increase the position and exercise limits for iShares Bitcoin Trust ETF ("IBIT").

The text of the proposed rule change is available on the Exchange's website at <https://www.miaxglobal.com/markets/us-options/miax-options/rule-filings>, and at MIAX's principal office.

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 Exchange 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. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

²³ 15 U.S.C. 78s(b)(3)(A).

²⁴ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

²⁵ 17 CFR 240.19b-4(f)(6).

²⁶ 17 CFR 240.19b-4(f)(6)(iii).

²⁷ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

²⁸ 15 U.S.C. 78s(b)(2)(B).

²⁹ 17 CFR 200.30-3(a)(12) and (59).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 Exchange Rule 307, Position Limits, and Exchange Rule 309, Exercise Limits,³ to permit IBIT to increase its position and exercise limits for options on IBIT. This is a competitive filing based on a similar proposal submitted by Nasdaq ISE, LLC ("ISE") and approved by the Securities and Exchange Commission ("Commission").⁴

IBIT is an Exchange-Traded Funds ("ETF") that holds bitcoin and is listed on the Nasdaq Stock Market LLC.⁵ In November 2024, the Exchange received approval to list options on IBIT.⁶ The position and exercise limits for IBIT options are stated in Exchange Rule 307, Position Limits, and Exchange Rule 309, Exercise Limits.⁷

Position limits, and exercise limits, are designed to limit the number of options contracts traded on the exchange in an underlying security that an investor, acting alone or in concert with others directly or indirectly, may control. These limits, which are described in Exchange Rule 307, Position Limits, and Exchange Rule 309, Exercise Limits, are intended to address potential manipulative schemes and adverse market impacts surrounding the use of options, such as disrupting the

market in the security underlying the options. Position and exercise limits must balance concerns regarding mitigating potential manipulation and the cost of inhibiting potential hedging activity that could be used for legitimate economic purposes.

To achieve this balance, the Exchange proposes to increase the position limits and exercise limits for options on IBIT to 1,000,000 contracts by noting the proposed position limit in Interpretation and Policy .01 to Exchange Rule 307, Position Limits, and Interpretation and Policy .01 to Exchange Rule 309, Exercise Limits. The position limit for options on IBIT is currently set pursuant to Exchange Rule 307(d) where the largest in capitalization and the most frequently traded stocks and ETFs have an option position limit of 250,000 contracts (with adjustments for splits, re-capitalizations, etc.) on the same side of the market; and smaller capitalization stocks and ETFs have position limits of 200,000, 75,000, 50,000 or 25,000 contracts (with adjustments for splits, recapitalizations, etc.) on the same side of the market. The Exchange notes that the proposed position limits and exercise limits for options on IBIT are consistent with existing position limits and exercise limits for options on iShares MSCI Emerging Markets, iShares China Large-Cap ETF and iShares MSCI EAFE ETF.

Composition and Growth Analysis for Underlying ETFs

As stated above, position (and exercise) limits are intended to prevent the establishment of options positions that can be used or might create incentives to manipulate the underlying market so as to benefit options positions. The Commission has recognized that these limits are designed to minimize the potential for mini-manipulations and for corners or squeezes of the underlying market, as well as serve to reduce the possibility for disruption of the options market itself, especially in illiquid classes.⁸

Per the Commission, "rules regarding position and exercise limits are intended to prevent the establishment of options positions that can be used or might create incentives to manipulate or disrupt the underlying market so as to benefit the options positions."⁹ For this

reason, the Commission requires that "position and exercise limits must be sufficient to prevent investors from disrupting the market for the underlying security by acquiring and exercising a number of options contracts disproportionate to the deliverable supply and average trading volume of the underlying security."¹⁰ The Exchange has observed an ongoing increase in demand in options on IBIT in 2025.¹¹ The Exchange believes the current position limit and exercise limit of 250,000 contracts (the highest position limit available pursuant to Exchange Rule 307 and exercise limit pursuant to Exchange Rule 309) will impede trading activity and strategies of investors, such as use of effective hedging vehicles or income generating strategies (e.g., buy-write or putwrite), and the ability of Market Makers to make liquid markets with tighter spreads in IBIT options.

The Exchange believes that increasing the position limit (and exercise limit) for options on IBIT to 1,000,000 contracts would enable liquidity providers to provide additional liquidity to the Exchange, as well as other options exchange on which they participate. As described in further detail below, the Exchange believes that the continuously increasing market capitalization of IBIT options, as well as the highly liquid markets for those securities, reduces the concerns for potential market manipulation and/or disruption in the underlying markets upon increasing position limits, while the rising demand for trading options on IBIT for legitimate economic purposes compels an increase in position limits (and corresponding exercise limits).

IBIT currently qualifies for a 250,000 contract position limit pursuant to the criteria in Exchange Rule 307(d), which requires that, for the most recent six-month period, trading volume for the underlying security be at least 100 million shares.¹² As of February 11,

Permit the Listing and Trading of Options on the iShares Bitcoin Trust ("ISE IBIT Approval Order").

¹⁰ See *id.*

¹¹ In 2025 the Exchange filed to eliminate the 25,000 contract position and exercise limits for IBIT options and apply the position and exercise limits in Exchange Rules 307 and 309, respectively, to IBIT options utilizing November 25, 2024 data. See Securities Exchange Act Release No. 103644 (August 5, 2025), 90 FR 38521 (August 8, 2025) (SR-MIAX-2025-37) (Self-Regulatory Organizations; Miami International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Exchange Rule 307, Position Limits, and Exchange Rule 309, Exercise Limits To Allow the Exchange To Increase the Position and Exercise Limits for iShares Bitcoin Trust ETF).

¹² Exchange Rule 307(d) provides at subparagraph (5) that to be eligible for the 250,000 contract limit,

³ The Exchange notes that all the rules of Chapter III of MIA, including Rules 307 and 309, are incorporated by reference into the rulebooks of MIAX Emerald, LLC, MIAX Pearl, LLC and MIAX Sapphire, LLC.

⁴ See Securities Exchange Act Release No. 105317 (April 27, 2026), 91 FR 23333 (April 30, 2026) (SR-ISE-2025-26) (Self-Regulatory Organizations; Nasdaq ISE, LLC; Order Approving a Proposed Rule Change, as Modified by Amendment No. 5, to Amend the Position and Exercise Limits for IBIT Options) ("ISE Approval Order").

⁵ Nasdaq received approval to list and trade Bitcoin-Based Commodity-Based Trust Shares in IBIT pursuant to Rule 5711(d) of Nasdaq. See Securities Exchange Act Release No. 99306 (January 10, 2024), 89 FR 3008 (January 17, 2024) (SR-NASDAQ-2023-016) (Order Granting Accelerated Approval of Proposed Rule Changes, as Modified by Amendments Thereto, To List and Trade Bitcoin-Based Commodity-Based Trust Shares and Trust Units). IBIT started trading on January 11, 2024.

⁶ See Securities Exchange Act Release No. 101698 (November 21, 2024), 89 FR 93802 (November 27, 2024) (SR-MIAX-2024-40) (Self-Regulatory Organizations; MIA Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Exchange Rule 402, Criteria for Underlying Securities, Exchange Rule 307, Position Limits, and Exchange Rule 309, Exercise Limits To Allow the Exchange To List and Trade Options on the iShares Bitcoin Trust (the "Trust")) ("IBIT Approval Order"). The Exchange began trading IBIT options on November 20, 2024.

⁷ IBIT currently has a position limit of 250,000 contracts.

⁸ See Securities Exchange Act Release No. 67672 (August 15, 2012), 77 FR 50750 (August 22, 2012) (SR-NYSEAmex-2012-29).

⁹ See Securities Exchange Act Release No. 101128 (September 20, 2024), 89 FR 78942 (September 26, 2024) (SR-ISE-2024-03) (Notice of Filing of Amendment Nos. 4 and 5 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1, 4, and 5, To

2026, the market capitalization for IBIT was 52,661,063,818¹³ with an average daily volume (“ADV”), for the preceding 6 months prior to February 11, 2026 of 61,803,035 shares. By comparison on the same day, the iShares MSCI Emerging Markets (“EEM”) has an ADV of 29,459,889 shares and an AUM of 27,761,941,292 the iShares China Large-Cap ETF (“FXI”) has an ADV 31,656,532 and an AUM of 6,594,337,253, and the iShares MSCI EAFE ETF (“EFA”) has an ADV of 17,215,037 shares and an AUM of 76,788,457,200.¹⁴

In addition to IBIT’s Exchange Rule 307(d) eligibility for 1,000,000 contracts, the Exchange performed additional

analysis relying on data presented in Amendment No. 5,¹⁵ with respect to IBIT. First, in Amendment No. 5, ISE considered IBIT’s market capitalization and ADV, and prospective position limit in relation to other securities. In measuring IBIT against other securities, ISE aggregated market capitalization and volume data for securities that have defined position limits utilizing data from The Options Clearing Corporations (“OCC”).¹⁶ This pool of data took into consideration 3,797 options on single stock securities, excluding broad based ETFs.¹⁷ Next, ISE aggregated the data based on market capitalization and ADV and grouped option symbols by position

limit utilizing statistical thresholds for ADV, based on 180 days, and market capitalization that were one standard deviation above the mean for each position limit category (*i.e.*, 25,000, 50,000 to 52,000, 75,000, 200,000, 250,000 to 375,000, 450,000 to 650,000, 750,000 to 1,250,000 and, and greater than or equal to 2,000,000).¹⁸ ISE performed an exercise to demonstrate IBIT’s position limit relative to other options symbols in terms of market capitalization and ADV. For reference the market capitalization for IBIT was \$52,661,063,818¹⁹ with an ADV, for the preceding 180 days prior to February 11, 2026, of 61,803,035 shares.²⁰

ADV data	25k	50k–52k	75k	200k	250k–375k	450k–650k	750k–1.25mm	>2mm
# of observations	392	401	547	232	2154	27	8	9
average	91157.18	218871.78	445897.84	664343.12	4749775.74	5176137.15	6008710.88	47286595.89
median	83656	206731	426420	679891.5	2015092	4027803	5637387.5	27354715.0
min	9725	51064	27845	28156	22931	931337	4628363	11811713
max	499461	1211984	3658653	3138784	170721127	19492918	8116652	182173328
standard deviation	57591.57	86620.56	224453.69	242713.70	9812734.84	4852687.63	1079816.30	54318913.92
IBIT Rank	1	1	1	1	15	1	1	3
IBIT % rank	99.75	99.75	99.82	99.57	99.30	96.43	88.89	70.00

Market cap statistics	25k	50k–52k	75k	200k	250k–375k	450k–650k	750k–1.25mm	>2mm
# of observations	392	401	547	232	2154	27	8	9
average	1,057M	2,401M	4,105M	5,417M	28,792M	65,956M	70,543M	776,666M
median	364M	737M	1,375M	1,551M	3,769M	14,822M	56,721M	49,215M
min	7.697M	16.1M	2.164M	3.030M	0.470M	1,440M	11.43M	371M
max	62.137M	139,006M	102,316M	125,661M	4,070,890M	656,022M	177,131M	4,618,220M
Standard deviation	4,002M	8,164M	8,576M	12,956M	150,096M	142,724M	58,978M	1,529,883M
IBIT rank	2	3	5	5	221	7	5	5
IBIT % rank	99.49	99.25	99.09	97.85	89.74	75.00	44.44	50.00

Based on the above table, as presented in Amendment No. 5,²¹ if IBIT were compared to the 10 stocks that have position limits of 750,000 contracts to 1.25 million contracts it would rank in the 45th percentile for market capitalization and the 89th percentile for ADV.

Second, ISE reviewed IBIT’s data relative to the market capitalization of the entire bitcoin market in terms of exercise risk and availability of deliverables. As of February 25, 2026,

there are 20.5 million bitcoins in circulation.²² At a price of \$66,938,²³ that equates to a market capitalization of greater than \$1.374 trillion US. If a position limit of 1,000,000 contracts were considered, the exercisable risk would represent 7.474%²⁴ of the outstanding shares outstanding of IBIT. Since IBIT has a creation and redemption process managed through the issuer, additionally it can be compared the position limit sought to the total market capitalization of the

entire bitcoin market and in that case, the exercisable risk for options on IBIT would be less than 0.278% of all bitcoin outstanding.²⁵ Assuming a scenario where all options on IBIT shares were exercised given the proposed 1,000,000-contract position limit (and exercise limits), this would have a virtually unnoticed impact on the entire bitcoin market. This analysis demonstrates that the proposed 1,000,000 per same side position and exercise limits are

either the most recent six (6) month trading volume of the underlying security must have totaled at least 100 million shares or the most recent six-month trading volume of the underlying security must have totaled at least seventy-five (75) million shares and the underlying security must have at least 300 million shares currently outstanding.

¹³ The market capitalization was determined by multiplying a Net Asset Value of \$38.29 by the number of shares outstanding 1,337,920,000 This figure was acquired as of February 11, 2026. See <https://www.ishares.com/us/products/333011/ishares-Bitcoin-trust-etf>.

¹⁴ These figures are from February 11, 2026.

¹⁵ See Amendment No. 5 to Proposed Rule Change to Amend the Position and Exercise Limits for IBIT Options (SR–ISE–2025–26), filed February 20, 2026, available at <https://www.sec.gov/>

[comments/sr-ise-2025-26/srise202526-707667-2226494.pdf](https://www.theocc.com/marketdata/market-data-reports/series-and-trading-data/position-limits). (“Amendment No. 5”).

¹⁶ The computations are based on OCC data from February 11, 2026. Data displaying zero values in market capitalization or ADV were removed.

¹⁷ IBIT has one asset and therefore is not comparable to a broad based ETF where there are typically multiple components.

¹⁸ These buckets are based on OCC’s current positions limits. See <https://www.theocc.com/marketdata/market-data-reports/series-and-trading-data/position-limits>. Exchange Rule 307 sets out position limits for various contracts. For example, a 25,000 contract limit applies to those options having an underlying security that does not meet the requirements for a higher options contract limit. The Exchange notes that position limits may also be higher due to corporate actions in the underlying equities, such as a stock split.

¹⁹ Net Asset Value of \$38.29 by the number of shares outstanding 1,337,920,000 This figure was acquired as of February 11, 2026. See <https://www.ishares.com/us/products/333011/ishares-bitcoin-trust-etf>.

²⁰ See Amendment No. 5 at 8.

²¹ See Amendment No. 5 at 9.

²² See <https://www.coingecko.com/en/coins/bitcoin>.

²³ This is the approximate price of Bitcoin from February 11, 2026.

²⁴ This percentage is arrived at with this equation: (1,000,000 contract limit * 100 share per option / 1,337,920,000 shares outstanding).

²⁵ This number was arrived at with this calculation: (1,000,000 limit * 100 shares per option * \$38.29 IBIT NAV) / (20,528,687 BTC outstanding * \$66,938 BTC price).

appropriate for options on IBIT given its liquidity.

Third, ISE reviewed the proposed position limit by comparing it to position limits for derivative products regulated by the Commodity Futures Trading Commission ("CFTC"). While the CFTC, through the relevant Designated Contract Markets, only regulates options positions based upon delta equivalents (creating a less stringent standard), ISE examined equivalent bitcoin futures position limits. In particular, ISE looked at the CME bitcoin futures contract²⁶ that has a position limit of 2,000 futures.²⁷ On February 11, 2026, CME bitcoin futures settled at \$67,71570,406.33.²⁸ On February 11, 2026, IBIT settled at \$38.29, which would equate to greater than 17,684,774 shares of IBIT if the CME notional position limit was utilized. Since substantial portions of any distributed options portfolio are likely to be out of the money on expiration, an options position limit equivalent to the CME position limit for bitcoin futures (considering that all options deltas are ≤ 1.00) should be a bit higher than the CME implied 176,848 limit. Of note, unlike options contracts, CME position limits are calculated on a net futures equivalent basis by contract and include contracts that aggregate into one or more base contracts according to an aggregation ratio(s).²⁹ Therefore, if a portfolio includes positions in options on futures, CME would aggregate those positions into the underlying futures contracts in accordance with a table published by CME on a delta equivalent value for the relevant spot month, subsequent spot month, single month and all month position limits.³⁰ If a position exceeds position limits because of an option assignment, CME permits market participants to liquidate the excess position within one business day without being considered in violation of its rules. Additionally, if at the close of trading, a position that includes options exceeds position limits for futures contracts, when evaluated using the delta factors as of that day's close of trading, but does not exceed the limits

when evaluated using the previous day's delta factors, then the position shall not constitute a position limit violation. Based on the aforementioned analysis, the Exchange believes that the proposed 1,000,000 contracts for position and exercise limits is appropriate.

Fourth, ISE analyzed a position and exercise limit of 1,000,000 for IBIT options against other options on ETFs with an underlying commodity, namely SPDR Gold Shares ("GLD") ETF, iShares Silver Trust ("SLV") ETF, and ProShares Bitcoin ETF ("BITO").³¹ GLD has a float of 377 million shares³² and a position limit of 250,000 contract. SLV has a float of 552 million shares,³³ and a position limit of 250,000 contracts. Finally, BITO has 200.89 million shares outstanding³⁴ and a position limit of 250,000 contracts. As previously noted, position and exercise limits are designed to limit the number of options contracts traded on the exchange in an underlying security that an investor, acting alone or in concert with others directly or indirectly, may control. A position limit exercise in GLD would represent 6.63% of the float of GLD; a position limit exercise in SLV would represent 4.53% of the float of SLV, and a position limit exercise of BITO would represent 12.44% of the float of BITO. In comparison, a 1,000,000 contract position limit in IBIT would represent 7.474%³⁵ of the float of IBIT. Consequently, the 1,000,000 proposed IBIT options position and exercise limit is more conservative than the standard applied to GLD, SLV and BITO, and appropriate.

Fifth, the Exchange and ISE note that IBIT began trading in penny increments as of January 2, 2025 pursuant to the Penny Interval Program.³⁶ The

Commission noted that evidence contained in both the Exchanges' Report and the Cornerstone analysis demonstrates that the Penny Pilot has benefitted investors and other market participants in the form of narrower spreads.³⁷ The most actively traded options classes are included in the Penny Program based on certain objective criteria (trading volume thresholds and initial price tests). As noted in the Penny Approval Order, the Penny Program reflects a certain level of trading interest (either because the class is newly listed or a class that experience a significant growth in investor interest) to quote in finer trading increments, which in turn should benefit market participants by reducing the cost of trading such options.³⁸ IBIT options are among a select group of products that have achieved a certain level of liquidity that have garnered it the ability to trade in finer increments. Failing to increase position and exercise limits for IBIT options, now that it is trading in finer increments, may artificially inhibit liquidity and create price inefficiency. The Exchange notes that options on iShares MSCI Emerging Markets, iShares China Large-Cap ETF and iShares MSCI EAFE ETF also trade in penny increments based on their liquidity.

The Exchange believes that IBIT options has demonstrated that it has more than sufficient liquidity to garner an increased position and exercise limit of 1,000,000 contracts. The Exchange believes that any concerns related to manipulation and protection of investors are mollified by the significant liquidity provision in IBIT. The Exchange states that, as a general principle, increases in active trading volume and deep liquidity of the underlying securities do not lead to manipulation and/or disruption.

The Exchange believes that increasing the position (and exercise) limits for

³¹ GLD, SLV and BITO each hold one asset in trust similar to IBIT.

³² See <https://www.ssga.com/us/en/intermediary/etfs/spdr-gold-shares-gld>.

³³ See <https://www.ishares.com/us/products/239855/ishares-silver-trust-fund>.

³⁴ See <https://www.marketwatch.com/investing/fund/bitto>.

³⁵ This percentage is arrived at with this equation: (1,000,000 contract limit * 100 share per option / 1,337,920,000 shares outstanding). This information was captured on February 11, 2026.

³⁶ The Exchange may add to the Penny Program a newly listed option class provided that (i) it is among the 300 most actively traded multiply listed option classes, as ranked by National Cleared Volume at OCC, in its first full calendar month of trading and (ii) the underlying security is priced below \$200 or the underlying index is at an index level below \$200. Any option class added under this provision will be added on the first trading day of the month after it qualifies and will remain in the Penny Program for one full calendar year, after which it will be subject to the Annual Review described in Exchange Rule 501(c)(2). The Exchange may add any option class to the Penny

Program, provided that (i) it is among the 75 most actively traded multiply listed option classes, as ranked by National Cleared Volume at OCC, in the past six full calendar months of trading and (ii) the underlying security is priced below \$200 or the underlying index is at an index level below \$200. Any option class added under this provision will be added on the first trading day of the second full month after it qualifies and will remain in the Penny Program for the rest of the calendar year, after which it will be subject to the Annual Review as described in Exchange Rule 501(c)(2). See Exchange Rule 501(c)(2).

³⁷ See Securities Exchange Act Release No. 88532 (April 1, 2020), 67 FR 19545, 19548 (April 7, 2020) (File No. 4-443) (Joint Industry Plan: Order Approving Amendment No. 5 to the Plan for the Purpose of Developing and Implementing Procedures Designed To Facilitate the Listing and Trading of Standardized Options To Adopt a Penny Interval Program) ("Penny Approval Order").

³⁸ *Id.* at 19548.

²⁶ CME Bitcoin Futures are described in Chapter 35.0 of CME's Rulebook.

²⁷ See the Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5 of CME's Rulebook.

²⁸ 2,000 futures at a 5 bitcoin multiplier (per the contract specifications) equates to \$677,150,000 (2,000 contracts * 5 BTC per contract * \$67,715 price of February BTC future) of notional value.

²⁹ See <https://www.cmegroup.com/education/courses/market-regulation/position-limits/positionlimits-aggregation-of-contracts-and-table.htm>.

³⁰ *Id.*

IBIT options would lead to a more liquid and competitive market environment for IBIT options, which will benefit customers that trade these options. Further, the reporting requirement for such options would remain unchanged. Thus, the Exchange will still require that each member organization that maintains positions in impacted options on the same side of the market, for its own account or for the account of a customer, report certain information to the Exchange. This information includes, but would not be limited to, the options' positions, whether such positions are hedged and, if so, a description of the hedge(s). Market-Makers³⁹ would continue to be exempt from this reporting requirement, however, the Exchange may access Market-Maker position information.⁴⁰ Moreover, the Exchange's requirement that member organizations file reports with the Exchange for any customer who held aggregate large long or short positions on the same side of the market of 200 or more option contracts of any single class for the previous day will remain at this level and will continue to serve as an important part of the Exchange's surveillance efforts.⁴¹

The Exchange also has no reason to believe that the growth in trading volume in IBIT will not continue. Rather, the Exchange expects continued options volume growth in IBIT as opportunities for investors to participate in the options markets increase and evolve. The Exchange believes that the current position and exercise limits in IBIT options are restrictive and will hamper the listed options markets from being able to compete fairly and effectively with the over-the-counter ("OTC") markets. OTC transactions occur through bilateral agreements, the terms of which are not publicly disclosed to the marketplace. As such, OTC transactions do not contribute to the price discovery process on a public exchange or other lit markets. The

Exchange believes that without the proposed changes to position and exercise limits for IBIT options, market participants will find the 250,000 contract position limit an impediment to their business and investment objectives as well as an impediment to efficient pricing. As such, market participants may find the less transparent OTC markets a more attractive alternative to achieve their investment and hedging objectives, leading to a retreat from the listed options markets, where trades are subject to reporting requirements and daily surveillance.

The Exchange believes that the existing surveillance procedures and reporting requirements at the Exchange are capable of properly identifying disruptive and/or manipulative trading activity. The Exchange also represents that it has adequate surveillances in place to detect potential manipulation, as well as reviews in place to identify continued compliance with the Exchange's listing standards. These procedures monitor market activity via automated surveillance techniques to identify unusual activity in both options and the underlyings, as applicable. The Exchange also notes that large stock holdings must be disclosed to the Commission by way of Schedules 13D or 13G,⁴² which are used to report ownership of stock which exceeds 5% of a company's total stock issue and may assist in providing information in monitoring for any potential manipulative schemes. Further, the Exchange believes that the current financial requirements imposed by the Exchange and by the Commission adequately address concerns regarding potentially large, unhedged positions in equity options. Current margin and risk-based haircut methodologies serve to limit the size of positions maintained by any one account by increasing the margin and/or capital that a member organization must maintain for a large position held by itself or by its customer.⁴³ In addition, Rule 15c3-1⁴⁴ imposes a capital charge on member organizations to the extent of any margin deficiency resulting from the higher margin requirement.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of

Section 6(b) of the Act.⁴⁵ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁴⁶ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section (6)(b)(5)⁴⁷ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that increasing the position limit and exercise limit for options on IBIT to 1,000,000 contracts is consistent with the Act. This proposal will remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest, because it will provide market participants with the ability to more effectively execute their trading and hedging activities. Also, based on current trading volume, the resulting increase in the position (and exercise) limits for IBIT options may allow Market-Makers to maintain their liquidity in these options in amounts commensurate with the continued high consumer demand in IBIT options. The increased position and exercise limits may also encourage other liquidity providers to continue to trade on the Exchange rather than shift their volume to OTC markets, which will enhance the process of price discovery conducted on the Exchange through increased order flow. Further, this proposed change would allow institutional investors to utilize IBIT options for prudent risk management purposes.

In addition, the Exchange believes that the current liquidity in IBIT will mitigate concerns regarding potential manipulation of IBIT options and/or disruption of IBIT upon amending the table of position limits in Interpretation and Policy .01 to Exchange Rule 307 and the table of exercise limits in Interpretation and Policy .01 to Exchange Rule 309.

³⁹ Market Makers refers to "Lead Market Makers," "Primary Lead Market Makers," and "Registered Market Makers" collectively. See Exchanged Rule 100.

⁴⁰ The Options Clearing Corporation ("OCC") through the Large option Position Reporting ("LOPR") system acts as a centralized service provider for Member compliance with position reporting requirements by collecting data from each Member or Member organization, consolidating the information, and ultimately providing detailed listings of each Member's report to the Exchange, as well as Financial Industry Regulatory Authority, Inc. ("FINRA"), acting as its agent pursuant to a regulatory services agreement ("RSA"). Member means an individual or organization approved to exercise the trading rights associated with a Trading Permit. Members are deemed "members" under the Exchange Act. See Exchanged Rule 100.

⁴¹ See Exchanged Rule 310.

⁴² 17 CFR 240.13d-1.

⁴³ See Exchange Rules, Chapter 15, Margins.

⁴⁴ 17 CFR 240.15c3-1.

⁴⁵ 15 U.S.C. 78f(b).

⁴⁶ 15 U.S.C. 78f(b)(5).

⁴⁷ *Id.*

Comparing IBIT's data, as presented in Amendment No. 5,⁴⁸ relative to the market capitalization of the entire bitcoin market in terms of exercise risk and availability of deliverables, the Exchange was able to conclude that if a position limit of 1,000,000 contracts were considered, the exercisable risk would represent 7.474%⁴⁹ of the shares outstanding of IBIT. Since IBIT has a creation and redemption process managed through the issuer (whereby Bitcoin is used to create IBIT shares), the position limit can be compared to the total market capitalization of the entire bitcoin market and in that case, the exercisable risk for options on IBIT would represent less than 0.278% of all bitcoin outstanding.⁵⁰ Comparing the proposed position limit to position limits for equivalent bitcoin futures position limits, the analysis demonstrated that a 1,000,000 contracts position and exercise limits would be appropriate.

Comparing a position limit of 1,000,000 for IBIT options against other options on ETFs with an underlying commodity, namely GLD, SLV and BITO, a position limit exercise in GLD represents 6.63% of the float of GLD, a position limit exercise in SLV represents 4.53% of the float of SLV, and a position limit exercise of BITO represents 12.44% of the float of BITO. In comparison, a 1,000,000 contract position limit in IBIT options would represent 7.474%⁵¹ of the float of IBIT. Consequently, a 1,000,000 IBIT options position limit is more conservative than the standard applied to GLD, SLV and BITO, and appropriate.

The Exchange notes that IBIT began trading in penny increments as of January 2, 2025 pursuant to the Penny Interval Program.⁵² The Commission

noted that evidence contained in both the Exchanges' Report and the Cornerstone analysis demonstrates that the Penny Pilot has benefitted investors and other market participants in the form of narrower spreads.⁵³ The most actively traded options classes are included in the Penny Program based on certain objective criteria (trading volume thresholds and initial price tests).⁵⁴ As noted in the Penny Approval Order, the Penny Program reflects a certain level of trading interest (either because the class is newly listed or a class that experience a significant growth in investor interest) to quote in finer trading increments, which in turn should benefit market participants by reducing the cost of trading such options.⁵⁵ IBIT options are among a select group of products that have achieved a certain level of liquidity that have garnered it the ability to trade in finer increments pursuant to the Penny Interval Program. Failing to permit IBIT options to potentially increase position and exercise limits given the trading in finer increments, may artificially inhibit liquidity and create price inefficiency for IBIT options.

Finally, as discussed above, the Exchange's surveillance and reporting safeguards continue to be designed to deter and detect possible manipulative behavior that might arise from increasing or eliminating position and exercise limits in certain classes. The Exchange believes that the current financial requirements imposed by the Exchange and by the Commission adequately address concerns regarding potentially large, unhedged positions in the options on the underlying securities, further promoting just and equitable principles of trading, the maintenance of a fair and orderly market, and the protection of investors.

Exchange may add any option class to the Penny Program, provided that (i) it is among the 75 most actively traded multiply listed option classes, as ranked by National Cleared Volume at OCC, in the past six full calendar months of trading and (ii) the underlying security is priced below \$200 or the underlying index is at an index level below \$200. Any option class added under this provision will be added on the first trading day of the second full month after it qualifies and will remain in the Penny Program for the rest of the calendar year, after which it will be subject to the Annual Review as described in Exchange Rule 501(c)(2). See Exchange Rule 501(c)(2).

⁵³ See Penny Approval Order.

⁵⁴ Options on iShares MSCI Emerging Markets, iShares China Large-Cap ETF and iShares MSCI EAFE ETF also trade in penny increments based on their liquidity.

⁵⁵ See Penny Approval Order at 19548.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. In this regard and as indicated above, the Exchange notes that the rule change is being proposed as a competitive response to filings submitted by ISE.⁵⁶

The Exchange does not believe that the proposed rule change will impose any burden on inter-market competition as the proposal is not competitive in nature. The Exchange expects that all option exchanges will adopt substantively similar proposals, such that the Exchange's proposal would benefit competition. For these reasons, the Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange's proposal does not burden intra-market competition because all Members would be subject to the position limits in Exchange Rule 307(d) and corresponding exercise limits in Exchange Rule 309. The Exchange believes that the proposed rule change will also provide additional opportunities for market participants to continue to efficiently achieve their investment and trading objectives for equity options on the Exchange.

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

No written comments were either solicited or received.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act⁵⁷ and subparagraph (f)(6) of Rule 19b-4 thereunder.⁵⁸

⁵⁶ See *supra* note 4.

⁵⁷ 15 U.S.C. 78s(b)(3)(A)(iii).

⁵⁸ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time

⁴⁸ See Amendment No. 5 at 9.

⁴⁹ This percentage is arrived at with this equation: (1,000,000 contract limit * 100 share per option / 1,337,920,000 shares outstanding). This information was captured on February 11, 2026.

⁵⁰ This number was arrived at with this calculation: (1,000,000 limit * 100 shares per option * \$38.29 IBIT NAV) / (20,528,687 BTC outstanding * \$66,938 BTC price).

⁵¹ This percentage is arrived at with this equation: (1,000,000 contract limit * 100 share per option / 1,337,920,000 shares outstanding). This information was captured on February 11, 2026.

⁵² The Exchange may add to the Penny Program a newly listed option class provided that (i) it is among the 300 most actively traded multiply listed option classes, as ranked by National Cleared Volume at OCC, in its first full calendar month of trading and (ii) the underlying security is priced below \$200 or the underlying index is at an index level below \$200. Any option class added under this provision will be added on the first trading day of the month after it qualifies and will remain in the Penny Program for one full calendar year, after which it will be subject to the Annual Review described in Exchange Rule 501(c)(2). The

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)⁵⁹ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Commission notes that the proposal will conform the Exchange's IBIT options position and exercise limits with ISE's IBIT options position and exercise limits.⁶⁰ Therefore, the proposal raises no novel legal or regulatory issues. Thus, the Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposed rule change operative upon filing.⁶¹

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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-MIAX-2026-20 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-MIAX-2026-20. This file

as designated by the Commission. The Exchange has satisfied this requirement.

⁵⁹ 17 CFR 240.19b-4(f)(6)(iii).

⁶⁰ See *supra* note 4 and accompanying text.

⁶¹ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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 (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. 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-MIAX-2026-20 and should be submitted on or before June 11, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁶²

Sherry R. Haywood,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105503; File No. SR-PEARL-2026-23]

Self-Regulatory Organizations; MIAx PEARL, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the Short Term Option Series Program

May 18, 2026.

Pursuant to the provisions of 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 May 14, 2026, MIAx PEARL, LLC ("MIAx Pearl" or the "Exchange") filed with the Securities and Exchange Commission ("Commission") a proposed rule change as described in Items I and II below, which Items have been prepared by MIAx Pearl. 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

The Exchange proposes to amend the Short Term Option Series Program to amend the Short Term Option Series Program to add clarifying language concerning the listing and treatment of

Monday and Wednesday Short Term Daily Expirations for Qualifying Securities when an Earnings Announcement³ occurs after market close.

The text of the proposed rule change is available on the Exchange's website at <https://www.miaxglobal.com/markets/us-options/all-options-exchanges/rule-filings> and at MIAx Pearl's principal office.

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

In its filing with the Commission, MIAx Pearl 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. MIAx Pearl 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 Interpretation and Policy .02 to Exchange Rule 404, Series of Options Contracts Open for Trading. The amendment would add clarifying language concerning Monday and Wednesday expiration listings for options on certain individual stocks or Exchange-Traded Fund Shares (collectively "Qualifying Securities") that are required to be marked closing only. Other technical changes are also proposed to Exchange Rule 404, Series of Options Contracts Open for Trading. Each change will be described below. This proposed rule change is based on a similar proposal submitted by Nasdaq ISE, LLC ("ISE").⁴

Short Term Options Series

Currently, the Exchange permits certain Qualifying Securities to list up to two Monday and Wednesday Short Term Daily Expirations in addition to the Friday weekly expiration, provided

³ An Earnings Announcement shall include official public quarterly or yearly earnings filed with the Securities and Exchange Commission (the "Commission").

⁴ See Securities Exchange Act Release No. 105313 (April 27, 2026) (Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Short Term Options Series Program) (SR-ISE-2026-19).

⁶² 17 CFR 200.30-3(a)(12), (59).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

they meet the eligibility requirements⁵ noted in Interpretation and Policy .02 to Exchange Rule 404. Each calendar quarter, the Exchange applies the above criteria to individual stocks and Exchange-Traded Fund Shares to determine eligibility for the following quarter as a Qualifying Security.⁶ The Exchange makes the list of Qualifying Securities available by close of business on the first trading day of the quarter on its website.

For individual stocks on Qualifying Securities, the Exchange does not list a Monday or Wednesday Short Term Daily Expiration on a day when an Earnings Announcement occurs after market close. If a Monday or Wednesday Short Term Option Daily Expiration is listed and an Earnings Announcement is subsequently made after the listing becomes available for trading, the Exchange immediately takes one of the following actions: (1) delists the affected expiration if there is no open interest, or (2) marks the affected expiration as closing only. This is the Exchange's current practice to avoid violating the listing requirements of Interpretation and Policy .02 to Exchange Rule 404.

At this time, the Exchange proposes to codify this practice in its rule text to provide Members⁷ with clear expectations regarding listing

availability. The Exchange proposes to state,

For individual stocks on Qualifying Securities, the Exchange will not list a Monday or Wednesday Short Term Option Daily Expiration on a day when an Earnings Announcement will occur after market close. If a Monday or Wednesday Short Term Option Daily Expiration is listed and an Earnings Announcement is subsequently made after the listing becomes available for trading, the Exchange will: (1) delist the affected expiration if there is no open interest; or (2) if there is open interest, designate the affected expiration as closing only. "Earnings Announcement" shall include official public quarterly or yearly earnings filed with the Securities and Exchange Commission.

Additionally, the Exchange proposes to remove current text in Interpretation and Policy .02 to Exchange Rule 404 which states that, "For Qualifying Securities, the Exchange would not list an expiry on a day where there will be an Earnings Announcement that takes place after market close." The proposed rule text makes this sentence unnecessary. Finally, the Exchange proposes to relocate the current description of an Earnings Announcement into the proposed text.

The Exchange also proposes other technical amendments to Interpretation and Policy .02 to Exchange Rule 404 to reorganize the rule text and improve readability. The Exchange proposes to relocate current Interpretation and Policy .11 to Exchange Rule 404 regarding listing Short Term Option Series in equity options, excluding Exchange-Traded Fund Shares and ETNs, which have an expiration date more than twenty-one days from the listing date to a new Interpretation and Policy .02(g) to Exchange Rule 404, additionally the Exchange proposes to slightly modify current Interpretation and Policy .11 to Exchange Rule 404 to improve readability. Also, the Exchange proposes to amend the citations in current Interpretation and Policy .11 to Exchange Rule 404 to reflect the relocation to current Interpretation and Policy .02(g) to Exchange Rule 404.

Other Amendments to Exchange Rule 404

The Exchange proposes to renumber current Interpretation and Policy .12 to Exchange Rule 404, Low Priced Stock Strike Price Interval Program, as Interpretation and Policy .11 and also proposes to renumber current Interpretation and Policy .13 to Exchange Rule 404, Monthly Options Series Program, as Interpretation and Policy .12.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁸ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁹ in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest.

The Exchange believes that codifying its existing practice regarding the treatment of Monday and Wednesday Short Term Daily Expiration listings for Qualifying Securities promotes just and equitable principles of trade by providing Members with clear and transparent expectations concerning the availability of such listings. Under the proposed rule text, Members will have express notice that the Exchange will not list a Monday or Wednesday Short Term Daily Expiration on a day when an Earnings Announcement is scheduled to occur after market close, and that in the event an Earnings Announcement is announced after such a listing becomes available for trading, the Exchange will either delist the affected expiration if there is no open interest or mark the expiration as closing only. By memorializing this practice in the rule text, the Exchange ensures that all market participants are informed of the manner in which the Exchange administers its Short Term Option Series Program with respect to Qualifying Securities, thereby promoting fairness and transparency in the marketplace.

The Exchange further believes the proposal removes impediments to and perfects the mechanism of a free and open market and a national market system by ensuring that Monday or Wednesday Short Term Daily Expirations are not listed or do not remain available for new opening positions in circumstances that could expose investors to heightened risks associated with post-market-close Earnings Announcements. Options expiring on a day following an afterhours Earnings Announcement may be subject to significant price volatility and uncertainty that could disadvantage investors who are unable to react to material information disclosed after the close of trading. By formalizing the Exchange's practice of either not listing such expirations or marking them as closing only when an Earnings Announcement is announced after

⁵ Qualifying Securities must meet the following criteria on a quarterly basis: (1) an underlying security, as measured on the last day of the prior calendar quarter, must have: (A) a market capitalization of greater than 700 billion dollars for an individual stock based on the closing price, or (B) Assets under Management ("AUM") greater than 50 billion dollars for an Exchange-Traded Fund Share based on net asset value; (2) monthly options volume, as measured by sides traded in the last month preceding the quarter end, of greater than 10 million options; (3) a position limit of at least 250,000 contracts; and (4) participate in the Penny Interval Program. See Interpretation and Policy .02 to Exchange Rule 404.

⁶ Beginning on the second trading day in the first month of each calendar quarter, the market capitalization of individual stocks is calculated based on the closing price established on the primary exchange on the last trading day of the prior calendar quarter and the AUM for Exchange-Traded Fund Shares is calculated based on the NAV established on the primary exchange on the last trading day of the prior calendar quarter. The data establishing the volume thresholds is established by using data from the last month of the prior calendar quarter from The Options Clearing Corporation. For options listed on the first trading day of a given calendar quarter, the volume is calculated using the last month of the quarter prior to that calendar quarter. For example, if the Exchange were to list Qualifying Securities in Q3 of 2026, the Exchange would look at the volume, measured in sides, for the last month of Q2 2026 or June 2026.

⁷ The term "Member" means an individual or organization that is registered with the Exchange pursuant to Chapter II of the Rules for purposes of trading on the Exchange as an "Electronic Exchange Member" or "Market Maker." Members are deemed "members" under the Exchange Act. See Exchange Rule 100.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

listing, depending on whether there is open interest, the proposal helps ensure that the options market operates in a manner that mitigates these risks and supports the integrity of the national market system.

The Exchange notes that the proposal does not raise any new or novel regulatory concerns. The proposed rule change merely codifies the Exchange's current practice, which has been in effect to ensure compliance with Interpretation and Policy .02 to Exchange Rule 404. The Exchange is not proposing to alter its existing approach to administering the Short Term Option Series Program for Qualifying Securities; rather, the Exchange seeks to formalize that approach in its rule text to enhance clarity and predictability for Members and other market participants.

The Exchange's proposal to amend citations, relocate and amend Interpretation and Policy .11 to Exchange Rule 404, and to renumber current Interpretation and Policy .12 to Exchange Rule 404, Low Priced Stock Strike Price Interval Program and Interpretation and Policy .13 to Exchange Rule 404, Monthly Options Series Program are non-substantive amendments intended to reorganize the Exchange's current rules.

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

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

With respect to intra-market competition, the Exchange does not believe the proposal will place any category of market participant at a competitive disadvantage relative to any other category of market participant. All market participants will be subject to the same rules regarding the listing and treatment of Monday and Wednesday Short Term Daily Expirations for Qualifying Securities when an Earnings Announcement occurs after market close.

With respect to inter-market competition, the Exchange does not believe the proposal will place the Exchange at a competitive disadvantage relative to other options exchanges or impose any burden on competition among options exchanges. The proposed rule change does not alter the competitive landscape for options trading, as it merely formalizes the Exchange's current practice in rule text which practice is consistent with that of other options exchanges that have the same listing rules.

The Exchange's proposal to amend citations, relocate Interpretation and Policy .11 to Exchange Rule 404, and to renumber current Interpretation and Policy .12 to Exchange Rule 404, Low Priced Stock Strike Price Interval Program and Interpretation and Policy .13 to Exchange Rule 404, Monthly Options Series Program are non-substantive amendments intended to reorganize the Exchange's current rules.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act¹⁰ and subparagraph (f)(6) of Rule 19b-4 thereunder.¹¹

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or 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

¹⁰ 15 U.S.C. 78s(b)(3)(A)(iii).

¹¹ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

- Send an email to rule-comments@sec.gov. Please include file number SR-PEARL-2026-23 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-PEARL-2026-23. 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 (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. 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-PEARL-2026-23 and should be submitted on or before June 11, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹²

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2026-10142 Filed 5-20-26; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105512; File No. SR-NYSE-2026-05]

Self-Regulatory Organizations; New York Stock Exchange LLC; Order Granting Approval of Proposed Rule Change Amending Section 703.12(II) of the NYSE Listed Company Manual To Expand the Circumstances Under Which Rights May Be Listed on the NYSE

May 18, 2026.

I. Introduction

On February 4, 2026, the New York Stock Exchange LLC ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4

¹² 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

thereunder,² a proposed rule change to amend Section 703.12(II) of the NYSE Listed Company Manual (“Manual”) to expand the circumstances under which rights may be listed on the NYSE. The proposed rule change was published for comment in the **Federal Register** on February 17, 2026.³ On March 27, 2026, pursuant to Section 19(b)(2) of the Act,⁴ the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change.⁵ The Commission received no comments regarding the proposed rule change. This order approves the proposed rule change.

II. Description of the Proposal

As described in more detail in the Notice,⁶ the Exchange proposes to amend Section 703.12(II) of the Manual to provide that for purposes of the Exchange’s listing standards, “rights” will refer to the privilege offered to recipients of such rights to subscribe for shares of a class of securities of such issuer that is listed or to be listed on the Exchange, regardless of whether the recipients of the rights are existing shareholders of record of such issuer. The Exchange also proposes to permit the listing of a right where the security into which such right is exercisable will be listed on the Exchange upon the exercise of the rights and such exercise is pursuant to a registration statement filed under the Securities Act of 1933 (“Securities Act Registration Statement”) that has been declared effective by the Commission prior to or simultaneous with the listing of such rights (“Prospective Listing Rights”).⁷ The Exchange further proposes related changes, among other things, to specify that listed rights may be issued to the initial recipient of such rights either with or without the payment of consideration by such initial recipients, to set forth numerical requirements for listing of Prospective Listing Rights, to provide that funds paid upon exercise of Prospective Listing Rights must be held

in a trust account, and to establish a maximum listing period and specify conditions for delisting of Prospective Listing Rights.⁸

III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.⁹ In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,¹⁰ which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest; and are not designed to permit unfair discrimination between customers, issuers, brokers or dealers.

The Exchange states that the proposal “will give issuers greater flexibility in structuring a rights offering as a capital raising tool” and will “provide a source of capital for the acquisition of assets.”¹¹

The Commission has stated that listing standards are important given investor expectations regarding the nature of securities that have achieved an exchange listing, and the role of an exchange in overseeing its market and assuring compliance with its listing standards.¹² The Commission believes that the proposal offers additional flexibility for issuers to raise capital through a new type of rights offering, in turn providing investors with a new opportunity to participate in that process, which will be pursuant to a Securities Act Registration Statement.

⁸ See *id.*

⁹ In approving this proposed rule change, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹⁰ 15 U.S.C. 78f(b)(5).

¹¹ See Notice, *supra* note 3, at 7333, 7335.

¹² See, e.g., Securities Exchange Act Release Nos. 88716 (Apr. 21, 2020), 85 FR 23393 (Apr. 27, 2020) (SR-NASDAQ-2020-001); 88389 (Mar. 16, 2020), 85 FR 16163 (Mar. 20, 2020) (SR-NASDAQ-2019-089). See also Securities Exchange Act Release No. 81856 (Oct. 11, 2017), 82 FR 48296, 48298 (Oct. 17, 2017) (SR-NYSE-2017-31) (stating that “[a]dequate standards are especially important given the expectations of investors regarding exchange trading and the imprimatur of listing on a particular market” and that “[o]nce a security has been approved for initial listing, maintenance criteria allow an exchange to monitor the status and trading characteristics of that issue . . . so that fair and orderly markets can be maintained”).

For this reason, the Commission finds that the proposed rule change is consistent with the Act.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹³ that the proposed rule change (SR-NYSE-2026-05) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁴

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–10149 Filed 5–20–26; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–105502; File No. SR-NYSE-2026–12]

Self-Regulatory Organizations; NYSE National, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rule 7.37–E

May 18, 2026.

Pursuant to Section 19(b)(1) ¹ of the Securities Exchange Act of 1934 (“Act”),² and Rule 19b–4 thereunder,³ notice is hereby given that on May 11, 2026, NYSE National, Inc. (“NYSE National” or the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. 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

The Exchange proposes to amend Rule 7.37 to specify the Exchange’s source of data feeds from Texas Stock Exchange (“TXSE”) for purposes of order handling, order execution, order routing, and regulatory compliance. The proposed rule change is available on the Exchange’s website at www.nyse.com and at the principal office of the Exchange.

¹³ 15 U.S.C. 78s(b)(2).

¹⁴ 17 CFR 200.30–3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b–4.

² 17 CFR 240.19b–4.

³ See Securities Exchange Act Release No. 104816 (Feb. 11, 2026), 91 FR 7332 (“Notice”).

⁴ 15 U.S.C. 78s(b)(2).

⁵ See Securities Exchange Act Release No. 105099, 91 FR 16259 (Apr. 1, 2026).

⁶ See Notice, *supra* note 3.

⁷ The Exchange states that the issuer of the Prospective Listing Rights will be required by law to update the Securities Act Registration Statement to reflect any material changes in the information required to be included therein that arise between the time of effectiveness of the Securities Act Registration Statement and the exercise of the Prospective Listing Rights. See *id.* at 7333.

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 those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

1. Purpose

The Exchange proposes to update and amend the use of data feeds table in Rule 7.37(d), which sets forth on a market-by-market basis the specific securities information processor ("SIP") and proprietary data feeds that the Exchange utilizes for the handling, execution, and routing of orders, and for performing the regulatory compliance checks related to each of those functions. Specifically, in light of the fact that Texas Stock Exchange ("TXSE") has announced that it will launch operations in July 2026,⁴ the Exchange proposes to amend the table in Rule 7.37(d) to specify that the Exchange will use the SIP Data Feed as its primary source of data for order handling, order execution, order routing, and regulatory compliance.

The Exchange proposes to make this change operative on the date that TXSE launches operations.

2. Statutory Basis

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

rule change is consistent with the Section 6(b)(5) requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes its proposal to add TXSE to the table in Rule 7.37(d) will ensure that the Rule correctly identifies and publicly states on a market-by-market basis all of the specific SIP and proprietary data feeds that the Exchange utilizes for the handling, execution, and routing of orders, and for performing the regulatory compliance checks for each of those functions. The proposed rule change also removes impediments to and perfects the mechanism of a free and open market and protects investors and the public interest by providing additional specificity, clarity, and transparency in the Exchange's rules.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Rather, the Exchange believes that the proposal will enhance competition because providing the public and market participants with up-to-date information about the data feeds the Exchange will use for the handling, execution, and routing of orders, as well as for regulatory compliance would enhance transparency and enable investors to better assess the quality of the Exchange's execution and routing services. In addition, the proposed rule change would not impact competition between market participants because it will affect all market participants equally.

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

No written comments were solicited or received with respect to the proposed rule change.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act⁷ and Rule 19b-4(f)(6) thereunder.⁸ Because the proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on

competition; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder.

A proposed rule change filed under Rule 19b-4(f)(6)⁹ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),¹⁰ the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest.

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)¹¹ of the Act to determine whether the proposed rule change should be approved or 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-NYSENAT-2026-12 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-NYSENAT-2026-12. 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 (<https://www.sec.gov/>

⁴ See TXSE announcement at <https://www.txse.com/trading-membership/member-readiness-and-launch-guide>.

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

⁷ 15 U.S.C. 78s(b)(3)(A)(iii).

⁸ 17 CFR 240.19b-4(f)(5).

⁹ 17 CFR 240.19b-4(f)(6).

¹⁰ 17 CFR 240.19b-4(f)(6)(iii).

¹¹ 15 U.S.C. 78s(b)(2)(B).

rules/sro.shtml). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. 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-NYSENAT-2026-12 and should be submitted on or before June 11, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹²

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026-10141 Filed 5-20-26; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105501; File No. SR-Phlx-2026-29]

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Increase the Position and Exercise Limits for Options on iShares Bitcoin Trust ETF

May 18, 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 May 5, 2026, Nasdaq PHLX LLC (“Phlx” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. 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

The Exchange proposes to amend Options 9, Section 13 to increase the position and exercise limits³ for options on iShares Bitcoin Trust ETF (“IBIT”).

The text of the proposed rule change is available on the Exchange’s website at <https://listingcenter.nasdaq.com/>

rulebook/phlx/rulefilings, and at the principal office of the Exchange.

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 Exchange 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. The Exchange 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 Options 9, Section 13, Position Limits, and Options 9, Section 15, Exercise Limits, for options on IBIT. The Exchange also proposes a technical amendment to Options 6C, Section 3, Proper and Adequate Margin. Each change is discussed below.

Position and Exercise Limits

Nasdaq ISE, LLC (“ISE”) recently received approval to increase the position and exercise limits for options on IBIT to 1,000,000 contracts on the same side of the market.⁴ IBIT is an Exchange-Traded Fund (“ETF”) that holds Bitcoin and is listed on The Nasdaq Stock Market LLC.⁵ Options on IBIT are listed pursuant to Options 4, Section 3(h)(vi).⁶ On September 20, 2024, ISE received approval to list options on IBIT.⁷ The position and

exercise limits for IBIT options are currently set as stated in Options 9, Sections 13 and 15.⁸

Position limits, and exercise limits, are designed to limit the number of options contracts traded on the exchange in an underlying security that an investor, acting alone or in concert with others directly or indirectly, may control. These limits, which are described in Options 9, Sections 13 and 15, are intended to address potential manipulative schemes and adverse market impacts surrounding the use of options, such as disrupting the market in the security underlying the options. Position and exercise limits must balance concerns regarding mitigating potential manipulation and the cost of inhibiting potential hedging activity that could be used for legitimate economic purposes.

To achieve this balance, the Exchange proposes to increase the position limits and exercise limits for options on IBIT to 1,000,000 contracts by noting the proposed position limit in Options 9, Section 13(a), which then reflects the exercise limits in Options 9, Section 15. The position limit for options on IBIT is currently set pursuant to Options 9, Section 13(g) where the largest in capitalization and the most frequently traded stocks and ETFs have an option position limit of 250,000 contracts (with adjustments for splits, re-capitalizations, etc.) on the same side of the market; and smaller capitalization stocks and ETFs have position limits of 200,000, 75,000, 50,000 or 25,000 contracts (with adjustments for splits, recapitalizations, etc.) on the same side of the market. The Exchange notes that the proposed position limits and exercise limits for options on IBIT are consistent with existing position limits and exercise limits for options on iShares MSCI Emerging Markets, iShares China Large-Cap ETF and iShares MSCI EAFE ETF.

Composition and Growth Analysis for Underlying ETFs

As stated above, position (and exercise) limits are intended to prevent the establishment of options positions that can be used or might create incentives to manipulate the underlying market so as to benefit options positions. The Commission has recognized that these limits are designed to minimize the potential for mini-manipulations and for corners or squeezes of the underlying market, as well as serve to reduce the possibility

⁸ IBIT currently has a position and exercise limit of 250,000 contracts on the Exchange.

¹² 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Phlx Options 9, Section 15, Exercise Limits, references the position limits at Options 9, Section 13, therefore, the exercise limits are not being separately amended.

⁴ See Securities Exchange Act Release No. 105317 (April 27, 2026), 91 FR 750 (SR-ISE-2025-26) (Order Approving a Proposed Rule Change, as Modified by Amendment No. 5, to Amend the Position and Exercise Limits for IBIT Options).

⁵ Nasdaq received approval to list and trade Bitcoin-Based Commodity-Based Trust Shares in IBIT pursuant to Rule 5711(d) of Nasdaq. See Securities Exchange Act Release No. 99306 (January 10, 2024), 89 FR 3008 (January 17, 2024) (SR-NASDAQ-2023-016) (Order Granting Accelerated Approval of Proposed Rule Changes, as Modified by Amendments Thereto, To List and Trade Bitcoin-Based Commodity-Based Trust Shares and Trust Units). IBIT started trading on January 11, 2024.

⁶ The Exchange notes that Phlx Options 4 Rules incorporate by reference ISE Options 4 Rules.

⁷ See Securities Exchange Act Release No. 101128 (September 20, 2024), 89 FR 78942 (September 26, 2024) (SR-ISE-2024-03) (Notice of Filing of Amendment Nos. 4 and 5 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1, 4, and 5, To Permit the Listing and Trading of Options on the iShares Bitcoin Trust) (“IBIT Approval Order”). ISE began trading IBIT options on November 19, 2024.

for disruption of the options market itself, especially in illiquid classes.⁹

Per the Commission, “rules regarding position and exercise limits are intended to prevent the establishment of options positions that can be used or might create incentives to manipulate or disrupt the underlying market so as to benefit the options positions.”¹⁰ For this reason, the Commission requires that “position and exercise limits must be sufficient to prevent investors from disrupting the market for the underlying security by acquiring and exercising a number of options contracts disproportionate to the deliverable supply and average trading volume of the underlying security.”¹¹ The Exchange has observed an ongoing increase in demand in options on IBIT in 2025.¹² The Exchange believes the current position limit and exercise limit of 250,000 contracts (the highest position limit available pursuant to Options 9, Section 13 and exercise limit pursuant to Options 9, Section 15) will impede trading activity and strategies of investors, such as use of effective hedging vehicles or income generating strategies (*e.g.*, buy-write or put-write), and the ability of Market Makers to make liquid markets with tighter spreads in IBIT options.

The Exchange believes that increasing the position limit (and exercise limit) for options on IBIT to 1,000,000 contracts would enable liquidity providers to provide additional liquidity to the Exchange, as well as other options

exchange on which they participate. As described in further detail below, the Exchange believes that the continuously increasing market capitalization of IBIT options, as well as the highly liquid markets for those securities, reduces the concerns for potential market manipulation and/or disruption in the underlying markets upon increasing position limits, while the rising demand for trading options on IBIT for legitimate economic purposes compels an increase in position limits (and corresponding exercise limits).

IBIT currently qualifies for a 250,000 contract position limit pursuant to the criteria in Options 9, Section 13(g)(i), which requires that, for the most recent six-month period, trading volume for the underlying security be at least 100 million shares.¹³ As of February 11, 2026, ISE observed that the market capitalization for IBIT was 52,661,063,818¹⁴ with an average daily volume (“ADV”), for the preceding 6 months prior to February 11, 2026, of 61,803,035 shares. By comparison, on the same day, the iShares MSCI Emerging Markets (“EEM”) had an ADV of 29,459,889 shares and an AUM of 27,761,941,292 the iShares China Large-Cap ETF (“FXI”) had an ADV of 31,656,532 and an AUM of 6,594,337,253; and the iShares MSCI EAFE ETF (“EFA”) had an ADV of 17,215,037 shares and an AUM of 76,788,457,200.¹⁵

In addition to IBIT’s Options 9, Section 13(g)(i) eligibility for 1,000,000 contracts, ISE performed additional analysis with respect to IBIT. First, ISE

considered IBIT’s market capitalization and ADV, and prospective position limit in relation to other securities. In measuring IBIT against other securities, ISE aggregated market capitalization and volume data for securities that have defined position limits utilizing data from The Options Clearing Corporation (“OCC”).¹⁶ This pool of data took into consideration 3,797 options on single stock securities, excluding broad based ETFs.¹⁷ Next, the data was aggregated based on market capitalization and ADV and grouped by option symbol and position limit utilizing statistical thresholds for ADV, based on 180 days, and market capitalization that were one standard deviation¹⁸ above the mean for each position limit category (*i.e.* 25,000; 50,000 to 52,000; 75,000; 200,000; 250,000 to 375,000; 450,000 to 650,000; 750,000 to 1,250,000; and greater than or equal to 2,000,000).¹⁹ This exercise was performed to demonstrate IBIT’s position limit relative to other options symbols in terms of market capitalization and ADV. For reference, the market capitalization for IBIT was \$52,661,063,818²⁰ with an ADV, for the preceding 180 days prior to February 11, 2026, of 61,803,035 shares.

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¹⁶ The computations were based on OCC data from February 11, 2026. Data displaying zero values in market capitalization or ADV were removed.

¹⁷ IBIT has one asset and therefore is not comparable to a broad-based ETF where there are typically multiple components.

¹⁸ The standard deviation added limited utility to the analysis given the heavily skewed distribution of market capitalizations in the single stock securities.

¹⁹ These buckets were based on OCC’s current positions limits. See <https://www.theocc.com/market-data/market-data-reports/series-and-trading-data/position-limits>. Options 9, Section 13(g) sets out position limits for various contracts. For example, a 25,000 contract limit applies to those options having an underlying security that does not meet the requirements for a higher options contract limit. The Exchange notes that position limits may also be higher due to corporate actions in the underlying equities, such as a stock split.

²⁰ Net Asset Value of \$38.29 multiplied by the number of shares outstanding 1,337,920,000. This figure was acquired as of February 11, 2026. See <https://www.ishares.com/us/products/333011/ishares-Bitcoin-trust-etf>.

⁹ See Securities Exchange Act Release No. 67672 (August 15, 2012), 77 FR 50750 (August 22, 2012) (SR-NYSEAmex-2012-29).

¹⁰ See *supra* note 4, IBIT Approval Order, 89 FR 78946.

¹¹ See *id.*

¹² In 2025, the Exchange filed a rule proposal to eliminate the 25,000 contract position and exercise limits for IBIT options and apply the position and exercise limits in Options 9, Sections 13 and 15 to IBIT options utilizing November 25, 2024 data. See Securities Exchange Act Release No. 103678 (August 11, 2025), 90 FR 39233 (August 14, 2025) (SR-Phlx-2025-34) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Options 9, Section 13 (Position Limits) and Options 8, Section 34 (FLEX Index, Equity and Currency Options) Regarding Options on Certain Exchange-Traded Products Holding Bitcoin).

¹³ Options 9, Section 13(g), Equity Option Position Limits, provides that to be eligible for the 250,000 contract limit, an underlying stock or Exchange-Traded Fund Share must have a trading volume of at least 100,000,000 shares during the most recent six-month trading period or a trading volume of at least 75,000,000 shares during the most recent six-month trading period and at least 300,000,000 shares currently outstanding.

¹⁴ The market capitalization was determined by multiplying a Net Asset Value of \$38.29 by the number of shares outstanding, 1,337,920,000. This figure was acquired as of February 11, 2026. See <https://www.ishares.com/us/products/333011/ishares-Bitcoin-trust-etf>.

¹⁵ These figures were from February 11, 2026.

ADV data	25k	50k- 52K	75k	200K	250k – 375K	450K- 650K	750K- 1.25mm	>2mm
# of observations	392	401	547	232	2154	27	8	9
average	91157.18	218871.78	445897.84	664343.12	4749775.74	5176137.15	6008710.88	47286595.89
median	83656	206731	426420	679891.5	2015092	4027803	5637387.5	27354715.0
min	9725	51064	27845	28156	22931	931337	4628363	11811713
max	499461	1211984	3658653	3138784	170721127	19492918	8116652	182173328
standard deviation	57591.57	86620.56	224453.69	242713.70	9812734.84	4852687.63	1079816.30	54318913.92
IBIT rank	1	1	1	1	15	1	1	3
IBIT % rank	99.75%	99.75%	99.82%	99.57%	99.30%	96.43%	88.89%	70.00%

Market Cap Statistics	25k	50k- 52K	75k	200K	250k – 375K	450K- 650K	750K- 1.25mm	>2mm
# of observations	392	401	547	232	2154	27	8	9
average	1,057M	2,401M	4,105M	5,417M	28,792M	65,956M	70,543M	776,666M
median	364M	737M	1,375M	1,551M	3,769M	14,822M	56,721M	49,215M
min	7.697M	16.1M	2.164M	3.030M	0.470M	1,440M	11.43M	371M
max	62.137M	139,006M	102,316	125,661	4,070,890	656,022	177,131	4,618,220
Standard deviation	4,002M	8,164M	8,576M	12,956M	150,096M	142,724	58,978M	1,529,883
IBIT rank	2	3	5	5	221	7	5	5
IBIT % rank	99.49%	99.25%	99.09%	97.85%	89.74%	75.00%	44.44%	50.00%

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Based on the above table, if IBIT were compared to the 10 stocks that had position limits of 750,000 contracts to 1.25 million contracts it would have ranked in the 45th percentile for market capitalization and the 89th percentile for ADV.

ISE also analyzed the position limits for IBIT by regressing the median elements from each bucket of market

capitalization and 180-day ADV of all non-ETF equities, against their respective position limit figures. From this regression, ISE was able to determine the implied coefficients to create a formulaic method for determining an appropriate position limit.²¹ ISE utilized a linear model approach which incorporated the median metric from each bucket given the data at both the lower end of each

position limit bucket and the higher end of each position limit bucket could be considered significant outliers, thereby skewing the results. Below are various linear models utilizing market capitalization and ADV as well as a two-factor model to determine the appropriate coefficients when both metrics are incorporated into the same model.²²

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²¹ ISE utilized Excel's Data Analysis Package to model the position limit.

²² See *id.*

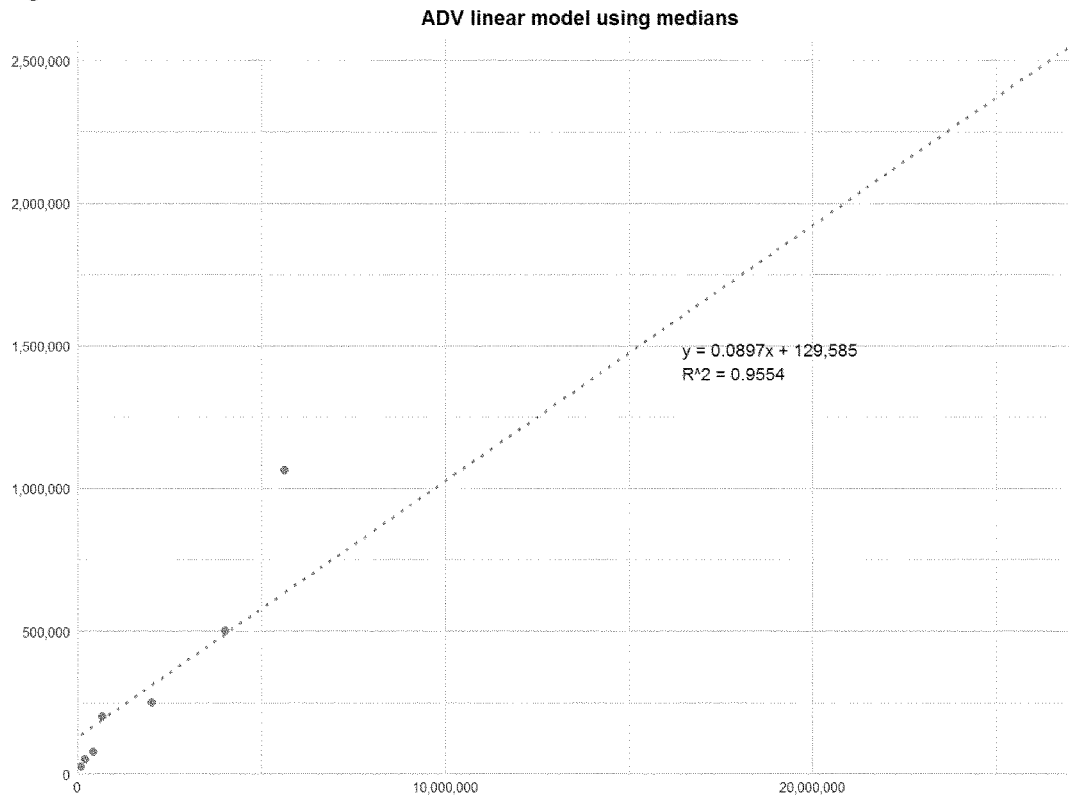
Figure 2

Figure 1 utilized IBIT's market capitalization of 52,661,063,818 to

arrive at a modeled position limit of 1,707,654.

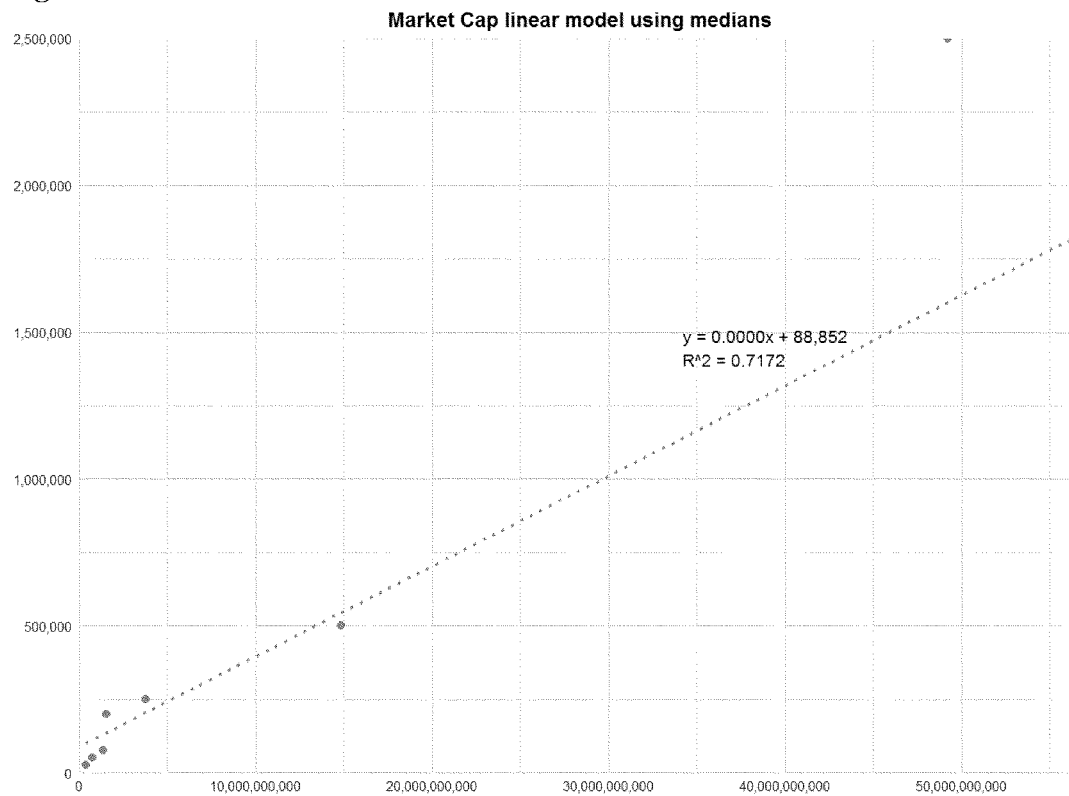
Figure 1

Figure 2 utilized IBIT's ADV of 61,803,035 to arrive at a modeled position limit of 5,672,081. Based on the

aforementioned analysis, ISE noted that the proposed 1,000,000-contract

position and exercise limits are appropriate.

Figure 3

Two Factor Model

SUMMARY OUTPUT

<i>Regression Statistics</i>	
Multiple R	0.999040
R Square	0.998082
Adjusted R Square	0.997315
Standard Error	43896.7
Observations	8

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	2	5013158 367755 9634600	25065791 83878 19269201	1300.82	0.0000001 61147
Residual	5	995 5022792	99		
Total	7	968750			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	55312.4	19311	2.86430	0.0352287	5672	104953
ADV						
median of bucket	0.0000108 019	0.00000 102390		0.0001321 76	0.0000081 6993	0.000013 4340
market cap						
median of bucket	0.0700282	0.00258 812	27.0575	0.0000012 8981	0.0633752	0.076681 2

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Figure 3 shows the results of constructing a two-factor model that employed both metrics (180-day ADV and market capitalization). The result was a modeled position limit of 4,952,107.²³

Second, ISE reviewed IBIT's data relative to the market capitalization of the entire Bitcoin market in terms of exercise risk and availability of deliverables. As of February 11, 2026, there were approximately 20.5 million Bitcoins in circulation.²⁴ At a price of

\$66,938,²⁵ that equates to a market capitalization of greater than \$1.374 trillion US. If a position limit of 1,000,000 contracts were considered, the exercisable risk would represent 7.474%²⁶ of the shares outstanding of IBIT. Since IBIT has a creation and redemption process managed through the issuer, the position limit was compared to the total market capitalization of the entire Bitcoin market and in that case, the exercisable risk for options on IBIT represented

0.278% of all Bitcoin outstanding.²⁷ Assuming a scenario in which all options on IBIT shares were exercised given the proposed 1,000,000-contract position limit (and exercise limit), it would have a virtually unnoticed impact on the entire Bitcoin market. This analysis demonstrates that the proposed 1,000,000 per same side position and exercise limit is appropriate for options on IBIT given its liquidity.

Third, ISE reviewed the proposed position limit by comparing it to position limits for derivative products

²⁵ This was the approximate price of Bitcoin from February 11, 2026.

²⁶ This percentage was arrived at with this equation: (1,000,000 contract limit * 100 share per option / 1,337,920,000 shares outstanding).

²⁷ This number was arrived at with this calculation: (1,000,000 limit * 100 shares per option * \$38.29 IBIT NAV) / (20,528,687 BTC outstanding * \$66,938 BTC price).

²³ See *id.*

²⁴ See <https://www.coingecko.com/en/coins/Bitcoin>.

regulated by the Commodity Futures Trading Commission (“CFTC”). While the CFTC, through the relevant Designated Contract Markets, only regulates options positions based upon delta equivalents (creating a less stringent standard), ISE examined equivalent bitcoin futures position limits. In particular, ISE looked to the CME bitcoin futures contract²⁸ that had a position limit of 2,000 futures.²⁹ On February 11, 2026, CME bitcoin futures settled at \$67,71570,406.33.³⁰ On February 11, 2026, IBIT settled at \$38.29, which would equate to greater than 17,684,774 shares of IBIT if the CME notional position limit were utilized. Since substantial portions of any distributed options portfolio are likely to be out of the money on expiration, an options position limit equivalent to the CME position limit for bitcoin futures (considering that all options deltas are ≤ 1.00) should be a bit higher than the CME implied 176,848 limit. Of note, unlike options contracts, CME position limits are calculated on a net futures-equivalent basis by contract and include contracts that aggregate into one or more base contracts according to an aggregation ratio(s).³¹ Therefore, if a portfolio includes positions in options on futures, CME would aggregate those positions into the underlying futures contracts in accordance with a table published by CME on a delta equivalent value for the relevant spot month, subsequent spot month, single month and all month position limits.³² If a position exceeds position limits because of an option assignment, CME permits market participants to liquidate the excess position within one business day without being considered in violation of its rules. Additionally, if at the close of trading, a position that includes options exceeds position limits for futures contracts, when evaluated using the delta factors as of that day’s close of trading, but does not exceed the limits when evaluated using the previous day’s delta factors, then the position shall not constitute a position limit violation. Based on the aforementioned analysis, ISE noted that the proposed

1,000,000-contract position and exercise limits are appropriate.

Fourth, ISE analyzed a position limit and exercise limit of 1,000,000 for IBIT options against other options on ETFs with an underlying commodity, namely SPDR Gold Shares (“GLD”), iShares Silver Trust (“SLV”), and ProShares Bitcoin ETF (“BITO”).³³ GLD had a float of 377 million shares³⁴ and a position limit of 250,000 contracts. SLV had a float of 552 million shares³⁵ and a position limit of 250,000 contracts. Finally, BITO had 200.89 million shares outstanding³⁶ and a position limit of 250,000 contracts. As previously noted, position limits and exercise limits are designed to limit the number of options contracts traded on the exchange in an underlying security that an investor, acting alone or in concert with others directly or indirectly, may control. A position limit exercise in GLD would represent 6.63% of the float of GLD; a position limit exercise in SLV would represent 4.53% of the float of SLV; and a position limit exercise of BITO would represent 12.44% of the float of BITO. In comparison, a 1,000,000-contract position limit in IBIT options would represent 7.474%³⁷ of the float of IBIT. Consequently, the 1,000,000-contract proposed IBIT options position and exercise limits are more conservative than the standards applied to GLD, SLV and BITO, and appropriate.

Fifth, ISE noted that IBIT began trading in penny increments as of January 2, 2025 pursuant to the Penny Interval Program.³⁸ The Commission

noted that evidence and analysis provided in connection with the Penny Pilot demonstrated that the Pilot benefitted investors and other market participants in the form of narrower spreads.³⁹ The most actively traded options classes are included in the Penny Program based on certain objective criteria (trading volume thresholds and initial price tests). As noted in the Penny Approval Order, the Penny Program reflects a certain level of trading interest (either because the class is newly listed or a class has experienced significant growth in investor interest) to quote in finer trading increments, which in turn should benefit market participants by reducing the cost of trading such options.⁴⁰ IBIT options are among a select group of products that have achieved a certain level of liquidity, which has garnered them the ability to trade in finer increments. Failing to increase position and exercise limits for IBIT options, which trade in finer increments, may artificially inhibit liquidity and create price inefficiency. Options on iShares MSCI Emerging Markets, iShares China Large-Cap ETF and iShares MSCI EAFE ETF also trade in penny increments based on their liquidity.

IBIT options have more than sufficient liquidity to garner an increased position and exercise limit of 1,000,000 contracts. Any concerns related to manipulation and protection of investors are mollified by the significant liquidity provision in IBIT. As a general principle, increases in active trading volume and deep liquidity of the underlying securities do not lead to manipulation and/or disruption.

Increasing the position (and exercise) limits for IBIT options would lead to a more liquid and competitive market environment for IBIT options, which will benefit customers that trade these options. Further, the reporting requirement for such options would remain unchanged. Thus, the Exchange will still require that each member that maintains positions in impacted options

of the second full month after it qualifies and will remain in the Penny Program for the rest of the calendar year, after which it will be subject to the Annual Review as described in Supplementary Material .01(b) to Options 3, Section 3. See Supplementary Material .01 to Options 3, Section 3.

³⁹ See Securities Exchange Act Release No. 88532 (April 1, 2020), 85 FR 19545, 19548 (April 7, 2020) (File No. 4–443) (Joint Industry Plan: Order Approving Amendment No. 5 to the Plan for the Purpose of Developing and Implementing Procedures Designed To Facilitate the Listing and Trading of Standardized Options To Adopt a Penny Interval Program) (“Penny Approval Order”).

⁴⁰ *Id.* at 19548.

³³ GLD, SLV and BITO each hold one asset in trust similar to IBIT.

³⁴ See <https://www.ssga.com/us/en/intermediary/etfs/spdr-gold-shares-gld>.

³⁵ See <https://www.ishares.com/us/products/239855/ishares-silver-trust-fund>.

³⁶ See <https://www.marketwatch.com/investing/fund/bit-o>.

³⁷ This percentage was arrived at with this equation: (1,000,000 contract limit * 100 share per option / 1,337,920,000 shares outstanding). This information was captured on February 11, 2026.

³⁸ The Exchange may add to the Penny Program a newly listed option class provided that (i) it is among the 300 most actively traded multiply listed option classes, as ranked by National Cleared Volume at OCC, in its first full calendar month of trading and (ii) the underlying security is priced below \$200 or the underlying index is at an index level below \$200. Any option class added under this provision will be added on the first trading day of the month after it qualifies and will remain in the Penny Program for one full calendar year, after which it will be subject to the Annual Review described in Supplementary Material .01(b) to Options 3, Section 3. The Exchange may add any option class to the Penny Program, provided that (i) it is among the 75 most actively traded multiply listed option classes, as ranked by National Cleared Volume at OCC, in the past six full calendar months of trading and (ii) the underlying security is priced below \$200 or the underlying index is at an index level below \$200. Any option class added under this provision will be added on the first trading day

²⁸ CME Bitcoin Futures are described in Chapter 35 of CME’s Rulebook.

²⁹ See the Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5 of CME’s Rulebook.

³⁰ 2,000 futures at a 5 bitcoin multiplier (per the contract specifications) equates to \$677,150,000 (2,000 contracts * 5 BTC per contract * \$67,715 price of February BTC future) of notional value.

³¹ See <https://www.cmegroup.com/education/courses/market-regulation/position-limits/position-limits-aggregation-of-contracts-and-table.htm>.

³² *Id.*

on the same side of the market, for its own account or for the account of a customer, report certain information to the Exchange. This information includes, but would not be limited to, the options' positions, whether such positions are hedged and, if so, a description of the hedge(s). Market Makers would continue to be exempt from this reporting requirement, however, the Exchange may access Market Maker position information.⁴¹ Moreover, the Exchange's requirement that members file reports with the Exchange for any customer who held aggregate large long or short positions on the same side of the market of 200 or more option contracts of any single class for the previous day will remain at this level and will continue to serve as an important part of the Exchange's surveillance efforts.⁴²

The Exchange also has no reason to believe that the growth in trading volume in IBIT will not continue. Rather, the Exchange expects continued options volume growth in IBIT as opportunities for investors to participate in the options markets increase and evolve. The Exchange believes that the current position and exercise limits in IBIT options are restrictive and will hamper the listed options markets from being able to compete fairly and effectively with the over-the-counter ("OTC") markets. OTC transactions occur through bilateral agreements, the terms of which are not publicly disclosed to the marketplace. As such, OTC transactions do not contribute to the price discovery process on a public exchange or other lit markets. The Exchange believes that without the proposed changes to position and exercise limits for IBIT options, market participants will find the 250,000-contract position limit an impediment

to their business and investment objectives as well as an impediment to efficient pricing. As such, market participants may find the less transparent OTC markets a more attractive alternative to achieve their investment and hedging objectives, leading to a retreat from the listed options markets, where trades are subject to reporting requirements and daily surveillance.

The Exchange believes that the existing surveillance procedures and reporting requirements at the Exchange are capable of properly identifying disruptive and/or manipulative trading activity. The Exchange also represents that it has adequate surveillances in place to detect potential manipulation, as well as reviews in place to identify continued compliance with the Exchange's listing standards. These procedures monitor market activity via automated surveillance techniques to identify unusual activity in both options and the underlyings, as applicable. The Exchange also notes that large stock holdings must be disclosed to the Commission by way of Schedules 13D or 13G,⁴³ which are used to report ownership of stock which exceeds 5% of a company's total stock issue and may assist in providing information in monitoring for any potential manipulative schemes. Further, the Exchange believes that the current financial requirements imposed by the Exchange and by the Commission adequately address concerns regarding potentially large, unhedged positions in equity options. Current margin and risk-based haircut methodologies serve to limit the size of positions maintained by any one account by increasing the margin and/or capital that a member must maintain for a large position held by itself or by its customer.⁴⁴ In addition, Rule 15c3-1⁴⁵ imposes a capital charge on members to the extent of any margin deficiency resulting from the higher margin requirement.

Technical Amendments

The Exchange proposes to combine the rule text in Options 9, Section 13(n)(i)(f) and (g) and to re-letter Options 9, Section 13(n)(i)(h) as "g."

Margin

Currently, Options 6C, Section 3, Proper and Adequate Margin, provides at subparagraph (b) that a member organization must elect to be bound by the initial and maintenance margin

requirements of either the Chicago Board Options Exchange ("CBOE") or New York Stock Exchange ("NYSE") as the same may be in effect and amended from time to time. The Exchange proposes to update Cboe's name from "Chicago Board Options Exchange" to "Cboe Exchange, Inc."

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁴⁶ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁴⁷ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁴⁸ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that increasing the position limit and exercise limit for options on IBIT to 1,000,000 contracts is consistent with the Act. This proposal will remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest, because it will provide market participants with the ability to more effectively execute their trading and hedging activities. Also, based on current trading volume, the resulting increase in the position (and exercise) limits for IBIT options may allow Market Makers to maintain their liquidity in these options in amounts commensurate with the continued high consumer demand in IBIT options. The increased position and exercise limits may also encourage other liquidity providers to continue to trade on the Exchange rather than shift their volume to OTC markets, which will enhance the process of price discovery conducted on the Exchange through increased order flow. Further, this amendment would allow institutional investors to utilize IBIT options for prudent risk management purposes.

In addition, the Exchange believes that the current liquidity in IBIT will

⁴¹ OCC through the Large Option Position Reporting ("LOPR") system acts as a centralized service provider for Member compliance with position reporting requirements by collecting data from each Member, consolidating the information, and ultimately providing detailed listings of each Member's report to the Exchange, as well as Financial Industry Regulatory Authority, Inc. ("FINRA"), acting as its agent pursuant to a regulatory services agreement ("RSA").

⁴² Each member (other than an Exchange market-maker using the OCC model) that holds or carries an account that relies on this exemption shall report, in accordance with Options 6E, Section 2, all equity option positions (including those that are delta neutral) that are reportable thereunder. Each such member on its own behalf or on behalf of a designated aggregation unit pursuant to section (n)(1)(d) herein shall also report, in accordance with Options 6E, Section 2, for each such account that holds an equity option position subject to this exemption in excess of the levels specified in this Rule, the net delta and the options contract equivalent of the net delta of such position. See Options 9, Section 13(n)(i)(g).

⁴³ 17 CFR 240.13d-1.

⁴⁴ See Options 6C, Section 3 regarding margin requirements.

⁴⁵ 17 CFR 240.15c3-1.

⁴⁶ 15 U.S.C. 78f(b).

⁴⁷ 15 U.S.C. 78f(b)(5).

⁴⁸ 15 U.S.C. 78(f)(5).

continue to mitigate concerns regarding potential manipulation of IBIT options and/or disruption of IBIT upon amending the table of position limits in Options 9, Section 13 and the exercise limits in Options 9, Section 15.

Comparing IBIT's data relative to the market capitalization of the entire Bitcoin market in terms of exercise risk and availability of deliverables, ISE was able to conclude that if a position limit of 1,000,000 contracts were considered, the exercisable risk would represent 7.474%⁴⁹ of the shares outstanding of IBIT. Since IBIT has a creation and redemption process managed through the issuer (whereby Bitcoin is used to create IBIT shares), the position limit could be compared to the total market capitalization of the entire Bitcoin market and in that case, the exercisable risk for options on IBIT would represent less than 0.278% of all Bitcoin outstanding.⁵⁰ This analysis demonstrated that a 1,000,000 contracts position and exercise limits would be appropriate.

Comparing a position limit of 1,000,000 for IBIT options against other options on ETFs with an underlying commodity, namely GLD, SLV and BITO, a position limit exercise in GLD represents 6.63% of the float of GLD, a position limit exercise in SLV represents 4.53% of the float of SLV, and a position limit exercise of BITO represents 12.44% of the float of BITO. In comparison, a 1,000,000-contract position limit in IBIT options would represent 7.474%⁵¹ of the float of IBIT. Consequently, a 1,000,000 IBIT options position limit is generally aligned with the standards applied to GLD, SLV and BITO, and appropriate.

ISE notes that IBIT began trading in penny increments on January 2, 2025 pursuant to the Penny Interval Program.⁵² The Commission noted that

⁴⁹ This percentage was arrived at with this equation: (1,000,000 contract limit * 100 share per option / 1,337,920,000 shares outstanding). This information was captured on February 11, 2026.

⁵⁰ This number was arrived at with this calculation: (1,000,000 limit * 100 shares per option * \$38.29 IBIT NAV) / (20,528,687 BTC outstanding * \$66,938 BTC price).

⁵¹ This percentage was arrived at with this equation: (1,000,000 contract limit * 100 share per option / 1,337,920,000 shares outstanding). This information was captured on February 11, 2026.

⁵² The Exchange may add to the Penny Program a newly listed option class provided that (i) it is among the 300 most actively traded multiply listed option classes, as ranked by National Cleared Volume at OCC, in its first full calendar month of trading and (ii) the underlying security is priced below \$200 or the underlying index is at an index level below \$200. Any option class added under this provision will be added on the first trading day of the month after it qualifies and will remain in the Penny Program for one full calendar year, after which it will be subject to the Annual Review

evidence and analysis provided in connection with the Penny Pilot demonstrated that the Pilot benefitted investors and other market participants in the form of narrower spreads.⁵³ The most actively traded options classes are included in the Penny Program based on certain objective criteria (trading volume thresholds and initial price tests).⁵⁴ As noted in the Penny Approval Order, the Penny Program reflects a certain level of trading interest (either because the class is newly listed or because the class has experienced significant growth in investor interest) to quote in finer trading increments, which in turn should benefit market participants by reducing the cost of trading such options.⁵⁵ IBIT options are among a select group of products that have achieved a certain level of liquidity, which has garnered them the ability to trade in finer increments pursuant to the Penny Interval Program. Failing to permit IBIT options to potentially increase position and exercise limits given the trading in finer increments, may artificially inhibit liquidity and create price inefficiency for IBIT options.

Finally, as discussed above, the Exchange's surveillance and reporting safeguards continue to be designed to deter and detect possible manipulative behavior that might arise from increasing or eliminating position and exercise limits in certain classes. The Exchange believes that the current financial requirements imposed by the Exchange and by the Commission adequately address concerns regarding potentially large, unhedged positions in the options on the underlying securities,

described in Supplementary Material .01(b) to Options 3, Section 3. The Exchange may add any option class to the Penny Program, provided that (i) it is among the 75 most actively traded multiply listed option classes, as ranked by National Cleared Volume at OCC, in the past six full calendar months of trading and (ii) the underlying security is priced below \$200 or the underlying index is at an index level below \$200. Any option class added under this provision will be added on the first trading day of the second full month after it qualifies and will remain in the Penny Program for the rest of the calendar year, after which it will be subject to the Annual Review as described in Supplementary Material .01(b) to Options 3, Section 3. See Supplementary Material .01 to ISE Options 3, Section 3.

⁵³ See Securities Exchange Act Release No. 88532 (April 1, 2020), 85 FR 19545, 19548 (April 7, 2020) (File No. 4-443) (Joint Industry Plan; Order Approving Amendment No. 5 to the Plan for the Purpose of Developing and Implementing Procedures Designed To Facilitate the Listing and Trading of Standardized Options To Adopt a Penny Interval Program) ("Penny Approval Order").

⁵⁴ Options on iShares MSCI Emerging Markets, iShares China Large-Cap ETF and iShares MSCI EAFE ETF also trade in penny increments based on their liquidity.

⁵⁵ *Id.* at 19548.

further promoting just and equitable principles of trading, the maintenance of a fair and orderly market, and the protection of investors.

Technical Amendments

The Exchange's proposal to combine the rule text in Options 9, Section 13(n)(i)(f) and (g) and to re-letter Options 9, Section 13(n)(i)(h) as "g" is non-substantive. Additionally, the amendment to Options 6C, Section 3 to change Cboe's name is a non-substantive amendment.

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

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

The Exchange does not believe that the proposed rule change will impose any burden on inter-market competition as the proposal is not competitive in nature. The Exchange expects that all option exchanges will adopt substantively similar proposals, such that the Exchange's proposal would benefit competition. For these reasons, the Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange's proposal does not burden intra-market competition because all members would be subject to the position limits in Options 9, Section 13 and corresponding exercise limits in Options 9, Section 15. The Exchange believes that the proposed rule change will also provide additional opportunities for market participants to continue to efficiently achieve their investment and trading objectives for equity options on the Exchange.

Technical Amendments

The Exchange's proposals to combine the rule text in Options 9, Section 13(n)(i)(f) and (g), re-letter Options 9, Section 13(n)(i)(h) as "g," and change Cboe's name at Options 6C, Section 3 are non-substantive amendments.

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

No written comments were either solicited or received.

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

Because the foregoing proposed rule change does not: (i) significantly affect

the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act⁵⁶ and subparagraph (f)(6) of Rule 19b-4 thereunder.⁵⁷

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)⁵⁸ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Commission notes that the proposal will conform the Exchange's IBIT options position and exercise limits with ISE's IBIT options position and exercise limits.⁵⁹ Therefore, the proposal raises no novel legal or regulatory issues. Thus, the Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposed rule change operative upon filing.⁶⁰

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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-Phlx-2026-29 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-Phlx-2026-29. 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 (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. 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-Phlx-2026-29 and should be submitted on or before June 11, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁶¹

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2026-10140 Filed 5-20-26; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[OMB Control No. 3235-0201]

Agency Information Collection Activities; Submission for OMB Review; Comment Request; Extension: Rule 17a-2

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549-2736

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C.3501 *et seq.*), the Securities and Exchange Commission ("Commission") is submitting to the Office of Management and Budget (OMB) this request for approval of

extension of the previously approved collection of information provided for in Rule 17a-2 (17 CFR 240.17a-2), under the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*) ("Exchange Act").

Rule 17a-2 requires underwriters to maintain information regarding stabilizing activities conducted in accordance with Rule 104 of Regulation M. The collections of information under Regulation M and Rule 17a-2 are necessary for covered persons to obtain certain benefits or to comply with certain requirements. The collections of information are necessary to provide the Commission with information regarding syndicate covering transactions and penalty bids. The Commission may review this information during periodic examinations or with respect to investigations. Except for the information required to be kept under Rule 104(i) (17 CFR 242.104(i)) and Rule 17a-2(c), none of the information required to be collected or disclosed for PRA purposes will be kept confidential. The recordkeeping requirement of Rule 17a-2 requires the information be maintained in a separate file, or in a separately retrievable format, for a period of three years, the first two years in an easily accessible place, consistent with the requirements of Exchange Act Rule 17a-4(f) (17 CFR 240.17a-4(f)).

There are approximately 647 respondents per year that require an aggregate total of approximately 3,235 hours to comply with this rule. Each respondent makes an estimated 1 annual response. Each response takes approximately 5 hours to complete. Thus, the total hour burden per year is approximately 3,235 hours. The total internal compliance cost for the respondents is approximately \$530,540 per year, resulting in an internal cost of compliance for each respondent per response of approximately \$820 (*i.e.*, \$530,540/647 responses).

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB Control Number.

The public may view and comment on this information collection request at: https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202603-3235-009 or email comment to MBX.OMB.OIRA.SEC_desk_officer@omb.eop.gov within 30 days of the day after publication of this notice, by June 22, 2026.

Dated: May 19, 2026.

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2026-10168 Filed 5-20-26; 8:45 am]

BILLING CODE 8011-01-P

⁵⁶ 15 U.S.C. 78s(b)(3)(A)(iii).

⁵⁷ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

⁵⁸ 17 CFR 240.19b-4(f)(6)(iii).

⁵⁹ See *supra* note 4 and accompanying text.

⁶⁰ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

⁶¹ 17 CFR 200.30-3(a)(12), (59).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–105507; File No. SR–EMERALD–2026–14]

Self-Regulatory Organizations; MIAX Emerald, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Establish the Trade-by-Trade Report

May 18, 2026.

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Exchange Act” or “Act”)¹ and Rule 19b–4 thereunder,² notice is hereby given that on May 5, 2026, MIAX Emerald, LLC (“MIAX Emerald” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. 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

The Exchange proposes to introduce the “Trade-by-Trade Report” (described below).

The text of the proposed rule change is available on the Exchange’s website at <https://www.miaxglobal.com/markets/us-options/emerald-options/rule-filings>, and at the Exchange’s principal office.

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 Exchange 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. The Exchange 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 Exchange Rule 531 to introduce the Trade-by-Trade Report (referred to herein as the “Report”), which will be

available for purchase³ to Members⁴ and non-Members. The Report will provide subscribers with comprehensive trade level detail for each options transaction executed on the Exchange and will be described under proposed Exchange Rule 531(e)(2). The Report will be produced and updated at the end of each trading day and be made available to subscribers overnight, after midnight Eastern Time (*i.e.*, T+1), ensuring that the data is strictly historical and cannot be used to influence intraday trading decisions.

Specifically, each row in the Report will represent one side of a single trade event, and will include the following information: trade date, session, trade time, trade ID (a unique identifier for all executions on the Simple Order Book⁵ and Strategy Book⁶), complex trade ID (a unique identifier linking all components of any complex order⁷ execution on the Strategy Book), transaction ID (a unique identifier linking all individual trades executed as part of the same transaction on the Exchange), underlying symbol, expiration, strike, type (*i.e.*, put or call), penny or non-penny class,⁸ trade quantity, trade price, side (buy or sell), open/close indicator, origin (*i.e.*, away Exchange Market Maker, broker-dealer, Priority Customer, firm, Market Maker, non-Priority Customer⁹), market context indicators (*e.g.*, NBBO and EBBO¹⁰), and a trade segment code (indicates trade segment, for example, opening/reopening auction, routed, simple/complex, PRIME,¹¹ cPRIME,¹² QCC,¹³ etc.).¹⁴

³ The Exchange intends to submit a separate rule filing with the Securities and Exchange Commission (“Commission”) to establish fees for the Report.

⁴ See Exchange Rule 100.

⁵ See Exchange Rule 518(a)(15).

⁶ See Exchange Rule 518(a)(17).

⁷ See Exchange Rule 518(a)(5).

⁸ See Exchange Rule 510.

⁹ See Exchange Rule 100 for the definitions of Priority Customer and Market Maker. The Exchange notes that certain terms are not specifically defined in the Rulebook, including away Exchange Market Maker, broker-dealer, firm and non-Priority Customer.

¹⁰ See Exchange Rule 100.

¹¹ See Exchange Rule 515A for a description of the MIAX Emerald Price Improvement Mechanism (“PRIME”).

¹² See Exchange Rule 515A, Interpretation and Policy .12 (“ . . . the provisions of Rule 515A(a) . . . shall be applicable to the trading of complex orders . . . in the PRIME.”).

¹³ See Exchange Rule 516(j).

¹⁴ The full list of trade segment categories contained in the Report, along with the description of the rows of information, will be available to potential subscribers via the Trade-by-Trade Report specification. Market participants may request access to the specification via the Exchange’s website. See <https://www.miaxglobal.com/company/data/data-products-services/reports>.

The Exchange anticipates a wide variety of market participants would purchase the Report, including, but not limited to, individual customers, buy-side investors, and investment banks. The Exchange believes the proposed Report will aid subscribers in performing detailed transaction-level analysis, compliance checks, and historical market reconstruction. The Report may also serve as a foundation for analytics on liquidity, price formation, and trade behavior at in-depth trade level detail. The proposed Report is a completely voluntary product, in that the Exchange is not required by any rule or regulation to make this data available and that potential subscribers may purchase it only if they voluntarily choose to do so, and are not required to purchase the Report.

The Exchange notes that Cboe Exchange, Inc. (“Cboe”) offers a similar report for voluntary purchase by Cboe’s Trading Permit Holders and non-Trading Permit Holders,¹⁵ which report contains trade-by-trade level details for executions on Cboe (the “Cboe Trade-by-Trade Report”).¹⁶ The Exchange believes the proposed Report contains substantively similar trade execution details as the Cboe Trade-by-Trade Report,¹⁷ with the only difference being that the proposed Report identifies whether an option transaction involves a penny or non-penny class. The Cboe Trade-by-Trade Report also contains historical data and is made available to subscribers on a T+1 basis.¹⁸

Implementation

The Exchange targets a launch date for the Report of the second or third quarter of 2026 and will issue an alert

¹⁵ See Cboe Rules, Chapter 1, Section A, Rule 1.1 for the definition of Trading Permit Holder.

¹⁶ See Securities Exchange Act Release No. 104415 (December 16, 2025), 90 FR 59603 (December 19, 2025) (SR–CBOE–2025–088) (providing that “each row in the [Trade-by-Trade] Report will represent a single trade event and will include transaction time, trading floor timestamp, underlying symbol, Options Symbolology Initiative . . . details (*e.g.*, root, expiry, strike, call/put), trade size, trade price, market context indicators (*e.g.*, National Best Bid/National Best Offer, local Best Bid/Best Offer), side of the market (*i.e.*, buy or sell), transaction type (opening or closing), and origin (*i.e.*, customer, professional customer, broker-dealer, and market maker), as well as the subscribing Member’s execution IDs for both Simple Book and Complex Order Book trades that will better allow for accurate linkage and reconstruction of trading activity . . .”) (footnote citations omitted).

¹⁷ See Cboe Data Shop, Enhanced US Option Trade-By-Trade Execution Detail Specification, v1.0 (dated January 12, 2026), available at <https://cdn.cboe.com/resources/membership/US-Options-Trade-By-Trade-Execution-Detail-Specification.pdf>.

¹⁸ See *supra* note 16.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

to announce the date that the proposed Report will be available to subscribers.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.¹⁹ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)²⁰ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)²¹ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In adopting Regulation NMS, the Commission granted self-regulatory organizations (“SROs”) and broker-dealers increased authority and flexibility to offer new and unique market data to the public. It was believed that this authority would expand the amount of data available to consumers, and also spur innovation and competition for the provision of market data. The Exchange believes that the proposed Report would further broaden the availability of U.S. option market data to investors consistent with the principles of Regulation NMS. The proposal also promotes increased transparency through the dissemination of the Report. The proposed rule change would benefit investors by providing access to the Report, which as noted above, may aid subscribers in performing detailed transaction-level analysis, compliance checks, and historical market reconstruction. The proposed Report may also serve as a foundation for analytics on liquidity, price formation, and trade behavior at in-depth trade level detail. Additionally, in-depth trade level information regarding opening and closing activity across different option series may

indicate investor sentiment, which can be helpful trading information.

Importantly, given the proposed Report’s similarities to the Cboe Trade-by-Trade Report,²² the Exchange believes that this proposal does not present any new or novel issues. In terms of utility, the Exchange believes that the proposed Report is very similar in nature to the Cboe Trade-by-Trade Report and offers similar data sets, with the primary difference being that the proposed Report identifies whether an option transaction involves a penny or non-penny class, while the Cboe Trade-by-Trade Report appears not to make such identification. As such, the Exchange believes the utility of these reports is substantially similar.

The Exchange believes that both the proposed Report and Cboe Trade-by-Trade Report provide information regarding options trading activity on the Exchange, which in turn, may be used by subscribers to create and test trading models and analytical strategies, and provide comprehensive insight into trading on the Exchange. Importantly, by offering the proposed Report, subscribers will have an additional option for historical trade data and may choose to purchase the data that best suits their business needs.

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

The Exchange 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. Rather, the Exchange believes that the proposal will promote competition by permitting the Exchange to offer a data product that is substantively similar to that offered by at least one other options exchange.²³

The Exchange proposes to introduce the Report in order to keep pace with changes in the industry and evolving customer needs, and believes this proposed rule change would contribute to robust competition among national securities exchanges, by meeting the needs of such customers. The Exchange has received feedback from customers that additional in-depth trade level data would be helpful to review.

Moreover, the proposal would enable the Exchange to offer a similar product as is currently being offered by another exchange. The Cboe Trade-by-Trade Report contains a substantively similar data set as the proposed Report.²⁴ As a result, the Exchange believes this proposed rule change permits fair

competition among national securities exchanges. Therefore, the Exchange does not believe 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. Furthermore, this product offering is entirely optional and is available to any market participant who believes this data will be helpful for their purposes. As such, the Exchange does not believe this proposed rule change places a burden on intra-market competition.

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

No written comments were either solicited or received.

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

Because the proposed rule change does not (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act²⁵ and Rule 19b-4(f)(6)²⁶ thereunder.

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act²⁷ normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)²⁸ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposed rule change may become operative immediately upon filing. The Exchange states that the proposed Report will promote increased transparency in trading activity and may promote better informed trading on the Exchange, and that waiver of the operative delay will allow the Exchange to offer the proposed Report sooner. The Exchange also states that the proposed data product will promote competition by

²⁵ 15 U.S.C. 78s(b)(3)(A).

²⁶ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

²⁷ 17 CFR 240.19b-4(f)(6).

²⁸ 17 CFR 240.19b-4(f)(6)(iii).

¹⁹ 15 U.S.C. 78f(b).

²⁰ 15 U.S.C. 78f(b)(5).

²¹ *Id.*

²² See *supra* notes 16 and 17.

²³ See *supra* notes 16 and 17.

²⁴ See *id.*

allowing the Exchange to offer a similar product to that offered by another exchange. For these reasons, and because the proposed rule change raises no new or novel legal or regulatory issues, the Commission finds that waiver of the operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission waives the 30-day operative delay and designates the proposed rule change to be operative upon filing.²⁹

At any time within 60 days of the filing of this proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B) of the Act³⁰ to determine whether the proposed rule change should be approved or 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-EMERALD-2026-14 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-EMERALD-2026-14. 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 (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will

be available for inspection and copying at the principal office of the Exchange. 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-EMERALD-2026-14 and should be submitted on or before June 11, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³¹

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026-10145 Filed 5-20-26; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105505; File No. SR-MIAX-2026-18]

Self-Regulatory Organizations; Miami International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Establish the Trade-by-Trade Report

May 18, 2026.

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act" or "Exchange Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on May 5, 2026, Miami International Securities Exchange, LLC ("MIAX" or "Exchange") filed with the Securities and Exchange Commission ("Commission") a proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. 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

The Exchange proposes to introduce the "Trade-by-Trade Report" (described below). The text of the proposed rule change is available on the Exchange's website at <https://www.miaxglobal.com/markets/us-options/all-options-exchanges/rule-filings> and at MIAX's principal office.

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 Exchange 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. The Exchange 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 Exchange Rule 531 to introduce the Trade-by-Trade Report (referred to herein as the "Report"), which will be available for purchase³ to Members⁴ and non-Members. The Report will provide subscribers with comprehensive trade level detail for each options transaction executed on the Exchange and will be described under proposed Exchange Rule 531(e)(2). The Report will be produced and updated at the end of each trading day and be made available to subscribers overnight, after midnight Eastern Time (*i.e.*, T+1), ensuring that the data is strictly historical and cannot be used to influence intraday trading decisions.

Specifically, each row in the Report will represent one side of a single trade event, and will include the following information: trade date, session, trade time, trade ID (a unique identifier for all executions on the Simple Order Book⁵ and Strategy Book⁶), complex trade ID (a unique identifier linking all components of any complex order⁷ execution on the Strategy Book), transaction ID (a unique identifier linking all individual trades executed as part of the same transaction on the Exchange), underlying symbol, expiration, strike, type (*i.e.*, put or call), penny or non-penny class,⁸ trade quantity, trade price, side (buy or sell), open/close indicator, origin (*i.e.*, away Exchange Market Maker, broker-dealer,

³ The Exchange intends to submit a separate rule filing with the Securities and Exchange Commission ("Commission") to establish fees for the Report.

⁴ See Exchange Rule 100.

⁵ See Exchange Rule 518(a)(17).

⁶ See Exchange Rule 518(a)(19).

⁷ See Exchange Rule 518(a)(5).

⁸ See Exchange Rule 510.

²⁹ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

³⁰ 15 U.S.C. 78s(b)(2)(B).

³¹ 17 CFR 200.30-3(a)(12) and (59).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Priority Customer, firm, Market Maker, non-Priority Customer⁹), market context indicators (e.g., NBBO and MBBO¹⁰), and a trade segment code (indicates trade segment, for example, opening/reopening auction, routed, simple/complex, PRIME,¹¹ cPRIME¹² QCC,¹³ etc.).¹⁴

The Exchange anticipates a wide variety of market participants would purchase the Report, including, but not limited to, individual customers, buy-side investors, and investment banks. The Exchange believes the proposed Report will aid subscribers in performing detailed transaction-level analysis, compliance checks, and historical market reconstruction. The Report may also serve as a foundation for analytics on liquidity, price formation, and trade behavior at in-depth trade level detail. The proposed Report is a completely voluntary product, in that the Exchange is not required by any rule or regulation to make this data available and that potential subscribers may purchase it only if they voluntarily choose to do so, and are not required to purchase the Report.

The Exchange notes that Cboe Exchange, Inc. (“Cboe”) offers a similar report for voluntary purchase by Cboe’s Trading Permit Holders and non-Trading Permit Holders,¹⁵ which report contains trade-by-trade level details for executions on Cboe (the “Cboe Trade-by-Trade Report”).¹⁶ The Exchange

believes the proposed Report contains substantively similar trade execution details as the Cboe Trade-by-Trade Report,¹⁷ with the only difference being that the proposed Report identifies whether an option transaction involves a penny or non-penny class. The Cboe Trade-by-Trade Report also contains historical data and is made available to subscribers on a T+1 basis.¹⁸

Implementation

The Exchange targets a launch date for the Report of the second or third quarter of 2026 and will issue an alert to announce the date that the proposed Report will be available to subscribers.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.¹⁹ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)²⁰ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)²¹ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In adopting Regulation NMS, the Commission granted self-regulatory organizations (“SROs”) and broker-dealers increased authority and flexibility to offer new and unique market data to the public. It was

believed that this authority would expand the amount of data available to consumers, and also spur innovation and competition for the provision of market data. The Exchange believes that the proposed Report would further broaden the availability of U.S. option market data to investors consistent with the principles of Regulation NMS. The proposal also promotes increased transparency through the dissemination of the Report. The proposed rule change would benefit investors by providing access to the Report, which as noted above, may aid subscribers in performing detailed transaction-level analysis, compliance checks, and historical market reconstruction. The proposed Report may also serve as a foundation for analytics on liquidity, price formation, and trade behavior at in-depth trade level detail. Additionally, in-depth trade level information regarding opening and closing activity across different option series may indicate investor sentiment, which can be helpful trading information.

Importantly, given the proposed Report’s similarities to the Cboe Trade-by-Trade Report,²² the Exchange believes that this proposal does not present any new or novel issues. In terms of utility, the Exchange believes that the proposed Report is very similar in nature to the Cboe Trade-by-Trade Report and offers similar data sets, with the primary difference being that the proposed Report identifies whether an option transaction involves a penny or non-penny class, while the Cboe Trade-by-Trade Report appears not to make such identification. As such, the Exchange believes the utility of these reports is substantially similar.

The Exchange believes that both the proposed Report and Cboe Trade-by-Trade Report provide information regarding options trading activity on the Exchange, which in turn, may be used by subscribers to create and test trading models and analytical strategies, and provide comprehensive insight into trading on the Exchange. Importantly, by offering the proposed Report, subscribers will have an additional option for historical trade data and may choose to purchase the data that best suits their business needs.

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

The Exchange 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. Rather, the Exchange believes that the proposal will

⁹ See Exchange Rule 100 for the definitions of Priority Customer and Market Maker. The Exchange notes that certain terms are not specifically defined in the Rulebook, including away Exchange Market Maker, broker-dealer, firm and non-Priority Customer.

¹⁰ See Exchange Rule 100.

¹¹ See Exchange Rule 515A for a description of the MIAx Price Improvement Mechanism (“PRIME”).

¹² See Exchange Rule 515A, Interpretation and Policy .12 (“...the provisions of Rule 515A(a). . . shall be applicable to the trading of complex orders. . . in the PRIME.”).

¹³ See Exchange Rule 516(f).

¹⁴ The full list of trade segment categories contained in the Report, along with the description of the rows of information, will be available to potential subscribers via the Trade-by-Trade Report specification. Market participants may request access to the specification via the Exchange’s website. See <https://www.miaxglobal.com/company/data/data-products-services/reports>.

¹⁵ See Cboe Rules, Chapter 1, Section A, Rule 1.1 for the definition of Trading Permit Holder.

¹⁶ See Securities Exchange Act Release No. 104415 (December 16, 2025), 90 FR 59603 (December 19, 2025) (SR-CBOE-2025-088) (providing that “each row in the [Trade-by-Trade] Report will represent a single trade event and will include transaction time, trading floor timestamp, underlying symbol, Options Symbology Initiative. . . details (e.g., root, expiry, strike, call/put), trade size, trade price, market context indicators (e.g., National Best Bid/National Best Offer, local Best Bid/Best Offer), side of the market

(i.e., buy or sell), transaction type (opening or closing), and origin (i.e., customer, professional customer, broker-dealer, and market maker), as well as the subscribing Member’s execution IDs for both Simple Book and Complex Order Book trades that will better allow for accurate linkage and reconstruction of trading activity. . .”) (footnote citations omitted).

¹⁷ See Cboe Data Shop, Enhanced US Option Trade-By-Trade Execution Detail Specification, v1.0 (dated January 12, 2026), available at <https://cdn.cboe.com/resources/membership/US-Options-Trade-By-Trade-Execution-Detail-Specification.pdf>.

¹⁸ See *supra* note 16.

¹⁹ 15 U.S.C. 78f(b).

²⁰ 15 U.S.C. 78f(b)(5).

²¹ *Id.*

²² See *supra* notes 16 and 17.

promote competition by permitting the Exchange to offer a data product that is substantively similar to that offered by at least one other options exchange.²³

The Exchange proposes to introduce the Report in order to keep pace with changes in the industry and evolving customer needs, and believes this proposed rule change would contribute to robust competition among national securities exchanges, by meeting the needs of such customers. The Exchange has received feedback from customers that additional in-depth trade level data would be helpful to review.

Moreover, the proposal would enable the Exchange to offer a similar product as is currently being offered by another exchange. The Cboe Trade-by-Trade Report contains a substantively similar data set as the proposed Report.²⁴ As a result, the Exchange believes this proposed rule change permits fair competition among national securities exchanges. Therefore, the Exchange does not believe 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. Furthermore, this product offering is entirely optional and is available to any market participant who believes this data will be helpful for their purposes. As such, the Exchange does not believe this proposed rule change places a burden on intra-market competition.

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

Because the proposed rule change does not (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act²⁵ and Rule 19b-4(f)(6) thereunder.²⁶

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act²⁷ normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)²⁸ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposed rule change may become operative immediately upon filing. The Exchange states that the proposed Report will promote increased transparency in trading activity and may promote better informed trading on the Exchange, and that waiver of the operative delay will allow the Exchange to offer the proposed Report sooner. The Exchange also states that the proposed data product will promote competition by allowing the Exchange to offer a similar product to that offered by another exchange. For these reasons, and because the proposed rule change raises no new or novel legal or regulatory issues, the Commission finds that waiver of the operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission waives the 30-day operative delay and designates the proposed rule change to be operative upon filing.²⁹

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)³⁰ of the Act to determine whether the proposed rule change should be approved or 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:

as designated by the Commission. The Exchange has satisfied this requirement.

²⁷ 17 CFR 240.19b-4(f)(6).

²⁸ 17 CFR 240.19b-4(f)(6)(iii).

²⁹ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

³⁰ 15 U.S.C. 78s(b)(2)(B).

Electronic Comments

- Use the Commission's internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-MIAX-2026-18 on the subject line.

Paper Comments

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

All submissions should refer to file number SR-MIAX-2026-18. 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 (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. 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-MIAX-2026-18 and should be submitted on or before June 11, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³¹

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2026-10143 Filed 5-20-26; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 36159; File No. 813-00400]

The Goldman Sachs Group, Inc.

May 18, 2026.

AGENCY: Securities and Exchange Commission ("Commission" or "SEC").

ACTION: Notice.

Notice of an application for an order under sections 6(b) and 6(e) of the Investment Company Act of 1940 (the "Act") granting an exemption from all provisions of the Act, except sections 9, 17, 30, 36 through 53, and the rules and regulations under the Act (the "Rules and Regulations"). With respect to

³¹ 17 CFR 200.30-3(a)(12) and (59).

²³ See *supra* notes 16 and 17.

²⁴ See *id.*

²⁵ 15 U.S.C. 78s(b)(3)(A).

²⁶ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time

sections 17(a), (d), (e), (f), (g), and (j) of the Act, sections 30(a), (b), (e), and (h) of the Act and the Rules and Regulations and rule 38a–1 under the Act, applicant requests a limited exemption as set forth in the application.

SUMMARY OF APPLICATION: Applicant requests an order to exempt certain limited partnerships, limited liability companies, business trusts or other entities (“Funds”) organized primarily for the benefit of eligible employees of The Goldman Sachs Group, Inc. and its affiliates from certain provisions of the Act. Each Fund will be an “employees’ securities company” within the meaning of section 2(a)(13) of the Act.

APPLICANT: The Goldman Sachs Group, Inc.

FILING DATES: The application was filed on June 7, 2021 and amended on December 1, 2021.

HEARING OR NOTIFICATION OF HEARING:

An order granting the requested relief will be issued unless the Commission orders a hearing. Interested persons may request a hearing on any application by emailing the SEC’s Secretary at Secretarys-Office@sec.gov and serving the Applicants with a copy of the request by email, if an email address is listed for the relevant Applicant below, or personally or by mail, if a physical address is listed for the relevant Applicant below. The email should include the file number referenced above. Hearing requests should be received by the Commission by 5:30 p.m., Eastern time, on June 12, 2026, and should be accompanied by proof of service on applicants, in the form of an affidavit or, for lawyers, a certificate of service. Pursuant to rule 0–5 under the Act, hearing requests should state the nature of the writer’s interest, any facts bearing upon the desirability of a hearing on the matter, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by emailing the Commission’s Secretary at Secretarys-Office@sec.gov.

ADDRESSES: The Commission: Secretarys-Office@sec.gov. Applicant: David Plutzer;

Goldman Sachs & Co. LLC; david.plutzer@gs.com and Lawrence N. Barshay; Fried, Frank, Harris, Shriver & Jacobson LLP; lawrence.barshay@friedfrank.com.

FOR FURTHER INFORMATION CONTACT: Jill Ehrlich, Senior Counsel, or Daniele Marchesani, Assistant Chief Counsel, at (202) 551–6825 (Division of Investment Management, Chief Counsel’s Office).

SUPPLEMENTARY INFORMATION: For Applicant’s representations, legal analysis, and conditions, please refer to Applicant’s amended application, filed December 1, 2021, which may be obtained via the Commission’s website by searching for the file number at the top of this document, or for an Applicant using the Company name search field, on the SEC’s EDGAR system. The SEC’s EDGAR system may be searched at, <https://www.sec.gov/edgar/searchedgar/companysearch>. You may also call the SEC’s Office of Investor Education and Assistance at (202) 551–8090.

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

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2026–10129 Filed 5–20–26; 8:45 am]

BILLING CODE 8011–01–P

SMALL BUSINESS ADMINISTRATION

Disaster Declaration #21596 and #21597; ILLINOIS Disaster Number IL–20025]

Administrative Declaration of a Disaster for the State of Illinois

AGENCY: U.S. Small Business Administration.

ACTION: Notice.

SUMMARY: This is notice of an Administrative declaration of a disaster for the state of Illinois dated May 18, 2026.

Incident: Severe Storm and Tornado.

DATES: Issued on May 18, 2026.

Incident Period: April 17, 2026.

Physical Loan Application Deadline Date: July 17, 2026.

Economic Injury (EIDL) Loan Application Deadline Date: February 18, 2027.

ADDRESSES: Visit the MySBA Loan Portal at <https://lending.sba.gov> to apply for a disaster assistance loan.

FOR FURTHER INFORMATION CONTACT: Sharon Henderson, Office of Disaster Recovery and Resilience, U.S. Small Business Administration, 409 3rd Street SW, Suite 6050, Washington, DC 20416, (202) 205–6734.

SUPPLEMENTARY INFORMATION: Notice is hereby given as a result of the Administrator’s disaster declaration, applications for disaster loans may be submitted online using the MySBA Loan Portal <https://lending.sba.gov> or in person at other locally announced locations. For further assistance please contact the SBA disaster assistance

customer service center by email at disastercustomerservice@sba.gov or by phone at 1–800–659–2955. If you are deaf, hard of hearing, or have a speech disability, please dial 7–1–1 to access telecommunications relay services.

The following areas have been determined to be adversely affected by the disaster:

Primary County:

Stephenson.

Contiguous Counties:

Illinois: Carroll, Jo Daviess, Ogle, Winnebago.

Wisconsin: Green, Lafayette.

The Interest Rates are:

	Percent
<i>For Physical Damage:</i>	
Homeowners with Credit Available Elsewhere	5.750
Homeowners without Credit Available Elsewhere	2.875
Businesses with Credit Available Elsewhere	8.000
Businesses without Credit Available Elsewhere	4.000
Private Non-Profit Organizations with Credit Available Elsewhere	3.625
Private Non-Profit Organizations without Credit Available Elsewhere	3.625
<i>For Economic Injury:</i>	
Business and Small Agricultural Cooperatives without Credit Available Elsewhere	4.000
Private Non-Profit Organizations without Credit Available Elsewhere	3.625

The number assigned to this disaster for physical damage is 21596C and for economic injury is 215970.

The states which received an SBA Administrative declaration are Illinois, Wisconsin.

(Catalog of Federal Domestic Assistance Number 59008)

(Authority: 13 CFR 123.3(b).)

James Stallings,

Associate Administrator, Office of Disaster Recovery & Resilience.

[FR Doc. 2026–10180 Filed 5–20–26; 8:45 am]

BILLING CODE 8026–09–P

DEPARTMENT OF TRANSPORTATION**Federal Aviation Administration****[Docket No. FAA–2026–2469]****Agency Information Collection Activities: Requests for Comments; Clearance of Renewed Approval of Information Collection: for the Information Collection Entitled, Website for Frequency Coordination Request****AGENCY:** Federal Aviation Administration (FAA), DOT.**ACTION:** Notice and request for comments.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995, FAA invites public comments about our intention to request the Office of Management and Budget (OMB) approval to renew an information collection via the FAA's deployed Web-based Frequency Coordination system (WebFCR), which collects certain broadcast and transmitter frequency information under OMB control number 2120–0786. The information collected is needed to perform the aeronautical studies, technical evaluations required, and to meet the specified requirements for the radio frequency engineering pursuant to the Federal Aviation Administration (FAA) Order 6050.32.B, Chapter 3, Section 302. This FAA Order outlines the U.S. National Organizations and the role of the National Telecommunications and Information Administration (NTIA) in assigning and coordinating the Aviation Assignment Group (AAG) radio spectrum used by the FAA to support aeronautical services. Hence, the FAA must “authorize” aeronautical frequencies of broadcast applications that impact the AAG bands.

DATES: Written comments should be submitted by June 22, 2026.

ADDRESSES: Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to www.reginfo.gov/public/do/PRAMain. Find this particular information collection by selecting “Currently under 30-day Review—Open for Public Comments” or by using the search function.

FOR FURTHER INFORMATION CONTACT: Christopher S. Jones by email at: christopher.s.jones@faa.gov; phone: (202) 256–5523.

SUPPLEMENTARY INFORMATION:

Public Comments Invited: You are asked to comment on any aspect of this information collection, including (a)

Whether the proposed collection of information is necessary for FAA's performance; (b) the accuracy of the estimated burden; (c) ways for FAA to enhance the quality, utility and clarity of the information collection; and (d) ways that the burden could be minimized without reducing the quality of the collected information.

OMB Control Number: 2120–0786.

Title: Website for Frequency Coordination Request (WebFCR) webfcr.faa.gov.

Form Numbers: Historically related to FAA Form 7460–1.

Type of Review: Request for renewal of information collection.

Background: The **Federal Register** Notice with a 60-day comment period soliciting comments on the following collection of information was published on February 25, 2026 (91 FR 9323).

Response to Public Comments

One set of public comments was received in response to the 60-day **Federal Register** Notice published on February 25, 2026 (91 FR 9323). Comments were submitted by the Air Line Pilots Association, International (ALPA), on April 27, 2026. The FAA has reviewed these comments and provides the following responses.

Comment 1 (ALPA): Accuracy of the Estimated Burden. ALPA commented that the FAA's burden estimate of 0.2 hours (12 minutes) per frequency coordination request may not fully account for the pre-filing technical activities required of engineers and consultants, including initial engineering modeling and interference analysis. ALPA recommended that the FAA clarify whether the burden estimate encompasses these preparatory activities and that a more realistic estimate be developed to assist industry in allocating resources for compliance.

FAA Response: The FAA acknowledges this comment and has reviewed the burden estimate accordingly. The 0.2-hour estimate is intended to reflect the time required to complete and submit the WebFCR portal entry itself, consistent with the scope of the information collection under OMB Control 2120–0786. Pre-filing engineering analysis and interference modeling are activities conducted by the respondent prior to initiating a WebFCR submission and vary significantly depending on the complexity of the proposed frequency use. These pre-filing activities are not components of the information collection burden, which is limited to the time required to gather, prepare, and submit the information requested through the WebFCR system. The FAA has revised

the burden estimate upward from 0.2 hours to 0.5 hours per response to more accurately reflect the time required to complete all steps associated with filling out a WebFCR submission, including reviewing system requirements, entering technical parameters, and confirming submission. The revised estimate is reflected in the updated burden figures below.

Comment 2 (ALPA): Integration with “Digital-First” Modernization. ALPA recommended that the WebFCR system be evolved from a standalone portal into an Application Programming Interface (API)-driven platform that would allow engineering firms and federal agencies to submit coordination data directly from proprietary modeling software, thereby reducing manual data entry errors and accelerating the coordination process consistent with the FAA's digital modernization goals.

FAA Response: The FAA appreciates this recommendation and recognizes the value of API-driven integration as part of broader digital modernization efforts. The current Paperwork Reduction Act (PRA) renewal action is limited in scope to renewing the existing information collection under OMB Control 2120–0786 and does not serve as a vehicle for system architecture changes. However, the FAA notes this recommendation for consideration in future WebFCR development planning and system modernization initiatives. The FAA remains committed to exploring opportunities to reduce respondent burden and improve data submission efficiency consistent with applicable federal IT and data governance requirements.

Comment 3 (ALPA): Support for New Entrants and Spectrum Coexistence. ALPA noted that the rapid growth of Advanced Air Mobility (AAM) and commercial space operations is increasing demand for aviation-grade spectrum and recommended that the FAA enhance the WebFCR portal to support more complex coexistence modeling for emerging technologies, including satellite-to-phone services and unmanned aerial vehicles (UAVs).

FAA Response: The FAA agrees that the evolving spectrum environment, including the emergence of AAM, UAV operations, and satellite-based services, presents increasing complexity for aeronautical frequency coordination. The WebFCR system, as an information collection instrument, captures the technical parameters necessary for the FAA to conduct the required aeronautical studies and engineering evaluations under FAA Order 6050.32B and 49 U.S.C. 44718(c). The FAA acknowledges that the analytical

methodologies supporting those evaluations may need to evolve to address new entrant technologies and notes this recommendation for consideration in future system and process development activities. The current renewal action does not modify the scope or technical requirements of the underlying information collection.

The 49 U.S.C. 44718(c) under Broadcast Applications and Tower Studies states, 'In carrying out laws related to a broadcast application—the Administrator of the Federal Aviation Administration and the Federal Communications Commission shall take action necessary to coordinate efficiently—(1) The receipt and consideration of, and action on, the application; and (2) The completion of any associated aeronautical study.

Currently, transmitter broadcast radio frequency data is collected via OMB Control 2120–0786 to address non-Federal, military, U.S. federal agency, state, and municipalities broadcast applications which require consideration, analysis, or aeronautical studies pursuant to 49 U.S.C. 44718(c).

Respondents: Approximately 4800 annually. The Respondents are engineers, analysts, consultants, stakeholders, or federal agency managers, including military services, who need to transmit on a radio frequency that is within the National Telecommunications and Information Administration's (NTIA) Aviation Assignment Group (AAG) frequency band, which is assigned to the FAA for civil aviation use. The response to this data collection is required for the proponent to obtain FAA concurrence to use a radio frequency that impacts civil aviation. The information collected through the WebFCR portal supports the engineering, modeling, validation, and workflow management of the request to evaluate if the request interferes or impacts civil aviation operations pursuant to FAA Order 6050.32B.

Frequency: Information is collected on occasion.

Estimated Average Burden per Response: 0.5 Hours.

Estimated Total Annual Burden: 2,400 Hours.

Issued in Washington, DC, on May 19, 2026.

Christopher S. Jones,

FAA Frequency Assignment Subcommittee Representative Group, Spectrum Engineering and Assignment, AJW-1910.

[FR Doc. 2026–10169 Filed 5–20–26; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Highway Administration

[Docket No. FHWA–2026–0531]

Agency Information Collection Activities: Request for Comments for a New Information Collection

AGENCY: Federal Highway Administration (FHWA), DOT.

ACTION: Notice and request for comments.

SUMMARY: The FHWA has forwarded the information collection request described in this notice to the Office of Management and Budget (OMB) to approve a new information collection. We are required to publish this notice in the **Federal Register** by the Paperwork Reduction Act of 1995.

DATES: Please submit comments by June 22, 2026.

ADDRESSES: You may submit comments identified by DOT Docket ID Number 0531 by any of the following methods:

Website: For access to the docket to read background documents or comments received go to the Federal eRulemaking Portal: Go to <http://www.regulations.gov>. Follow the online instructions for submitting comments.

Fax: 1–202–493–2251.

Mail: Docket Management Facility, U.S. Department of Transportation, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE, Washington, DC 20590–0001.

Hand Delivery or Courier: U.S. Department of Transportation, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE, Washington, DC 20590, between 9 a.m. and 5 p.m. ET, Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT:

Sharon Cuevas, (202) 923–0974, Office of Administration, Federal Highway Administration, Department of Transportation, 1200 New Jersey Avenue SE, Washington, DC 20590. Office hours are from 7 a.m. to 4 p.m., Monday through Friday, except Federal holidays.

SUPPLEMENTARY INFORMATION: We published a **Federal Register** Notice with a 60-day public comment period on this information collection on March 18, 2026, at [91 FR 13103]. There were no comments received.

Title: Update the National Review of Quick Clearance Laws.

Background: The objective of this outreach effort is to develop a Quick Clearance Laws State of the Practice Report. The intent is to provide awareness and knowledge of current

State Quick Clearance Laws through outreach and encourage states to establish them. TIM programs aim to reduce the duration and impact of incidents on congestion and improve safety for motorists, crash victims, and incident responders through safe quick clearance practices. Additionally, TIM prioritizes effective mitigation practices to return roadways back to normal flow of traffic.

Respondents: The eligible respondents include: 50 State DOTs, District of Columbia, Commonwealth of Puerto Rico, United States.

Frequency: Once.

Estimated Average Burden per Response: 1 hour per respondent.

Estimated Total Annual Burden Hours: 52 hours.

Public Comments Invited: You are asked to comment on any aspect of this information collection, including: (1) Whether the proposed collection is necessary for the FHWA's performance; (2) the accuracy of the estimated burdens; (3) ways for the FHWA to enhance the quality, usefulness, and clarity of the collected information; and (4) ways that the burden could be minimized, including the use of electronic technology, without reducing the quality of the collected information. The agency will summarize and/or include your comments in the request for OMB's clearance of this information collection.

Authority: The Paperwork Reduction Act of 1995; 44 U.S.C. chapter 35, as amended; and 49 CFR 1.48.

Issued on: May 19, 2026.

Jazmyne Lewis,

Information Collection Officer.

[FR Doc. 2026–10195 Filed 5–20–26; 8:45 am]

BILLING CODE 4910–22–P

DEPARTMENT OF TRANSPORTATION

Federal Highway Administration

[Docket No. FHWA–2026–0530]

Agency Information Collection Activities: Request for Comments for a New Information Collection

AGENCY: Federal Highway Administration (FHWA), DOT.

ACTION: Notice and request for comments.

SUMMARY: The FHWA invites public comments about our intention to request the Office of Management and Budget's (OMB) approval for three new information collections, which are summarized below under **SUPPLEMENTARY INFORMATION**. We are

required to publish this notice in the **Federal Register** by the Paperwork Reduction Act of 1995.

DATES: Please submit comments by July 20, 2026.

ADDRESSES: You may submit comments identified by DOT Docket ID Number 0530 by any of the following methods:

Website: For access to the docket to read background documents or comments received go to the Federal eRulemaking Portal: Go to <http://www.regulations.gov>. Follow the online instructions for submitting comments.

Fax: 1–202–493–2251.

Mail: Docket Management Facility, U.S. Department of Transportation, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE, Washington, DC 20590–0001.

Hand Delivery or Courier: U.S. Department of Transportation, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE, Washington, DC 20590, between 9 a.m. and 5 p.m. ET, Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT:

Melissa Maiefski, melissa.maiefski@dot.gov, (402) 326–7960, Office of Competitive Grants and Workforce Programs, Federal Highway Administration, Department of Transportation, 1200 New Jersey Avenue SE, Washington, DC 20590. Office hours are from 8 a.m. to 5 p.m., Monday through Friday, except Federal holidays.

SUPPLEMENTARY INFORMATION:

Title: *Stopping Threats on Pedestrians (STOP) Grant Program, also known as the Grant Program for Bollard Installation.*

Background: The Federal Highway Administration (FHWA) administers the Stopping Threats on Pedestrians (STOP) program. It was established by Congress in Section 11502 of the Infrastructure Investment and Jobs Act (IIJA), Public Law 117–58, and is associated with the safety initiatives codified at 23 U.S.C. 148.

The purpose of the STOP program is to provide competitive grants to local government entities and State Departments of Transportation to install bollards and other physical barriers designed to prevent death and injury from motor vehicle-pedestrian accidents. The program's goals include hardening “soft targets” in high-pedestrian areas, enhancing public safety in crowded spaces such as plazas and transit hubs, and reducing the frequency of vehicle-ramming incidents.

The program provides competitive grants for which the Federal share of the cost of an installation project may be up

to 100 percent. The FHWA has authorized \$5 million for fiscal year 2026 grants to support these critical safety and security infrastructure efforts.

Respondents: The Notice of Funding Opportunity (NOFO) announcing up to \$5 million of Fiscal Year (FY) 2026 funding for STOP competitive grants will be available for State Departments of Transportation and local government entities on [grants.gov](https://www.fhwa.gov/grants). FHWA is expecting roughly 50 applicants to apply for STOP grant funding.

Frequency: NOFOs and grant solicitations may be published annually by FHWA but, are subject to the availability of funds in appropriations or, any legislation signed into law authorizing funds.

Estimated Average Burden per Response: 4 hours per respondent per applicant.

Estimated Total Annual Burden Hours: It is expected that the respondents will complete approximately 50 applications for the program, for an estimated total of 200 annual burden hours.

Title: *Type 3 Highway Bridge Replacement and Rehabilitation (BIT3) Competitive Grant Program.*

Background: The Federal Highway Administration (FHWA) administers the Type 3 Highway Bridge Replacement and Rehabilitation (BIT3) Competitive Grant Program. It was established by Congress in the Consolidated Appropriations Act of 2026 (Pub. L. No. 119–75).

The purpose of the BIT3 program is to fund the replacement or rehabilitation of county-owned bridges that are classified as Type 3 bridges by the United States Bureau of Reclamation (USBR) and cross a USBR-owned water conveyance structure. The program's goals include improving water delivery, improving bridge conditions, and enhancing the safety, efficiency, and reliability of the movement of people and goods over these specific structures.

The program provides competitive grants to eligible entities, specifically counties that own a Type 3 bridge crossing a USBR water conveyance structure. The Federal share for BIT3 projects is 100 percent, requiring no local match. The FHWA announced the availability of up to \$25 million for fiscal year 2026 grants to support these infrastructure improvements.

Respondents: The Notice of Funding Opportunity (NOFO) announcing up to \$25 million of Fiscal Year (FY) 2026 funding for BIT3 competitive grants will be available for eligible county governments on [grants.gov](https://www.fhwa.gov/grants). FHWA is expecting roughly 50 applicants to apply for BIT3 grant funding.

Frequency: NOFOs and grant solicitations may be published annually by FHWA but, are subject to the availability of funds in appropriations or, any legislation signed into law authorizing funds.

Estimated Average Burden per Response: 4 hours per respondent per applicant.

Estimated Total Annual Burden Hours: It is expected that the respondents will complete approximately 50 applications for the program, for an estimated total of 200 annual burden hours.

Public Comments Invited: You are asked to comment on any aspect of this information collection, including: (1) Whether the proposed collection is necessary for the FHWA's performance; (2) the accuracy of the estimated burdens; (3) ways for the FHWA to enhance the quality, usefulness, and clarity of the collected information; and (4) ways that the burden could be minimized, including the use of electronic technology, without reducing the quality of the collected information. The agency will summarize and/or include your comments in the request for OMB's clearance of this information collection.

Authority: The Paperwork Reduction Act of 1995; 44 U.S.C. chapter 35, as amended; and 49 CFR 1.48.

Issued on: May 19, 2026.

Jazmyne Lewis,

Information Collection Officer.

[FR Doc. 2026–10201 Filed 5–20–26; 8:45 am]

BILLING CODE 4910–22–P

DEPARTMENT OF TRANSPORTATION

[Docket No. DOT–OST–2003–15962]

Agency Request for Renewal of a Previously Approved Information Collection: Procedures and Evidence Rules for Air Carrier Authority Applications

AGENCY: Office of the Secretary, OST, Department of Transportation (DOT).

ACTION: Notice and request for comments.

SUMMARY: The Department of Transportation (DOT) invites public comments about the agency's intention to request the Office of Management and Budget (OMB) approval to renew an information collection. The collection involves anyone who wants to provide air transportation service. The information collected will be used to determine if the applicant meets the requirements to perform the proposed service and is necessary because of Title

49 of the United States Code. We are required to publish this notice in the **Federal Register** by the Paperwork Reduction Act of 1995, Public Law 104–13.

DATES: Written comments should be submitted by July 20, 2026.

ADDRESSES: You may submit comments identified by Docket No. DOT–OST–2003–15962 by any of the following methods:

- *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the online instructions for submitting comments.

- *Mail or Hand Delivery:* Docket Operations, U.S. Department of Transportation, 1200 New Jersey Avenue SE, West Building, Room W58–213, Washington, DC 20590, between 9 a.m. and 5 p.m., Monday through Friday, except on Federal Holidays.

FOR FURTHER INFORMATION CONTACT: Barbara Snoden at barbara.snoden@dot.gov (Email), Office of Aviation Analysis, Office of the Secretary, U.S. Department of Transportation, 1200 New Jersey Avenue SE, Washington, DC 20590.

SUPPLEMENTARY INFORMATION:

OMB Control Number: 2106–0023.

Title: Procedures and Evidence Rules for Air Carrier Authority Applications: 14 CFR part 201—Air Carrier Authority under Subtitle VII of Title 49 of the United States Code—(Amended); 14 CFR part 204—Data to Support Fitness Determinations; 14 CFR part 291—Cargo Operations in Interstate Air Transportation.

Type of Review: Renewal of a previously approved information collection.

Background: To determine the fitness of persons seeking authority to engage in air transportation, the Department collects information from them about their ownership, citizenship, managerial competence, operating proposal, financial condition, and compliance history. The specific information to be filed by respondents is set forth in 14 CFR parts 201 and 204.

Respondents: Persons seeking initial or continuing authority to engage in air transportation of persons, property, and/or mail.

Estimated Number of Respondents: 38.

Frequency of Collection: Occasional.

Estimated Number of Responses: 114.

Average Annual Burden per Respondent: 73 hours.

Estimated Total Burden on Respondents: 7,635 hours.

Public Comments Invited: You are asked to comment on any aspect of this information collection, including (a) whether the proposed collection of

information is necessary for the Office of the Secretary's performance; (b) the accuracy of the estimated burden; (c) ways for the Office of the Secretary to enhance the quality, utility and clarity of the information collection; and (d) ways that the burden could be minimized without reducing the quality of the collected information. The agency will summarize and/or include your comments in the request for OMB's clearance of this information collection.

(Authority: The Paperwork Reduction Act of 1995; 44 U.S.C. Chapter 35, as amended; and 49 CFR 1:48.)

Issued in Washington, DC, on May 19, 2026.

Lauralyn Jean Remo Temprosa,
Associate Director, Air Carrier Fitness Division, Office of Aviation Analysis.

[FR Doc. 2026–10230 Filed 5–20–26; 8:45 am]

BILLING CODE 4910–9X–P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

Art Advisory Panel—Notice of Closed Meeting

AGENCY: Internal Revenue Service, Treasury.

ACTION: Notice of closed meeting of Art Advisory Panel.

SUMMARY: Closed meeting of the Art Advisory Panel will be held virtually via *Microsoft Teams*. The entire meeting will be closed.

DATES: The meeting will begin at 10:00 a.m. Eastern Time. The meeting will be held June 3, 2026.

ADDRESSES: The closed meeting of the Art Advisory Panel will be held virtually via *Microsoft Teams*.

FOR FURTHER INFORMATION CONTACT: Valeria B. Farr, 1835 Assembly Street, Columbia, SC 29201. Telephone (803) 312–7828 (not a toll-free number).

SUPPLEMENTARY INFORMATION: Notice is hereby given pursuant to section 10(a)(2) of the Federal Advisory Committee Act, 5 U.S.C. 1009, that a closed meeting of the Art Advisory Panel will be held virtually via *Microsoft Teams*.

The agenda will consist of the review and evaluation of the acceptability of fair market value appraisals of works of art involved in Federal income, estate, or gift tax returns. This will involve the discussion of material in individual tax returns made confidential by the provisions of 26 U.S.C. 6103.

A determination as required by section 10(d) of the Federal Advisory Committee Act has been made that this

meeting is concerned with matters listed in sections 552b(c)(3), (4), (6), and (7), of the Government in the Sunshine Act, and that the meeting will not be open to the public.

Spencer W. Clark,
Committee Management Officer, U.S. Department of the Treasury.

[FR Doc. 2026–10127 Filed 5–20–26; 8:45 am]

BILLING CODE 4830–01–P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

Electronic Tax Administration Advisory Committee; Public Meeting

AGENCY: Internal Revenue Service, Department of Treasury.

ACTION: Notice of public meeting.

SUMMARY: The Electronic Tax Administration Advisory Committee will hold a public meeting.

DATES: Wednesday, June 17, 2026.

ADDRESSES: 1111 Constitution Ave. NW, Washington, DC 20224. This meeting will also be held virtually via Microsoft Teams.

FOR FURTHER INFORMATION CONTACT: Anna Millikan, Office of National Public Liaison, at 202–317–6564, or send an email to PublicLiaison@irs.gov.

SUPPLEMENTARY INFORMATION: Pursuant to the Federal Advisory Committee Act, the Internal Revenue Service announces the Electronic Tax Administration Advisory Committee (ETAAC) will hold a public meeting on Wednesday, June 17, 2026, from 9:00 to 11:30 a.m. Eastern.

The meeting will be held in person at 1111 Constitution Ave. NW, Washington, DC as well as virtually via Microsoft Teams. Members of the public planning to attend should register by June 12 by contacting Anna Millikan at 202–317–6564 or sending an email to PublicLiaison@irs.gov.

Agenda items to be discussed may include but are not limited to:

Technology and Data Sharing; Sustained IRS Funding; Artificial Intelligence and Human-Centered Design; Digital Filing and Payments; Tax Simplification and Outreach; and Fraud Prevention and Preparer Regulation. The meeting agenda will be posted online prior to the meeting at the ETAAC web page, www.irs.gov/etaac.

The purpose of the ETAAC is to provide continuing advice regarding the development and implementation of the IRS organizational strategy for electronic tax administration. ETAAC is an organized public forum for discussion of

electronic tax administration issues such as prevention of identity theft and refund fraud. It supports the overriding goal that paperless filing should be the preferred and most convenient method of filing tax and information returns. ETAAC members convey the public's perceptions of IRS electronic tax administration activities, offer constructive observations about current or proposed policies, programs, and procedures, and suggest improvements.

Should you wish the ETAAC to consider a written statement germane to the committee's work, file the statement by sending an email to PublicLiaison@irs.gov by June 12, 2026.

Dated: May 19, 2026.

John A. Lipold,

Designated Federal Official, Office of National Public Liaison, Internal Revenue Service.

[FR Doc. 2026–10219 Filed 5–20–26; 8:45 am]

BILLING CODE 4831–GV–P

DEPARTMENT OF VETERANS AFFAIRS

[OMB Control No. 2900–0851]

Agency Information Collection

Activity: Status of Loan Account—Foreclosure or Other Liquidation

AGENCY: Veterans Benefits Administration, Department of Veterans Affairs.

ACTION: Notice.

SUMMARY: In compliance with the Paperwork Reduction Act (PRA) of 1995, this notice announces that the Veterans Benefits Administration, Department of Veterans Affairs, will submit the collection of information abstracted below to the Office of Management and Budget (OMB) for review and comment. The PRA submission describes the nature of the information collection and its expected cost and burden and it includes the actual data collection instrument.

DATES: Comments and recommendations for the proposed information collection should be sent by June 22, 2026.

ADDRESSES: To submit comments and recommendations for the proposed information collection, please type the following link into your browser: www.reginfo.gov/public/do/PRAMain, select “Currently under Review—Open for Public Comments”, then search the list for the information collection by Title or “OMB Control No. 2900–0851.”

FOR FURTHER INFORMATION CONTACT: VA PRA information: Dorothy Glasgow, 202–461–1084, VAPRA@va.gov.

SUPPLEMENTARY INFORMATION: Title: Status of Loan Account—Foreclosure or Other Liquidation (VA Form 26–0971).

OMB Control Number: 2900–0851
<https://www.reginfo.gov/public/do/PRAsearch>.

Type of Review: Extension without change of a currently approved collection.

Abstract: VA Form 26–0971, The Status of Loan Account—Foreclosure or other Liquidation, is used in connection with a holder's request for VA to repurchase a loan under 38 CFR 36. The holder of a delinquent vendee account is legally entitled to repurchase of the loan by VA when the loan has been continuously in default for three months and the amount of the delinquency equals or exceeds the sum of two monthly installments. VA collects the required information electronically and through VA Form 26–0971.

An agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a currently valid OMB control number. The **Federal Register** Notice with a 60-day comment period soliciting comments on this collection of information was published at 91 FR 12279, March 12, 2026.

Affected Public: Individuals or Households.

Estimated Annual Burden: 5 hours.

Estimated Average Burden Per Respondent: 30 minutes.

Frequency of Response: One-time.

Estimated Number of Respondents: 10 per annual.

(Authority: 44 U.S.C. 3501 *et seq.*)

Shunda Willis,

Alternate, VA PRA Clearance Officer, Office of Information Technology, Data Governance Analytics, Department of Veterans Affairs.

[FR Doc. 2026–10130 Filed 5–20–26; 8:45 am]

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Part II

Securities and Exchange Commission

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend NOM's Rules in Connection With a Technology Migration; Notice

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–105511; File No. SR–NASDAQ–2026–039]

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend NOM's Rules in Connection With a Technology Migration

May 18, 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 May 6, 2026, The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”) 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 the Exchange. 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

The Exchange proposes to amend various rules of the Nasdaq Options Market LLC (“NOM”) in connection with a technology migration.³ Specifically, the Exchange proposes to amend rules at Options 1, Section 1, Definitions; Options 2, Section 3, which is currently reserved, Section 4, Obligations of Market Makers and Lead Market Makers, Section 5, Market Maker Quotations, and Section 6, Market Maker Orders; Options 3, Section 3, Minimum Increments; Options 3, Sections 7, Types of Orders and Order and Quote Protocols; Section 8, Opening and Halt Cross; Section 9, Trading Halts; Section 10, Order Book Allocation; Section 15, Risk Protections; Section 17, Kill Switch; Section 18, Detection of Loss of Communication; Section 20, Nullification and Adjustment of Options Transactions including Obvious Errors; Section 22, Limitations on Order Entry; Section 23, Data Feeds and Trade Information; and Section 28, Optional Risk Protections. The Exchange also proposes to amend Options 4A, Section 11 Trading Sessions; Options 4C, Section 2, Definitions; Options 5, Section 4, Order Routing; Options 6, Section 1, Authorization to Give-Up; Options 6B, Section 1, Exercise of

Options Contracts; and Options 7, Section 1, General Provisions, and Section 3 Nasdaq Options Market—Ports and Other Services.

The text of the proposed rule change is available on the Exchange's website at <https://listingcenter.nasdaq.com/rulebook/nasdaq/rulefilings>, and at the principal office of the Exchange.

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 Exchange 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. The Exchange 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

In connection with a technology migration to an enhanced Nasdaq, Inc. (“Nasdaq”) functionality which will result in higher performance, scalability, and more robust architecture, the Exchange intends to adopt certain trading functionality currently utilized at Nasdaq affiliate exchanges. As further discussed below, the Exchange proposes to adopt such functionality substantially in the same form as currently on the Nasdaq affiliated options exchanges, while retaining certain intended differences between it and its affiliates. The Exchange also proposes a number of changes to memorialize existing functionality, add more granularity in its rules to describe how existing functionality operates today, and to harmonize the Exchange's rules where appropriate with the rules of its affiliated options exchanges by using consistent language to describe identical functionality.

Specifically, the Exchange proposes to amend various rules of the Nasdaq Options Market LLC (“NOM”) in connection with a technology migration to adopt rules on Nasdaq NTX Options, Inc. (“NTX Options”) and Nasdaq ISE, LLC (“ISE”), Nasdaq GEMX, LLC (“GEMX”), Nasdaq MRX, LLC (“MRX”), and Nasdaq Phlx LLC (“Phlx”).

The Exchange proposes to permit Lead Market Maker appointments similar to NTX Options. The Exchange

proposes to amend Options 2, Section 3 (currently reserved), and 4 (Obligations of Market Makers and Lead Market Makers) to adopt rules related to a Lead Market Maker that are identical to NTX Options at Options 2, Sections 3, 4 and 5. The Exchange would also add a definition for a Lead Market Maker in Options 1, Section 1 (Definitions), identical to NTX Options at Options 1, Section 1.

The Exchange proposes to amend Options 3, Section 3, Minimum Increments, to amend the manner in which quotes are submitted to the System.

The Exchange proposes to adopt order types at Options 3, Section 7 (Types of Orders and Order and Quote Protocols) that are identical to ISE, GEMX, MRX and Phlx with one exception. The Exchange proposes to adopt a new Stop Order, Stop Limit Order, Reserve Order and Good-Till-Date Order identical to ISE, GEMX, MRX and Phlx. The Exchange would retain NOM's Add Liquidity Order, which would be substantially similar to ISE, GEMX, MRX and Phlx except with respect to repricing as explained below in more detail. The Exchange would also retain its Price Improving Order without change.⁴ The Exchange would remove the Minimum Quantity Order. The Exchange would also amend Options 2, Section 6 (Market Maker Orders), Options 3, Section 8 (Opening and Halt Cross), Options 3, Section 9 (Trading Halts), Options 3, Section 10 (Order Book Allocation), Options 3, Section 20 (Nullification and Adjustment of Options Transactions including Obvious Errors), and Options 3, Section 22 (Limitations on Order Entry) to account for new order types. These proposed changes would be identical to corresponding rules on ISE, GEMX, MRX and Phlx at Options 2, Section 6, Options 3, Section 8, Options 3, Section 9, Options 3, Section 10, and Options 3, Section 22.

The Exchange proposes to amend its opening at Options 3, Section 8 to adopt an opening that would be identical to NTX Options at Options 3, Section 8.

The Exchange proposes to amend its allocation methodology in Options 3, Section 10 to provide for a Lead Market

⁴ A “Price Improving Order” is an order to buy or sell an option at a specified price at an increment smaller than the minimum price variation in the security. Price Improving Orders may be entered in increments as small as one cent. Price Improving Orders that are available for display shall be displayed at the minimum price variation in that security and shall be rounded up for sell orders and rounded down for buy orders. See current NOM Options 3, Section 7(a)(5). The Exchange proposes to relocate its Pricing Improving Order as described in this proposal.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ NOM's Re-Platform will commence on July 27, 2026. See <https://www.nasdaqtrader.com/MicroNews.aspx?id=OTU2026-2>.

Maker enhancement and an entitlement for orders of 5 contracts or fewer identical to NTX Options at Options 3, Section 10.

The Exchange proposes to align certain risk protections in Options 3, Section 15 (Risk Protections) so that those protections in that rule are identical to NTX Options at Options 3, Section 15.

The Exchange proposes to amend its QUO protocol to no longer treat orders as quotes and permit two-sided orders to be entered through the protocol subject to order entry protections. As amended, the QUO protocol would be identical to the OTTO protocol on NTX Options, ISE, GEMX, MRX and Phlx. The Exchange would also align the Kill Switch at Options 3, Section 17, and Detection of Loss at Options 3, Section 18 so that the rule text is identical to NTX Options at Options 3, Sections 17 and 18.

The Exchange proposes to amend Options 3, Section 23, Data Feeds and Trade Information, to remove TradeInfo to align NOM's protocols to other Nasdaq affiliated markets.

The Exchange proposes to adopt an Optional Risk Protection at new Options 3, Section 24 that is identical to NTX Options, ISE, GEMX, MRX and Phlx.

The Exchange proposes to amend Options 5, Section 4, Order Routing, to adopt identical order routing to NTX Options at Options 5, Section 4, except with respect to the System handling of Price Improving Orders.⁵ Each rule change is described below.

At the outset, the Exchange notes that unlike other Nasdaq affiliated options exchanges, Price Improving Orders only are being offered on NOM. Price Improving Orders are entered in increments smaller than the minimum price variation. Because NOM may accept orders in increments smaller than the minimum price variation, the rule text will differ in certain places as compared to the rule text of Nasdaq affiliated options exchanges. The Exchange has noted those distinctions in its proposal.

Options 1, Section 1

The Exchange proposes to amend Options 1, Section 1, Definitions, to define the term "Lead Market Maker" at proposed Options 1, Section 1(a)(24) to mean a Market Maker who is registered as an options Lead Market Maker pursuant to Options 2, Section 3. The Exchange also proposes to renumber current Options 1, Section 1(a)(24) to (62). As a result of this renumbering, the

Exchange proposes to also amend Options 4C. Sections 2(b)(2), and Options 7, Section 1, General Provisions, to amend the cross citations to align to the new numbering in Options 1, Section 1.

The Exchange proposes to amend current Options 1, Section 1(a)(57) to add "Tuesday" and "Thursday" to the definition in the first sentence. Today, the series are opened for trading each day of the week and expire each day of the week. The addition of Tuesday and Thursday were inadvertently not made a second time in that sentence.⁶

Lead Market Makers

NOM proposes to permit NOM Market Makers to act as Lead Market Makers, or "LMMs," in one or more options classes, provided the LMM meets certain obligations and quoting requirements as provided for in the new proposed rules which are described below. The Exchange also proposes to provide assigned LMMs with certain participation entitlements in Options 3, Section 10, which is described in that section.

Options 2, Section 3

At this time, the Exchange proposes to permit the appointment of LMMs on NOM. The Exchange proposes to amend Options 2, Section 3, which is currently reserved to title the rule "Lead Market Maker Allocation." This proposed new rule would be identical to NTX Options at Options 2, Section 3.

As proposed, approved NOM Options Market Makers⁷ may become Lead Market Makers (LMMs"). Only one LMM may be allocated to an options class.⁸ Initial application(s) to become an LMM shall be in a form and/or format prescribed by the Exchange and shall include the following: (1) background information on the LMM including experience in trading options; (2) the LMM's clearing arrangements; (3) adequacy of capital; and (4) adherence to Exchange rules and ability to meet obligations of an LMM.⁹ Subsequent

applications shall be in a form and/or format prescribed by the Exchange and shall include the information requested therein, including, but not limited to, an account of the abilities and background of the applicant as well as any other special requirements that the Exchange may require.¹⁰ Once an applicant is approved by the Exchange as an LMM, any material change in capital shall be reported in writing to the Exchange within two business days after the change.¹¹ NOM will not place any limit on the number of entities that may become LMMs, however there will only be one LMM per class.

When an options class is to be allocated or reallocated by the Exchange, the Exchange will solicit applications from all eligible LMMs. If the Exchange determines that special qualifications should be sought in the successful applicant, it shall indicate such desired qualifications in the notice.¹²

Further, the Exchange proposes to require an allocation application to be submitted in writing to the Exchange's designated staff and shall include, at a minimum, the name and background of the LMM, the LMM's experience and capitalization demonstrating an ability to trade the particular options class sought, and any other reasons why the LMM believes it should be assigned or allocated the security. In addition, the Exchange may also require that the application include other information such as system acceptance/execution levels and guarantees. The Exchange may re-solicit applications for any reason, including if it determines that its initial solicitation resulted in an insufficient number of applicants.¹³

Allocation decisions and automatic allocations shall be communicated in writing to Exchange Participants. Once the LMM is allocated an issue, such LMM shall immediately notify the Exchange in writing of any change to the respective system acceptance/execution levels or any other material change in the application for any assigned issue. If an LMM seeks to withdraw from allocation in a security, it should notify the Exchange at least one business day prior to the desired effective date of such withdrawal.¹⁴

⁶ See Securities Exchange Act Release No. 96412 (November 30, 2022), 87 FR 74685 (December 6, 2022) (SR-NASDAQ-2022-066) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the Definition of Short Term Option Series).

⁷ The term "Nasdaq Options Market Maker" or "Options Market Maker" or "Market Maker" mean an Options Participant registered with the Exchange for the purpose of making markets in options contracts traded on the Exchange and that is vested with the rights and responsibilities specified in Options 2 of these Rules. See Options 1, Section 1(a)(27).

⁸ See proposed Options 2, Section 3, A at subparagraph (a).

⁹ See proposed Options 2, Section 3, A at subparagraph (b).

¹⁰ See proposed Options 2, Section 3, A at subparagraph (c).

¹¹ See proposed Options 2, Section 3, A at subparagraph (d).

¹² See proposed Options 2, Section 3, B at subparagraph (a).

¹³ See proposed Options 2, Section 3, B at subparagraph (b).

¹⁴ See proposed Options 2, Section 3, B at subparagraph (c)–(e).

⁵ Unlike NOM, NTX Options does not offer Price Improving Orders.

Options on Related Securities shall be automatically allocated to the LMM, which is already the LMM in Currently Allocated Securities (as defined hereafter). As noted herein, only one LMM may be allocated to an options class. The Exchange is defining the term “Related Securities” for purpose of Options 2, Section 3 as follows: “Related Securities means, but is not limited to: securities of a partially or wholly owned subsidiary; securities that are convertible into the securities of the issuer; warrants on securities of the issuer; securities issued in connection with a name change; securities issued in a reverse stock split; contingent value rights; “tracking” securities designed to track the performance of the underlying security or corporate affiliate thereof; securities created in connection with the merger or acquisition of one or more companies; securities created in connection with a “spin-off” transaction; convertible on non-convertible senior securities; and securities into which a listed security is convertible, where such Related Securities emanate from or are related to securities underlying options that are currently allocated to a LMM on the Exchange (“Currently Allocated Options”). The term Related Securities does not include Exchange Traded Funds.¹⁵ Options on Related Securities (“Related Options”) shall be automatically allocated to the LMM that is already the LMM in Currently Allocated Options.¹⁶

The Exchange shall allocate new options classes or reallocate existing options classes to applicants based on the results of such factors as the Exchange deems appropriate. Among the factors that the Exchange may consider in making such decisions are: the number and type of securities in which applicants are currently registered; the capital and other resources of the applicant; recent allocation decisions within the past eighteen months; the desirability of encouraging the entry of new LMMs into the Exchange’s market; order flow commitments; any prior transfers of LMM privileges by the applicant and the reasons therefore and such policies as the Board instructs the Exchange to follow in allocating or reallocating securities. The Exchange may also consider the following: quality of markets data; observance of ethical standards and administrative responsibilities. Solely with respect to

options class allocations or reallocations, past or contemplated voluntary delisting of options by LMMs, done in the best interest of the Exchange, will not be viewed negatively by the Exchange in making allocation and reallocation decisions. The Exchange is empowered to allocate option classes for a limited period of time or subject to such other terms and conditions as it deems appropriate.¹⁷

Requests to allocate or transfer allocation, or transfer of an options class request must be made in writing to the Exchange, and such transfer may only be made to an approved LMM. The LMM shall be assigned to an options class for a period defined by the Exchange. The Exchange will communicate such period in solicitation applications (notices). The Exchange may re-allocate an options class after the defined period has expired.¹⁸

Options 2, Section 4

The Exchange proposes amendments to Options 2, Section 4, Obligations of Market Makers and Lead Market Makers, to require LMM’s to be held to certain obligations. The proposed amendments to Options 2, Section 4 are identical to rule text at NTX Options at Options 2, Section 4.

As proposed, the Exchange requires that LMM transactions should constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and no LMM should enter into transactions or make bids or offers that are inconsistent with such a course of dealings.¹⁹ Further, with respect to each class of options in his or her appointment, an LMM is expected to engage, to a reasonable degree under the existing circumstances, in dealings for his own account when there exists, or it is reasonably anticipated that there will exist, a lack of price continuity, a temporary disparity between the supply of and demand for a particular option contract, or a temporary distortion of the price relationships between option contracts of the same class. Without limiting the foregoing, an LMM is expected to perform certain activities in the course of maintaining a fair and orderly market which are listed in proposed Options 2, Section 4(f)(1)–(4). The Exchange proposes to require that an LMM (1) compete with other Market Makers to improve the market in all

series of options classes to which the LMM is appointed; (2) make markets that will be honored for the number of contracts entered into the System²⁰ in all series of options classes within the LMM’s appointment; (iii) update market quotations in response to changed market conditions in all series of options classes within the LMM’s appointment; (iv) maintain certain intra-day bid/ask differentials, also known as Quote Spread Parameters. The Quote Spread Parameters shall require LMMs to quote equity options, including Exchange-Traded Fund Shares, and index options with a difference not to exceed \$5 between the bid and offer regardless of the price of the bid.²¹ However, an LMM shall be permitted to quote an in-the-money series, where the market for the underlying security is wider than \$5, with a bid/ask differential as wide as the spread between the national best bid and offer in the underlying security. The Exchange may establish differences other than the above for one or more series or classes of options.²²

In classes of options other than those to which the LMM is appointed, LMMs should not engage in transactions for an account in which they have an interest that are disproportionate in relation to, or in derogation of, the performance of their obligations as specified in this Rule with respect to the classes in their appointment. Furthermore, LMMs should not: (1) individually or as a group, intentionally or unintentionally, dominate the market in option contracts of a particular class; and (2) effect purchases or sales on the Exchange except in a reasonable and orderly manner.²³

LMMs are prohibited from the following: (1) any practice or procedure whereby LMMs trading any particular

²⁰ The term “System” or “Trading System” mean the automated system for order execution and trade reporting owned and operated by The Nasdaq Options Market LLC. The Nasdaq Options Market comprises: (1) an order execution service that enables Participants to automatically execute transactions in options series; and provides Participants with sufficient monitoring and updating capability to participate in an automated execution environment; (2) a trade reporting service that submits “locked-in” trades for clearing to a registered clearing agency for clearance and settlement; transmits last-sale reports of transactions automatically to the Options Price Reporting Authority for dissemination to the public and industry; and provides participants with monitoring and risk management capabilities to facilitate participation in a “locked-in” trading environment; and (3) the data feeds described in Section 19. See Options 1, Section 1(a)(59).

²¹ See proposed Options 2, Section 4(f)(1)–(4).

²² See proposed Options 2, Section 4(f)(4). The Exchange proposes to reserve Options 2, Section 4(g).

²³ See proposed Options 2, Section 4(h).

¹⁵ See proposed Options 2, Section 3, B at subparagraph (f).

¹⁶ See proposed Options 2, Section 3, B at subparagraph (g).

¹⁷ See proposed Options 2, Section 3, C at subparagraph (a).

¹⁸ See proposed Options 2, Section 3, D at subparagraph (a).

¹⁹ See proposed Options 2, Section 4(e). The Exchange proposes to reserve Options 2, Section 4(d).

option issue determine by agreement the spreads or option prices at which they will trade that issue; and (2) any practice or procedure whereby LMMs trading any particular option issue determine by agreement the allocation of orders that may be executed in that issue.²⁴

With respect to quoting obligations, an LMM must enter two-sided quotations. An LMM that enters a bid (offer) in a series of an option in which he is registered on NOM must enter an offer (bid), except in an assigned options series listed intra-day on NOM. These quotations must meet the legal quote width requirements specified in Options 2, Section 4 subsection (f)(4). An Options Participant will be required to meet each market making obligation separately. Quotes submitted through the Specialized Quote Feed²⁵ interface, utilizing badges²⁶ and options series assigned to a Lead Market Maker, will be counted toward the requirement to provide two-sided quotations in 90% of the cumulative number of seconds, or such higher percentage as NOM may announce. An Options Participant that is a Market Maker in an options series where the Options Participant is also assigned as the Lead Market Maker, pursuant to Options 2, Section 4, in an option series will be held to both the Lead Market Maker and Market Maker obligations, pursuant to Options 2, Section 5(d), separately, in that options series.²⁷

LMMs, associated with the same Options Participant, are collectively required to provide two-sided quotations in 90% of the cumulative number of seconds, or such higher percentage as NOM may announce in

advance, for which that Option Participant's assigned options series are open for trading. An LMM shall not be required to make two-sided markets in any Quarterly Option Series, any Adjusted Option Series, and any option series with an expiration of nine months or greater for options on equities and exchange-traded funds ("ETFs") or with an expiration of twelve months or greater for index options. However, an LMM may still receive a participation entitlement in such series if it elects to quote in such series and otherwise satisfies the requirements of Options 3, Section 10.²⁸ An adjusted option series is defined as an option series wherein one option contract in the series represents the delivery of other than 100 shares of underlying stock or Exchange-Traded Fund Shares or "ETFs" ("Adjusted Options Series").²⁹

Specifically, the Exchange will calculate subparagraph (j)(1) by (i) taking the total number of seconds the Options Participant disseminates quotes in each assigned options series, excluding Quarterly Option Series, any Adjusted Option Series, and any option series with an expiration of nine months or greater for options on equities and ETFs or with an expiration of twelve months or greater for index options; and (ii) dividing that time by the eligible total number of seconds each assigned option series is open for trading that day. Quoting is not required in every assigned options series. Compliance with this requirement is determined by reviewing the aggregate of quoting in assigned options series for the Options Participant.³⁰

Quoting Obligation Methodology

Lead Market Maker firm 123 is assigned five badges: 123A, 123B, 123C, 123D and 123E.

Badge 123A is designated the Lead Market Maker badge and badge 123B–E are designated as Market Maker badges.

As proposed, only quoting activity from badge 123A (and excluding badges 123B–E) would be counted toward the requirement to provide two-sided quotations in 90% of the cumulative number of seconds for which that Participant's assigned options series are open for trading.

All other badges (123 B–E), excluding badge 123A, would be counted toward the requirement to provide two-sided quotations in 60% of the cumulative number of seconds for which that Participant's assigned options series are open for trading.

An Options Participant may have only one Lead Market Maker badge per option series.

Further, the below example explains how the Exchange aggregates quotes from Lead Market Makers, in their assigned options series, to determine compliance with quoting requirements. The same calculation applies to quotes from Market Makers in their assigned options series. NTX Options aggregates and calculates quotes from Lead Market Makers in an identical manner.³¹

Under the proposal, by way of example, assume Lead Market Maker Firm ABC is assigned in five symbols across 2 different badges:

Badge 123A and B are assigned in symbols QQQ and SPY, respectively

Badge 124A, B and C are assigned in symbols IBM, GM, and MSFT, respectively

Quotes submitted through the Specialized Quote Feed interface from the Firm ABC's Lead Market Maker badges from all 5 symbols will be counted in determining compliance with Firm ABC's requirement to provide two-sided quotations in 90% of the cumulative number of seconds for which Firm ABC's assigned options series are open for trading.

If Firm ABC Lead Market Maker badge 123A quotes symbol QQQ at 95% and badge 123B quotes symbol SPY at 90% and Firm ABC Lead Market Maker badge 124A quotes IBM at 85%, badge 124B quotes GM at 95%, and badge 124C quotes MSFT at 90% then Firm ABC will have met its requirement to provide two-sided quotations in 90% of the cumulative number of seconds for which Firm ABC's assigned options series are open for trading because the percentage across the 5 symbols is 91%.

NOM Regulation may consider exceptions to the requirement to quote 90% (or higher) of the trading day based on demonstrated legal or regulatory requirements or other mitigating circumstances. For purposes of the Exchange's surveillance of an Options Participant compliance with this Rule, the Exchange may determine compliance on a monthly basis. The Exchange's monthly compliance evaluation of the quoting requirement does not relieve an Options Participant of the obligation to provide two-sided quotes on a daily basis, nor will it prohibit the Exchange from taking disciplinary action against an Options Participant for failing to meet the quoting obligation each trading day.³²

²⁴ See proposed Options 2, Section 4(i).

²⁵ "Specialized Quote Feed" or "SQF" is an interface that allows Market Makers to connect, send, and receive messages related to quotes and Immediate-or-Cancel Orders into and from the Exchange. Features include the following: (1) options symbol directory messages (e.g., underlying instruments); (2) system event messages (e.g., start of trading hours messages and start of opening); (3) trading action messages (e.g., halts and resumes); (4) execution messages; (5) quote messages; (6) Immediate-or-Cancel Order messages; (7) risk protection triggers and purge notifications; and (8) opening imbalance messages. The SQF Purge Interface only receives and notifies of purge requests from the Market Maker. Market Makers may only enter interest into SQF in their assigned options series. Immediate-or-Cancel Orders entered into SQF are not subject to the Order Price Protection, Market Order Spread Protection, or Size Limitation in Options 3, Section 15(a)(1) and (a)(2), and (b)(2), respectively. See Options 3, Section 7(e)(1)(B).

²⁶ The term a "badge" means an account number, which may contain letters and/or numbers, assigned to NOM Market Makers. A NOM Market Maker account may be associated with multiple badges. See NOM Options 1, Section 1(a)(5).

²⁷ See proposed Options 2, Section 4(j).

²⁸ See proposed Options 2, Section 4(j)(1).

²⁹ See proposed Options 2, Section 4(j)(1)(a).

³⁰ See proposed Options 2, Section 4(j)(2).

³¹ See NTX Options at Options 2, Section 4(j) and Options 2, Section 5(d)(1).

³² See proposed Options 2, Section 4(j)(3).

If a technical failure or limitation of a System of the Exchange prevents an LMM from maintaining, or prevents an LMM from communicating to the Exchange, timely and accurate electronic quotes in an issue, the duration of such failure shall not be considered in determining whether the LMM has satisfied the 90% quoting standard with respect to that option issue. The Exchange may consider other exceptions to this intra-day electronic quote obligation based on demonstrated legal or regulatory requirements or other mitigating circumstances.³³

An LMM may be called upon by NOM Regulation to submit a single quote or maintain intra-day quotes in one or more series of an option issue within its appointment whenever, in the judgment of NOM Regulation, it is necessary to do so in the interest of maintaining fair and orderly markets.³⁴ An LMM will be compelled to buy/sell a specified quantity of option contracts at the disseminated bid/offer pursuant to his obligations with respect to firm quotes.³⁵ All quotes and orders entered into the System by Options Participants are firm under Options 2, Section 4 and Rule 602 of Regulation NMS under the Exchange Act ("SEC Rule 602") for the number of contracts specified and according to the size requirements set forth herein. Market Maker bids and offers are not firm under this Rule and SEC Rule 602: (1) for the period prior to the Opening Cross; or (2) if any of the circumstances provided in paragraph (b)(3) or (c)(4) of SEC Rule 602 exist.³⁶

Options 2, Section 5

With the adoption of LMMs, the Exchange proposes to add rule text to Options 3, Section 5(d)(1) to provide,

An Options Participant will be required to meet each market making obligation separately. Quotes submitted through the Specialized Quote Feed interface, utilizing badges and options series assigned to a Market Maker, will be counted toward the requirement to provide two-sided quotations in 60% of the cumulative number of seconds, or such higher percentage as NOM may announce. An Options Participant that is a Market Maker in an options series where the Options Participant is also assigned as the Lead Market Maker, pursuant to Options 2, Section 4, in an option series will be held to both the Lead Market Maker and Market Maker obligations, pursuant to Options 2,

Section 5(d), separately, in that options series.

Similar to NTX Options,³⁷ the Exchange proposes to make clear that the quoting requirements for a Market Maker and a Lead Market Maker are separate obligations. Further, the Exchange proposes a technical requirement at Options 2, Section 5(d)(1)(A) to define an ETF and an amendment to Options 2, Section 5(d)(1)(D) to correct the cross reference from "subparagraph A" to "paragraph d."

Options 3, Section 10

The Exchange proposes to provide LMM participation entitlements in Options 3, Section 10, Order Book Allocation. As noted herein, an LMM may be assigned by the Exchange in each option class in accordance with Options 2, Section 3.

With respect to Price/Time, whereby the System executes all trading interest at the best price level within the System before executing trading interest at the next best price, the Exchange proposes to note that allocation of displayed interest shall occur before allocation of non-displayed interest at each price level.

Specifically, with respect to Size Pro-Rata executions, after all Public Customer³⁸ orders have been fully executed, upon receipt of an order, provided the LMM's quote is at or improves on the better of the NBBO or internal BBO, the LMM will be afforded a participation entitlement as noted below.³⁹ The LMM shall not be entitled to receive a number of contracts that is greater than the displayed size associated with such LMM. LMM participation entitlements will be considered after the Opening Process. A NOM Options LMM shall receive the greater of: (i) the LMM's Size Pro-Rata; (ii) 50% of remaining interest if there is one other Market Maker order or quote at that price; (iii) 40% of remaining interest if there are two other Market Maker orders or quotes at that price; or (d) 30% of remaining interest if there are more than two other Market Maker orders or quotes at that price. Rounding will be to the nearest integer. The Exchange is not considering Public Customer orders in determining the

LMM allocation because Public Customer orders will continue to have priority over all other interest at the same price and those orders would have been executed prior to any LMM allocation. NTX Options has identical rules at Options 3, Section 10(a)(2)(ii).

The Exchange also proposes to provide an Entitlement for Orders of 5 contracts or fewer in addition to the LMM Priority overlay at Options 3, Section 10(a)(1)(C)(3) that states,

This Entitlement for Orders of 5 contracts or fewer shall be allocated to the LMM as described below. The allocation will only apply after the Opening Process. An LMM is not entitled to receive a number of contracts that is greater than the size that is associated with its quote. On a quarterly basis, the Exchange will evaluate what percentage of the volume executed on the Exchange is comprised of orders for 5 contracts or fewer allocated to LMMs, and will reduce the size of the orders included in this provision if such percentage is over 40%.

(A) An LMM is entitled to priority with respect to Orders of 5 contracts or fewer if the LMM has a quote at the better of the internal BBO or the NBBO, with no other Public Customer interest with a higher priority.

(B) If the LMM's quote is at the better of the internal BBO, or the NBBO, with other Public Customer interest, a LMM is not entitled to priority with respect to Orders of 5 contracts or fewer, however the LMM is eligible to receive such contracts pursuant to paragraph (a)(1)(C)(4); thereafter orders will be allocated pursuant to paragraph (a)(1)(C)(5).

In order to be entitled to receive Orders for 5 contracts or fewer, the LMM's quote must be at the better of the internal BBO⁴⁰ or the NBBO with no other Public Customer interest which has a higher priority. If the LMM is quoting at the better of the internal BBO or the NBBO with other Public Customer Maker interest present which has a higher priority at the time of execution, the LMM is not entitled to priority with respect to Orders of 5 contracts or fewer, however the LMM is eligible to receive such contracts pursuant to paragraph (a)(1)(C)(4), which describes Market Maker Priority after all Public Customer orders and LMM participation entitlements have been applied, and, thereafter, (a)(1)(C)(5) which provides for allocation of all other remaining interest after Market Maker interest has been fully executed.

³⁷ See NTX Options at Options 2, Section 5(d)(1).

³⁸ As proposed herein at renumbered Options 1, Section 1(a)(49), the term "Public Customer" means a person or entity that is not a broker or dealer in securities and is not a Professional as defined within Options 1, Section 1(a)(48).

³⁹ Public Customer non-displayed orders will retain price priority before an LMM participation entitlement is provided at the Exchange's disseminated price. (e.g., Price Improving Orders and Reserve Orders).

⁴⁰ The "internal BBO" refers to the Exchange's non-display order book. See Options 3, Section 4(b)(7).

³³ See proposed Options 2, Section 4(j)(4).

³⁴ See proposed Options 2, Section 4(k).

³⁵ See proposed Options 2, Section 4(l).

³⁶ See proposed Options 2, Section 4(l).

The Lead Market Maker would be entitled to the entire allocation of the Order of 5 contracts or fewer where no Public Customer interest was present with a higher priority. If, for example, a Public Customer is resting at the NBBO at the time of execution, a Lead Market Maker is not entitled to priority with respect to Orders of 5 contracts or fewer. The Lead Market Maker will continue to not be entitled to priority with respect to allocation of Orders of 5 contracts or fewer because there is interest present with a higher priority or because the Lead Market Maker is not quoting at the NBBO. In these situations, the Lead Market Maker is eligible to receive such contracts pursuant to paragraph (a)(1)(C)(4); thereafter orders will be allocated pursuant to paragraph (a)(1)(C)(5). NTX Options has identical rule text at Options 3, Section 10(a)(2)(iii).

The Exchange proposes to add the word “order” before “Book” and lowercase “book” at Options 3, Section 10(a)(3).

Options 2, Section 6

Options 2, Section 6(a) currently states that Market Makers may enter all order types defined in Options 3, Section 7 in the options classes to which they are appointed and non-appointed.

The Exchange proposes to adopt a new Reserve Order at proposed Options 3, Section 7(g) that is identical to Nasdaq ISE, LLC (“ISE”), Nasdaq GEMX, LLC (“GEMX”) and Nasdaq MRX, LLC (“MRX”) Reserve Orders at Options 3, Section 7(g). The Exchange proposes to amend Options 2, Section 6(a) to restrict Market Makers from entering Reserve Orders in both appointed and non-appointed options classes. Today, ISE, GEMX and MRX Options 2, Section 6 only restricts Market Makers from entering Reserve Orders. Unlike other order types, the Reserve Order is a limit order that contains both a displayed portion and a non-displayed portion. Both the displayed and non-displayed portions of a Reserve Order are available for potential execution against incoming marketable orders. When the displayed portion of a Reserve Order is decremented, either in full or in part, it shall be refreshed from the non-displayed portion of the resting Reserve Order. The Exchange believes that because a Reserve Order contains a non-displayed portion, Market Makers should not be permitted to enter this order type. Market Makers are required to make markets that, absent changed market conditions, will be honored for the number of contracts entered into the

Exchange’s System in all series of options classes to which the market maker is appointed. The Exchange believes that Market Maker liquidity should be displayed liquidity and, therefore, proposes to amend Options 2, Section 6 by stating that Market Makers should not be permitted to enter Reserve Orders.

Options 3, Section 3

The Exchange proposes to amend Options 3, Section 3(c) which currently states, “A quote submitted to the System with an invalid trading increment will be re-priced. The quote will be rounded up to the nearest valid minimum price variation for offers and rounded down for bids.” Today, the Exchange permits NOM Participants to enter quotes in sub-pennies. At this time, the Exchange proposes to no longer permit quotes to be submitted to the Exchange in sub-pennies. Requiring quotes to be submitted in valid minimum price increments will standardize NOM to the behavior of other Nasdaq affiliated exchanges that do not permit quotes to be permitted in sub-pennies.⁴¹ All other Nasdaq affiliated exchanges require quotes to be submitted in minimum price increments.⁴² As a result of this System change, any quote submitted in a sub-penny would be rejected by the System as a result of the technology migration.

Further, the Exchange proposes to amend the current text of Options 3, Section 3(c) to add that those quotes are displayed at the nearest minimum price variation. Today, Options 3, Section 4(b)(6)⁴³ specifies that NOM displays quotes at the minimum price variation and the Exchange is adding that detail to Options 3, Section 3(c) as well. While quotes are accessible to be traded at the trading increment in which they are entered, the Exchange displays these quotes at the nearest minimum price variation.

Options 3, Section 7

The Exchange proposes to remove “(a)” and move the rule text of Options 3, Section 7(a) after the first sentence.

⁴¹ Other Nasdaq affiliated exchanges require quotes to be submitted in minimum price increments.

⁴² See ISE, GEMX, MRX and Phlx Options 3, Section 3.

⁴³ Options 3, Section 4(b)(6) provides that, a quote will not be executed at a price that trades through another market or displayed at a price that would lock or cross another market. If, at the time of entry, a quote would cause a locked or crossed market violation or would cause a trade-through, violation, it will be re-priced to the current national best offer (for bids) or the current national best bid (for offers) as non-displayed and displayed at one minimum price variance above (for offers) or below (for bids) the national best price.

Market Orders

The Exchange proposes to amend the description of Market Orders and relocate the order type from Options 3, Section 7(a)(4) to Options 3, Section 7(a) without any substantive change to the rule. Today, Options 3, Section 7(a)(4) states,

A Market Order is an order to buy or sell at the best price available at the time of execution. Participants can designate that their Market Orders not executed after a pre-established period of time, as established by the Exchange, will be cancelled back to the Participant, once an option series has opened for trading. Market Orders on the Order Book would be immediately cancelled if an options series halted, provided the Participant designated the cancellation of Market Orders.

The Exchange proposes to instead provide that,

A Market Order is an order to buy or sell a stated number of options contracts that is to be executed at the best price obtainable when the order reaches the Exchange. Participants can designate that their Market Orders not executed after a pre-established period of time, as established by the Exchange, will be cancelled back to the Participant, once an options series has opened for trading. Market Orders on the order book would be immediately cancelled if an options series is halted, provided the Participant designated the cancellation of Market Orders.

The Exchange’s amendment to the first sentence does not substantively amend this order type, rather the text is being reworded to align to ISE, GEMX and MRX rule text at Options 3, Section 7(a).

Limit Orders

The Exchange proposes to amend and relocate “Limit Orders” from current Options 3, Section 7(a)(2) to proposed Options 3, Section 7(b). Today, Options 3, Section 7(a)(2) states, “Limit Order” is an order to buy or sell an option at a specified price or better. A marketable Limit Order is a Limit Order to buy (sell) at or above (below) the best offer (bid) on the Exchange. The Exchange proposes to slightly modify the text in a non-substantive matter to align to ISE, GEMX and MRX Options 3, Section 7(b) with respect to the description of a Limit Order and a Marketable Limit Order to provide at proposed Options 3, Section 7(b) that a Limit Order is an order to buy or sell a stated number of options contracts at a specified price or better. The Exchange proposes to state at Options 3, Section 7(b)(1) that a Marketable Limit Order is a limit order

to buy (sell) at or above (below) the best offer (bid) on the Exchange. The Exchange proposes to define a Fill-or-Kill Order as a Limit Order that is to be executed in its entirety as soon as it is received and, if not so executed, treated as cancelled similar to ISE, GEMX and MRX Options 3, Section 7(b)(2).

The Exchange proposes to amend and relocate the Intermarket Sweep Order from current Options 3, Section 7(a)(7) to proposed Options 3, Section 7(b)(3) under Limit Orders. Current Options 3, Section 7(a)(7) states

“Intermarket Sweep Order” or “ISO” is a Limit Order that meets the requirements of Options 5, Section 1(8). Orders submitted to the Exchange as ISO are not routable and will ignore the ABBO and trade at allowable prices on the Exchange. ISOs may be entered on the Order Book. ISOs may have any time-in-force designation and are handled within the System pursuant to Options 3, Section 10 and shall not be eligible for routing as set out in Options 5, Section 4. ISO Orders may not be submitted during the opening.

The relocated rule text is substantively identical, except the Exchange is removing the sentence that state, “ISOs may be entered on the Order Book” and “. . . are handled within the System pursuant to Options 3, Section 10 and shall not be eligible for routing as set out in Options 5, Section 4.” Since all orders may be entered on the Order Book, the sentence is not necessary. Further, all orders are subject to the allocation process in Options 3, Section 10. Also, ISO orders shall not be routable, as specified in Options 5, Section 4, and these orders meet the requirements of Options 5, Section 1(8). The Exchange’s proposal aligns NOM’s rule text for ISO Orders with that of ISE, GEMX and MRX at Options 3, Section 7(b)(3).

All-or-None Orders

The Exchange proposes to amend and relocate the All-or-None Orders or “AON” Orders from current Options 3, Section 7(a)(8) to proposed Options 3, Section 7(c). Current Options 3, Section 7(a)(8) provides that an

“All-or-None Order” is a Market or Limit Order which is to be executed in its entirety or not at all. All-or-None Orders are treated as having a time-in-force designation of Immediate or Cancel. All-or-None Orders received prior to the Opening Process or after market close will be rejected.

The Exchange proposes to add a new sentence which states that AON Orders will only execute against multiple, aggregated orders if the executions

would occur simultaneously. This is true for NOM today. The handling of AONs as described in the proposed rule text in Options 3, Section 7(c) is consistent with the Exchange’s allocation methodology in Options 3, Section 10. The additional detail makes clear that because of the size contingency of AON Orders, those orders must be satisfied simultaneously to avoid any priority conflict on the order book, which considers current displayed NBBO prices to avoid locked and crossed markets as well as trade-throughs. Additionally, the rule text will be harmonized to ISE, GEMX and MRX Options 3, Section 7(c). The Exchange also proposes to amend the sentence that states, “All-or-None Orders received prior to the opening cross or after market close will be rejected” to harmonize the rule text to ISE, GEMX and MRX Options 3, Section 7(c). The Exchange proposes to modify this sentence to instead provide that AON Orders may not be submitted during the Opening Process.⁴⁴ The current rule text similarly prohibits the submission of AON Orders before the market opens, which occurs at the end of the Opening Process.

Stop Orders

The Exchange proposes to adopt a Stop Order on NOM at proposed Options 3, Section 7(d). The Exchange proposes to describe a Stop Order as an order that becomes a Market Order when the stop price is elected. A Stop Order to buy is elected when the option is bid or trades on the Exchange at, or above, the specified stop price. A Stop Order to sell is elected when the option is offered or trades on the Exchange at, or below, the specified stop price. A Stop Order shall be cancelled if it is immediately electable upon receipt. Stop Orders may only be entered through FIX. A Stop Order shall not be elected by a trade that is reported late or out of sequence.⁴⁵

The Exchange also proposes to adopt a Stop Limit Order at proposed Options 3, Section 7(e). The Exchange proposes to provide that a Stop Limit Order is an order that becomes a Limit Order when the stop price is elected. A Stop Limit Order to buy is elected when the option is bid or trades on the Exchange at, or above, the specified stop price. A Stop Limit Order to sell becomes a sell limit order when the option is offered or

trades on the Exchange at, or below, the specified stop price. A Stop Limit Order shall be cancelled if it is immediately electable upon receipt. Stop Limit Orders may only be entered through FIX. A Stop Limit Order shall not be elected by a trade that is reported late or out of sequence.

A Stop Order is not elected by a trade that is reported late to ensure systemically that a Stop Order would be elected by the execution price at the actual time of the execution, instead of at a later time. Absent this provision, it would be possible for a Stop Order to be elected by a trade that is reported late, which could result in such Stop Order being converted into a Market Order or a Limit Order and, in the case of a Stop Order executed at a significantly different price than the election price of the Stop Order.⁴⁶

Cancel or Replace Orders

The Exchange proposes to rename the “Cancel-Replacement Order” as a “Cancel or Replace Order” and amend and relocate the proposed Cancel and Replace Order description from Options 3, Section 7(a)(1) to proposed Options 3, Section 7(f). Currently, Options 3, Section 7(a)(1) states,

“Cancel-Replacement Order” is a single message for the immediate cancellation of a previously received order and the replacement of that order with a new order with new terms and conditions. If the previously placed order is already filled partially or in its entirety, the replacement order is automatically canceled or reduced by the number of contracts that were executed. The replacement order will retain the priority of the cancelled order, if the order posts to the Order Book, provided the price is not amended, and the size is not increased.

The Exchange proposes to modify the Cancel and Replace Order so that it is identical to the functionality on ISE, GEMX and MRX at Options 3, Section 7(f) by stating,

Cancel and Replace Orders shall mean a single message for the immediate cancellation of a previously received order and the replacement of that order with a new order. If the previously placed order is already filled partially or in its entirety, the replacement order is automatically canceled or reduced by the number of contracts that were executed. The replacement order will retain the priority of the cancelled

⁴⁴ NOM’s amended Opening Process is described in Options 3, Section 8.

⁴⁵ ISE and MRX Options 3, Section 7(c) also provide that a Stop Order is not elected by a Complex Order trading with another Complex Order. NOM currently does not offer Complex Orders, therefore it is not adding this text.

⁴⁶ For example, if a Stop Order to sell at \$3.00 is elected by a trade reported late or out-of-sequence with an execution price of \$3.00 when the actual bid price at the time of the report is \$1.00, the Stop Order would be converted into a market order and executed at \$1.00.

order, if the order posts to the Order Book, provided the price is not amended or size is not increased. In the case of Reserve Orders, the replacement order will retain the priority of the cancelled order, if the order posts to the Order Book, provided the price is not amended or size (displayed and non-displayed) is not changed. If the replacement portion of a Cancel and Replace Order does not satisfy the System's price or other reasonability checks (e.g., Order Price Protection and Market Order Spread Protection within Options 3, Section 15(a)(1) and (a)(2), respectively); the existing order shall be cancelled and not replaced.

The Exchange is not proposing to substantively amend the description of a Cancel and Replace Order, except that the Exchange proposes to introduce Reserve Orders, as explained below. The Exchange proposes to state that in the case of Reserve Orders, the replacement order will retain the priority of the cancelled order, if the order posts to the Order Book, provided the price is not amended or size (displayed and non-displayed) is not changed. Because a Reserve Order has both a displayed and non-displayed portion, this additional language makes clear the System handling for this order type. Also, the Exchange proposes to add language to provide that if the replacement portion of a Cancel and Replace Order does not satisfy the System's price or other reasonability checks (e.g. Order Price Protection and Market Order Spread Protection within Options 3, Section 15(a)(1) and (a)(2), respectively); the existing order shall be cancelled and not replaced. The Limit Order Price Protection and Market Order Spread Protection are the only risk protections within Options 3, Section 15 (Risk Protections) that are applicable. Price or other reasonability checks consider the current market at the time the Cancel and Replace Order is entered. The Exchange proposes to begin applying price or other reasonability checks to all Cancel and Replace Orders, similar to ISE, GEMX and MRX, to provide market participants with additional risk protection checks with the re-entry of the Cancel and Replace Order. This proposed rule is similar to ISE, GEMX and MRX Rules at Options 3, Section 7 at Supplementary Material .02. All risk protections are noted within Options 3, Section 15. Those risk protections apply throughout the Rulebook, except where otherwise noted. Finally, the Exchange is also proposing to remove the phrase “. . .with new terms and conditions” to harmonize the rule text to that of ISE,

GEMX and MRX at Options 3, Section 7(f).

Reserve Orders

The Exchange proposes to adopt a Reserve Order at Options 3, Section 7(g) that is identical to the order type in ISE, GEMX and MRX Options 3, Section 7(g). As proposed, a Reserve Order would be a limit order that contains both a displayed portion and a non-displayed portion. Both the displayed and non-displayed portions of a Reserve Order would be available for potential execution against incoming marketable orders. A non-marketable Reserve Order would rest on the order book. The displayed portion of a Reserve Order would be ranked at the specified limit price and the time of order entry. The displayed portion of a Reserve Order would trade in accordance with Options 3, Section 10(a)(1)(C)(1)(a) or Options 3, Section 10(a)(2)(i) for Public Customer Orders and Options 3, Section 10(a)(1)(C)(1)(d) or Options 3, Section 10(a)(2)(iv) or (v) for non-Public Customer Orders. Reserve Orders would be entered with an instruction for the displayed portion of the order to be refreshed: (A) upon full execution of the displayed portion or upon any partial execution; and (B) up to the initial size of the displayed portion or with a random refresh quantity within a range determined by the Participant. When the displayed portion of a Reserve Order is decremented, either in full or in part, it would be refreshed from the non-displayed portion of the resting Reserve Order. If the displayed portion is refreshed in part, the new displayed portion would include the previously displayed portion. Upon any refresh, the entire displayed portion would be ranked at the specified limit price and obtain a new time stamp, *i.e.*, the time that the new displayed portion of the order was refreshed. The new displayed portion would trade in accordance with Options 3, Section 10(a)(1)(C)(1)(a) and 10(a)(1)(C)(2)(i) for Public Customer Orders, and Options 3, Section 10(a)(1)(C)(1)(d) and 10(a)(1)(C)(2)(iv) and (v) for non-Public Customer Orders. The initial non-displayed portion of a Reserve Order rests on the order book and would be ranked based on the specified limit price and time of order entry. Thereafter, non-displayed portions, if any, always obtain the same time stamp as that of the new displayed portion as described in proposed Options 3, Section 7(g)(5). The non-displayed portion of any Reserve Order would be available for execution only after all displayed interest has been executed. The non-displayed portion of any Reserve Order would trade in

accordance with Options 3, Section 10(a)(1)(C)(1)(a) and 10(a)(1)(C)(2)(i) for Public Customer Orders, and Options 3, Section 10(a)(1)(C)(1)(d) and 10(a)(1)(C)(2)(iv) and (v) for non-Public Customer Orders. The Exchange believes that the adoption of this new order type will allow all Participants the ability to trade their orders with displayed and non-displayed portions similar to ISE, GEMX and MRX Options 3, Section 7(g).

Price Improving Orders

The Exchange proposes to relocate Price Improving Orders from current Options 7, Section (a)(5) to proposed Options 3, Section 7(m) without change.

Add Liquidity Orders

The Exchange proposes to relocate the Add Liquidity Order (“ALO”) from current Options 3, Section 7(a)(9)⁴⁷ to proposed Options 3, Section 7(n) and amend the current text to conform the rule text to Add Liquidity Orders on ISE, GEMX, MRX and Phlx except that NOM's Add Liquidity Order will continue to reprice \$.01 below the current low offer (for bids) or above the current best bid (for offers) and displays the quote at one MPV below the current low offer (for bids) or above the current best bid (for offers) unlike ISE, GEMX, MRX and Phlx. In contrast to NOM, ISE, GEMX, MRX and Phlx re-price to the minimum price variation above the national best bid price (for sell orders) or below the national best offer price (for buy orders) resulting in better-priced non-displayed interest that is available on the order book. Further, unlike ISE, GEMX, MRX and Phlx, NOM

⁴⁷ An “Add Liquidity Order” is an order that will not remove liquidity from the System. Add Liquidity Orders are to be ranked and executed on the Exchange or cancelled, as appropriate, without routing away to another market. Add Liquidity Orders are evaluated at the time of entry with respect to locking or crossing other orders as follows: (i) if an Add Liquidity Order would lock or cross an order on the System, the order will be re-priced to \$.01 below the current low offer (for bids) or above the current best bid (for offers) and displayed by the System at one minimum price increment below the current low offer (for bids) or above the current best bid (for offers); and (ii) if a Add Liquidity Order would not lock or cross an order on the System but would lock or cross the NBBO as reflected in the protected quotation of another market center, the order will be handled pursuant to Options 3, Section 5(b)—(d). Participants may choose to have their Add Liquidity Orders returned whenever the order would lock or cross the NBBO or be placed on the order book at a price other than its limit price. Add Liquidity Orders received prior to the Opening Process will be eligible for execution during the Opening Process and will be processed as per Options 3, Section 8. Add Liquidity Orders received after market close will be rejected. Add Liquidity Orders may not have a time-in-force designation of Good Til Cancelled or Immediate or Cancel. See NOM Options 3, Section 7(a)(9).

does not offer auction functionality. NOM's Add Liquidity Order would provide,

An Add Liquidity Order is a limit order that is to be executed in whole or in part on the Exchange (i) only after being displayed on the Exchange's limit order book; and (ii) without routing any portion of the order to another market center. Participants may specify whether an Add Liquidity Order shall be cancelled or re-priced to \$.01 below the current low offer (for bids) or above the current best bid (for offers) and displayed by the System at one minimum price increment below the current low offer (for bids) or above the current best bid (for offers) if, at the time of entry, the order: (i) is executable on the Exchange; or (ii) the order is not executable on the Exchange, but would lock or cross the national best bid or offer. If at the time of entry, an Add Liquidity Order would lock or cross one or more non-displayed orders or quotes on the Exchange, the Add Liquidity Order shall be cancelled or re-priced to \$.01 below the current low offer (for bids) or above the current best bid (for offers) and displayed by the System at one minimum price increment below the current low offer (for bids) or above the current best bid (for offers). Notwithstanding the aforementioned, if an Add Liquidity Order would not lock or cross an order or quote on the System but would lock or cross the NBBO, the order will be handled pursuant to Options 3, Section 5(c) and (d). An Add Liquidity Order will be ranked in the Exchange's limit order book in accordance with Options 3, Section 10. Add Liquidity Orders may only be submitted when an options series is open for trading. Add Liquidity Orders may only have a time-in-force designation of Day.

The Exchange proposes to remove the rule text that states that Add Liquidity Orders will not remove liquidity from the System because this is evident from the title of the order type. Further, the Exchange proposes to remove rule text that states that Add Liquidity Orders are to be ranked and executed on the Exchange or cancelled, as appropriate, without routing away to another market because this is the case for all order types. Also, the Exchange proposes to remove the rule text that states that Add Liquidity Orders are evaluated at the time of entry with respect to locking or crossing other orders and instead state provide that an Add Liquidity Order is a limit order that is to be executed in whole or in part on the Exchange based on certain criteria. Identical to ISE, GEMX, MRX and Phlx the Exchange proposes to state that, "An Add

Liquidity Order is a limit order that is to be executed in whole or in part on the Exchange. . . (i) only after being displayed on the Exchange's limit order book and (ii) without routing any portion of the order to another market center." The Exchange proposes to retain rule text that describes repricing and also adopt rule text from ISE, GEMX, MRX and Phlx when next stating that,

Participants may specify whether an Add Liquidity Order shall be cancelled or re-priced to \$.01 below the current low offer (for bids) or above the current best bid (for offers) and displayed by the System at one minimum price increment below the current low offer (for bids) or above the current best bid (for offers) if, at the time of entry, the order: (i) is executable on the Exchange; or (ii) the order is not executable on the Exchange, but would lock or cross the national best bid or offer. If at the time of entry, an Add Liquidity Order would lock or cross one or more non-displayed orders or quotes on the Exchange, the Add Liquidity Order shall be cancelled or re-priced to \$.01 below the current low offer (for bids) or above the current best bid (for offers) and displayed by the System at one minimum price increment below the current low offer (for bids) or above the current best bid (for offers). Notwithstanding the aforementioned, if an Add Liquidity Order would not lock or cross an order or quote on the System but would lock or cross the NBBO, the order will be handled pursuant to Options 3, Section 5(c) and (d). An Add Liquidity Order will be ranked in the Exchange's limit order book in accordance with Options 3, Section 10. Add Liquidity Orders may only be submitted when an options series is open for trading. Add Liquidity Orders may only have a time-in-force designation of Day.

With this migration, Add Liquidity Orders received prior to the Opening Process will not be eligible for execution during the Opening. Add Liquidity Orders received after market close will be rejected similar to all other order types, so this language is being removed. The Exchange is removing the sentence that provides, "Participants may choose to have their Add Liquidity Orders returned whenever the order would lock or cross the NBBO or be placed on the order book at a price other than its limit price." Also, the citation to Options 3, Section 5(b)-(d) is being amended to Options 3, Sections (c) and (d). Options 3, Section 5(b) is not necessary, however Options 3, Sections (c) and (d) contain price improving order details relevant to re-pricing. Add Liquidity Orders may only have a time-

in-force designation of Day because the proposed new text states that Add Liquidity Order shall be cancelled or re-priced. Finally, with this migration, Add Liquidity Orders may only have a time-in-force designation of Day. Today, Add Liquidity Orders may not have a time-in-force designation of Good Til Cancelled or Immediate or Cancel. The Exchange has added a Good-Till-Date Time in Force with this proposal, so at this time, the Exchange proposes to simply note that Add Liquidity Orders may only have a time-in-force designation of Day.

Opening Sweep

The Exchange proposes to adopt a new order type at proposed Options 3, Section 7(u), "Opening Sweep." An Opening Sweep is a one-sided order entered by a Market Maker through SQF for execution against eligible interest in the System during the Opening Process. This order type is not subject to any protections listed in Options 3, Section 15, except for Automated Quotation Adjustments and Market Wide Risk Protection. The Opening Sweep will only participate in the Opening Process pursuant to Options 3, Section 8(b) and will be cancelled upon the open if not executed. The Exchange also proposes to amend the Opening Halt Cross at Options 3, Section 8 to describe the Opening Sweep in the proposed changes to that rule.

The Exchange proposes to reserve Options 3, Section 7(h), (i)-(l), and (o)-(t), and (v)-(z) which contain order types that are available on other Nasdaq affiliated options markets, but are not available on NOM which does not have auction order types or other order types available on other Nasdaq affiliated markets.

Time in Force Provisions

The Exchange proposes to relocate the rule text concerning Time in Force from current Options 3, Section 7(b)⁴⁸ to Supplementary Material .02 to Options 3, Section 7 without change.

Day Order

The Exchange proposes to relocate a Day TIF from current Options 3, Section 7(b)(3)⁴⁹ to new to Supplementary Material .02(a) to Options 3, Section 7 without substantive change. The minor

⁴⁸ Current NOM Options 3, Section 7(b) states, The term "Time in Force" or "TIF" shall mean the period of time that the System will hold an order for potential execution, and shall include:

⁴⁹ "DAY" is an order entered with a TIF of "Day" that expires at the end of the day on which it was entered, if not executed. All orders by their terms are Day Orders unless otherwise specified. Day orders may be entered through FIX. See NOM Options 3, Section 7(b)(3).

proposed wording changes to the rule text of Day Order are intended to be identical to the rule text in ISE, GEMX and MRX Supplementary Material .02(a) to Options 3, Section 7.⁵⁰

Good-Till-Cancelled

The Exchange proposes to amend and relocate Good-Till-Cancelled from Options 3, Section 7(b)(4)⁵¹ to proposed Supplementary Material .02(b) to Options 3, Section 7. The Exchange is not amending the System functionality of this order type. The Exchange proposes to amend the current rule text to instead provide that an order to buy or sell entered with a TIF of “GTC” remains in force until the order is filled, canceled or the option contract expires; provided, however, that GTC orders will be canceled in the event of a corporate action that results in an adjustment to the terms of an option contract. The first sentence of the current text is simply worded differently; today GTC orders are canceled in the event of a corporate action that results in an adjustment to the terms of an option contract. The Exchange is adding this rule text concerning a corporate action to clarify the current System behavior. The proposed GTC description is identical to the rule text in ISE, GEMX and MRX Supplementary Material .02(b) to Options 3, Section 7.

Good-Till-Date

The Exchange proposes to adopt a new TIF designation, Good-Till-Date or “GTD” at Supplementary Material .02(c) to Options 3, Section 7 which is identical to ISE, GEMX and MRX’s Good-Till-Date TIF at Supplementary Material .02(c) to Options 3, Section 7. A Good-Till-Date TIF is an order to buy or sell entered with a TIF of “GTD,” which, if not executed, would be cancelled at the sooner of the end of the expiration date assigned to the order, or the expiration of the series; provided, however, that GTD orders would be canceled in the event of a corporate action that results in an adjustment to the terms of an option contract. GTD Orders will only be available on FIX, similar to ISE, GEMX and MRX Supplementary Material .02(c) to Options 3, Section 7. The Exchange believes this additional TIF will provide

Participants with additional opportunities when trading on the Exchange.

Immediate-or-Cancel

The Exchange proposes to relocate Immediate-or-Cancel from Options 3, Section 7(c)(2)⁵² to Supplementary Material .02(d) to Options 3, Section 7 with minor non-substantive wording amendments that are intended to align with rule text in ISE, GEMX and MRX Supplementary Material .02(d) to Options 3, Section 7. The Exchange would add “simple orders” to the end of the description.

Opening Only

The Exchange proposes to replace the “On the Open Order” time-in-force or “TIF” currently located at Options 3, Section 7(b)(1) with an “Opening Only” or “OPG” TIF, which can only be executed in the Opening Process pursuant to Options 3, Section 8. Currently, Options 3, Section 7(b)(1) provides,

“On the Open Order” or “OPG” shall mean for orders so designated, that if after entry into the System, the order is not fully executed in its entirety during the Opening Cross, the order, or any unexecuted portion of such order, will be cancelled back to the entering participant. OPG orders may not route. This order type is not subject to any protections listed in Options 3, Section 15, except Size Limitation.

The Exchange proposes to replace the On the Open Order with the following rule text describing an Opening Only TIF,

An Opening Only (“OPG”) order is entered with a TIF of “OPG.” This order can only be executed in the Opening Process pursuant to Options 3, Section 8. Any portion of the order that is not executed during the Opening Process is cancelled. OPG orders may not route. This order type is not subject to any protections listed in Options 3, Section 15, except Size Limitation and Market Wide Risk Protection.

Any portion of an Opening Only order that is not executed during the Opening Process would be cancelled. This order type would not be subject to any protections listed in Options 3, Section

15. Finally, the Exchange proposes to note that OPG orders may not route. This order type is identical to the OPG order in ISE, GEMX and MRX Supplementary Material .02(e) to Options 3, Section 7.

The Exchange is adding an italicized header to each order type to conform the format to that of ISE, GEMX and MRX Options 3, Section 7.

Order Entry Protocols

The Exchange proposes to relocate the order entry protocols from current Options 3, Section 7(e) to proposed Supplementary Material .03 to Options 3, Section 7. The Exchange proposes to re-letter the subsections from “A, B, and C” to “a, b, and c.” The Exchange proposes to remove the rule text that provides, “(e) Entry and Display or Orders and Quotes. Participants may enter orders and quotes into the System as specified below” to align the rule text with ISE, GEMX and MRX Supplementary Material .03 to Options 3, Section 7.

The Exchange proposes to amend the FIX protocol to note that similar to ISE, GEMX and MRX at Supplementary Material .03(a) to Options 3, Section 7, that the Exchange will commence offering post trade allocation messages. A post trade allocation message allows market participants to specify how an order should be subdivided among one or more accounts.⁵³ Today, ISE, GEMX and MRX provide post trade allocation messages through FIX.⁵⁴

The Exchange proposes to add the word “Protection” after “Size Limitation” for the SQF Protocol and re-letter the protocol from “B” to “c” within Supplementary Material .03 to Options 3, Section 7.

At this time, the Exchange proposes to rename “Quote Using Orders” or “QUO,”⁵⁵ to “Ouch to Trade Options” or “OTTO.” The Exchange also proposes to amend and relocate the protocol description to Supplementary Material .03(b) to Options 3, Section 7. Today, QUO permits Market Makers to

⁵³ For example, a member may specify the account(s) and their respective order quantities which make up the order.

⁵⁴ See ISE, GEMX and MRX Supplementary Material .03(a)(i) of Options 3, Section 7.

⁵⁵ QUO is an interface that allows NOM Market Makers to connect, send, and receive messages related to single-sided orders to and from the Exchange. Order Features include the following: (1) Options symbol directory messages (e.g., underlying); (2) system event messages (e.g., start of trading hours messages and start of opening); (3) trading action messages (e.g., halts and resumes); (4) execution messages; (5) order messages; and (6) risk protection triggers and cancel notifications. Orders submitted by NOM Market Makers over this interface are treated as quotes. See Options 3, Section 7(d)(1)(D).

⁵⁰ NOM does not offer a Precise protocol similar to ISE and GEMX.

⁵¹ Current NOM Options 3, Section 7(b)(4) states “Good Til Cancelled” or “GTC” is an order entered with a TIF of “GTC” that, if not fully executed, will remain available for potential display and/or execution unless cancelled by the entering party, or until the option expires, whichever comes first. GTC Orders shall be available for entry from the time prior to market open specified by the Exchange until market close.

⁵² Current NOM Options 3, Section 7(b)(2) states (d) “Immediate-or-Cancel” or “IOC” is a Market Order or Limit Order to be executed in whole or in part upon receipt. Any portion not so executed is cancelled and/or routed pursuant to Participant’s instruction. IOC orders may be entered through FIX, or SQF, provided that an IOC Order entered by a Market Maker through SQF is not subject to the Order Price Protection, the Market Order Spread Protection, or Size Limitation in Options 3, Section 15(a)(1), (a)(2), and (b)(2), respectively. IOC Orders entered through SQF may not route.

connect, send and receive messages related to single-sided orders to and from the Exchange and those orders are treated as quotes. Similar to QUO, the OTTO protocol would include (1) options symbol directory messages (e.g., underlying instruments); (2) System event messages (e.g., start of trading hours messages and start of opening); (3) trading action messages (e.g., halts and resumes); (4) execution messages; (5) order messages; and (6) risk protection triggers and cancel notifications; and (7) post trade allocation messages.

The Exchange proposes to amend QUO so that the orders could be submitted as two-sided orders. Today, orders may only be submitted as single-sided orders. Further, the Exchange would no longer treat orders submitted by Market Makers over this interface as quotes, instead they would be viewed by the System as orders. The current functionality of QUO would otherwise remain the same. The Exchange would permit all NOM Participants to utilize the amended QUO functionality instead of only Market Makers. Because QUO would be for order submission, the Exchange would subject the orders to the Order Price Protection and Size Limitation in Options 3, Section 15(a)(1) and (b)(2) that are currently not being applied. SQF would continue to be available for Market Makers to enter quotes. The Exchange believes that this amended protocol will allow a greater number of market participants on NOM to utilize the protocol. This order entry protocol would be in addition to the FIX protocol currently offered for order entry. Additionally, as amended, the protocol would be identical to the OTTO protocol offered on all other Nasdaq affiliated options markets. The Exchange proposes to reserve Supplementary Material .03(d) to Options 3, Section 7.

Routing

The Exchange proposes to relocate the rule text at Options 3, Section 7(c)⁵⁶ to Supplementary Material .04 of Options 3, Section 7 and amend that rule text to provide “Orders may be entered on the Exchange with a routing strategy of FIND, SRCH or Do-Not-Route (“DNR”) as provided in Options 5, Section 4 through FIX only.” The Exchange proposes to align NOM’s routing options to that of all other Nasdaq affiliated options markets by offering FIND as a routing options in lieu of SEEK. The

Exchange describes that amendment below under Routing.

Order Size

The Exchange is removing the sentence that provides, “The term ‘Order Size’ shall mean the number of contracts up to 999,999 associated with the Order.” This term is not utilized in the Exchanges rules.

Options 3, Section 8

The Exchange proposes to amend NOM’s Opening Process so that it would be identical to Nasdaq Texas, LLC’s or “NTX Options” Opening Process at Options 3, Section 8.

In summary, the Exchange proposes to retain NOM’s Valid Width NBBO requirements with respect to Opening With a Trade pursuant to proposed Options 3, Section 8(i) and (j). The Exchange’s proposal would maintain NOM’s ability to open with a BBO (no trade) pursuant to proposed Options 3, Section 8(f) either with: (1) a Valid Width NBBO; (2) upon the opening of a certain number of away markets; or (3) if a certain amount of time has passed since the commencement of the Opening Process. When opening with a trade, NOM’s proposal will limit the current opening price boundaries on NOM. The proposal would align NOM’s current Valid Width NBBO requirements to NTX Options’ Quality Opening Markets requirements. This proposal seeks to provide a process for NOM, when opening with a trade, which requires tighter boundaries identical to NTX Options. The Exchange’s proposal is described in greater detail below.

The Exchange proposes to amend the title of Options 3, Section 8 from “Opening and Halt Cross” to “Options Opening Process” to conform the title to NTX Options at Options 3, Section 8, “Options Opening Process.” The Exchange also proposes to amend the title of Options 3, Section 8, within Options 4A, Section 11, Trading Session, and Options 6B, Section 1, Exercise of Options Contracts, to conform the title to “Opening Process” as proposed herein.

Definitions

The Exchange proposes to amend the current “Definitions” section at proposed Options 3, Section 8(a). The Exchange proposes to remove the text “For purposes of this Rule the term:” and instead state, “The Exchange conducts an opening for all option series traded on the Exchange using its System.” This rule text change is identical to NTX Options at Options 3, Section 8(a).

The Exchange proposes to amend and alphabetize the current definitions within Options 3, Section 8(a). The Exchange proposes to set forth the following terms, which are described below: “Away Best Bid or Offer” or “ABBO;” “imbalance;” “market for the underlying security;” “Opening Price;” “Opening Process;” “Potential Opening Price;” “Pre-Market BBO;” “Valid Width National Best Bid or Offer” or “Valid Width NBBO;” “Valid Width Quote,” and “Zero Bid Market.” The Exchange is conforming the definitions within Options 3, Section 8(a) to start with “A” or “An,” as appropriate.

The Exchange proposes to relocate and amend the term “Away Best Bid or Offer” or “ABBO” from current NOM Options 3, Section 8(a)(7) to proposed Options 3, Section 8(a)(1). The words “shall mean” are replaced by “is,” but otherwise the description remains the same.

The Exchange proposes to relocate “imbalance” from current NOM Options 3, Section 8(a)(1) to proposed Options 3, Section 8(a)(2) and amend the language to provide that an imbalance is the number of unmatched contracts priced through the Potential Opening Price. Currently, the term “imbalance” is defined as “the number of contracts of eligible interest that may not be matched with other order contracts at a particular price at any given time.” The Exchange proposes to adopt the NTX Options definition at Options 3, Section 8(a)(2). The Exchange will be defining Potential Opening Price within this rule change and therefore the new proposed imbalance definition would be more applicable with that definition.

The Exchange proposes to relocate “market for the underlying security” from current NOM Options 3, Section 8(a)(5) to proposed Options 3, Section 8(a)(3).⁵⁷ Today Options 3, Section 8(a)(5) describes “market for the underlying security” as “. . . either the primary listing market, the primary volume market (defined as the market with the most liquidity in that underlying security for the previous two calendar months), or the first market to open the underlying security, as determined by the Exchange on an issue-by-issue basis and announced to the membership on the Exchange’s website.” The Exchange proposes to amend this definition by replacing the term “primary volume market” with “an alternative market designated by the primary market.” The Exchange anticipates that an alternative market

⁵⁶ Current NOM Options 3, Section 7(c) provides, Routing Strategies. Orders may be entered on the Exchange with a routing strategy of SEEK, SRCH or Do-Not-Route (“DNR”) as provided in Options 5, Section 4 through FIX only.

⁵⁷ The proposed description of the term “market for the underlying security” is identical to Phlx’s Options 3, Section 8(a)(ii).

would be necessary if the primary listing market were impaired.⁵⁸ In the event that a primary market is impaired and utilizes its designated alternative market, the Exchange would utilize that market as the underlying.⁵⁹ The Exchange further proposes an additional contingency, in the event that the primary market is unable to open, and an alternative market is not designated (and/or the designated alternative market does not open), the Exchange may utilize a non-primary market to open all underlying securities from the primary market. The Exchange will select the non-primary market with the most liquidity in the aggregate for all underlying securities that trade on the primary market for the previous two calendar months, excluding the primary and alternate markets. In order to open an option series, it would require an equity market's underlying quote. If another equity market displays opening prices for the underlying security, the Exchange proposes to utilize those quotes. This proposed change to the current System would allow the Exchange to open in situations, where the primary market is experiencing an issue, and also where an alternative market designated by the primary market may not be designated by the primary market or is unable to open. Utilizing a non-primary market with the most liquidity in the aggregate for all underlying securities for the previous two calendar months will ensure that the Exchange opens with quotes which are representative of the volume on that primary market. The Exchange believes that this proposal will enable it to open in the event that there are issues with the primary market or the alternate market assigned by the primary.

The Exchange proposes a new definition, "Opening Price," at proposed Options 3, Section 8(a)(4). This proposed definition would state that the Opening Price is described in sections (i) and (k). This proposed definition is identical to NTX Options at Options 3, Section 8(a)(4).

The Exchange proposes a new definition, "Opening Process," at proposed Options 3, Section 8(a)(5). This proposed definition would state that "Opening Process" is described in section (d). This proposed definition is

identical to NTX Options at Options 3, Section 8(a)(5).

The Exchange proposes a new definition, "Potential Opening Price," at proposed Options 3, Section 8(a)(6). This proposed definition would state that Potential Opening Price is described in section (h). This proposed definition is identical to NTX Options at Options 3, Section 8(a)(6).

The Exchange proposes a new definition, "Pre-Market BBO," at Options 3, Section 8(a)(7). This proposed definition would state that Pre-Market BBO is the highest bid and lowest offer among Valid Width Quotes. The term "Valid Width Quote" is defined below. This proposed definition is identical to NTX Options at Options 3, Section 8(a)(7).

The Exchange proposes to relocate and amend the definition of "Valid Width National Best Bid or Offer" or "Valid Width NBBO" from current NOM Options 3, Section 8(a)(6) to proposed Options 3, Section 8(a)(8). The Exchange proposes to replace the words "shall mean" with "is" and also replace the rule text which states, "any combination of NOM-registered Market Maker orders and quotes received over the QUO or SQF Protocols within a specified bid/ask differential as established and published by the Exchange," with the proposed term "Valid Width Quote." The Exchange also proposes a grammatical correction to add "the underlying security" instead of "underlying" and also add "which" in the second sentence. Finally, the Exchange proposes to amend the last sentence to: (1) replace "NOM" with "Exchange;" (2) remove references to Market Maker "orders" and only refer to quotes; and (3) change the term "such" to "Exchange" to make clear that all local quotes would be excluded from the Valid Width NBBO, when any local quotes are crossed. This proposed change to the definition will align NOM's consideration of only Market Maker quotes, and not orders, with NTX Options at Options 3, Section 8. NOM's current rule includes Market Maker orders, Market Maker quotes and away market quotes as part of the Valid Width NBBO calculation. The Exchange proposes to amend the Valid Width NBBO to exclude Market Maker orders and only include Market Maker Valid Width Quotes and away market quotes. This would exclude Opening Sweeps, which are orders that are entered by Market Makers through SQF.⁶⁰ The

Exchange proposes to exclude such orders from the Valid Width NBBO because Opening Sweeps are considered eligible interest during the Opening Process.

The Exchange proposes a new definition, "Valid Width Quote," at proposed Options 3, Section 8(a)(9). This proposed definition would state that a Valid Width Quote is a two-sided electronic quotation, submitted by a Market Maker, quoted with a difference not to exceed \$5 between the bid and offer regardless of the price of the bid. However, respecting in-the-money series where the market for the underlying security is wider than \$5, the bid/ask differential may be as wide as the quotation for the underlying security on the primary market, or its decimal equivalent rounded down to the nearest minimum increment. The Exchange may establish differences other than the above for one or more series or classes of options. The bid/ask differentials on NOM are identical to those on NTX Options. Like NTX Options, NOM would permit the Exchange to establish differences, other than as stated for one or more series or classes of options. Like NTX Options, NOM references its respective intra-day differentials. NOM refers to a difference not to exceed \$5 between the bid and offer, same as NTX Options at Options 3, Section 8(a)(9).

Finally, the Exchange proposes a new definition, "Zero Bid Market," at proposed Options 3, Section 8(a)(10). This proposed new definition would state that a Zero Bid Market is where the best bid for an options series is zero. This proposed definition is the identical to NTX Options at Options 3, Section 8(a)(10). The Exchange believes that the aforementioned proposed definitions will bring additional clarity to the proposed rule.

The Exchange proposes to eliminate the term "Order Imbalance Indicator" at current Options 3, Section 8(a)(2).⁶¹ This term is no longer necessary as the Exchange is amending the manner in which imbalances are handled on NOM.

during the Opening Process. This order type is not subject to any protections listed in Options 3, Section 15, except for Automated Quotation Adjustments and Market Wide Risk Protection. The Opening Sweep will only participate in the Opening Process pursuant to Options 3, Section 8(b) and will be cancelled upon the open if not executed.

⁶¹ The Order Imbalance Indicator shall disseminate the following information: (A) "Current Reference Price" shall mean an indication of what the opening cross price would be at a particular point in time; (B) the number of contracts of Eligible Interest that are paired at the Current Reference Price; (C) the size of any Imbalance; and (D) the buy/sell direction of any Imbalance. See Options 3, Section 8(a)(2).

⁵⁸ The primary listing market and the primary volume market, as defined in NOM's Rules, could be the same market and therefore an alternative market is not available under the current Rule.

⁵⁹ For example, in the event that the New York Stock Exchange LLC was unable to open because of an issue with its market and it designated NYSE Arca, Inc. ("NYSE Arca") as its alternative market, then NOM would utilize NYSE Arca as the market for the underlying.

⁶⁰ Proposed NOM Options 3, Section 7(u) provides, that an Opening Sweep is a one-sided order entered by a Market Maker through SQF for execution against eligible interest in the System

The Order Imbalance Indicator describes a message that is disseminated by electronic means and contains information about Eligible Interest and the price in penny increments at which such interest would execute at the time of dissemination. NOM would disseminate the number of unmatched contracts priced through the Potential Opening Price, identical to NTX Options.⁶²

The Exchange proposes to eliminate the term “NOM Opening Cross” at current Options 3, Section 8(a)(3).⁶³ This term is being replaced by the new term “Opening Process” at proposed Options 3, Section 8(a)(5) and provides, “An Opening Process is described herein in section (d).”

The Exchange proposes to eliminate the term “Eligible Interest” at current Options 3, Section 8(a)(4).⁶⁴ The Exchange describes eligible interest within proposed Options 3, Section 8(b), identical to NTX Options at Options 3, Section 8(a)(4). The defined term is no longer necessary.

Eligible Interest

The first part of the Opening Process determines what constitutes eligible interest. The Opening Process is a price discovery process which considers interest on NOM and away markets to determine the optimal bid and offer with which to open the market. The Opening Process seeks the price point at which the most number of contracts may be executed, while protecting away market interest.

Proposed Options 3, Section 8(b) explains the eligible interest that will be accepted during the Opening Process which includes: Valid Width Quotes, Opening Sweeps⁶⁵ and orders.

⁶² NOM’s proposed imbalance message would include the symbol, side of the imbalance, size of matched contracts, size of the imbalance, and Potential Opening Price bounded by the Pre-Market BBO. See proposed Options 3, Section 8(k)(1).

⁶³ “NOM Opening Cross” means the process for opening or resuming trading pursuant to this Rule and shall include the process for determining the price at which Eligible Interest shall be executed at the open of trading for the day, or the open of trading for a halted option, and the process for executing that Eligible Interest. See NOM Options 3, Section 8(a)(3).

⁶⁴ “Eligible Interest” shall mean any quotation or any order that may be entered into the system and designated with a time-in-force of IOC (immediate-or-cancel), DAY (day order), GTC (good-till-cancelled), and OPG (On the Open Order). However, orders received via FIX protocol prior to the NOM Opening Cross designated with a time-in-force of IOC will be rejected and shall not be considered eligible interest. Orders received via SQF prior to the NOM Opening Cross designated with a time-in-force of IOC will remain in-force through the opening and shall be cancelled immediately after the opening.

⁶⁵ See proposed NOM Options 3, Section 7(a)(9).

Quotes,⁶⁶ other than Valid Width Quotes, will not be included in the Opening Process, including Opening Only Orders, but excluding orders with a Time in Force of “Immediate-or-Cancel” and Add Liquidity Orders.⁶⁷ Also, the displayed and non-displayed portions of the Reserve Orders are considered for execution and in determining the Opening Price throughout the Opening Process.⁶⁸ This rule text is identical to NTX Options at Options 3, Section 8(b). Opening Sweeps, which are defined at proposed Options 3, Section 7(u), may be submitted through the Specialized Quote Feed or “SQF” protocol, which permits one-sided orders to be entered by a Market Maker. As proposed, an Opening Sweep is a Market Maker order submitted for execution against eligible interest in the System during the Opening Process. Market participants may specify orders for the Opening Process by placing a TIF of “OPG” on the order as explained below. All Participants may submit interest into the Opening Process.

Additionally, the Exchange proposes to amend current Options 3, Section 7(a)(9) to remove the current order type described as “On the Open Order” and instead adopt an “Opening Sweep” order type identical to NTX Options at Options 3, Section 7(a)(9), as described in this proposal in the order types section. While the “On the Open Order” and “Opening Sweep” are similar, in that both order types may only be entered during the Opening Process, and both cancel back the unexecuted portion of the order, the Exchange believes that utilizing the same terminology and level of detail in describing this order type will conform the Opening Process of these two Nasdaq affiliated markets. Today, only a Market Maker may enter an Opening Sweep into SQF for execution against eligible interest in the System during the Opening Process. This order type is not subject to any protections listed in Options 3, Section 15, except for Automated Quotation Adjustments, as explained in the order types section above. The Opening Sweep will only participate in the Opening Process, pursuant to Options 3, Section 8, and

⁶⁶ “Quotes” refers to a two-sided quote.

⁶⁷ The Exchange notes that current NTX Options at Options 3, Section 8(b) does not include the phrase, including Opening Only Orders, but excluding orders with a Time in Force of “Immediate-or-Cancel” and Add Liquidity Orders. The Exchange notes that this language is proposed to be added to NTX Options’ rule text in a separate rule change.

⁶⁸ This rule change proposes to add Reserve Orders at NOM Options 3, Section 7(g).

will be cancelled after the opening if not executed.

Further, NOM currently permits orders marked with a “Time In Force” or “TIF” of “On the Open Order” or “OPG” to be utilized to specify orders for submission into the Opening Cross.⁶⁹ This TIF of “OPG” means for orders so designated, that if after entry into the System, the order is not fully executed in its entirety during the Opening Cross, the order, or any unexecuted portion of such order, will be cancelled back to the entering participant. Identical to NTX Options, NOM proposes to replace the “On the Open Order”⁷⁰ TIF with an “Opening Only” or “OPG” TIF at proposed Supplementary Material .02(e) to Options 3, Section 7, which can only be executed in the Opening Process pursuant to Options 3, Section 8 as explained in the order types section above. Any portion of the order that is not executed during the Opening Process is cancelled. This order type is not subject to any protections listed in Options 3, Section 15 as explained above in the order types section. Finally, the Exchange proposes to note that OPG orders may not route.

The Exchange also proposes rule text within Options 3, Section 8(b)(1)(A) that states,

A Market Maker assigned in a particular option may only submit an Opening Sweep if, at the time of entry of the Opening Sweep, the Market Maker has already submitted and maintained a Valid Width Quote. All Opening Sweeps in the affected series entered by a Market Maker will be cancelled immediately if that Market Maker fails to maintain a continuous quote with a Valid Width Quote in the affected series.

The proposed rule text is identical to NTX Options at Options 3, Section 8(b)(1)(A). Since the protocol over which an Opening Sweep is submitted is used for Market Maker quoting, the acceptance of an Opening Sweep was structured to rely on the Valid Width Quote. An Opening Sweep may only be submitted by a Market Maker when that Market Maker has a Valid Width Quote in the affected series.

The Exchange proposes rule text within Options 3, Section 8(b)(1)(B), which is similar to NTX Options at Options 3, Section 8(b)(1)(B),⁷¹ that states,

⁶⁹ See current NOM Options 3, Section 7(a)(9).

⁷⁰ See current NOM Options 3, Section 7(b)(1).

⁷¹ NTX Options’ language states that Opening Sweeps may be entered at any price with a minimum price variation applicable to the affected series.

Opening Sweeps may be entered at any price on either side of the market, at single or multiple price level(s), and may be cancelled and re-entered. A single Market Maker may enter multiple Opening Sweeps, with each Opening Sweep at a different price level. If a Market Maker submits multiple Opening Sweeps, the System will consider only the most recent Opening Sweep at each price level submitted by such Market Maker in determining the Opening Price. Unexecuted Opening Sweeps will be cancelled once the affected series is open.

Unlike NTX Options, NOM has Price Improving Orders which may be entered in minimum price increments as small as \$0.01. To account for Price Improving Orders, NOM's rule text has been modified to state that Opening Sweeps may be entered at any price.

The Exchange proposes to state at proposed Options 3, Section 8(b)(2) that, "The System will allocate interest pursuant to Options 3, Section 10." Options 3, Section 10 is the Exchange's allocation methodology which would apply to allocation in the Opening Process. This rule text is identical to NTX Options at Options 3, Section 8(b)(2).⁷² Today, NOM allocates pursuant to Options 3, Section 10 within its opening. The allocation methodology is not being amended with this proposal.

The Exchange proposes to reserve Options 3, Section 8(c) identical to NTX Options.

Pursuant to proposed Options 3, Section 8(d), eligible interest may be submitted into NOM's System and will be received starting at the times noted herein. Specifically, Market Maker Valid Width Quotes and Opening Sweeps received starting at 9:25 a.m. will be included in the Opening Process. Orders entered at any time before an option series opens are included in the Opening Process. This proposed language adds specificity to the rule regarding the submission of Valid Width Quotes and Opening Sweeps. The 9:25 a.m. trigger is intended to tie the option Opening Process to quoting in the majority of the underlying securities; it presumes that option quotes submitted

before any indicative quotes have been disseminated for the underlying security may not be reliable or intentional.

Therefore, the Exchange has chosen a reasonable timeframe at which to begin utilizing option quotes, based on the Exchange's experience when underlying quotes start becoming available. NOM's current rule at Options 3, Section 8(b) provides the Opening Cross shall occur at or after 9:30 if the dissemination of a regular market hours quote or trade by the market for the underlying security has occurred or in the case of index options the Exchange has received the opening price of the underlying index. The Exchange continues to rely on the underlying price with this proposal.

Proposed Options 3, Section 8(d)(1) describes when the Opening Process may begin with specific time-related triggers. The proposed rule provides that the Opening Process for an option series will be conducted pursuant to proposed Options 3, Section 8 (f) through (k) on or after 9:30 a.m., when the System has received the opening trade or quote on the market for the underlying security in the case of equity options or in the case of index options. This requirement is intended to tie the option Opening Process to receipt of liquidity. This rule text is identical to NTX Options at Options 3, Section 8(d)(1). Further, proposed NOM Options 3, Section 8(d)(3) makes clear that the Opening Process will stop and an option series will not open if the ABBO becomes crossed.

The Exchange proposes to state in proposed Options 3, Section 8(d)(2), identical to NTX Options at Options 3, Section 8(d)(2), that for all options, the underlying security, including indexes, must be open on the market for the underlying security for a certain time period to be determined by the Exchange for the Opening Process to commence. The Exchange proposes that the time period be no less than 100 milliseconds and no more than 5 seconds.⁷³ This proposal is intended to permit the price of the underlying security to settle down and not flicker back and forth among prices after its opening. It is common for a stock to fluctuate in price immediately upon

opening; such volatility reflects a natural uncertainty about the ultimate Opening Price, while the buy and sell interest is matched. The Exchange proposes a range of no less than 100 milliseconds and no more than 5 seconds in order to ensure that it has the ability to adjust the period for which the underlying security must be open on the primary market. The Exchange may determine that in periods of high/low volatility that allowing the underlying to be open for a longer/shorter period of time may help to ensure more stability in the marketplace prior to initiating the Opening Process.

Identical to NTX Options at Options 3, Section 8(d)(3), NOM proposes within Options 3, Section 8(d)(3) to provide that the Opening Process will stop and an option series will not open if the ABBO becomes crossed. Once this condition no longer exists, the Opening Process in the affected option series will start again pursuant to paragraphs (f)–(k). All eligible opening interest will continue to be considered during the Opening Process when the process is restarted. The proposed rule reflects that the ABBO cannot be crossed for the Opening Process to proceed. These events are indicative of uncertainty in the marketplace of where the option series should be valued. In these cases, the Exchange will wait for the ABBO to become uncrossed before initiating the Opening Process to ensure that there is stability in the marketplace in order to assist the Exchange in determining the Opening Price, or for a Valid Width Quote to be submitted. NOM will not consider if a Valid Width Quote(s) is no longer present. A Valid Width NBBO must be present for NOM to open with a trade pursuant to this proposal.

The Exchange proposes to add rule text within proposed Options 3, Section 8(d)(4) to provide a scenario, identical to NTX Options at Options 3, Section 8(d)(4). The Exchange proposes that an Opening Process will stop and an options series will not open, if a Valid Width NBBO is no longer present, pursuant to paragraph (i)(2). Once this condition no longer exists, the Opening Process in the affected options series will start again, pursuant to paragraphs (j) and (k) below. Today, NOM will not open with a trade unless there is a Valid Width NBBO present. This would remain the case with this proposal. The Exchange believes that the addition of this text provides market participants with an expectation of the circumstances under which the Exchange would open an option series, as well as price protection afforded to interest attempting to participate in the Opening Process on NOM.

⁷² Current NOM Options 3, Section 8(b)(5) states, "If the NOM Opening Cross price is selected and fewer than all contracts of Eligible Interest that are available in NOM Options would be executed, all Eligible Interest shall be executed at the NOM Opening Cross price in accordance with the execution algorithm assigned to the associated underlying option." The Exchange would continue to allocate pursuant to the Exchange's allocation methodology within Options 3, Section 10. Further, in accordance with current Options 3, Section 8(b)(6), all eligible interest will be executed at the Opening Price and disseminated on OPRA.

⁷³ NTX Options' Opening Process is set at 100 milliseconds. The Exchange believes that 100 milliseconds is the appropriate amount of time given the experience with the NTX Options market. The Exchange would set the timer for NOM initially at 100 milliseconds. The Exchange will issue a notice to provide the initial setting and, would, thereafter, issue a notice if it were to change the timing, which may be between 100 milliseconds and 5 seconds. If the Exchange were to select a time not between 100 milliseconds and 5 seconds, it would be required to file a rule proposal with the Commission.

Reopening After a Trading Halt

Proposed Options 3, Section 8(e) is intended to provide information regarding the manner in which a trading halt would impact the Opening Process. This rule text is identical to NTX Options at Options 3, Section 8(e). Proposed NTX Options at Options 3, Section 8(e) states that “[t]he procedure described in this Rule will be used to reopen an option series after a trading halt. If there is a trading halt or pause in the underlying security, the Opening Process will start again irrespective of the specific times listed in paragraph (d).” This last sentence makes clear that this rule applies to openings related to the normal market opening, as well as intra-day re-openings following a trading halt. Current Options 3, Section 8(b) similarly provides that an Opening Cross shall occur when trading resumes after a trading halt. The Exchange is not amending this provision, rather the text is being presented similar to NTX Options’ rule text.

Opening With a BBO

Proposed Options 3, Section 8(f) describes when the Exchange may open with a quote on its market (no trade). The proposed rule states,

Opening with a BBO (No Trade). If there are no opening quotes or orders that lock or cross each other, and no routable orders locking or crossing the ABBO, the System will open with an opening quote by disseminating the Exchange’s best bid and offer among quotes and orders (“BBO”) that exist in the System at that time, if any of the below conditions are satisfied:

- (1) A Valid Width NBBO is present;
- (2) A certain number of other options exchanges (as determined by the Exchange) have disseminated a firm quote on OPRA; or
- (3) A certain period of time (as determined by the Exchange) has elapsed.

This proposal affirmatively states that the System will open with no trade provided one of the three conditions within Options 3, Section 8(f) are met. These three conditions are identical to NTX Options’ current rule text at Options 3, Section 8(f). Proposed Options 3, Section 8(f)(1) provides that that the System will open, provided any one of the three conditions are met, and one of those conditions is a Valid Width NBBO, as noted in (f)(1). Subject to Options 3, Section 8(f)(2), an options series may open if a certain number of other options exchanges (as determined by the Exchange) have disseminated a

firm quote on OPRA.⁷⁴ Also, an options series will open if a certain period of time, as determined by the Exchange, has elapsed pursuant to Options 3, Section 8(f)(3).⁷⁵ As previously noted, NOM requires a Valid Width NBBO to open.

Current Options 3, Section 8(b)(2) provides that “[i]f no trade is possible on NOM, then NOM will open dependent upon one of the following: (A) A Valid Width NBBO is present; (B) A certain number of other options exchanges (as determined by the Exchange) have disseminated a firm quote on OPRA; or (C) A certain period of time (as determined by the Exchange) has elapsed.” It will continue to permit one of these 3 scenarios to open an options series on NOM. A Valid Width NBBO must be present to open, pursuant to Options 3, Section 8(j) or (k), as described below.

Further Opening Processes

If, as proposed, an opening did not occur pursuant to proposed paragraph (e) (Reopening After a Trading Halt) and there are opening Valid Width Quotes, or orders, that lock or cross each other, the System will calculate the Pre-Market BBO.⁷⁶ The Pre-Market BBO only uses Valid Width Quotes, which provide both a bid and offer as compared to orders which are one-sided. The rule text of proposed Options 3, Section 8(g) provides, “If there are opening Valid Width Quotes or orders that lock or cross each other, the System will calculate the Pre-Market BBO.” This rule text is identical to NTX Options at Options 3, Section 8(g). The Exchange calculates a Pre-Market BBO in order for the Exchange to open with a trade pursuant to proposed Options 3, Section 8(i), to ensure that the Pre-Market BBO is a Valid Width NBBO, which is required to open the market.⁷⁷ The Exchange does not disseminate a Pre-Market BBO, rather, the Exchange disseminates imbalance messages to notify Participants of available trading opportunities on NOM during the Opening Process.

⁷⁴ NOM currently requires at least two other options exchanges to open. The setting will be initially set at two away options exchanges with this new proposal.

⁷⁵ NOM currently requires 15 minutes to pass with respect to this setting. The setting will remain at 15 minutes with this proposal.

⁷⁶ See proposed NOM Options 3, Section 8(g).

⁷⁷ The Pre-Market BBO is calculated to ensure, when the Exchange opens with a trade, a Valid Width NBBO is present, particularly when there is no away market quote or when the away market quote is not a Valid Width NBBO.

Potential Opening Price

Current Options 3, Section 8(b)(4) provides that the “[t]he NOM Opening Cross shall occur at the price that maximizes the number of contracts of eligible interest in NOM Options to be executed at or within the ABBO and within a defined range, as established and published by the Exchange, of the Valid Width NBBO.” The proposed Opening Process seeks to maximize the number of contracts of eligible interest that will execute during the Opening Process. The Exchange proposes to establish boundaries, identical to NTX Options, to establish the Opening Price. The ABBO will continue to be considered as part of the Potential Opening Price. Proposed Options 3, Section 8(i) describes the manner in which the ABBO is considered in arriving at the Potential Opening Price.

Proposed Options 3, Section 8(h) is similar to NTX Options at Options 3, Section 8(h),⁷⁸ in that it describes the general concept of how the System calculates the Potential Opening Price under all circumstances once the Opening Process is triggered. The first sentence of that paragraph describes a Potential Opening Price as a price where the System may open once all other Opening Process criteria are met. Next, the rule text provides, “[t]o calculate the Potential Opening Price, the System will take into consideration all Valid Width Quotes and orders (including Opening Sweeps and displayed and non-displayed portions of Reserve Orders) for the option series and identify the price at which the maximum number of contracts can trade (“maximum quantity criterion”). In addition, paragraphs (i)(1)(C) and (j)(5)–(7) below contain additional provisions related to the Potential Opening Price.” The proposal attempts to maximize the number of contracts that can trade and is intended to find the most reasonable and suitable price, relying on the maximization to reflect the best price.

Proposed Options 3, Section 8(h)(1) presents the scenario for more than one Potential Opening Price. Proposed Options 3, Section 8(h)(1) provides,

More Than One Potential Opening Price. When two or more Potential Opening Prices would satisfy the maximum quantity criterion and leave no contracts unexecuted, the System takes the highest and lowest of those prices and takes the mid-point; if such mid-point is not expressed as a permitted minimum price variation, it will be rounded to the minimum price

⁷⁸ NTX Options currently does not have Reserve Orders, so the language concerning Reserve Orders is not included.

variation that is closest to the closing price for the affected series from the immediately prior trading session. If there is no closing price from the immediately prior trading session, the System will round up to the nearest minimum price increment.⁷⁹

Proposed Options 3, Section 8(h)(2) presents the scenario for two or more Potential Opening Prices. Proposed Options 3, Section 8(h)(2) provides, “If two or more Potential Opening Prices for the affected series would satisfy the maximum quantity criterion and leave contracts unexecuted, the Opening Price will be either the lowest executable bid or highest executable offer of the largest sized side.” This, again, bases the Potential Opening Price on the maximum quantity that is executable.

Proposed Options 3, Section 8(h)(3) provides that “[t]he Opening Price is bounded by the better away market price that cannot be satisfied with the Exchange routable interest.” The Exchange does not open with a trade at a price that trades through another market’s BBO. This process, importantly, breaks a tie by considering the largest sized side and away markets, which are relevant to determining a fair Opening Price.

The System applies certain boundaries to the Potential Opening Price to help ensure that the price is a reasonable one by identifying the quality of that price; if a well-defined, fair price can be found within these boundaries, the option series can open at that price without going through a further price discovery mechanism.

Proposed Options 3, Section 8(i), Opening with a Trade, provides: The Exchange will open the option series for trading with a trade on Exchange interest only at the Opening Price, if any of these conditions occur:

(A) the Potential Opening Price is at or within the best of the Pre-Market BBO and the ABBO, which is also a Valid Width NBBO;

(B) the Potential Opening Price is at or within the non-zero bid ABBO, which is also a Valid Width NBBO, if the Pre-Market BBO is crossed; or

(C) where there is no ABBO, the Potential Opening Price is at or within the Pre-Market BBO, which is also a Valid Width NBBO.

For the purposes of calculating the mid-point the Exchange will use the better of the Pre-Market BBO or ABBO

as a boundary price and will open that options series for trading with an execution at the resulting Potential Opening Price.⁸⁰ Proposed Options 3, Section 8(i) is identical to NTX Options at Options 3, Section 8(i).

These boundaries serve to validate the quality of the Opening Price. Proposed Options 3, Section 8(i), provides that the Exchange will open the option series for trading with an execution at the resulting Potential Opening Price, as long as it is within the defined boundaries regardless of any imbalance. The Exchange believes that since the Opening Price can be determined within a well-defined boundary and not trading through other markets, it is fair to open the market immediately with a trade and to have the remaining interest available to remain on the Order Book to be potentially executed in the displayed market. Using a boundary-based price counterbalances opening faster at a less bounded and perhaps less expected price and reduces the possibility of leaving an imbalance.

Proposed Options 3, Section 8(i)(2), provides that if there is more than one Potential Opening Price which meets the conditions set forth in proposed Options 3, Section 8(i)(1)(A), (B) or (C), where (A) no contracts would be left unexecuted and (B) any value used for the mid-point calculation (which is described in subparagraph (g)) would cross either: (i) the Pre-Market BBO or (ii) the ABBO, then the Exchange will open the option series for trading with an execution and use the best price which the Potential Opening Price crosses as a boundary price for the purpose of the mid-point calculation. If these aforementioned conditions are not met, but a Valid Width NBBO is present, an Opening Quote Range is calculated as described in proposed Options 3, Section 8(j) and the price discovery mechanism, described in proposed Options 3, Section 8(k), would commence. The proposed rule explains the boundary, as well as the price basis for the mid-point calculation, to enable the market to immediately open with a

trade, which improves the detail included in the rule. The Exchange believes that this process is logical because it seeks to select a fair and balanced price. This rule text is identical to NTX Options at Options 3, Section 8(i).

Today, NOM has the concept of a Valid Width NBBO in its current rule. The Exchange proposes to amend the description of a Valid Width NBBO to provide that it would be a combination of all away market quotes and Valid Width Quotes received over SQF. The Valid Width NBBO is configurable by underlying, and a table with valid width differentials will be available on NOM’s web page. Away markets that are crossed will void all Valid Width NBBO calculations. If any Market Maker quotes on NOM are crossed internally, then all such quotes will be excluded from the Valid Width NBBO calculation. Within the Valid Width NBBO, all away market quotes and any combination of Market Maker Valid Width Quotes, whether they include the Exchange’s Best Bid or Offer or not, are represented. The price discovery on NOM currently includes not only Market Maker quotes, but also away market interest, this will remain the same with the proposal. The following examples illustrate the calculation of the Valid Width NBBO:

Example 1: (Away Markets are Crossed)

Assume the Valid Width NBBO bid/ask differential is set by NOM at .10.

Market Maker1 is quoting on the Exchange 1.05–1.15

Market Maker2 is quoting on the Exchange 1.00–1.10

NOM BBO 1.05–1.10

Assume Choe is quoting .90–1.10

Assume MIAx is quoting .70-.85.

Since the ABBO is crossed (.90-.85), Valid Width NBBO calculations are not taken into account until the away markets are no longer crossed. Once the away markets are no longer crossed, the Exchange will determine if a Valid Width NBBO can be calculated. Assume the ABBO uncrosses because MIAx updates their quote to .90–1.15, the NOM BBO of 1.05–1.10 is considered a Valid Width NBBO. Pursuant to proposed Options 3, Section 8(f), NOM will open with no trade and BBO disseminated as 1.05–1.10.

Example 2: (NOM Orders/Quotes are Crossed, ABBO is Valid Width NBBO Pursuant to Proposed Options 3, Section 8(f))

Assume that the Valid Width NBBO bid/ask differential is set by the Exchange at .10.

⁷⁹ NTX Options rounds mid-point up to the minimum price variation, where NOM would round up to the nearest minimum price increment as a result of offering Price Improving Orders which can be entered in smaller increments. NOM’s proposed rule text at Options 3, Section 8(h) is otherwise identical to NTX Options at Options 3, Section 8(h).

⁸⁰ Today, NOM Options 3, Section 8(b)(4)(B) states, “If more than one price exists under subparagraph (A), and there are no contracts that would remain unexecuted in the cross, the NOM Opening Cross shall occur at the midpoint price, rounded to the penny closest to the price of the last execution in that series (and in the absence of a previous execution price, the price will round up, if necessary) of (1) the National Best Bid or the last offer on NOM against which contracts will be traded whichever is higher, and (2) the National Best Offer or the last bid on NOM against which contracts will be traded whichever is lower.” This process for considering the mid-point is being eliminated in favor of NTX Options’ methodology for calculating the mid-point as described in proposed Options 3, Section 8(h).

Market Maker1 is quoting on the Exchange 1.05–1.15 (10x10 contracts)

Market Maker2 is quoting on the Exchange .90-.95 (10x10 contracts)

NOM BBO crossed, 1.05-.95, while another Market Maker3 is quoting on the Exchange at .90–1.15 (10x10 contracts).

Since the NOM BBO is crossed, the crossing quotes are excluded from the Valid Width NBBO calculation. However, assume Cboe is quoting .95–1.10 and MIAX is quoting .95–1.05, resulting in an uncrossed ABBO of .95–1.05.

The ABBO of .95–1.05 meets the required .10 bid/ask differential and is considered a Valid Width NBBO. As Market Maker1 and Market Maker2 have 10 contracts each, these contracts will cross because there is more than one price at which those contracts could execute. The opening will occur with 10 contracts executing at 1.00, which is the mid-point of the NBBO.

At the end of the Opening Process, only the quote from Market Maker3 remains so the NOM disseminated quote at the end of Opening Process will be .90–1.15 (10x10 contracts).

The requirement of a Valid Width NBBO being present continues to ensure that the Opening Price is rationally based on what is present in the broader marketplace during the Opening Process. As noted herein, the Valid Width NBBO includes all away market quotes. A Potential Opening Price must be at or within the ABBO, provided the market opened prior to calculation an OQR as discussed below.

Proposed Options 3, Section 8(j) provides that the System will calculate an Opening Quote Range (“OQR”) for a particular option series that will be utilized in the price discovery mechanism if the Exchange has not opened subject to any of the provisions described above. Proposed Options 3, Section 8(j) is identical to NTX Options at Options 3, Section 8(j). Provided the Exchange has been unable to open the option series⁸¹ the OQR would broaden the range of prices at which the Exchange may open. This would allow additional interest to be eligible for consideration in the Opening Process. The OQR is an additional type of boundary beyond the boundaries mentioned in proposed Options 3, Section 8(h) and (i). OQR is intended to limit the Opening Price to a reasonable, middle ground price and thus reduce the potential for erroneous trades during the Opening Process. Although the

Exchange applies other boundaries such as the BBO, the OQR provides a range of prices that may be able to satisfy additional contracts, while still ensuring a reasonable Opening Price. The Exchange seeks to execute as much volume as is possible at the Opening Price. OQR is constrained by the least aggressive limit prices within the broader limits of OQR. The least aggressive buy order or Valid Width Quote bid and least aggressive sell order or Valid Width Quote offer within the OQR will further bound the OQR. Although the Exchange applies other boundaries such as the BBO, the OQR is outside of the BBO. It is meant to provide a price that can satisfy more size without becoming unreasonable. Below is an example of the manner in which OQR is constrained.

OQR Example: Assume the Below Pre-opening Interest

Market Maker quotes 4.10 (100) x 4.20 (50)

Order1: Public Customer Buy 300 @4.39

Order2: Public Customer Sell 50 @4.13

Order3: Public Customer Sell 5 @4.29

Opening Quote Range⁸² configuration in this scenario is +/- 0.10

9:30 a.m. events occur, underlying opens

First imbalance message: Buy imbalance @4.20, 100 matched, 200 unmatched

Next 3 imbalance messages: Buy imbalance @4.29, 105 matched, 195 unmatched

Potential Opening Price calculation would have been $4.20 + 0.10 = 4.30$, but OQR is further bounded by the least aggressive Sell order @4.29

Order 1 executes against Order 2 50 @ 4.29

Order 1 executes against Market Maker quote 50 @4.29

Order 1 executes against Order 3 5 @ 4.29

Remainder of Order1 cancels as it is through the Opening Price Market Maker quote purges as its entire offer side volume has been exhausted

Specifically, to determine the minimum value for the OQR, an amount, as defined in a table to be determined by the Exchange, will be subtracted from the highest quote bid among Valid Width Quotes on the Exchange and on the away market(s), if any, except as provided in proposed Options 3, Section 8(j) paragraphs (3) and (4). To determine the maximum value for the OQR, an amount, as

defined in a table to be determined by the Exchange, will be added to the lowest quote offer among Valid Width Quotes on the Exchange and on the away market(s), if any, except as provided in proposed NOM Options 3, Section 8(j) paragraphs (3) and (4).⁸³ However, if one or more away markets are disseminating a BBO that is not crossed, and there are Valid Width Quotes on the Exchange that cross each other or are marketable against the ABBO, then the minimum value for the OQR will be the highest away bid.⁸⁴ It should be noted that the Opening Process would stop and an option series will not open if the ABBO becomes crossed, pursuant to proposed Options 3, Section 8(d)(3). In addition, the maximum value for the OQR will be the lowest away offer.⁸⁵

If there is more than one Potential Opening Price possible, where no contracts would be left unexecuted, any price used for the mid-point calculation (which is described in proposed Options 3, Section 8(h)(3)), that is outside of the OQR, will be restricted to the OQR price on that side of the market for the purposes of the mid-point calculation. Proposed Options 3, Section 8(j)(4) continues the theme of relying on both maximizing executions and looking at the correct side of the market to determine a fair price.

Proposed NOM Options 3, Section 8(j)(5) deals with the situation where there is an away market price involved. If there is more than one Potential Opening Price possible, where no contracts would be left unexecuted, pursuant to proposed Options 3, Section 8(h)(3), when contracts will be routed, the System will use the away market price as the Potential Opening Price. The Exchange is seeking to execute the maximum amount of volume possible at the Opening Price. The Exchange will enter into the Order Book any unfilled interest at a price equal to or inferior to the Opening Price.⁸⁶ It should be noted; the Exchange will not trade through an away market.⁸⁷

Finally, proposed Options 3, Section 8(j)(6) provides if the Exchange determines that non-routable interest can execute the maximum number of Exchange contracts against Exchange interest, after routable interest has been determined by the System to satisfy the away market, then the Potential Opening Price is the price at which the

⁸³ See proposed NOM Options 3, Section 8(j)(2).

⁸⁴ See proposed NOM Options 3, Section 8(j)(3)(A).

⁸⁵ See proposed NOM Options 3, Section 8(j)(3)(B).

⁸⁶ See proposed NOM Options 3, Section 8(k)(5).

⁸⁷ See current NOM Options 3, Section 5(d).

⁸¹ This would refer to an opening pursuant to proposed Options 3, Section 8(f) or (i).

⁸² This configuration would be provided by the Exchange in a table as noted in the proposed Options 3 Section 8(j)(1) and (2).

maximum number of contracts can execute, excluding the interest which will be routed to an away market, which may be executed on the Exchange as described in proposed Options 3, Section 8(h). This continues the theme of trying to satisfy the maximum amount of interest during the Opening Process. This is identical to NTX Options at Options 3, Section 8(j). NOM's proposed rule at Options 3, Section 8(j)(6) provides that the System will route all routable interest pursuant to Options 3, Section 10(a)(1).

Price Discovery Mechanism

If the Exchange has not opened pursuant to proposed paragraphs (f) or (i), after the OQR is calculated, pursuant to proposed Options 3, Section 8(j), the Exchange will conduct a price discovery mechanism, pursuant to proposed Options 3, Section 8(k), which is identical to NTX Options at Options 3, Section 8(k). The price discovery mechanism is the process by which the Exchange seeks to identify an Opening Price having not been able to do so following the process outlined thus far herein. The principles behind the price discovery mechanism are, as described above, to satisfy the maximum number of contracts possible by identifying a price that may leave unexecuted contracts. However, the price discovery mechanism applies a proposed, wider boundary to identify the Opening Price, and the price discovery mechanism involves seeking additional liquidity.

The Exchange believes that conducting the price discovery process in these situations protects orders from receiving a random price that does not reflect the totality of what is happening in the markets on the opening, and also further protects opening interest from receiving a potentially erroneous execution price on the opening. Opening immediately has the benefit of speed and certainty, but that benefit must be weighed against the quality of the execution price, and whether orders were left unexecuted. The Exchange believes that the proposed rule strikes an appropriate balance.

The proposed rule attempts to open using Exchange interest only to determine an Opening Price, provided certain conditions contained in proposed Options 3, Section 8(j) are present, to ensure market participants receive a quality execution in the opening. The proposed rule does not consider away market liquidity, for purposes of routing interest to other markets, until the price discovery mechanism pursuant to proposed paragraph (k). Rather, away market prices are considered for purposes of

avoiding trade-throughs. As a result, the Exchange might open without routing, if all of the conditions described above are met. The Exchange believes that the benefit of this process is a more rapid opening with quality execution prices. Opening with a quote, pursuant to Options 3, Section 8(f), would not require consideration of away market quotes because NOM would have opened with a local quote that was not locked or crossed with the away market, provided there are no opening quotes or orders that lock or cross each other, and no routable orders locking or crossing the ABBO.⁸⁸ With respect to Opening with a Trade, pursuant to Options 3, Section 8(i), the Exchange would not consider away market interest if it could open immediately with a trade, provided that the Exchange would not trade-through an away market. If NOM is locked and crossed with an away market, then the Exchange would require additional price discovery, pursuant to Options 3, Section 8(j) and (k). Finally, the Exchange considers away market interest in the Valid Width NBBO.

Today, pursuant to current Options 3, Section 8(b)(3) and (7), NOM disseminates, by electronic means, an Order Imbalance Indicator every 5 seconds beginning between 9:20 and 9:28, or a shorter dissemination interval as established by the Exchange, with the default being set at 9:25 a.m. The start of dissemination, and a dissemination interval, are posted by NOM on its website.⁸⁹ Also, NOM would disseminate an Order Imbalance Indicator for an imbalance containing marketable routable interest.⁹⁰ The Exchange proposes to continue to disseminate an imbalance, but instead of the manner in which NOM utilizes an Order Imbalance Indicator today, NOM would instead post up to 4 Imbalance Messages which each run its own Imbalance Timer, identical to NTX Options. Today, NOM's imbalance process begins, even if it has no interest. With this proposal, NOM's imbalance message will serve to notify Participants of the availability of interest to cross in the opening. The Exchange believes that the proposed methodology will attract interest during the Opening Process, because the imbalance message will highlight for Participants the available size that may be crossed. The Exchange believes adopting NTX Options' process improves the quality of execution of NOM's opening by attracting more

liquidity through more meaningful imbalance notifications that broadcast trading opportunities during NOM's Opening Process. The proposed changes give Participants more transparency into the Opening Process that would afford them a better experience.

Specifically, proposed Options 3, Section 8(k)(1) provides that the System will broadcast an Imbalance Message for the affected series (which includes the symbol, side of the imbalance, size of matched contracts, size of the imbalance, and Potential Opening Price bounded by the Pre-Market BBO) to participants, and begin an "Imbalance Timer," not to exceed three seconds to notify Participants of available interest that may be crossed during the Opening Process. The Imbalance Timer would initially be set 200 milliseconds.⁹¹ The Imbalance Message is intended to attract additional liquidity, much like an auction, using an auction message and timer. The Imbalance Timer would be for the same number of seconds for all options traded on the Exchange.

Pursuant to this proposed rule, as described in more detail below, the Exchange may have up to 4 Imbalance Messages which each run its own Imbalance Timer. Proposed Options 3, Section 8(k)(1) is identical to NTX Options at Options 3, Section 8(k)(1).

The Exchange proposes to provide at Options 3, Section 8(k)(1)(A),

An Imbalance Message will be disseminated showing a "0" volume and a \$0.00 price if: (i) no executions are possible but routable interest is priced at or through the ABBO; or (ii) internal quotes are crossing each other. Where the Potential Opening Price is through the ABBO, an imbalance message will display the side of interest priced through the ABBO.

This rule text explains the information that is being conveyed when an imbalance message indicates "0" volume, such as (i) when no executions are possible and routable interest is priced at or through the ABBO; or (ii) internal quotes are crossing each other. The Imbalance Message provides details regarding the potential state of the interest available. Where the Potential Opening Price is through the ABBO, an imbalance message will display the side of interest priced through the ABBO. The Imbalance Message provides transparency to market participants

⁹¹ NTX Options' timer is currently set at 200 milliseconds. NOM will issue a notice to provide the initial setting and would thereafter issue a notice if it were to change the timing. See *supra* note 89. If NOM were to select a time which exceeds 3 seconds, it would be required file a rule proposal with the Commission.

⁸⁸ See proposed NOM Options 3, Section 8(f).

⁸⁹ See <https://www.nasdaq.com/docs/NOMSystemSettings>.

⁹⁰ See current NOM Options 3, Section 8(b)(3).

during the Opening Process. NOM, as noted herein, does not have a concept of a Quality Opening Market, but does have a concept of a Valid Width NBBO, which is always required, when attempting to open with a trade pursuant to Options 3 Section 8(d)(4).

Proposed Options 3, Section 8(k)(2), states that any new interest received by the System will update the Potential Opening Price. An update may not result in an immediate change to the Potential Opening Price, however, the Exchange will consider new interest as it arrives and update the Potential Opening Price accordingly based on existing interest and new interest. Proposed Options 3, Section 8(k)(2) is identical to NTX Options at Options 3, Section 8(k)(2). By way of example:

Case 1—An Update Which Does Not Result in a Change to Potential Opening Price

Valid Width NBBO = 0.20

CBOE market maker quotes 1.15×1.30 (10)

NOM Market Maker quotes 1×1.25 (10)
Order to sell arrives for 1 contract @1.26 (Potential Opening Price updates, but determines there is no match, and therefore no change to lack of Potential Opening Price)

Order to buy arrives for 100 contracts @ 1.26 (Potential Opening Price updates, and changes to 1.26)

Order to buy arrives for 1,000 contracts @1.24 (Potential Opening Price updates, but remains unchanged from 1.26)

Case 2—An Update Results in a Change to the Potential Opening Price

Valid Width NBBO = 0.20

CBOE market maker quotes 1.15×1.30 (10)

NOM Market Maker quotes 1×1.25 (10)
Order to sell arrives for 1 contract @1.26 (Potential Opening Price updates, but determines there is no match, and therefore no change to lack of Potential Opening Price)

Order to buy arrives for 1,000 contracts @1.24 (Potential Opening Price updates, but determines there is no match, and therefore no change to lack of Potential Opening Price)
Order to sell arrives for 1,000 contracts @1.24 (Potential Opening Price updates and changes to 1.24)

If during or at the end of the Imbalance Timer, the Opening Price is at or within the OQR, the Imbalance Timer will end and the System will open with a trade at the Opening Price if the executions consist of Exchange interest only without trading through the ABBO, and without trading through the limit price(s) of interest within OQR,

which is unable to be fully executed at the Opening Price. If no new interest comes in during the Imbalance Timer, and the Potential Opening Price is at or within OQR and does not trade through the ABBO, the Exchange will open with a trade at the end of the Imbalance Timer at the Potential Opening Price. This reflects that the Exchange is seeking to identify a price on the Exchange without routing away, yet which price may not trade through another market and the quality of which is addressed by applying the OQR boundary.

Provided the option series has not opened pursuant to proposed Options 3, Section 8(k)(2),⁹² the System will send a second Imbalance Message with a Potential Opening Price that is bounded by the OQR (and would not trade through the limit price(s) of interest within OQR, which is unable to be fully executed at the Opening Price) and includes away market volume in the size of the imbalance to Participants; and concurrently initiate a Route Timer, not to exceed one second.⁹³ The Route Timer is intended to give Exchange users an opportunity to respond to an Imbalance Message before any opening interest is routed to away markets and, thereby, maximize trading on the Exchange. If during the Route Timer, interest is received by the System, which would allow the Opening Price to be within OQR, without trading through away markets and without trading through the limit price(s) of interest within OQR, which is unable to be fully executed, the System will open with trades and the Route Timer will simultaneously end. The System will monitor quotes and orders received during the Route Timer period and make ongoing corresponding changes to the permitted OQR and Potential Opening Price to reflect them.⁹⁴ This proposal serves to widen the boundary of available Opening Prices, which should similarly increase the likelihood

⁹² The System would not open pursuant to proposed Options 3, Section 8(k)(2) if the Potential Opening Price is outside of the OQR, or if the Potential Opening Price is at or within the OQR, but would otherwise trade through the ABBO, or through the limit price(s) of interest within the OQR, which is unable to be fully executed at the Potential Opening Price.

⁹³ The Route Timer would be a brief timer that operates as a pause before an order is routed to an away market. Currently, the NTX Options Route Timer is set to one second. NOM's Route Timer will also be initially set to one second. The Exchange will issue a notice to Participants to provide the initial setting and would thereafter issue a notice to Participants, if it were to change the timing within the range of up to one second. If the Exchange were to select a time beyond one second, it would be required file a rule proposal with the Commission.

⁹⁴ See proposed NOM Options 3, Section 8(k)(3)(B).

that an Opening Price can be determined. The Route Timer, like the Imbalance Timer, is intended to permit responses to be submitted and considered by the System in calculating the Potential Opening Price. The System does not route away until the Route Timer ends.

Proposed Options 3, Section 8(k)(3)(C) provides if no trade occurred pursuant to proposed Section 8(k)(3)(B), when the Route Timer expires, if the Potential Opening Price is within OQR (and would not trade through the limit price(s) of interest within OQR, which is unable to be fully executed at the Opening Price), the System will determine if the total number of contracts displayed at better prices than the Exchange's Potential Opening Price on away markets ("better priced away contracts") would satisfy the number of marketable contracts available on the Exchange. This provision protects the unexecuted interest and should result in a fairer price.⁹⁵ The Exchange will open the option series by routing and/or trading on the Exchange, pursuant to proposed Options 3, Section 8(k)(3)(C) paragraphs (i) through (iii). Proposed Options 3, Section 8(k)(3) is identical to NTX Options at Options 3, Section 8(k)(3).

Proposed Options 3, Section 8(k)(3)(C)(i) provides if the total number of better priced away contracts would satisfy the number of marketable contracts available on the Exchange on either the buy or sell side, the System will route all marketable contracts on the Exchange to such better priced away markets as Intermarket Sweep Order ("ISO"),⁹⁶ designated as Immediate-or-Cancel ("IOC")⁹⁷ Order(s), and determine an opening NOM Best Bid or Offer ("BBO") that reflects the interest remaining on the Exchange. The System will price any contracts routed to away markets at the Exchange's Opening Price or pursuant to proposed Options 3, Section 8(k)(3)(C)(ii) or (iii) described

⁹⁵ Current NOM Options 3, Section 8(b)(4)(C) considers unexecuted contracts. The proposed Opening Process likewise serves to protect unexecuted interest and also execute as many contract as possible during the Opening Process. The System will price any contracts routed to away markets at the better of the Exchange Opening Price or the order's limit price. Any unexecuted contracts from the imbalance not traded or routed will be cancelled back to the entering participant if they remain unexecuted and priced through the Opening Price. All other interest will be eligible for trading after opening, if consistent with the Participant's instruction as provided for within proposed Options 3, Section 8(k)(3)(E) pursuant to a Forced Opening.

⁹⁶ Proposed NOM Options 3, Section 7(b)(3) describes an ISO Order.

⁹⁷ Proposed Supplementary Material .02(d) to NOM Options 3, Section 7 describes an IOC Order.

below. Routing away at the Exchange's Opening Price is intended to achieve the best possible price available at the time the order is received by the away market. Proposed Options 3, Section 8(k)(3)(C)(i) is identical to NTX Options at Options 3, Section 8(k)(3)(C)(i).

Proposed Options 3, Section 8(k)(3)(C)(ii) provides if the total number of better priced away contracts would not satisfy the number of marketable contracts the Exchange has, the System will determine how many contracts it has available at the Exchange Opening Price. If the total number of better priced away contracts, plus the number of contracts available at the Exchange Opening Price, would satisfy the number of marketable contracts on the Exchange on either the buy or sell side, the System will contemporaneously route, based on price/time priority of routable interest, a number of contracts that will satisfy interest at away markets at prices better than the Exchange Opening Price and trade available contracts on the Exchange at the Exchange Opening Price. The System will price any contracts routed to away markets at the better of the Exchange Opening Price or the order's limit price pursuant to this subparagraph. This continues with the theme of maximum possible execution of the interest on the Exchange or away markets. Proposed Options 3, Section 8(k)(3)(C)(ii) is identical to NTX Options at Options 3, Section 8(k)(3)(C)(ii).

Proposed Options 3, Section 8(k)(3)(C)(iii) provides if the total number of better priced away contracts, plus the number of contracts available at the Exchange Opening Price, plus the contracts available at away markets at the Exchange Opening Price would satisfy the number of marketable contracts the Exchange has on either the buy or sell side, the System will contemporaneously route, based on price/time priority of routable interest, a number of contracts that will satisfy interest at away markets at prices better than the Exchange Opening Price (pricing any contracts routed to away markets at the better of the Exchange Opening Price or the order's limit price), trade available contracts on the Exchange at the Exchange Opening Price, and route a number of contracts that will satisfy interest at away markets at prices equal to the Exchange Opening Price. This provision is intended to introduce routing to away markets, potentially both at a better price than the Exchange Opening Price, as well as at the Exchange Opening Price to access as much liquidity as possible to maximize the number of contracts able to be traded as part of the Opening

Process. The Exchange routes at the better of the Exchange's Opening Price or the order's limit price to first ensure the order's limit price is not violated. Routing away at the Exchange's Opening Price is intended to achieve the best possible price for the routed order, at the time the order is received by the away market. Proposed Options 3, Section 8(k)(3)(C)(iii) is identical to NTX Options at Options 3, Section 8(k)(3)(C)(iii). By way of example:

Example of Interest "Better Than" and "Better of the Exchange Opening Price"
Rule Text: Options 3, Section 8(k)(3)(C)(ii), Options 3, Section 8(k)(3)(C)(iii) and Options 3, Section 8(k)(5)

NOM Market Maker 1 BBO 4.00 × 4.15
(100 contracts)

Cboe 4.00 × 4.14 (100 contracts)

DNR Order to buy 105 @4.20

Routable SRCH Order to buy 100
contracts at 4.18

Sell 2 contracts @4.21

After imbalance process:

SRCH Order routes at limit price of 4.18 (better than Opening Price of 4.20) and executes at 4.14 on Cboe's offer.

DNR Order Trades 100 With NOM
Market Maker Quote (Quote Purges)

Proposed Options 3, Section 8(k)(3)(D) provides that the System may send up to two additional Imbalance Messages⁹⁸ (which may occur while the Route Timer is operating) bounded by OQR and reflecting away market interest in the volume. These boundaries are intended to assist in determining a reasonable price at which an option series might open. This provision is proposed to further state that after the Route Timer has expired, the processes in proposed Options 3, Section 8(k)(3)(C)(3) will repeat (except no new Route Timer will be initiated). No new Route Timer is initiated, because after the Route Timer has been initiated and subsequently expired, no further delay is needed before routing contracts. This is the case if at any point thereafter the Exchange is able to satisfy the total number of marketable contracts the Exchange has by executing on the Exchange and routing to other markets. Proposed Options 3, Section 8(k)(3)(D)

⁹⁸ The first two Imbalance Messages always occur if there is interest which will route to an away market. If the Exchange is thereafter unable to open at a price without trading through the ABBO, up to two more Imbalance Messages may occur based on whether or not the Exchange has been able to open before repeating the Imbalance Process. The Exchange may open prior to the end of the first two Imbalance Messages provided routing is not necessary.

is identical to NTX Options at Options 3, Section 8(k)(3)(D).

Proposed Options 3, Section 8(k)(3)(E), entitled "Forced Opening," will describe what will happen as a last resort in order to open an options series when the processes described above have not resulted in an opening of the options series. Under this process, called a Forced Opening, after all additional Imbalance Messages have occurred, pursuant to proposed subparagraph (D), the System will open the series by executing as many contracts as possible by routing to away markets at prices better than the Exchange Opening Price for their disseminated size, trading available contracts on the Exchange at the Exchange Opening Price bounded by OQR (without trading through the limit price(s) of interest within OQR, which is unable to be fully executed at the Opening Price). The System will also route contracts to away markets at prices equal to the Exchange Opening Price at their disseminated size. In this situation, the System will price any contracts routed to away markets at the better of the Exchange Opening Price or the order's limit price. Any unexecuted interest from the imbalance not traded or routed will be cancelled back to the entering Participant, if they remain unexecuted and priced through the Opening Price, otherwise orders will remain in the Order Book. All other interest will be eligible for trading after opening, if consistent with the Participant's instruction. The boundaries of OQR and limit prices within the OQR are intended to ensure a quality Opening Price as well as protect unexecutable interest, which may not be able to be fully executed. Proposed Options 3, Section 8(k)(3)(E) is identical to NTX Options Proposed Options 3, Section 8(k)(3)(E). The Exchange believes that cancelling the order back to the Participant allows for the Participant to determine how its customer would like its order to be handled. NOM proposes to cancel back to provide certainty to its Participants, in line with current handling on NOM.

Proposed Options 3, Section 8(k)(3)(F), provides the System will execute orders at the Opening Price that have contingencies (such as without limitation, Reserve Orders) and non-routable orders, such as a "Do Not Route" or "DNR" Orders, to the extent possible. The System will only route non-contingency orders,⁹⁹ except

⁹⁹ As proposed, NOM would have the following contingency orders that will not route: a Stop

Reserve Orders may route up to their full volume. The Exchange is adding this detail to memorialize the manner in which the System will execute non-routable orders at the opening. The Exchange desires to provide certainty to market participants as to which contingency orders will execute, and which orders will route during the Opening Process. Proposed Options 3, Section 8(k)(3)(F) is similar to NTX Options at Options 3, Section 8(k)(3)(F).¹⁰⁰

The Exchange proposes to state at Options 3, Section 8(k)(4) that, pursuant to Options 3, Section 8(k)(3)(F), the System will re-price Do Not Route Orders (that would otherwise have to be routed to the exchange(s) disseminating the ABBO for an opening to occur) to the current ABBO, and disseminate the re-priced DNR Order as part of the new BBO. This paragraph, which explains the treatment of DNR Orders, is substantially similar to NTX Options at Options 3, Section 8(k)(4) except that Price Improving Orders on NOM would cause the System to reprice a DNR Order to the current ABBO, and disseminate the re-priced DNR Order as part of the new BBO. The System will re-price a DNR Order when any residual DNR Order interest, which was not satisfied in the Opening Process, crosses the ABBO.¹⁰¹

Proposed Options 3, Section 8(k)(5) provides that the System will cancel any order or quote priced through the Opening Price. All other interest will be eligible for trading after the opening. This rule text is identical to NTX Options at Options 3, Section 8(k)(5). This rule makes clear that interest priced through the Opening will be cancelled.

Proposed Options 3, Section 8(k)(6), which is identical to NTX Options at Options 3, Section 8(k)(6), provides that during the opening of the option series, where there is an execution possible, the System will give priority to Market Orders first, then to resting Limit Orders and quotes. The allocation provisions of Options 3, Section 10 will apply. Options 3, Section 10 describes NOM's Order Book allocation. The Exchange provides certainty to market participants as to the priority scheme during the Opening Process. Market Orders will be immediately executed first because these orders have no specified price and Limit Orders will be

executed, thereafter, in accordance with the prices specified.

Proposed Options 3, Section 8(k)(7), which is identical to Options 3, Section 8(k)(7), provides that upon opening of an option series, regardless of an execution, the System disseminates the price and size of the Exchange's best bid and offer (BBO). This provision simply makes known the manner in which the Exchange establishes the BBO for purposes of reference upon opening.

Finally, proposed Options 3, Section 8(k)(8) provides that any remaining contracts, which are not priced through the Exchange Opening Price after routing a number of contracts to satisfy better priced away contracts, will be posted to the Order Book at the better of the away market price or the order's limit price. This includes DNR Orders that are not crossed with the Opening Price. Only in the event that ABBO interest, which the DNR Order would otherwise be crossing, has been satisfied by routable interest during the Opening Process would DNR Orders be included within the remaining contracts described in proposed Options 3, Section 8(k)(8).¹⁰² This rule text accounts for orders which have routed away and returned unsatisfied, and also accounts for interest that remains unfilled during the Opening Process, provided that interest was not priced through the Opening Price. Proposed Options 3, Section 8(k)(8) is identical to NTX Options at Options 3, Section 8(k)(8).

The Exchange cancels orders, which are priced through the Opening Price, since it lacks enough liquidity to satisfy these orders on the opening, yet their limit price gives the appearance that they should have been executed. The Exchange believes that market participants would prefer to have these orders returned to them for further assessment, rather than have these orders immediately entered onto the Order Book at a price which is more aggressive than the price at which the Exchange opened.

Opening Process Cancel Timer

The Exchange proposes to retain NOM's Opening Order Cancel Timer, which is currently described within Options 3, Section 8(c). The Exchange proposes to relocate this rule text within Options 3, Section 8(l), similar to NTX Options at Options 3, Section 8(l),¹⁰³ and rename it "Opening Process Cancel

Timer." While the Exchange is retaining the timer, the Exchange proposes to amend the rule text to conform the language to NTX Options' rule text. This process specifies that if an options series has not opened before the conclusion of the Opening Process Cancel Timer, a Participant may elect to have orders returned by providing written notification to the Exchange. The Opening Process Cancel Timer will continue to be posted by the Exchange on its website. Orders submitted through FIX with a TIF of Good-Till-Canceled or "GTC" or "Good-Till-Date Order" or "GTD" may not be cancelled, as is the case today. This provision would provide for the continued return of orders for un-opened options symbols. As is the case today, Participants would have the ability to elect to have orders returned, except for non-GTC and non-GTD Orders, when options do not open. This functionality provides Participants with choice about where, and when, they can send orders for the opening that would afford them the best experience.

Opening Process Examples

The following examples are intended to demonstrate the Opening Process.

Example 1. Proposed Options 3, Section 8(f) Opening with a BBO (No Trade). Suppose the Market Maker in an option enters a quote, 2.00 (100) bid and 2.10 (100) offer and a buy order to pay 2.05 for 10 contracts is present in the System. The System also observes an ABBO is present with CBOE quoting a spread of 2.05 (100) and 2.15 (100). Given the Exchange has no interest which locks or crosses each other and does not cross the ABBO, the option opens for trading with an Exchange BBO of 2.05 (10) x 2.10 (100) and no trade. Since there is a Valid Width NBBO, the System does not conduct the price discovery mechanism and the option opens without delay.

Example 2a. Proposed Options 3, Section 8(i) Opening with Trade. Suppose the Market Maker enters the same quote in an option, 2.00 (100) bid and 2.10 (100) offer. This quote defines the Pre-Market BBO. CBOE disseminates a quote of 2.01 (100) by 2.09 (100), making up the ABBO. Firm A enters a buy order at 2.04 for 50 contracts. Firm B enters a sell order at 2.04 for 50 contracts. The Exchange opens with the Firm A and Firm B orders fully trading at an Opening Price of 2.04 which satisfies the condition defined in proposed Options 3, Section 8(i), the Potential Opening Price is at or within the best of the Pre-Market BBO and the ABBO, which is a Valid Width NBBO.

Order, an All-or-None Order and a Fill-or-Kill Order.

¹⁰⁰ NTX Options does not currently have Reserve Orders. This is the only difference between NOM and NTX Options with respect to Options 3, Section 8(k)(3)(F).

¹⁰¹ See proposed NOM Options 3, Section 8(k)(4).

¹⁰² DNR Orders that are not crossed with the Opening Price rest on the Order Book at the better of the ABBO price or the DNR Order's limit order price.

¹⁰³ NTX Options does not have Good Till Date Orders currently.

Example 2b. Proposed Options 3, Section 8(i) Opening with Trade.

Similarly, suppose the Market Maker A enters the same quote in an option, 2.00 (100) bid and 2.10 (100) offer. Market Maker B enters a quote of 2.00 (100) x 2.12 (100). The Pre-Market BBO is therefore 2.00 bid and 2.10 offer. CBOE disseminates a quote of 2.05 (100) by 2.15 (100), making up the ABBO. Firm A enters a buy order at 2.11 for 300 contracts. Firm B enters a sell order at 2.11 for 100 contracts. The option does not open for trading because the Potential Opening Price of 2.11 does not satisfy the condition defined in proposed Options 3, Section 8(i) as the Potential Opening Price is outside the Pre-Market BBO. The System thereafter calculates the OQR and initiates the price discovery mechanism, as discussed in proposed Options 3, Section 8(k) to facilitate the Opening Process for the option.

Assume an allowable OQR of 0.04. When the price discovery mechanism is initiated:

The System broadcasts the first Imbalance Message with a Potential Opening Price of 2.10 and a buy side imbalance of 200 and 100 matched.

The System opens with a trade @2.11 with Firm A buying 100 from Market Maker A and another 100 from Firm B; invoking OQR of 0.04 (the maximum value for OQR is the lowest quote offer (2.10) plus 0.04).

Example 3. Proposed Options 3, Section 8(k) Price Discovery Mechanism and second iteration with routing.

Suppose the Market Maker enters a quote, 2.00 (100) bid and 2.10 (100) offer and the defined allowable OQR is 0.04. If CBOE disseminates a quote of 2.00 (100) by 2.09 (100), the away offer is better than the Market Maker quote. Public Customer A enters a routable buy order at 2.10 for 150 contracts. The price discovery mechanism initiates because the Potential Opening Price (2.10) is equal to the Pre-Market BBO but outside of the ABBO. The Potential Opening Price is 2.10 because there is both buy and sell interest at that price point. The System is unable to open after the first iteration of Imbalance since the Potential Opening Price is within the OQR but outside of the ABBO. The System proceeds with the price discovery mechanism and initiates a Route Timer and broadcasts a second Imbalance Message (assume no additional interest is received during the imbalance period). The System opens the option for trading after the Route Timer has expired and the Imbalance Timer has completed since the Potential Opening Price is within OQR. The System routes 100 contracts

of the Public Customer order to the better priced away offer at CBOE. The Exchange would route to CBOE at an Opening Price of 2.10 to execute against the interest at 2.09 on CBOE. The 50 options contracts open and execute on the Exchange with an Opening Price of 2.10. The Exchange routes to CBOE using the Exchange's Opening Price to ensure, if there is market movement, that the routed order is able to access any price point equal to or better than the Exchange's Opening Price.

Options 3, Section 9

The Exchange proposes to amend Options 3, Section 9, Trading Halts to amend certain rule text so that it is identical to rule text ISE, GEMX and MRX Options 3, Section 9.

Specifically, the Exchange proposes to amend Options 3, Section 9(a)(6)(B) to amend the word "cancelled" to "not maintained" to conform to the rule text in NTX Options at Options 3, Section 9(a)(6)(B). This amendment is not substantive but intended to conform to the rules of NTX Options to indicate that quotes are not maintained during a trading halt.

The Exchange proposes to amend Options 3, Section 9(d)(1) to change the word "Exchange" to "System" which more precisely describes the functionality.

The Exchange proposes to amend Options 3, Section 9(d)(2) to describe the manner in which the newly adopted Stop Order will be treated during a trading halt. The proposed text is identical to ISE, GEMX and MRX Options 3, Section 9(d)(3). The Exchange proposes to add this sentence to Options 3, Section 9(d)(2), "Provided the Exchange has opened an affected option for trading, the Exchange shall elect Stop Orders if the condition as provided in Options 3, Section 7(d) is met, and, because they become Market Orders, shall cancel them back and notify Participants of the reason for such rejection." Stop Orders would become elected as provided for in proposed Options 3, Section 7(d).¹⁰⁴ If they elect as Market Orders, those Market Orders would be rejected. This aligns with the current treatment for Market Orders during a trading halt.

Finally, to align with the changes made to Options 3, Section 8, the Exchange also proposes to amend

¹⁰⁴ As proposed in NOM Options 3, Section 7(d), a Stop Order becomes a Market Order when the stop price is elected. A Stop Order to buy is elected when the option is bid or trades on the Exchange at, or above, the specified stop price. A Stop Order to sell is elected when the option is offered or trades on the Exchange at, or below, the specified stop price.

Options 3, Section 9(f) to align the current rule text to NTX Options at Options 3, Section 9(f). NOM current Options 3, Section 9(f) states, "The Exchange shall nullify any transaction that occurs with respect to equity options (including options overlying ETFs), during a regulatory halt as declared by the primary listing market for the underlying security." The Exchange proposes to amend that rule text to instead provide,

Resumption of Trading After a Halt. Trading in an option that has been the subject of a halt under this Rule shall be resumed upon the determination by Nasdaq Regulation, that the conditions which led to the halt are no longer present or that the interests of a fair and orderly market are best served by a resumption of trading. Trading shall resume according to the process set forth in Options 3, Section 8 of these rules.

This new rule text provides more specificity as to the manner in which a trading halt shall be resumed and the governing rule for resumption after a halt.

Options 3, Section 10

In addition to the amendments to Options 3, Section 10 that have been described for the addition of an LMM, the Exchange proposes other amendments to NOM Options 3, Section 10, Order Book Allocation.

First, the Exchange proposes to change the word "Nasdaq" to "NOM" in Options 3, Section 10(a) and to include the word "Process" after "Opening" in Options 3, Section 10(a)(5).

Second, the Exchange proposes to add the following sentence to further describe the allocation of Reserve Orders, which have both displayed and non-displayed interest. The Exchange proposes to state, "Allocation of displayed interest shall occur before allocation of non-displayed interest at each price level."

Third, the Exchange proposes to amend the description of Size Pro-Rata to account for the addition of Reserve Orders that were described in the order types section. Currently, NOM Options 3, Section 10(a)(1)(B) states,

The System shall execute trading interest within the System in price priority, meaning it will execute all trading interest at the best price level within the System before executing trading interest at the next best price. Within each price level, if there are two or more quotes or orders at the best price, trading interest will be executed based on the size of each Participant's quote or order as a percentage of the total size of all orders and quotes resting

at that price. If the result is not a whole number, it will be rounded down to the nearest whole number. If there are residual contracts remaining after rounding, such contracts will be distributed one contract at a time to the remaining Participants in time priority.

The Exchange proposes to instead provide,

The System shall execute trading interest within the System in price priority, meaning it will execute all trading interest at the best price level within the System before executing trading interest at the next best price. Within each price level, if there are two or more quotes or orders at the same price, the System allocates contracts from an incoming order or quote to resting orders and quotes beginning with the resting order or quote displaying the largest size proportionally according to displayed size, based on the total number of contracts displayed at that price. If the result is not a whole number, it will be rounded up to the nearest whole number. If there are still contracts to be allocated after the displayed size of all orders at that price has been executed, the remaining size from the incoming order will be allocated proportionally against non-displayed interest according to remaining total size of each resting order at such price, beginning with the order which has the largest total size remaining.

The Exchange proposes to amend the definition of Size Pro-Rata to account for the non-displayed portions of a Reserve Order. The proposed new text describes the allocation methodology for display order portion of Reserve Order as well as any other order type, resting orders and quotes beginning with the resting order or quote displaying the largest size proportionally according to displayed size, based on the total number of contracts displayed at that price. Next, the proposed rule provides how non-displayed orders are allocated. If there are still contracts to be allocated after the displayed size of all orders at that price has been executed, the remaining size from the incoming order will be allocated proportionally against non-displayed interest according to remaining total size of each resting order at such price, beginning with the order which has the largest total size remaining. This rule text, which is identical to NTX Options at Options 3, Section 10(a)(1)(B), will provide Participants with a description of the handling of Reserve Orders with respect to allocation.

Third, the Exchange proposes to amend the rounding methodology from

down to up similar to all other Nasdaq affiliated options markets.

The Exchange proposes to amend Options 3, Section 10(a)(5) related to Zero-Bid Option Series. Today, Options 3, Section 10(a)(5) provides,

In the case where the bid price for any options contract is \$0.00, a market order accepted into the System to sell that series shall be considered a limit order to sell at a price equal to the minimum trading increment as defined in Options 3, Section 3. Orders will be placed on the limit order book in the order in which they were received by the System. With respect to market orders to sell which are submitted prior to the Opening and persist after the Opening, those orders are posted at a price equal to the minimum trading increment as defined in Options 3, Section 3.

The Exchange proposes to amend Options 3, Section 10(a)(5) to account for Price Improving Orders that are entered in increments smaller than the minimum price variation¹⁰⁵ to properly account for the manner in which Market Orders are handled in NOM. Today, NOM accepts Market Orders and handles them in the same manner as a Price Improving Order by considering them to sell in increments smaller than the minimum price variation such as a Market Order priced at \$0.01.

While NOM may accept orders in increments smaller than the minimum price variation, the current rule text only considers prices equal to the minimum trading increment. In order to account for these smaller increments, the Exchange proposes to amend the current text to account for Price Improving Orders by stating that in the case where the bid price for any options contract is \$0.00, a market order accepted into the System to sell that series shall be considered a limit order to sell at a price equal to *\$0.01 and displayed at the minimum trading increment* as defined in Options 3, Section 3. This amendment is intended to bring greater clarity to the Exchange's rules.

Options 3, Section 15

The Exchange proposes to amend Options 3, Section 15, Risk Protections.

¹⁰⁵ A Price Improving Order is an order to buy or sell an option at a specified price at an increment smaller than the minimum price variation in the security. Price Improving Orders may be entered in increments as small as one cent. Price Improving Orders that are available for display shall be displayed at the minimum price variation in that security and shall be rounded up for sell orders and rounded down for buy orders. See current Options 3 Section 7(a)(5).

Order Price Protection

The Exchange proposes to amend its Order Price Protection ("OPP," also known as the fat finger check) in NOM Options 3, Section 15(a)(1) to capitalize "limit order." The Exchange also proposes to remove the following text, "OPP applies to all options but does not apply to Intermarket Sweep Orders. OPP does not apply to orders entered through QUO." With the proposed amendment to the ISO order type in Options 3, Section 7(b)(3), OPP will apply to ISOs. As noted previously in the QUO discussion, since QUO (renamed OTTO) will allow for the submission of orders, OPP would apply to those orders entered through the protocol.

Market Wide Risk Protection

The Exchange proposes to introduce new order entry and execution rate checks identical to those on NTX Options at Options 3, Section 15(a)(3) for Market Wide Risk Protection. These new risk protections are designed to aid Participants in their order risk management by supplementing current price reasonability checks with activity-based order protections.¹⁰⁶ The Exchange proposes to detail these risk protections in proposed Options 3, Section 15(a)(3), entitled "Market Wide Risk Protection" or "MWRP". As proposed, the System will maintain one or more counting programs for each Participant that counts orders entered and contracts traded on NOM. Participants may use multiple counting programs to separate risk protections for different groups established within the Participant. The counting programs will maintain separate counts, over rolling time periods specified by the Participant for each count, of: (1) the total number of orders entered in the order book; and (2) the total number of contracts traded.

All Participants must provide parameters for the order entry and execution rate protections as described in (1) and (2) above. While the MWRP is mandatory for all Participants, the Exchange is not proposing to establish minimum or maximum values for the order entry and execution parameters described above. The Exchange believes that this approach will give Participants the flexibility needed to appropriately tailor the MWRP to their respective risk management needs. In this regard, each Participant is in the best position to

¹⁰⁶ The Exchange currently provides Participants with price protections for orders such as the OPP and the Market Order Spread Protection, which prevent limit orders and market orders from being executed at far away and potentially erroneous prices.

determine risk settings appropriate for their firm based on the Participant's trading activity and business needs. In the interest of maintaining a fair and orderly market, however, the Exchange will also establish default values for each of these parameters¹⁰⁷ that apply to Participants that do not submit their own parameters for the MWRP and will announce these default values in an Options Trader Alert to be distributed to Participants. This approach is consistent with NOM's current functionality and would provide Participants with the flexibility to establish their own MWRP order entry and execution rate parameters. Similar to NTX Options, Participants will have the discretion to establish the applicable time period for each of the counts maintained under the proposed MWRP, provided that the selected time period must be within the minimum and maximum duration of the applicable time period established by the Exchange and announced via an Options Trader Alert.¹⁰⁸

Pursuant to proposed Options 3, Section 15(a)(3)(A)–(C), if, during the applicable time period, the Participant exceeds the thresholds that it has set for any of the order entry or execution counts described above on NOM, the System will automatically reject all subsequent incoming orders entered by the Participant. Participants may also choose to have the System automatically cancel all of their existing orders on NOM when the MWRP is triggered. The MWRP will remain engaged until the Participant manually notifies the Exchange to enable the acceptance of new orders. For Participants that still have open orders on the order book that have not been cancelled pursuant to proposed subparagraph (B), the System will continue to allow those Participants to interact with existing orders entered before the protection was triggered, including sending cancel order messages and receiving trade executions for those orders. The revised language in proposed subparagraphs (A)–(C) is identical to NTX Options at Options 3, Section 15(a)(3)(C).

The Exchange believes that the proposed MWRP will assist Participants in better managing their risk when trading on NOM. In particular, the proposed rule change provides functionality that allows Participants to set risk management thresholds for the number of orders or contracts executed on the Exchange during a specified period. As discussed above, this is

identical to how NTX Options has implemented the MWRP, and the Exchange believes this functionality will likewise be beneficial for NOM Participants.

The examples below illustrate how the MWRP would work both for order entry and order execution protections:

Example: Order Entry Rate Protection:

@0 milliseconds, BD1 enters 200 orders.

(Order total: 200 orders)

@450 milliseconds, BD1 enters 250 orders. (Order total: 450 orders)

@950 milliseconds, BD1 enters 50 orders. (Order total: 500 orders)

Market Wide Risk Protection is triggered on NOM due to exceeding 499 orders in 1 second. All subsequent orders are rejected, and if BD1 has opted into this functionality, all existing orders are cancelled. BD1 must contact the Exchange to resume trading.

Example: Order Execution Rate Protection:

BD1 designates an allowable execution rate of 15,000 contracts/2 seconds.

@0 milliseconds, BD1 receives executions for 5,000 contracts. (Execution total: 5,000 contracts)

@600 milliseconds, BD1 receives executions for 10,000 contracts. (Execution total: 15,000 contracts)

@1550 milliseconds, BD1 receives executions for 2,000 contracts. (Execution total: 17,000 contracts)

Market Wide Risk Protection is triggered on NOM due to exceeding 15,000 contracts in 2 seconds. All subsequent orders are rejected, and if BD1 has opted into this functionality, all existing orders are cancelled. BD1 must contact the Exchange to resume trading.

Acceptable Trade Range

The Exchange proposes to amend the Acceptable Trade Range or "ATR" at Options 3, Section 15(b)(1) to note that ATR commences after the Opening Process as this risk protection does not currently apply during the Opening Halt Cross. This additional rule text provides greater clarity to the rule. Today, the ATR risk protection is not available during the Opening Halt Cross. The Exchange also proposes to add the concept of "internal BBO" into the ATR rule. The Exchange proposes to update the reference price definition to provide that upon receipt of a new order or quote, the reference price will now be the *better of the NBB* or internal best bid for sell orders/quotes and the *better of the NBO* or internal best offer for buy orders/quotes or the last price at which the order/quote is posted, whichever is higher for a buy order/quote or lower for

a sell order/quote. This rule text reflects current functionality and the additional of the language makes clear the intent of the rule text. The Exchange proposes to note that currently, the ATR is not available for All-or-None Orders. It would be difficult, from a technical standpoint, to apply this feature to those orders because their particular contingency makes it difficult to automate their handling. The Exchange proposes this rule text to note similar to, ISE, GEMX and MRX Options 3, Section 15(a)(2)(A)(i) that the Acceptable Trade Range is not available for All-or-None Orders.¹⁰⁹

The Exchange proposes to add a missing "or" in Options 3, Section 15(b)(1)(A). The Exchange also proposes to amend the remainder of the rule text so that the rule text is similar to ISE, GEMX and MRX Options 3, Section 15(a)(2)(A)(i). The amendments are non-substantive and are merely text changes to conform the language to other Nasdaq affiliated markets. The amended rule text would state,

If an order/quote reaches the outer limit of the Acceptable Trade Range (the "Threshold Price") without being fully executed, it will be posted at the Threshold Price for a brief period, not to exceed one second ("Posting Period"), to allow more liquidity to be collected. Upon posting, either the current Threshold Price of the order/quote or an updated NBB for buy orders/quotes or the NBO for sell orders/quotes (whichever is higher for a buy order/quote or lower for a sell order/quote) then becomes the reference price for calculating a new Acceptable Trade Range. If the order/quote remains unexecuted after the Posting Period, a new Acceptable Trade Range will be calculated and the order/quote will execute, route, or post up to the new Threshold Price, unless a Participant has requested that their quotes or orders be returned if the quotes or orders would post at the outer limit of the Acceptable Trade Range (in which case, the quotes or orders will be returned). This process will repeat until either (i) the order/quote is executed, cancelled, or posted at its limit price or (ii) the order/quote has been subject to a configurable number of instances of the Acceptable Trade Range as determined by the Exchange (in which case it will be returned).

Additionally, the Exchange proposes to account for quotes, in addition to orders in Options 3, Section 15(b)(1)(B) in the sentence that provides, "If the

¹⁰⁷ See *supra* note 89.

¹⁰⁸ See proposed NOM Options 3, Section 15(a)(3). See also NTX Options at Options 3, Section 15(a)(3).

¹⁰⁹ Similar to Phlx, ISE, GEMX and MRX All-or-None Orders are immediate or cancel. See ISE, GEMX and MRX Options 3, Section 7(c).

order/quote remains unexecuted after the Posting Period, a New Acceptable Trade Range will be calculated and the order/quote will execute, route, or post up to the new Acceptable Trade Range Threshold Price, unless a Participant has requested that their orders be returned if posted at the outer limit of the Acceptable Trade Range (in which case, the order will be returned).” In addition to orders, quotes are also subject to a request to be returned if posted at the outer limit of the Acceptable Trade Range. The addition of quotes clarifies the current System functionality.

Anti-Internalization

The Exchange proposes technical amendments to the Anti-Internalization rule text. The Exchange proposes to capitalize “market maker” and add the word “Exchange” and “firm” to add more context to the current rule text. These amendments are non-substantive.

Quotation Adjustments

The Exchange proposes to enhance the risk protection tools available to Market Makers and Groups by introducing a new method of establishing and monitoring for risk parameters that will be offered as an alternative to existing Rapid Fire risk parameters, thereby supporting a Market Maker’s ability to manage their risk on the Exchange, and also providing them with flexibility to use additional tools to manage risk. While the passive (Rapid Fire) and active (Active QP) risk counter functionality will be mutually exclusive on each badge, Market Makers will still be able to use both to cover their activity on the Exchange by getting multiple badges and setting each risk counter by badge. The Exchange believes that offering more risk management tools to Market Makers would mitigate their exposure to excessive risk. The Exchange further believes that having the new Active Quote Protection functionality leverage the existing Multi-Trigger functionality will similarly support a Market Maker’s ability to manage their risk on the Exchange by including Active Quote Protection purge events to the Multi-Trigger counter. Today, Multi-Trigger is designed to assist Market Makers or a Group in managing their market risk by tracking the number of Purge Events relative to the market-wide parameter set by the Market Maker or the Group. The Exchange therefore believes that tracking the number of Active Quote Protection purge events for a Market Maker against its Multi-Trigger Threshold would be similarly useful for managing market risk so that they can

provide deep and liquid markets to the benefit of all investors.

The Exchange proposes to adopt a new optional active risk counter functionality called Active Quote Protection at Options 3, Section 15(c)(2)(B). The Active Quote Protection which will be available to Market Makers as an alternative to existing passive risk counter functionality described in Options 3, Section 15(c)(2)(A) is proposed to be titled “Rapid Fire.”¹¹⁰ The proposed Active Quote Protection functionality will be identical to the active risk counter functionality on NTX Options, which currently allows users to actively decrement the risk counter by a specified amount at any time, rather than waiting until a risk limit is reached or the user otherwise sends a specific instruction to the exchange to completely reset the counting program.¹¹¹

Today, the Exchange requires Market Makers to configure risk exposure thresholds based on either percentage of executed quotes (“Percentage Threshold”) or total number of executed contracts (“Volume Threshold”). The Exchange also offers two optional risk exposure thresholds based on the absolute value of the difference between long and short positions (“Delta Threshold”), and absolute value of the difference between contracts bought and contracts sold (“Vega Threshold”) (collectively, “Thresholds”).¹¹² As set forth in Options 3, Section 15(c)(2)(A), the System tracks each Threshold with a corresponding risk counter over a Market Maker-specified rolling time period not to exceed 30 seconds. Furthermore, Options 3, Section 15(c)(2)(A) describes that when a risk counter exceeds the corresponding Threshold during the specified time period, the System would automatically remove the Market Maker’s quotes in all series of the applicable options class (each, a “Purge Event”). As a result of a Purge Event, the corresponding risk counter and Threshold would reset upon such removal. Today, pursuant to Options 3, Section 15(c)(2)(D), the Thresholds and risk counters can be completely reset if the Market Maker specifically requests the System to remove quotes in all options series in an

underlying issue. This risk protection is passive in that the risk counters wait to reset until the expiry of a specified time period, a Purge Event, or when the Market Maker otherwise sends a specific instruction to the Exchange to remove quotes to completely reset the counters.

The Exchange now proposes to introduce a new risk protection called Active Quote Protection that would enable Market Makers to actively manage their executed contract limit (“Contract Limit”) by sending an electronic instruction to the Exchange to decrement their executed contract limit counter (“Limit Counter”) by a specified amount at any time, rather than waiting until the expiry of a defined time period, when the risk limit is exceeded (like a Purge Event), or when the Market Maker otherwise sends a specific instruction to purge quotes to completely reset the risk counter.¹¹³

The Contract Limit, as set by the Market Maker, would apply for the duration of the trading day. Once the Market Maker’s Limit Counter exceeds the Contract Limit set by the Market Maker, the System would automatically remove quotes in all series of the applicable options class submitted through the Exchange’s SQF protocol, identical to how the quote removal mechanism works for a Purge Event today.¹¹⁴ Today, Purge Events are triggered under the existing Quotation Adjustments on the first execution that exceeds the applicable Threshold. Once an execution occurs, the System checks all Thresholds to see if they have been exceeded. If exceeded, the Market Maker’s quote would be purged pursuant to Options 3, Section 15(c)(2)(D). In order to remain consistent with the firm quote obligations of a broker-dealer pursuant to Rule 602 of Regulation NMS, any marketable orders or quotes that are executable against a Market Maker’s quotes that are received¹¹⁵ prior to the time the applicable Threshold is triggered will be automatically executed up to the size of the Market Maker’s quote, regardless of whether the execution would cause the Market Maker to exceed their pre-set Percentage

¹¹⁰ As described below, the Exchange will specifically define this passive risk counter functionality as “Rapid Fire” within this Rule.

¹¹¹ See NTX Options at Options 3, Section 15(c)(2)(A).

¹¹² The proposed Thresholds are described in detail at proposed Options 3, Section 15(c)(2)(A)(i)–(iv). If a Market Maker does not provide a parameter for each Threshold, the Exchange will apply default parameters announced to Participants.

¹¹³ If the Market Maker opting to use Active Quote Protection does not provide a Contract Limit at the outset, the Exchange will apply a default parameter for the Active Quote Protection Contract Limit (which would be announced to Participants). The Exchange will initially set the default Contract Limit at 100 contracts.

¹¹⁴ See NOM Options 3, Section 15(c)(2)(C) (renumbered as Section 15(c)(2)(D) under this proposal, as noted below).

¹¹⁵ The time of receipt for an order or quote is the time such message is processed by the Exchange’s order book.

Threshold, Volume Threshold, Delta Threshold, or Vega Threshold.¹¹⁶

Under Active Quote Protection, the System would similarly handle the Market Maker's quote in that the quote could be filled one execution over the Contract Limit before the Market Maker's remaining quotes are cancelled by the System in order to be consistent with the firm quote obligations under Rule 602 of Regulation NMS. Specifically, any marketable orders or quotes that are executable against a Market Maker's quotes that are received prior to the time the Contract Limit is triggered will be automatically executed up to the size of the Market Maker's quote, regardless of whether the execution would cause the Market Maker to exceed the Contract Limit.

Additionally, under Active Quote Protection, Market Makers will be able to submit a request (i) to decrement their Limit Counter by a specified number of contracts, or (ii) to fully decrement their Limit Counter to zero.¹¹⁷ Market Makers that elect to use the proposed Active Quote Protection on a badge¹¹⁸ will not be able to use the existing Threshold risk protections described above on the same badge (*i.e.*, the active and passive risk counter functionality would be mutually exclusive per badge) given that it would be unnecessarily complex to implement from a technology standpoint. Market Makers may be associated with multiple badges today, so if they want to use both risk protections for their activity on the Exchange, they will be able to set either the active or passive risk counter functionality on each one.

To effectuate the foregoing changes, the Exchange proposes to set forth the new risk protection in paragraph (B) of Options 3, Section 15(c)(2), as follows:¹¹⁹

In lieu of Rapid Fire, a Market Maker may provide an executed contract limit ("Contract Limit") that, if exceeded, the System will automatically remove the Market Maker's quotes in all series of an options class submitted through SQF. The System will apply the Contract

Limit for the duration of the trading day. For each class of options, the System will maintain an active limit counter that will track the current number of contracts executed through the Market Maker's quotes ("Limit Counter"). If the Limit Counter exceeds the Contract Limit established by the Market Maker, the System will automatically remove the Market Maker's quotes as described in paragraph (D) below. Market Makers may submit a request (i) to decrement their Limit Counter by a specified number of contracts, or (ii) to fully decrement their Limit Counter to zero, including to re-enter the System as described in paragraph (F) below.

The Exchange also proposes to amend current paragraph (F) (renumbered to paragraph (G) under this proposal) of Options 3, Section 15(c)(2) to specify that the active and passive risk counter functionality will be mutually exclusive per badge). As amended, proposed paragraph (G) will provide:

The Exchange will require NOM Market Makers to utilize the Percentage Threshold, the Volume Threshold, or the Contract Limit. For Market Makers that elect to utilize the Contract Limit, the Percentage Threshold, Volume Threshold, Delta Threshold, and Vega Threshold will not be available for use on the Market Maker's badge. The Delta, Vega and Multi-Trigger Thresholds are optional.

As described above, once the Limit Counter exceeds the Contract Limit set by the Market Maker under the proposed Active Quote Protection, the System would automatically remove quotes in the same manner as currently specified for a Purge Event in proposed paragraph (D) of Options 3, Section 15(c)(2). Accordingly, the Exchange proposes to add Active Quote Protection's Contract Limit throughout this Rule. Specifically, proposed paragraph (D) will provide that the System will automatically remove quotes in all series of an options class in an underlying security when the Percentage Threshold, Volume Threshold, Delta Threshold, Vega Threshold, or the Contract Limit has been exceeded. The System will automatically remove quotes in all series of an option class in all underlying securities when the Multi-Trigger Threshold¹²⁰ has been exceeded. The System will send a Purge

Notification Message to the NOM Market Maker for all affected options when the above thresholds have been exceeded. Proposed subparagraph (D)(i) will provide that the Percentage Threshold, Volume Threshold, Delta Threshold, Vega Threshold, Contract Limit, and Multi-Trigger Threshold are considered independently of each other.

Further, as discussed above, any marketable orders or quotes that are executable against a Market Maker's quotes that are received¹²¹ prior to the time the applicable Threshold or Contract Limit is triggered will be automatically executed up to the size of the Market Maker's quote, even if such execution would cause the Market Maker to exceed any of their pre-set risk limits with respect to any of the foregoing risk parameters. The current related Rule in sub-paragraph (C)(ii) only mentions that quotes will execute up to the Market Maker's size and is silent on marketable orders. In addition, the current Rule does not specify the time of receipt of such marketable interest that is executable against the size of the Market Maker's quote. As such, the Exchange proposes to add this specificity in proposed sub-paragraph (D)(ii) to better describe how the System operates today for Quotation Adjustments and how the System will operate for proposed Active Quote Protection. In particular, sub-paragraph (D)(ii) will provide:

The System will execute any marketable orders or quotes that are executable against a Market Maker's quote and received prior to the time the Percentage Threshold, Volume Threshold, Delta Threshold, Vega Threshold, or Contract Limit is triggered up to the size of the Market Maker's quote, even if such execution results in executions in excess of the Market Maker's applicable Threshold or Contract Limit with respect to any parameter.

In addition, when the System removes quotes as a result of exceeding the Contract Limit under Active Quote Protection, the Exchange proposes to require the Market Maker to submit a request to re-enter the System. This request will be the same type of message as the request described in proposed paragraph (B) where the Market Maker must request to fully decrement their Limit Counter back to zero in order to re-enter the System. This requirement will be added in proposed paragraph (F) of Options 3, Section 15(c)(2), and will be similar to how the existing quote

¹¹⁶ See current Options 3, Section 15(c)(2)(C)(ii). The Exchange will renumber this as Section 15(c)(2)(D)(ii) and clarify this provision in the manner described later in this filing.

¹¹⁷ In order to re-enter the System after their quotes are purged pursuant to the Active Quote Protection, Market Makers will need to submit the same request to fully decrement their Limit Counter to zero.

¹¹⁸ The term "badge" means an account number, which may contain letters and/or numbers, assigned to NOM Market Makers. A NOM Market Maker account may be associated with multiple badges. See Options 1, Section 1(a)(5).

¹¹⁹ As a result, the Exchange will also renumber existing paragraphs (C)–(F) as proposed paragraphs (D)–(G).

¹²⁰ Multi-Trigger Threshold is defined in current paragraph (B) (proposed paragraph (D)) of Section 15(c)(2) as the number of allowable triggers by which the Exchange will automatically remove quotes in all options series in all underlying issues submitted through designated NOM protocols as specified by the Exchange. This threshold is part of the Exchange's Multi-Trigger risk protection.

¹²¹ The time of receipt for an order or quote is the time such message is processed by the Exchange's order book.

purge mechanism works for the Thresholds today, except the Market Maker needs to send a separate message (*i.e.*, a re-entry indicator) to re-enter the System when their quotes are purged as a result of exceeding any of the existing Thresholds.

The Exchange also proposes that the new Active Quote Protection would leverage the existing multi-trigger ("Multi-Trigger") functionality currently set forth in Options 3, Section 15(c)(2)(B) (renumbered as Section 15(c)(2)(C) under this proposal). Today, Multi-Trigger is a risk protection offered alongside the current Quotation Adjustments. A NOM Market Maker or NOM Market Maker Group, which is defined as multiple affiliated NOM Market Makers,¹²² may provide the specified time period and number of allowable Purge Events by which the Exchange will automatically remove quotes in all options series in all underlying issues submitted through designated NOM protocols as specified by the Exchange ("Multi-Trigger Threshold"). Multi-Trigger is triggered when during a time period established by the Market Maker not to exceed 30 seconds, the total number of Quotation Adjustment Purge Events exceeds the Multi-Trigger Threshold provided to the Exchange by the NOM Market Maker or NOM Market Maker Group. When Multi-Trigger is triggered, the System automatically purges all of the Market Maker's or Group's quotes in all options series in an underlying issue. As set forth in current Options 3, Section 15(c)(2)(E) (renumbered to Section 15(c)(2)(F) under this proposal), when the System removes quotes as a result of the Multi-Trigger Threshold, the Market Maker must manually request re-entry to the System by contacting the Exchange. Exchange staff must then set a re-entry indicator in this case to enable re-entry, which will cause the System to send a Reentry Notification Message to the NOM Market Maker or Group for all options series in all underlying issues. The Market Maker's Clearing Firm will be notified regarding the trigger and re-entry into the System after quotes are removed as a result of the Multi-Trigger Threshold, provided the Market Maker's Clearing Firm has requested to receive such notification.

Today, Multi-Trigger is meant to provide Market Makers or a Group with protection from the risk of multiple executions across multiple series of an

option or across multiple options. This risk protection recognizes that risk to Market Makers is not limited to a single series in an option or even to all series in an option; Market Makers that quote in multiple series of multiple options have significant exposure, requiring them to offset or hedge their overall positions. Market Makers are required to continuously quote in assigned options, and quoting across many series in an option or multiple options creates the possibility of executions that can create large, unintended principal positions that could expose Market Makers to unnecessary risk. Multi-Trigger is therefore intended to assist Market Makers or Groups in managing their market risk by tracking the number of Purge Events relative to the Multi-Trigger Threshold set by the Market Maker or Group. The Exchange believes that tracking the number of Active Quote Protection Purge Events for a Market Maker or Group against its Multi-Trigger Threshold would be similarly useful for managing market risk.

To that end, the Exchange proposes to update Multi-Trigger to add purge events under Active Quote Protection to the Multi-Trigger counter such that Active Quote Protection purge events and Purge Events under the current Quotation Adjustments will be aggregated together as counting toward the specified Multi-Trigger Threshold. Accordingly, the Exchange proposes to add references to the Active Quote Protection rule (*i.e.*, proposed paragraph (B) of Options 3, Section 15(c)(2)) throughout the Multi-Trigger rule in proposed paragraph (C), specifically:

A NOM Market Maker or NOM Market Maker Group (multiple affiliated NOM Market Makers is a "Group" as defined by a NOM Participant and provided by such Participant to the Exchange) may provide a specified time period and number of allowable triggers by which the Exchange will automatically remove quotes in all options series in all underlying issues submitted through designated NOM protocols as specified by the Exchange ("Multi-Trigger Threshold"). During a specified time period established by the NOM Market Maker not to exceed 30 seconds ("Multi-Trigger Specified Time Period"), the number of times the System automatically removes the NOM Market Maker's or Group's quotes in all options series will be based on the number of triggers of the Percentage Threshold described in paragraph (A)(i) above, the Volume Threshold described in paragraph (A)(ii) above, the Delta Threshold described in paragraph (A)(iii) above, and the Vega Threshold

described in paragraph (A)(iv) above, and the Contract Limit described in paragraph (B) above. Once the System determines that the number of triggers equals or exceeds a number established by either the NOM Market Maker or Group, during a Multi-Trigger Specified Time Period, the System will automatically remove all quotes in all options series in all underlying issues for that NOM Market Maker or Group. A trigger is defined as the event which causes the System to automatically remove quotes in all options series in an underlying issue. A Multi-Trigger Specified Time Period will commence after every trigger of the Percentage Threshold, Volume Threshold, Delta Threshold, or Vega Threshold, or Contract Limit, and will continue until the System removes quotes as described in paragraph (D) below or the Multi-Trigger Specified Time Period expires. The System counts triggers within the Multi-Trigger Specified Time Period across all triggers for the NOM Market Maker or Group. A Multi-Trigger Specified Time Period operates on a rolling basis in that there may be multiple Multi-Trigger Specified Time Periods occurring simultaneously and such Multi-Trigger Specified Time Periods may overlap.

The following example illustrates the proposed behavior of the Active Quote Protection risk protection:

Market Maker AAPL

Contract Limit: 100

- Market Maker trades a transaction for 10 contracts in AAPL; Limit Counter goes from 0 to 10.
- Market Maker sends a request to decrement its Limit Counter in AAPL for 10 contracts; Limit Counter goes from 10 to 0.
- Market Maker trades a transaction for 20 contracts in AAPL; Limit Counter goes from 0 to 20.
- Market Maker trades a transaction for 50 contracts in AAPL; Limit Counter goes from 20 to 70.
- Market Maker sends a request to decrement its Limit Counter in AAPL for 20 contracts; Limit Counter goes from 70 to 50.
- Market Maker trades a transaction for 60 contracts in AAPL; Limit Counter goes from 50 to 110 and all Market Maker quotes in AAPL are automatically purged after the execution because the Limit Counter exceeded the Market Maker's Contract Limit of 100 executed contracts.
- At this point, the Market Maker must send a request to fully decrement its Limit Counter in AAPL back to zero in order to begin quoting again.

¹²² A Group would be comprised of NOM Options Market Makers affiliated with one Participant (*i.e.*, one NOM Options Participant). The Participant would be required to define a Group by providing a list of such affiliated NOM Options Market Makers to the Exchange.

The following example illustrates how Multi-Trigger will work with the proposed Active Quote Protection functionality:

- Assume Market Maker in AAPL and SPY has Quotation Adjustments set for AAPL and Active QP set for SPY.
- Market Maker sets its Multi-Trigger Threshold so that it is triggered at 25 purge events within a 20 second time period.
- On a given trading day, if an Active Quote Protection Purge Event is triggered 15 times in SPY and a Quotation Adjustment Purge Event is triggered 10 times in AAPL, all within 20 seconds, then the Exchange will automatically remove all of the Market Maker's quotes AAPL and SPY.

Technical Amendments

The Exchange proposes a few technical, non-substantive amendments in Options 3, Section 15(c)(2). With the addition of the new Active Quote Protection rule in proposed paragraph (c)(2)(B), the Exchange proposes to renumber existing paragraphs (B)–(F) as proposed paragraphs (C)–(G) and make related changes to update existing cross-cites within Section 15(c)(2). The Exchange also proposes in paragraph (A) to correct the current cross-cites to paragraphs (B) and (C) to paragraphs (D) and (E) because the Exchange originally intended to refer to how the System removes quotes either pursuant to a Purge Event (which is governed by proposed paragraph (D)) or pursuant to a Market Maker specifically requesting the System to remove quotes in all series of an underlying issue (which is governed by proposed paragraph (E)). The Exchange proposes to reword the rule text within proposed Options 3, Section 15(c)(2)(D) to replace the term “options” with the words “series of an options class” to conform the wording in this paragraph to other rule text with Options 3, Section 15. Additionally, the Exchange proposes to add the words “or Group” to Options 3, Section 15(c)(2)(F) because a Group may also request re-entry pursuant to proposed Options 3, Section 15(c)(2)(C) and would receive a Reentry Notification Message.

Lastly, the Exchange proposes to title paragraph (A) as “Rapid Fire” and paragraph (C) as “Multi-Trigger” to more clearly identify which rules apply to which risk protections.

Post-Only Quoting Protection

The Exchange proposes to amend the Post-Only Quoting Protection at Options 3, Section 15(c)(3) to remove references to QUO because, as proposed for amendment, QUO (renamed OTTO) would permit order entry and would no

longer treat orders as quotes, therefore the Post-Only Quoting Protection would be inapplicable to the protocol. Additionally, the Exchange proposes to remove the unnecessary phrase “as is the case today.”

Options 3, Section 17

The Exchange proposes to amend the Kill Switch at Options 3, Section 17. The Kill Switch provides Participants with an optional risk management tool to promptly cancel and restrict orders. The Exchange proposes to align its Kill Switch rule text with ISE's, GEMX's and MRX's Kill Switch¹²³ and also add references to QUO (renamed OTTO) as the proposed amended protocol would permit order entry. The Exchange proposes to note in Options 3, Section 17(a) that NOM Participants may initiate a message(s) to the System to promptly cancel and restrict their order activity on the Exchange, as is the case today, as described in section (a)(1). This amendment simply rewords the rule text without a substantive amendment to the rule text.

The Exchange proposes to renumber Options 3, Section 17(a)(i) and (ii) as (a)(1) and (2). Current Options 3, Section 17(a)(i) states, “If orders are cancelled by the NOM Participant utilizing the Kill Switch, it will result in the cancellation of all orders requested for the Identifier(s). The NOM Participant will be unable to enter additional orders for the affected Identifier(s) until re-entry has been enabled pursuant to section (a)(ii).” The Exchange proposes to instead provide, “A NOM Participant may submit a request to the System through FIX or OTTO to cancel all existing orders and restrict entry of additional orders for the requested Identifier(s) on a user level on the Exchange.” With the amendment of QUO (renamed OTTO), the protocol would permit order entry, therefore the Exchange proposes to note that both FIX and OTTO orders may be cancelled.

Today, NOM Participants utilize an interface to send a message to the Exchange to initiate a Kill Switch. The Exchange proposes, in lieu of the interface, to permit NOM Participants to initiate a cancellation of their orders by sending a mass purge request. Since QUO (renamed OTTO), as amended, would be utilized for order entry, the Exchange proposes to note that a mass purge request may be sent through FIX or OTTO. This change will align the Kill Switch functionality to that of ISE, GEMX and MRX Options 3, Section 17 and will enable NOM Participants to

initiate the Kill Switch more seamlessly without the need to utilize a separate interface. As proposed, when initiating a cancellation of their orders.

Participants may send a mass purge request through FIX or OTTO and they would be able to submit a Kill Switch request on a user level only. Today, Participants may cancel orders on either a user or group level¹²⁴ with the interface, therefore, permitting the Kill Switch request on a user level only is a System change. The Exchange proposes to amend Options 3, Section 17(a) to note this change to user level only by removing the words “or group” and the following sentence that applies to a group.¹²⁵

Finally, the Exchange proposes to amend proposed Options 3, Section 17(a)(2) to align to ISE's, GEMX's and MRX's rule text by providing “Once a NOM Participant initiates a Kill Switch pursuant to (a)(1) above . . .” in the first sentence. This amendment simply rewords the rule text without a substantive amendment to the rule text.

Options 3, Section 18

The Exchange proposes to amend Options 3, Section 18, Detection of Loss of Communication. The Exchange proposes to add QUO (renamed OTTO) to Options 3, Section 18 because, as amended, the protocol will permit the submission of orders. Today, when the SQF Port or the FIX Port detects the loss of communication with a Participant's Client Application because the Exchange's server does not receive a Heartbeat message for a certain time period, the Exchange will automatically logoff the Participant's affected Client Application and automatically cancel all of the Participant's open quotes through SQF and open orders through FIX. Quotes and orders are cancelled across all Client Applications that are associated with the same NOM Options Market Maker ID and underlying issues.

Also, in line with the renaming of QUO to OTTO, the Exchange proposes to rename the QUO protocol in Options 3, Section 18 to align with the name change. As amended, QUO (renamed OTTO) would permit orders to be cancelled similar to FIX orders when the Exchange's server does not receive a Heartbeat message for a certain time

¹²⁴ A permissible group could include all badges associated with a Market Maker. Today, a Participant is able to set up these groups in the interface to include all or some of the Identifiers associated with the Participant firm so that a GUI Kill Switch request could apply to this pre-defined group.

¹²⁵ The Exchange proposes to remove this sentence, “Permissible groups must reside within a single broker-dealer” as the group option would no longer exist.

¹²³ See ISE, GEMX and MRX Options 3, Section 17.

period. The Exchange proposes to amend Options 3, Section 18 to also rearrange the rule text to add the word “Definitions” next to “a” and move the rule text in current “a” to “b” and re-letter the other paragraphs accordingly. Also, the Exchange proposes to define “Session of Connectivity” for purposes of this rule to mean each time the Participant connects to the Exchange’s System. Further, each new connection, intra-day or otherwise, is a new Session of Connectivity. The Exchange proposes to use the new definition throughout Options 3, Section 18 and update citations.

Similar to FIX, when the OTTO Port detects the loss of communication with a Participant’s Client Application because the Exchange’s server does not receive a Heartbeat message for a certain time period, the Exchange will automatically log-off the Participant’s affected Client Application and automatically cancel all of the Participant’s open orders through OTTO. Orders would be cancelled across all Client Applications that are associated with the same NOM Options Market Maker ID and underlying issues. The Exchange proposes to update Options 3, Section 18 to provide in proposed Options 3, Section 18(a)(3) that the OTTO Port is the Exchange’s proprietary System component through which Participants communicate their orders from the Client Application. Further, the Exchange would note in proposed Options 3, Section 18(c) that when the OTTO Port detects the loss of communication with a Participant’s Client Application because the Exchange’s server does not receive a Heartbeat message for a certain time period (“nn” seconds), the Exchange will automatically logoff the Participant’s affected Client Application and if the Participant has elected to have its orders cancelled pursuant to proposed Section 18(f), automatically cancel all orders. Proposed Options 3, Section 18(f) would provide that the default period of “nn” seconds for OTTO Ports would be fifteen (15) seconds for the disconnect and, if elected, the removal of orders. A Participant may determine another time period of “nn” seconds of no technical connectivity, as required in proposed paragraph (c), to trigger the disconnect and, if so elected, the removal of orders and communicate that time to the Exchange. The period of “nn” seconds may be modified to a number between one hundred (100) milliseconds and 99,999 milliseconds for OTTO Ports prior to each Session of Connectivity to the Exchange. This feature may be

disabled for the removal of orders; however, the Participant will be disconnected.

Current Options 3, Section 18(a)(4) that references QUO, would be removed along with current Options 3, Section 18(c) and (f).

Proposed Options 3, Section 18(f)(1) would provide that if the Participant changes the default number of “nn” seconds, that new setting shall be in effect throughout the current Session of Connectivity and will then default back to fifteen seconds. The Participant may change the default setting prior to each Session of Connectivity. Finally, as proposed in Options 3, Section 18(f)(2), if the time period is communicated to the Exchange by calling Exchange operations, the number of “nn” seconds selected by the Participant will persist for each subsequent Session of Connectivity until the Participant either contacts Exchange operations by phone and changes the setting or the Participant selects another time period through the Client Application prior to the next Session of Connectivity. The trigger for OTTO Ports is event and Client Application specific. The automatic cancellation of the NOM Options Market Maker’s open orders for OTTO Ports entered into the respective OTTO Ports via a particular Client Application will neither impact nor determine the treatment of orders of the same or other Participants entered into the OTTO Ports via a separate and distinct Client Application. The proposed amendments for OTTO mirror the manner in which FIX Ports are treated when the Exchange’s server does not receive a Heartbeat message for a certain time period for a FIX Port.¹²⁶

Options 3, Section 20

The Exchange proposes to add language at Options 3, Section 20(i), Nullification and Adjustment of Options Transactions including Obvious Errors, to describe the treatment of Stop and Stop-Limit Orders triggered by an erroneous trade. The Exchange proposes to note that transactions resulting from the triggering of a Stop or Stop-Limit Order by an erroneous trade in an option contract shall be nullified by the Exchange, provided a party notifies an Official¹²⁷ in a timely manner as set forth below. If a party believes that it participated in an erroneous transaction pursuant to this paragraph it must notify an Official within the timeframes set

¹²⁶ The Exchange proposes to update internal cross-references to accommodate relocated text.

¹²⁷ For purposes of Options 3, Section 20, an Official is an Options Exchange Official as defined in Options 1, Section 1(b)(38). See NOM Options 3, Section 20(a)(3).

forth in sub-paragraph (c)(2),¹²⁸ with the allowed notification timeframe commencing at the time of notification of the nullification of transaction(s) that triggered the Stop or Stop-Limit Order. The Exchange also proposes to re-letter current (i)–(l). This proposed rule text is identical to Phlx Options 3, Section 20(i).

Options 3, Section 22

The Exchange proposes to amend Options 3, Section 22, Limitations on Order Entry, to adopt a new Supplementary Material .01 to provide that, “With respect to the non-displayed reserve portion of a Reserve Order, the exposure requirement of paragraphs (a) and (c) are satisfied if the displayable portion of the Reserve Order is displayed at its displayable price for one second.” ISE, GEMX and MRX Supplementary Material .02 to Options 3, Section 22 contains identical rule text.

Options 3, Section 23

The Exchange proposes to amend Options 3, Section 23, Data Feeds and Trade Information. The Exchange proposes to no longer offer TradeInfo, which is a user interface set forth in Options 3, Section 23(b)(2) that permits a Participant to: (i) search all orders submitted in a particular security or all orders of a particular type, regardless of their status (open, canceled, executed, etc.); (ii) view orders and executions; and (iii) download orders and executions for recordkeeping purposes. Due to the lack of demand for this interface by Participants, the Exchange is retiring the interface. The Exchange seeks to decommission the TradeInfo interface when the Exchange migrates over to the enhanced technology platform with the technology migration. FIX and the Clearing Trade Interface (“CTI”),¹²⁹ which are available to all Participants, may be used to obtain order information that is currently available within TradeInfo, and FIX may be used to cancel orders today.

¹²⁸ NOM Options 3, Section 20(c)(2) describes the time deadlines for a party that believes that it participated in a transaction that was the result of an Obvious Error to notify an Official in the manner specified by the Exchange.

¹²⁹ CTI is a real-time clearing trade update message that is sent to a Participant after an execution has occurred and contains trade details specific to that Participant. The information includes, among other things, the following: (i) The Clearing Member Trade Agreement or “CMTA” or “OCC” number; (ii) Exchange badge or house number; (iii) the Exchange internal firm identifier; (iv) an indicator which will distinguish electronic and non-electronically delivered orders; (v) liquidity indicators and transaction type for billing purposes; and (vi) capacity. See Options 3, Section 23(b)(1).

Additionally, the Exchange proposes to remove the \$95 per user, per month TradeInfo NOM Interface Fee in the Pricing Schedule at Options 7, Section 3(ii). The fee would not be necessary once TradeInfo is discontinued.

The Exchange proposes a technical amendment to Options 3, Section 23(b)(3) related to FIX DROP. The Exchange proposes to add the word “has” to the description for readability.

The Exchange proposes to remove “QUO DROP” at Options 3, Section 23(b)(4) as the Exchange will no longer offer a DROP port with the amended version of QUO that is renamed “OTTO.” Currently, QUO DROP provides real-time information regarding orders entered through QUO and the execution of those orders. The QUO DROP data feed is not a trading interface and does not accept order messages. The Exchange also proposes to remove the QUO DROP Port Fee at Options 7, Section 3(ii).¹³⁰ A similar feed is not offered on other Nasdaq affiliated exchanges.

Options 3, Section 28

The Exchange proposes to introduce optional quantity and notional value checks in new Options 3, Section 28, entitled “Optional Risk Protections.” The proposed optional order risk protections will be identical to the protections currently offered by ISE, GEMX and MRX Options 3, Section 28. Participants may use this voluntary functionality through their FIX protocol to limit the quantity and notional value they can send per order and on aggregate for the day. Specifically, Participants may establish limits for the following parameters, as set forth in proposed subparagraphs (a)(1)–(4):

- (1) Notional dollar value per order, which will be calculated as quantity multiplied by limit price multiplied by number of underlying shares;
- (2) Daily aggregate notional dollar value;
- (3) Quantity per order; and
- (4) Daily aggregate quantity.

Proposed paragraph (b) will provide that Participants may elect one or more of the above optional risk protections by contacting Market Operations and providing a per order value (for (a)(1) and (a)(3)) or daily aggregate value (for (a)(2) and (a)(4)) for each order protection. Participants may modify their settings through Market Operations. Proposed paragraph (c) will provide that the System will reject all incoming aggregated Participant orders

for any of the (a)(2) and (a)(4) risk protections after the value configured by the Participant is exceeded. Proposed paragraph (d) will provide that the System will reject all incoming Participant orders for any of the (a)(1) and (a)(3) risk protections upon arrival if the value configured by the Participant is exceeded by the incoming order. The difference in handling between aggregate and individual order protections is necessary to allow for complete processing of the final order that puts a Participant’s configured value over the aggregate values configured. While individual orders can be directly measured against the configured values for (a)(1) and (a)(3), the aggregate values must be calculated after complete processing of an order and thus the rejection of orders begins upon the arrival of the next order after the aggregate values in (a)(2) or (a)(4) have been exceeded.

The following example shows how the System will reject all subsequent incoming aggregated orders after the (a)(2) or (a)(4) values configured by the Participant have been exceeded.

Optional Risk Protection Example

Aggregate Quantity Limit = 800.

Participant enters an order to Buy 500—Accepted

Participant enters an order to Buy 400—Accepted (Participant did not meet the configured limit of 800 with the first order of 500 at the time

Participant entered the second order) Participant enters an order to Buy 1—Rejected (Participant already exceeded the configured limit of 800 with the second order of 400)

The following example shows how the System will reject all incoming orders upon arrival if the (a)(1) or (a)(3) values configured by the Participant have been exceeded by the arriving order:

Quantity Per Order Limit = 800.

Participant enters an order to Buy 801—Rejected (Participant exceeded the Quantity per order limit upon arrival with the order to buy 801 contracts)

Proposed paragraph (e) will provide that if a Participant sets a notional dollar value, a Market Order would not be accepted from that Participant. This is because notional dollar value is calculated by using an order’s specified limit price, and Market Orders by definition are priced at the best available price upon execution. Lastly, proposed paragraph (f) will provide that the proposed risk protections are only available for orders entered through FIX. Additionally, all of the proposed settings will be firm level.

Options 4

Today, NOM Options 4 is incorporated by reference to ISE Options 4. NOM Options 4 currently states,

The rules contained in Nasdaq ISE Options 4, as such rules may be in effect from time to time (the “Options 4 Rules”), are hereby incorporated by reference into this NOM Options 4, and are thus NOM Rules and thereby applicable to NOM Participants. NOM Participants shall comply with the Options 4 Rules as though such rules were fully set forth herein. All defined terms, including any variations thereof, contained in the Options 4 Rules shall be read to refer to the NOM related meaning of such term. Solely by way of example, and not in limitation or in exhaustion: the defined term “Exchange” in the Options 4 Rules shall be read to refer to NOM; the defined term “Rule” in the Options 4 Rules shall be read to refer to the NOM Rule; the defined terms “Competitive Market Maker” and “Market Maker” in the Options 4 Rules shall be read to refer to the NOM Market Maker (NOM does not have an equivalent to the “Lead Market Maker” term on ISE); and the defined terms “Electronic Access Member,” “EAM,” or “Member” in the Options 4 Rules shall be read to refer to the NOM Participant.

With the addition of LMMs, the Exchange proposes to remove the rule text that states, “NOM does not have an equivalent to the “Lead Market Maker” term on ISE” in NOM Options 4. To account for LMMs, the proposed text would be amended to state,

The rules contained in Nasdaq ISE Options 4, as such rules may be in effect from time to time (the “Options 4 Rules”), are hereby incorporated by reference into this NOM Options 4, and are thus NOM Rules and thereby applicable to NOM Participants. NOM Participants shall comply with the Options 4 Rules as though such rules were fully set forth herein. All defined terms, including any variations thereof, contained in the Options 4 Rules shall be read to refer to the NOM related meaning of such term. Solely by way of example, and not in limitation or in exhaustion: the defined term “Exchange” in the Options 4 Rules shall be read to refer to NOM; the defined term “Rule” in the Options 4 Rules shall be read to refer to the NOM Rule; the defined terms “Competitive Market Maker” and “Market Maker” in the Options 4 Rules shall be read to refer to the NOM Market Maker; the defined term “Primary Market Maker” in the Options 4 Rules shall be read to refer to

¹³⁰ Today, the Exchange assesses a QUO DROP Port Fee of \$650 per port, per month at Options 7, Section 3(ii).

the NOM Lead Market Maker; and the defined terms “Electronic Access Member,” “EAM,” or “Member” in the Options 4 Rules shall be read to refer to the NOM Participant.

Options 5, Section 4

The Exchange proposes to amend Options 5, Section 4, Order Routing, so that NOM Options 5, Section 4 is identical to NTX Options at Options 5, Section 4. Today, NOM offers the following order types for routing: DNR Order, SEEK Order and SRCH Order. A DNR Order will never be routed outside of the Exchange regardless of the prices displayed by away markets. A SEEK Order may route during and after an Opening Process.¹³¹ Once the SEEK Order rests on the Order Book, it will not be eligible for routing until the next time the option series is subject to a new Opening Process. A SRCH Order may route during and after an Opening Process. A SRCH Order on the Order Book may be routed to an away market if it is locked or crossed by an away market.

This proposal would amend NOM Rules to remove the SEEK routing option and, instead, adopt the FIND Order routing option identical to NTX Options at Options 5, Section 4 except for references to System handling relevant to Price Improving Orders. A FIND Order, similar to a SEEK Order, will only attempt to route once and then post to the Order Book. FIND Orders that are not marketable with the ABBO upon receipt, similar to SEEK Orders, will be treated as DNR for the remainder of the trading day and post to the Order Book, and will not be subject to routing even in the event that there is a new Opening Process after a trading halt. If a FIND Order were marketable with the ABBO upon receipt, it would be eligible for routing the next time the option series is subject to a new Opening Process, which may include a re-opening after a trading halt. FIND Orders may route during and after an Opening Process, similar to SEEK Orders.¹³² The Exchange is replacing the “SEEK” option with a “FIND” option within Options 5, Section 4(a) to

account for the change in routing options, which will be described below in greater detail below. Of note, unlike FIND and SEEK Orders, SRCH Orders will continue to route throughout the trading day, provided the SRCH Order is marketable with the ABBO. Further, this proposal would conform rule text describing DNR Orders and SRCH Orders with NTX Options rule text.

The Exchange proposes to amend Options 5, Section 4(a) to state that, “Immediate-or-Cancel (“IOC”) will be rejected and will not be routed.” Options 5, Section 4 explains the manner in which various order types are handled differently for purposes of routing. An IOC Order will not rest on the order book by its definition and cannot route. The Exchange proposes to add language to make clear that IOC Orders are not subject to routing and therefore would be rejected. Further, the Exchange proposes to amend Options 5, Section 4(a) to replace “SEEK” with “FIND” and to note that IOC Orders will be rejected¹³³ and will not be routed. The Exchange also proposes to add the following rule text to Options 5, Section 4(a) as this text provides more information about the current System processing and addresses Stop and Stop-Limit Orders,

When checking the Order Book, the System will seek to execute at the price at which it would send the order to an away market. For purposes of this rule, the Exchange’s best bid or offer or “BBO” does not include Stop Orders and Stop-Limit Orders which have not been triggered. The “internal BBO” shall refer to the actual better price of an order resting on the Exchange’s Order Book, which is not displayed, but available for execution, excluding Stop Orders and Stop-Limit Orders which have not been triggered.

More specifically, the “BBO” does not include Stop and Stop-Limit Orders which have not been triggered. The “internal BBO” is also described at Options 3, Section 5. Today, unlike NTX Options, NOM does not offer order exposure as explained in more detail below. With this proposal, NOM will offer order exposure identical to NTX Options’ order exposure. With order exposure, a notification sent to participants with the price, size, and side of interest that is available for execution.¹³⁴ This exposure allows

other Participants to interact with an order before it is routed to an away market during the System’s Route Timer. If an incoming order is joining an already established BBO price when the ABBO is locked or crossed with the BBO such order will join the established BBO price and no exposure notification will be sent, otherwise a notification will be sent. The order exposure will be explained further below.

DNR Orders

The Exchange proposes to amend Options 5, Section 4(a)(iii)(A), related to DNR Orders, to conform the rule text to NTX Options at Options 5, Section 4(a)(iii)(A). Currently, Options 5, Section 4(a)(iii)(A), relating to DNR Orders, states,

A DNR Order will never be routed outside of the Exchange regardless of the prices displayed by away markets. A DNR Order may execute on the Exchange at a price equal to or better than, but not inferior to, the best away market price but, if that best away market remains, the DNR Order will remain in the Exchange book and be displayed at a price one minimum price variation (“MPV”) away from that ABBO. Any incoming order interacting with such a resting DNR Order will execute at the ABBO price, unless (1) the ABBO is improved to a price which crosses the DNR Order’s already displayed price, in which case the incoming order will execute at the previous ABBO price as the away market crossed a displayed price; or (2) the ABBO is improved to a price which locks the DNR Order’s displayed price, in which case the incoming order will execute at the DNR Order’s displayed price. Should the best away market move to an inferior price level, the DNR Order will automatically re-price from its one MPV inferior to the original ABBO and display one MPV away from the new ABBO or its original limit price.

The Exchange proposes to amend the second sentence of Options 5, Section 4(a)(iii)(A), to change the words “away from that ABBO” to “inferior to the best bid/offer.” This is a non-substantive amendment intended to conform the rule text to that of NTX Options.

The Exchange proposes to add the following rule text at Options 5, Section 4(a)(iii)(A), regarding a DNR Order and order exposure, “If the DNR Order is locking or crossing the ABBO, the DNR Order shall be entered into the Order Book at the ABBO price and displayed

the System, and the System will consider whether an order can be routed at the conclusion of each Route Timer. See current NOM Options 5, Section 4(a).

¹³¹ NOM’s proposed Opening Process is described at Options 3, Section 8 in this proposal.

¹³² Orders that route during an Opening Process route at the end of the Opening Process, when the Exchange simultaneously opens an options series and routes. Thereafter, FIND Orders that were submitted after the Opening Process would attempt once to route until the FIND Order rests on the Order Book. Once it rests on the Order Book, the FIND Order would not route until the next Opening Process. Finally, an Opening Process may occur intra-day if there was a trading halt. After a trading halt, NOM would reopen with an Opening Process and the FIND Order would be eligible to route once again.

¹³³ NTX Options rule text states that IOC Orders will be cancelled immediately if not executed and will not be routed. The Exchange is amending that language in a separate rule proposal to state that IOC Orders will be rejected and will not be routed. u NTX Options at Options 5, Section 4.

¹³⁴ A Route Timer shall not exceed one second and shall begin at the time orders are accepted into

one MPV away from the ABBO. The Exchange shall immediately expose the order at the ABBO to participants, provided the option series has opened for trading.” This exposure would make other Participants aware that this order was available on the Order Book. This is identical to rule text at NTX Options at Options 5, Section 4(a)(iii)(A).¹³⁵

The Exchange proposes to amend the last sentence of current Options 5, Section 4(a)(iii)(A) which currently states, “Should the best away market move to an inferior price level, the DNR Order will automatically re-price from its one MPV inferior to the original ABBO and display one MPV away from the new ABBO or its original limit price, and expose such orders at the new ABBO.” The proposed sentence would provide, “Should the best away market move to an inferior price level, the DNR Order will automatically re-price from its one MPV inferior to the original ABBO and display one MPV away from the new ABBO or its original limit price, and expose such orders at the new ABBO or its original limit price. Once booked at its original limit price, it will remain at that price until executed or cancelled. Should the best away market improve its price such that it locks or crosses the DNR Order limit price, the Exchange will execute the resulting incoming order that is routed from the away market that locked or crossed the DNR Order limit price.” The Exchange’s proposal is intended to make clear the current System operation. The rewording of this sentence does not result in a System change, rather the new sentence is intended to bring greater clarity to the current System operation. The proposed new rule text is identical to NTX Options at Options 5, Section 4(a)(iii)(A).

FIND Order

The Exchange proposes to adopt a new FIND Order at Options 5, Section 4(a)(iii)(B) in lieu of SEEK Orders, which are being removed from Options 5, Section 4. The proposed FIND Order is identical to the FIND Order at NTX Options at Options 5, Section 4(a)(iii)(B), except with respect to the System handling of Price Improving Orders. As noted above, a FIND Order is an order that is: (i) routable at the conclusion of an Opening Process; and (ii) routable upon receipt during regular trading, after an option series is open. FIND Orders submitted after an Opening Process initiate their own Route Timers and are routed in the order in which

their Route Timers end. FIND Orders that are not marketable with the ABBO upon receipt will be treated as DNR for the remainder of the trading day, and post to the Order Book, even in the event that there is a new Opening Process after a trading halt.¹³⁶ This text is identical to NTX Options at Options 5, Section 4(a)(iii)(B), except with respect to the System handling of Price Improving Orders.

The Exchange proposes to provide at proposed Options 5, Section 4(a)(iii)(B)(1), “At the end of an Opening Process, any FIND Order that is priced through the Opening Price, pursuant to Options 3, Section 8(a)(iii), will be cancelled, and any FIND Order that is at or inferior to the Opening Price will execute or book pursuant to Options 3, Section 8(k).” The proposed Opening Process describes the manner in which orders route at the end of the Opening Process. FIND Orders that are not marketable with the ABBO upon receipt will be treated as DNR for the remainder of the trading day and will not be subject to routing even in the event that there is a new Opening Process after a trading halt.

In order to more efficiently display the various potential scenarios when routing, without repeating certain rule text several times throughout the rule, the Exchange proposes to adopt proposed Options 5, Section 4(a)(iii)(B)(2). The proposed paragraph provides,

Generally, a FIND Order will be included in the displayed BBO at its limit price (or one MPV inferior to its limit price for Price Improving Orders), unless the FIND Order locks or crosses the ABBO, in which case it will be entered into the Order Book at the ABBO price and displayed one MPV inferior to the ABBO. If there exists a locked ABBO when the FIND Order is entered onto the Order Book, the FIND Order will be entered into the Order Book at the ABBO price and displayed one MPV inferior to the ABBO. If during a Route Timer, ABBO markets move such that the FIND Order is no longer marketable against the ABBO nor marketable against the BBO, the FIND Order will post at its limit price. If the

FIND Order is locked or crossed by away quotes, it will route at the completion of the Route Timer. If the ABBO worsens but remains better than the BBO, the FIND Order will reprice and be re-exposed at the new price(s) without interrupting the Route Timer. If, during the Route Timer, any new interest arrives opposite the FIND Order that is equal to or better than the ABBO price, the FIND Order will trade against such new interest at the ABBO price, unless the ABBO is improved to a price which crosses the FIND Order’s already displayed price, in which case the incoming order will execute at the previous ABBO price as the away market crossed a displayed price.

This paragraph utilizes the term “generally” because it always applies to FIND Orders. The Exchange proposes to state that a FIND Order will be included in the displayed BBO at its limit price (or one MPV inferior to its limit price for Price Improving Orders),¹³⁷ unless the FIND Order locks or crosses the ABBO, in which case it will be entered into the Order Book at the ABBO price and displayed one MPV inferior to the ABBO. This statement will provide context for the FIND Order and will apply consistently to FIND Orders. If during a Route Timer, ABBO markets move such that the FIND Order is no longer marketable against the ABBO nor marketable against the BBO, the FIND Order will post at its limit price. The Exchange further proposes to provide that if the FIND Order is locked or crossed by away quotes, it will route at the completion of the Route Timer. However, if the ABBO worsens but remains better than the BBO, the FIND Order will reprice and be re-exposed at the new price(s) without interrupting the Route Timer. If, during the Route Timer, any new interest arrives opposite the FIND Order that is equal to or better than the ABBO price, the FIND Order will trade against such new interest at the ABBO price, unless the ABBO is improved to a price which crosses the FIND Order’s already displayed price, in which case the incoming order will execute at the previous ABBO price as the away market crossed a displayed price. The Exchange believes that describing these scenarios in this introductory paragraph will provide a basis to understand certain FIND Order behaviors in certain circumstances and eliminate the need to have these circumstances repeated throughout the

¹³⁶ Orders that route during an Opening Process route at the end of the Opening Process, when the Exchange simultaneously opens an options series and routes. Thereafter, FIND Orders that were submitted after the Opening Process would attempt once to route until the FIND Order rests on the Order Book. Once it rests on the Order Book, the FIND Order would not route until the next Opening Process. Finally, an Opening Process may occur intra-day if there was a trading halt. After a trading halt, NOM would reopen with an Opening Process and the FIND Order would be eligible to route once again.

¹³⁵ The Exchange also proposes to add a “(1)” to this paragraph to align with the “(2)” in current Options 5, Section 4(a).

¹³⁷ Today, a Price Improving Order will book at its limit price and display one MPV inferior to its limit price. See NOM Options 5, Section 4(a)(iii)(C). Similar changes are being made for the remainder of FIND and SRCH to account for Price Improving Orders.

rule. This rule text is identical to NTX Options at Options 5, Section 4(a)(iii)(B)(2), except with respect to the System handling of Price Improving Orders.

Proposed Options 5, Section 4(a)(iii)(B)(3) provides, "A FIND Order received after an Opening Process that is not marketable against the BBO or the ABBO will be entered into the Order Book at its limit price. The FIND Order will be treated as DNR for the remainder of the trading day, even in the event that there is a new Opening Process after a trading halt." This text is identical to NTX Options at Options 5, Section 4(a)(iii)(B)(3). NOM would treat FIND Orders received after an Opening Process that are not marketable against the BBO or the ABBO in the same manner as NTX Options. NOM is adding rule text to make clear that the FIND Order will not route, even if there is a new Opening Process. The Exchange will not allow a non-marketable order to route.

Proposed NOM Options 5, Section 4(a)(iii)(B)(4) provides,

A FIND Order received after an Opening Process that is marketable against the BBO when the ABBO is inferior to the BBO will be traded on the Exchange at or better than the BBO price. If the FIND Order has size remaining after exhausting the BBO, it may: (1) trade at the next BBO price (or prices) if the order price is locking or crossing that price (or prices) up to and including the ABBO price, (2) be entered into the Order Book at its limit price, or (3) if locking or crossing the ABBO, be entered into the Order Book at the ABBO price and displayed one MPV away from the ABBO. The FIND Order will be treated as DNR for the remainder of the trading day, even in the event that there is a new Opening Process after a trading halt.

This rule text is identical to NTX Options at Options 5, Section 4(a)(iii)(B)(4). This paragraph describes scenarios where the FIND Order is marketable against the BBO, when the ABBO is inferior to the BBO. In this case, the FIND Order will be traded at the Exchange at or better than the BBO price. If the FIND Order has size remaining after exhausting the BBO, there are various possible scenarios: the FIND Order may (1) trade at the next BBO price (or prices) if the order price is locking or crossing that price (or prices) up to and including the ABBO price, (2) be entered into the Order Book at its limit price, or (3) if locking or crossing the ABBO, be entered into the Order Book at the ABBO price and displayed one MPV away from the ABBO. The FIND Order will be treated

as DNR for the remainder of the trading day, even in the event that there is a new Opening Process after a trading halt. NOM handles FIND Orders in the same manner as NTX Options with respect to not routing for the remainder of the trading day, even if there is a new Opening Process.

Proposed Options 5, Section 4(a)(iii)(B)(5) provides,

A FIND Order received after an Opening Process that is marketable against the BBO when the ABBO is equal to the BBO will be traded on the Exchange at the BBO. If the FIND Order has size remaining after exhausting the BBO, it will initiate a Route Timer, and expose the FIND Order at the ABBO to allow market participants an opportunity to interact with the remainder of the FIND Order. During the Route Timer, the FIND Order will be included in the BBO at a price one MPV away from the ABBO. If during the Route Timer, the ABBO markets move such that the FIND Order is no longer marketable against the ABBO, it may: (i) trade at the next BBO price (or prices) if the FIND Order price is locking or crossing that price (or prices), and/or (ii) be entered into the Order Book at its limit price if not locking or crossing the BBO.

This rule text is identical to NTX Options at Options 5, Section 4(a)(iii)(B)(5). Proposed Options 5, Section 4(a)(iii)(B)(5) explains that if a FIND Order is received after an Opening Process that is marketable against the BBO, when the ABBO is equal to the BBO, the FIND Order will be traded at the Exchange at the BBO. Further, if the FIND Order has size remaining after exhausting the BBO, it will initiate a Route Timer and expose the FIND Order at the ABBO to allow market participants an opportunity to interact with the remainder of the FIND Order. During a Route Timer, the FIND Order will be included in the BBO at a price one MPV away from the ABBO. The Exchange also accounts for scenarios during a Route Timer. The first scenario describes a situation during the Route Timer, if ABBO markets move such that the FIND Order is no longer marketable against the ABBO. In this scenario, various events could occur, the FIND Order may: (i) trade at the next BBO price (or prices) if the FIND Order price is locking or crossing that price (or prices), and/or (ii) be entered into the Order Book at its limit price (or one MPV inferior to its limit price for Price Improving Orders) if not locking or crossing the BBO.

Proposed Options 5, Section 4(a)(iii)(B)(6) provides,

If, at the end of the Route Timer pursuant to subparagraph (5) above, the FIND Order is still marketable with the ABBO, the FIND Order will route to an away market up to a size equal to the lesser of either: (1) an away market's size or (2) the remaining size of the FIND Order. If the FIND Order still has remaining size after routing, it will (i) trade at the next BBO price or better, subject to the order's limit price, and, if contracts still remain unexecuted, the remaining size will be routed to away markets disseminating the same price as the BBO, or (ii) be entered into the Order Book and posted either at its limit price or displayed one MPV away if the order would otherwise lock or cross the ABBO. If size still remains, the FIND Order will not be eligible for routing until the next time the option series is subject to a new Opening Process, which may include a re-opening after a trading halt.

The Exchange's proposed rule text is identical to NTX Options at Options 5, Section 4(a)(iii)(B)(6), except with respect to the System handling of Price Improving Orders. At the end of a Route Timer, if a FIND Order is still marketable with the ABBO, the FIND Order will route to an away market up to a size equal to the lesser of either (1) an away market's size or (2) the remaining size of the FIND Order. If the FIND Order still has remaining size after routing, it will (i) trade at the next BBO price or better, subject to the order's limit price, and, if contracts still remain unexecuted, the remaining size will be routed to away markets disseminating the same price as the BBO, or (ii) be entered into the Order Book and posted either at its limit price or displayed one MPV away if the order would otherwise lock or cross the ABBO. A FIND Order will only route once, so if size still remains, the FIND Order will not be eligible for routing until the next time the option series is subject to a new Opening Process, which may include a re-opening after a trading halt. Proposed Options 5, Section 4(a)(iii)(B)(6)(i) describes a scenario where interest has routed and size remains, which size would be routed again without posting to the Order Book. Once the FIND Order posts to the Order Book, it will not route again until the options series is subject to a new Opening Process. If size still remains, the FIND Order will not be eligible for routing until the next time the option series is subject to a new Opening Process. An Opening Process would occur intra-day if there was a trading halt. After a trading halt, NOM would reopen with an Opening Process.

Proposed Options 5, Section 4(a)(iii)(B)(7) provides,

A FIND Order received after an Opening Process that is marketable against the ABBO when the ABBO is better than the BBO will initiate a Route Timer, and expose the FIND Order at the ABBO to allow participants and other market participants an opportunity to interact with the FIND Order.

The Exchange's proposed rule text is identical to NTX Options at Options 5, Section 4(a)(iii)(B)(7). This paragraph describes the exposure aspect that is being added to NOM. Exposing the order will allow market participants the opportunity to interact with the order that is marketable against the ABBO when the ABBO is better than the BBO.

Proposed Options 5, Section 4(a)(iii)(B)(8) provides,

If, at the end of the Route Timer pursuant to subparagraph (7) above, the ABBO is still the best price and is marketable with the FIND Order, the order will route to the away market(s) whose disseminated price(s) is better than the BBO, up to a size equal to the lesser of either: (1) the away markets' size, or (2) the remaining size of the FIND Order. If the FIND Order still has remaining size after such routing, it will (i) trade at the BBO price or better, subject to the order's limit price, and, if contracts still remain unexecuted, the remaining size will be routed to away markets disseminating the same price as the BBO, or (ii) be entered into the Order Book and posted either at its limit price or displayed one MPV away if the order would otherwise lock or cross the ABBO. If size remains, the FIND Order will not be eligible for routing until the next time the option series is subject to a new Opening Process, which may include a re-opening after a trading halt.

The Exchange's proposed rule text is identical to NTX Options at Options 5, Section 4(a)(iii)(B)(8), except with respect to the System handling of Price Improving Orders. During the Route Timer, the FIND Order will be included in the BBO at a price that is the better of one MPV away from the ABBO or the BBO. In this scenario, if during that Route Timer new interest arrives opposite the FIND Order, and that interest is equal to or better than the ABBO price, the FIND Order will trade against such new interest at the ABBO price. If, at the end of that Route Timer the ABBO is still the best price, and is marketable with the FIND Order, the order will route to the away market(s) whose disseminated price(s) is better than the BBO, up to a size equal to the lesser of either: (1) the away markets' size, or (2) the remaining size of the FIND Order. If the FIND Order still has remaining size after such routing, it will

(i) trade at the BBO price or better, subject to the order's limit price, and, if contracts still remain unexecuted, the remaining size will be routed to away markets disseminating the same price as the BBO, or (ii) be entered into the Order Book and posted either at its limit price or displayed one MPV away if the order would otherwise lock or cross the ABBO. If size remains, the FIND Order will not be eligible for routing until the next time the option series is subject to a new Opening Process, which may include a re-opening after a trading halt.

Finally, proposed Options 5, Section 4(a)(iii)(B)(9) is identical to NTX Options at Options 5, Section 4(a)(iii)(B)(9) and provides that a FIND Order that is routed to an away market(s) will be marked as an Intermarket Sweep Order "ISO" and designated as an IOC order.

SEEK Orders

The Exchange proposes to remove the rule text for SEEK Orders as the Exchange will no longer offer this routing option. The Exchange believes that adopting the FIND Order routing option, identical to NTX Options with the exception of the System handling for Price Improving Orders, will provide its market participants with ample choice as to the method in which they may route. As is the case today, an order may also be marked as "DNR" and therefore would not be subject to routing. With this proposal, any market participant may choose to route, as is the case today. The Exchange proposes to replace references to "SEEK" within Options 5, Section 4(a) with "FIND" references.

SRCH Orders

The Exchange proposes to retain the SRCH Order functionality. The Exchange's current SRCH Order functionality is identical to SRCH Order functionality on NTX Options, except with respect to the System handling of Price Improving Orders.

The Exchange proposes to remove the first sentence of Options 5, Section 4(a)(iii)(C).¹³⁸ The information in that first sentence of Options 5, Section 4(a)(iii)(C) is available within Options 5, Section 4(a) and applies to SRCH Orders. The Exchange proposes to add the following rule text to Options 5, Section 4(a)(iii)(C), "A SRCH Order is routable at any time. A SRCH Order on the Order Book during an Opening

Process (including a re-opening following a trading halt), whether it is received prior to an Opening Process or it is a GTC or GTD SRCH Order from a prior day, may be routed as part of an Opening Process. Orders initiate their own Route Timers and are routed in the order in which their Route Timers end." This proposed rule text is identical to NTX Options at Options 5, Section 4(a)(iii)(C).

Proposed Options 5, Section 4(a)(iii)(C)(1) provides that at the end of an Opening Process, any SRCH Order that is priced through the Opening Price, pursuant to Options 3, Section 8(a)(iii), will be cancelled, and any SRCH Order that is at or inferior to the Opening Price will execute or book pursuant to Options 3, Section 8(k). This rule text is identical to NTX Options at Options 5, Section 4(a)(iii)(C)(1). The information concerning the Opening Process is specified within proposed Options 3, Section 8 and is being reiterated within this rule to describe routing during the Opening Process. As proposed, Options 3, Section 8 provides a process whereby NOM arrives at an Opening Price. As proposed, the System would cancel any order or quote priced through the Opening Price that was not able to be satisfied either by routing to an away destination or trading in full as part of the opening trade. Specifically, proposed Options 5, Section 4(a)(iii)(C)(1) states that "priced through the Opening Price" means buying interest with a price higher than the Opening Price and selling interest with a price lower than the Opening Price. The Exchange would remove the current text at Options 5, Section 4(a)(iii)(C)(1) that provides, "If a SRCH Order is received during the Opening Process it may route as part of the Opening and Halt Cross pursuant to Options 3, Section 8(b)(7)." This current text refers to the Opening and Halt Cross text that is being removed from Options 3, Section 9 with the opening proposal.

Similar to the FIND Order proposal, the Exchange proposes to add a paragraph at proposed Options 5, Section 4(a)(iii)(C)(2) which provides general guidelines for the behavior of SRCH Orders which apply consistently. This proposed paragraph will allow the Exchange to more efficiently display the various potential scenarios without repeating certain rule text several times. The Exchange believes that describing these scenarios in this introductory paragraph will provide a basis to understand certain SRCH Order behaviors in certain circumstances and eliminate the need to have these

¹³⁸ Current Options 5, Section 4(a)(iii)(C) provides, "SRCH Order is a routing option pursuant to which an order will first check the System for available contracts for execution, and then is sent to other available market centers for potential execution."

circumstances repeated throughout the rule.

Generally, a SRCH Order will be included in the displayed BBO at its limit price (or one MPV inferior to its limit price for Price Improving Orders), unless the SRCH Order locks or crosses the ABBO, in which case it will be entered into the Order Book at the ABBO price and displayed one MPV inferior to the ABBO, similar to other routing order types. Also, if there is a locked ABBO when the SRCH Order is entered onto the Order Book, the SRCH Order will be entered into the Order Book at the ABBO price and displayed one MPV inferior to the ABBO to avoid locking the away market. The Exchange proposes to generally state, "Once on the Order Book, the SRCH Order is eligible for routing if it is locked or crossed by an away market." This provision is always true of SRCH Orders.

Next, the Exchange provides scenarios that generally may occur during a Route Timer. The first scenario is if during a Route Timer, ABBO markets move such that the SRCH Order is no longer marketable against the ABBO nor marketable against the BBO. In this case, the SRCH Order will book at its limit price. The next scenario is whether during the Route Timer, any new interest arrives opposite the SRCH Order that is equal to or better than the ABBO price, the SRCH Order will trade against such new interest at the ABBO price, unless the ABBO is improved to a price which crosses the SRCH Order's already displayed price, in which case the incoming order will execute at the previous ABBO price as the away market crossed a displayed price. If new interest arrives that is equal to or better than the ABBO price, the SRCH Order will trade at the ABBO price. If new interest arrives that is marketable against the SRCH Order it will trade at the ABBO price unless the ABBO is improved to a price which crosses the SRCH Order's already displayed price, in which case the incoming order will execute at the previous ABBO price as the away market crossed a displayed price. This last sentence within proposed Options 5, Section 4(a)(iii)(C)(2) makes clear that the SRCH Order would execute at the previous ABBO price as the away market crossed a displayed price. Better priced incoming interest will execute against the SRCH Order, unless the ABBO crosses the SRCH Order, in which case any new interest will execute at the SRCH Order price. In this scenario, NOM's price was already displayed when an away market subsequently crossed NOM's displayed price. If the

ABBO worsens but remains better than the BBO, the SRCH Order will reprice and be re-exposed at the new price(s) without interrupting the Route Timer. Also, if an ABBO locks or crosses the SRCH Order during a new Route Timer, which would subsequently initiate at the conclusion of any Route Timer if interest remains, the SRCH Order may route to the away market at the ABBO at the conclusion of such Route Timer, each time. Finally, if the SRCH Order is locked or crossed by away quotes, it will route at the completion of the Route Timer. The System will route and execute contracts contemporaneously at the end of the Route Timer. The last two sentences of proposed Options 5, Section 4(a)(iii)(C)(2) are similar to the current last sentence of NOM Options 5, Section 4(a)(iii)(C)(4). The sentences in this paragraph are identical to NTX Options at Options 5, Section 4(a)(iii)(C)(2), except with respect to the System handling of Price Improving Orders. The first sentence of current Options 5, Section 4(a)(iii)(C)(4) is relocated within the rule text of proposed Options 5, Section 4(a)(iii)(C)(2). The first sentence in current Options 5, Section 4(a)(iii)(C)(5) is relocated within the rule text of proposed Options 5, Section 4(a)(iii)(C)(2). Additionally, the rule text from current Options 5, Section 4(a)(iii)(C)(3) is represented in this new paragraph. The rule text of proposed Options 5, Section 4(a)(iii)(C)(2) is identical to NTX Options at Options 5, Section 4(a)(iii)(C)(3), except with respect to the System handling of Price Improving Orders. Proposed Options 5, Section 4(a)(iii)(C)(2) would provide,

Generally, a SRCH Order will be included in the displayed BBO at its limit price (or one MPV inferior to its limit price for Price Improving Orders), unless the SRCH Order locks or crosses the ABBO, in which case it will be entered into the Order Book at the ABBO price and displayed one MPV inferior to the ABBO. If there exists a locked ABBO when the SRCH Order is entered onto the Order Book, the SRCH Order will be entered into the Order Book at the ABBO price and displayed one MPV inferior to the ABBO. Once on the Order Book, the SRCH Order is eligible for routing if it is locked or crossed by an away market. If during a Route Timer, ABBO markets move such that the SRCH Order is no longer marketable against the ABBO nor marketable against the BBO, the SRCH Order will book at its limit price. If, during the Route Timer, any new interest arrives opposite the SRCH Order that is equal to or better than the

ABBO price, the SRCH Order will trade against such new interest at the ABBO price, unless the ABBO is improved to a price which crosses the SRCH Order's already displayed price, in which case the incoming order will execute at the previous ABBO price as the away market crossed a displayed price. If the ABBO worsens but remains better than the BBO, the SRCH Order will reprice and be re-exposed at the new price(s) without interrupting the Route Timer. If an ABBO locks or crosses the SRCH Order during a new Route Timer, which would subsequently initiate at the conclusion of any Route Timer if interest remains, the SRCH Order may route to the away market at the ABBO at the conclusion of such Route Timer. If the SRCH Order is locked or crossed by away quotes, it will route at the completion of the Route Timer. The System will route and execute contracts contemporaneously at the end of the Route Timer.

The Exchange proposes to provide rule text at proposed Options 5, Section 4(a)(iii)(C)(3) that is identical to NTX Options at Options 5, Section 4(a)(iii)(C)(3). This paragraph explains what happens to a SRCH Order that is not marketable against the BBO or the ABBO. The SRCH Order would be entered into the Order Book. NOM proposes to state that the SRCH Order is entered at its limit price to provide greater detail. Once on the Order Book, the SRCH Order may route if it is locked or crossed by an away market. Proposed Options 5, Section 4(a)(iii)(C)(3) provides, "A SRCH Order received after an Opening Process that is not marketable against the BBO or the ABBO will be entered into the Order Book at its limit price. Once on the Order Book, the SRCH Order is eligible for routing if it is locked or crossed by an away market."

Proposed Options 5, Section 4(a)(iii)(C)(4) provides,

A SRCH Order received after an Opening Process that is marketable against the BBO when the ABBO is inferior to the BBO will be traded on the Exchange at or better than the BBO price. If the SRCH Order has size remaining after exhausting the BBO, it may: (1) trade at the next BBO price (or prices) if the order price is locking or crossing that price (or prices) up to and including the ABBO price, and/or (2) be routed, subject to a Route Timer, to away markets if all NOM interest at better or equal prices has been exhausted, and/or (3) be entered into the Order Book at its limit price if not locking or crossing the BBO or the ABBO.

This proposed rule text represents a scenario where the SRCH Order is received after an Opening Process and is marketable against the BBO when the ABBO is inferior to the BBO. In this case the SRCH Order would be traded at or better than the BBO price. If size remains, the Exchange describes the various potential scenarios, the SRCH Order may: (1) trade at the next BBO price (or prices) if the order price is locking or crossing that price (or prices) up to and including the price equal to the ABBO price, and/or (2) be routed, subject to a Route Timer, to away markets if all NOM interest at better or equal prices has been exhausted, and/or (3) be entered into the Order Book at its limit price if not locking or crossing the BBO or the ABBO. Proposed Options 5, Section 4(a)(iii)(C)(4) is identical to NTX Options at Options 5, Section 4(a)(iii)(C)(4).

Proposed Options 5, Section 4(a)(iii)(C)(5) provides,

A SRCH Order received after an Opening Process that is marketable against the BBO when the ABBO is equal to the BBO will be traded on the Exchange at the BBO. If the SRCH Order has size remaining after exhausting the BBO, it will initiate a Route Timer and expose the SRCH Order at the ABBO to allow participants and other market participants an opportunity to interact with the remainder of the SRCH Order. During the Route Timer, the SRCH Order will be included in the BBO at a price one MPV away from the ABBO.

This proposed paragraph describes a scenario that is currently not provided for within NOM's rule. This scenario explains when a SRCH Order, received after the Opening Process, is marketable against the BBO when the ABBO is equal to the BBO. In this case, the SRCH Order will be traded at the BBO price. If size remains, it will start a Route Timer and expose the SRCH Order at the ABBO and display the SRCH Order one MPV away from the ABBO so as not to lock the away market. During the Route Timer, the SRCH Order will be included in the BBO at a price one MPV away from the ABBO. Proposed Options 5, Section 4(a)(iii)(C)(5) is identical to NTX Options at Options 5, Section 4(a)(iii)(C)(5). The following sentence, "If, during the Route Timer, any new interest arrives opposite the SRCH Order that is equal to or better than the ABBO price, the SRCH Order will trade against such new interest at the ABBO price" is contained within proposed Options 5, Section 4(a)(iii)(C)(2), and generally describes SRCH Orders.

Proposed Options 5, Section 4(a)(iii)(C)(6) provides,

If, at the end of the Route Timer pursuant to subparagraph (5) above, the SRCH Order is still marketable with the ABBO, the SRCH Order will route to an away market up to a size equal to the lesser of either: (1) the away markets' size, or (2) the remaining size of the SRCH Order. If the SRCH Order still has remaining size after routing, it may: (i) trade at the next BBO price (or prices) if the order price is locking or crossing that price (or prices) up to the ABBO price, and/or (ii) be entered into the Order Book at its limit price if not locking or crossing the BBO or the ABBO.

The Exchange proposes to note what occurs at the end of the Route Timer in paragraph (5) within proposed Options 5, Section 4(a)(iii)(C)(6). If the SRCH Order is still marketable with the ABBO, the SRCH Order will route up to a size equal to the lesser of either: (1) the away markets' size, or (2) the remaining size of the SRCH Order. If the SRCH Order still has remaining size after such routing, it may: (i) trade at the next BBO price (or prices) if the order price is locking or crossing that price (or prices) up to the ABBO price, and/or (ii) be entered into the Order Book at its limit price if not locking or crossing the BBO or the ABBO. As mentioned also during the proposed Opening Process, once on the Order Book, the SRCH Order is eligible for routing if it is locked or crossed by an away market. The Exchange believes that noting each potential scenario within the SRCH Order rule text will provide market participants with clarity as to the expected System handling. Proposed Options 5, Section 4(a)(iii)(C)(6) is identical to NTX Options at Options 5, Section 4(a)(iii)(C)(6).

The Exchange proposes to delete current Options 5, Section 4(a)(iii)(C)(2) and (3) and replace that language with similar text within proposed Options 5, Section 4(a)(iii)(C)(7) which provides,

A SRCH Order received after an Opening Process that is marketable against the ABBO when the ABBO is better than the BBO will initiate a Route Timer, and expose the SRCH Order at the ABBO to allow participants and other market participants an opportunity to interact with the SRCH Order. If during the Route Timer, the ABBO markets move such that the SRCH Order is no longer marketable against the ABBO, it may: (i) trade at the next BBO price (or prices) if the SRCH Order price is locking or crossing that price (or prices), and/or (ii) be entered into the Order Book at its limit price if not locking or crossing the BBO.

The first sentence of this proposed rule is the same as the last sentence of

current NOM Options 5, Section 4(a)(iii)(C)(1). In this scenario, the SRCH Order is received after the Opening Process and is marketable against the ABBO when the ABBO is better than the BBO. A Route Timer will initiate and expose the SRCH Order at the ABBO to provide an opportunity to trade with the SRCH Order. If during the Route Timer, the ABBO markets move such that the SRCH Order is no longer marketable against the ABBO a few scenarios are possible: The SRCH Order may: (i) trade at the next BBO price (or prices) if the SRCH Order price is locking or crossing that price (or prices), and/or (ii) be entered into the Order Book at its limit price if not locking or crossing the BBO. This rule text is identical to NTX Options at Options 5, Section 4(a)(iii)(C)(7).

Proposed Options 5, Section 4(a)(iii)(C)(8) provides,

If, at the end of the Route Timer pursuant to subparagraph (7) above, the ABBO is still the best price and is marketable with the SRCH Order, the order will route to the away market(s) whose disseminated price(s) is better than the BBO, up to a size equal to the lesser of either: (1) the away markets' size, or (2) the remaining size of the SRCH Order. If the SRCH Order still has remaining size after such routing, it may: (i) trade at the next BBO price (or prices) if the order price is locking or crossing that price (or prices) up to the ABBO price, and/or (ii) be entered into the Order Book at its limit price if not locking or crossing the BBO or the ABBO.

This scenario considers what is possible at the end of the Route Timer within proposed Options 5, Section 4(a)(iii)(C)(7). If the ABBO is still at the best price and is marketable with the SRCH Order, the order will route to the away market with a price that is better than the BBO, up to a size equal to the lesser of either: (1) the away markets' size, or (2) the remaining size of the SRCH Order. If the SRCH Order still has remaining size after such routing, there are various possibilities, the SRCH Order may: (i) trade at the next BBO price (or prices) if the order price is locking or crossing that price (or prices) up to the ABBO price, and/or (ii) be entered into the Order Book at its limit price if not locking or crossing the BBO or the ABBO. As is the case with SRCH Orders, once on the Order Book, the SRCH Order is eligible for routing if it is locked or crossed by an away market. Proposed Options 5, Section 4(a)(iii)(C)(8) is identical to NTX Options at Options 5, Section 4(a)(iii)(C)(8).

Proposed Options 5, Section 4(a)(iii)(C)(9) provides, “A SRCH Order that is routed to an away market(s) will be marked as an ISO and designated as an IOC Order.” This sentence is identical to NTX Options at Options 5, Section 4(a)(iii)(C)(9). This paragraph, which is currently not contained in NOM’s rule, represents existing System functionality. Describing the manner in which an IOC Order will be marked will provide greater transparency to the Exchange’s current rule.

Options 6, Section 1

By way of background, Options 6, Section 1 allows a Clearing Member to opt in, at The Options Clearing Corporation (“OCC”) clearing number level, to a feature that, if enabled by the Clearing Member, will allow the Clearing Member to specify which Participants are authorized to give up that OCC clearing number. For each transaction in which a Participant participates, the Participant may indicate, at the time of the trade or through post trade allocation, any OCC number of a Clearing Member through which a transaction will be cleared (“Give Up”), provided the Clearing Member has not elected to “Opt In,” and restrict one or more of its OCC number(s) (“Restricted OCC Number”). A Participant may Give Up a Restricted OCC Number provided the Participant has written authorization (“Authorized Member”). Clearing Members may request the Exchange restrict one or more of their OCC clearing numbers (“Opt In”). An Opt In remains in effect until the Clearing Member terminates the Opt In. If a Clearing Member does not Opt In, that Clearing Member’s OCC number may be subject to Give Up by any Participant.

The Exchange proposes to amend Options 6, Section 1, Authorization to Give Up, to align NOM’s process to that of ISE, GEMX and MRX Options 6, Section 1. The Exchange proposes amend Options 6, Section 1(c) which currently states, “The System will not allow an unauthorized Give Up with a Restricted OCC Number to be submitted at the firm mnemonic ¹³⁹ level at the point of order entry.” Today, the System will block the entry of the order from the outset. This is because a valid mnemonic will be required for any order to be submitted directly to the System, and a mnemonic will only be set up for a Participant if there is already a clearing arrangement in place

for that firm either through a Letter of Guarantee or in the case of a Restricted OCC Number, the Participant becoming an Authorized Participant. The System also restricts any post trade allocation changes if the Participant is not authorized to use a Restricted OCC Number.

At this time, the Exchange proposes to instead provide that “The System will not allow an unauthorized Participant to Give Up a Restricted OCC Number. If an unauthorized Give Up with a Restricted OCC Number is submitted to the System, the System will process that transaction using the Member’s default OCC clearing number.” With this change, if an unauthorized Give Up with a Restricted OCC Number is submitted to the System, the System will process that transaction using the Participant’s default OCC clearing number. With this proposed change, a Participant may amend the OCC clearing number to any valid OCC clearing number at the time of the trade, or through post trade allocation. Today, NOM Participants may not amend the OCC clearing number rather they may only utilize a permissible mnemonic to Give-Up a transaction. With this proposal, the Exchange also proposes to remove the sentence in Options 6, Section 1(a) which states, “All transactions will automatically clear through the Participant’s guarantor at the time of the trade” as this will no longer be the case. This amendment provides NOM Participants with greater flexibility.

Implementation

The Exchange will implement this rule change on or before December 20, 2026. NOM will migrate to the new platform on a symbol-by-symbol basis over a 2-week period.¹⁴⁰ The Exchange will issue an Options Trader Alert to Participants to provide notification of the symbols that will migrate and the relevant dates.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹⁴¹ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹⁴² in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the

public interest. As it relates to the elimination of fees for TradeInfo and QUO DROP, the Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹⁴³ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,¹⁴⁴ in particular, in that it provides for the equitable allocation of reasonable dues, fees, and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Generally, the Exchange’s proposal is intended to add or align certain System functionality with that of ISE, GEMX, MRX, Phlx, and NTX Options in order to provide a more consistent technology offering across affiliated Nasdaq options exchanges. A more harmonized technology offering, in turn, will simplify technology implementation, changes, and maintenance by market participants of the Exchange that are also participants on Nasdaq affiliated options exchanges. The Exchange’s proposal also seeks to provide greater harmonization between the rules of the Exchange and its affiliates, which would result in greater uniformity, and less burdensome and more efficient regulatory compliance by market participants. As such, the proposal would foster cooperation and coordination with persons engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national market system. The Exchange believes that more consistent rules will increase the understanding of the Exchange’s operations for market participants that are also participants on the Nasdaq affiliated options exchanges, thereby contributing to the protection of investors and the public interest. The proposal also seeks to memorialize existing functionality and add more granularity in the Exchange’s rules to describe how existing functionality operates today. The Exchange believes that such changes would remove impediments to and perfect the mechanism of a free and open market and a national market system because the proposed changes would promote transparency in Exchange rules and reducing potential confusion, thereby ensuring that members, regulators, and the public can more easily navigate the Exchange’s Rulebook and better understand how options trading is conducted on the Exchange.

¹³⁹ The term “mnemonic” means an acronym comprised of letters and/or numbers assigned to Participants. A Participant account may be associated with multiple mnemonics. See NOM Options 1, Section 1(a)(25).

¹⁴⁰ See <https://www.nasdaqtrader.com/MicroNews.aspx?id=OTU2026-2>.

¹⁴¹ 15 U.S.C. 78f(b).

¹⁴² 15 U.S.C. 78f(b)(5).

¹⁴³ 15 U.S.C. 78f(b).

¹⁴⁴ 15 U.S.C. 78f(b)(4) and (5).

Lead Market Makers

NOM's proposal to permit NOM Market Makers to act as Lead Market Makers, or "LMMs," in one or more options classes, provided the LMM meets certain obligations and quoting requirements as provided for in the new proposed rules is consistent with the Act. NOM operates in an intensely competitive environment and seeks to offer the same services that its competitors offer and in which its customers find value.

Proposed Options 3, Section 3, Lead Market Maker Allocation, seeks to establish and promote just and equitable principles of trade by requiring each market maker who desires to be an LMM to submit an application to the Exchange providing certain basic information and other information, as necessary. The solicitation process is intended to provide all LMMs an opportunity to seek allocations by requiring allocation applications to be submitted in writing to the Exchange with certain information. The Exchange intends to foster cooperation and coordination with LMMs by requiring information concerning the LMM's experience and capitalization and other information to ensure that an LMM is qualified when allocated option series. LMMs would be required to update information accordingly once they are assigned in an option series.

NOM seeks to allocate option series by considering a number of factors including but not limited to, the number and type of securities in which applicants are currently registered; the capital and other resources of the applicant; recent allocation decisions within the past eighteen months; the desirability of encouraging the entry of new LMMs into the Exchange's market; order flow commitments; any prior transfers of LMM privileges by the applicant and the reasons therefore; quality of markets data; and observance of ethical standards and administrative responsibilities and such policies as the Board instructs the Exchange to follow in allocating or reallocating securities. These factors are intended to assist the Exchange in determining which LMMs qualify for allocations and the LMM's ability to meet its obligations. The process of allocating securities considers such factors to protect investors and the public interest by allocating to qualified and responsible Options Participants. Further, an LMM may be called upon by NOM Regulation to submit a single quote or maintain continuous quotes in one or more series of an option issue within its appointment whenever, in the judgment

of NOM Regulation, it is necessary to do so in the interest of maintaining fair and orderly markets. An LMM will be compelled to buy/sell a specified quantity of option contracts at the disseminated bid/offer pursuant to his obligations with respect to firm quotes.

With respect to proposed new rules in Options 3, Section 4, Obligations of Market Makers and Lead Market Makers, an LMM's obligations in, the Exchange would require LMMs to be subject to heightened standards as compared to other market makers which is consistent with Act and the protection of investors and the general public.

LMM's transactions should constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and no LMM should enter into transactions or make bids or offers that are inconsistent with such a course of dealings. An LMM is expected to engage, to a reasonable degree under the existing circumstances, in dealings for his own account when there exists, or it is reasonably anticipated that there will exist, a lack of price continuity, a temporary disparity between the supply of and demand for a particular option contract, or a temporary distortion of the price relationships between option contracts of the same class. The Exchange will obligate an LMM to certain conduct including: (1) to compete with other LMMs to improve the market in all series of options classes to which the LMM is appointed; (2) to make markets that will be honored for the number of contracts entered into the Trading System in all series of options classes within the LMM's appointment; (3) to update market quotations in response to changed market conditions in all series of options classes within the LMM's appointment; (4) to quote with a difference not to exceed \$5 between the bid and offer regardless of the price of the bid; (5) to establish quote width differences other than as provided in subparagraph (4) for one or more options series; (6) and certain permissible price differentials.

With respect to classes of options contracts outside of their appointment, LMMs will not be permitted to engage in transactions for an account in which they have an interest that are disproportionate in relation to, or in derogation of, the performance of their obligations as specified in this Rule with respect to the classes in their appointment. LMMs are also prohibited from entering into certain agreements that may undermine the LMMs' obligations.

The Exchange's proposal to separately calculate Market Maker and Lead Market Maker quoting obligations where the Participant is assigned as both Lead Market Maker and Market Maker in an options series is consistent with the Act. Specifically, the Exchange's proposal would only consider quotes submitted through the Specialized Quote Feed interface utilizing badges and options series assigned to a Lead Market Maker when calculating whether a Participant acting as a Lead Market Maker has satisfied the requirements to provide two-sided quotations in 90% of the cumulative number of seconds, or such higher percentage as NOM may announce for which that Participant's assigned options series are open for trading. Similarly, the Exchange's proposal would only consider quotes submitted through the Specialized Quote Feed interface utilizing badges and option series assigned to a Market Maker when calculating whether a Participant acting as a Market Maker has satisfied the requirements to provide two-sided quotations in 60% of the cumulative number of seconds, or such higher percentage as NOM may announce for which that Participant's assigned options series are open for trading. Calculating the Lead Market Maker requirement separate from the Market Maker requirement, where a Participant is assigned in both roles in an options series, would ensure that the Participant quotes the requisite number of seconds in an assigned options series, when acting as both Lead Market Maker and Market Maker. This would ensure that an Options Participant adds the requisite amount of liquidity in that assigned options series in exchange for certain benefits offered by the Exchange to the Options Participant, such as enhanced Lead Market Maker allocation in addition to the Options Participant fulfilling other market making obligations specified in Options 2, Section 4(a) and (b).

LMMs, associated with the same Options Participant, are collectively required to provide two-sided quotations in 90% of the cumulative number of seconds, or such higher percentage as NOM may announce in advance, for which that Option Participant's assigned options series are open for trading. An LMM shall not be required to make two-sided markets in any Quarterly Option Series, any Adjusted Option Series, and any option series with an expiration of nine months or greater for options on equities and ETFs or with an expiration of twelve months or greater for index options. However, an LMM may still receive a

participation entitlement in such series if it elects to quote in such series and otherwise satisfies the requirements of Options 3, Section 10.¹⁴⁵ Providing an LMM with these enhancements after all Public Customer orders have been fully executed provided the LMM's quote is at or improves on the better of the NBBO or internal BBO as well as an allocation for Orders for 5 contracts or fewer provided the Lead Market Maker's quote is at the better of the internal BBO or the NBBO with no other Public Customer interest which has a higher priority is consistent with the Act as this will promote liquidity on the Exchange. The Exchange believes that LMM's will provide tighter spreads as a result of the opportunity to receive these enhancements. Tighter spread may cause an additional corresponding increase in order flow from other market participants. The Exchange believes that the obligations set forth for LMMs in its proposed rules will promote just and equitable principles of trade, foster cooperation and coordination with persons engaged in facilitating transactions in securities, and, in general, to protect investors and the public interest.

The Exchange believes that offering LMMs participation entitlements promotes just and equitable principles of trade because LMMs will be held to a higher standard as compared to other market participants including Market Makers. A Market Maker would be required, pursuant to this proposal, to quote 60% of the trading day. LMMs are being held to a higher obligation and therefore are being rewarded with participation entitlements. Similar to Market Makers, LMMs add value through continuous quoting and the commitment of capital. In addition, the LMM quoting requirements promote liquidity and continuity in the marketplace in requiring LMMs to be held to a higher standard of quoting. The Exchange also believes that the proposed rule change supports the quality of the Exchange's markets because it maintains the quoting obligations of Market Makers as LMMs at 90%. LMM transactions must constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market. Accordingly, the proposed rule change supports the quality of the Exchange's trading markets by helping to ensure that LMMs will be required to meet a higher quoting standard in order to reap the benefits of the participation entitlements. The Exchange believes this proposed change to offer

participation entitlements to LMMs is offset by LMMs' continued responsibilities to provide significant liquidity to the market to the benefit of market participants.

The proposed rule text at proposed Options 2, Section 3, Options 2, Section 4(e)–(l) and Options 3, Section 10(a)(1)(C)(2) and (3) is identical to rule text on NTX Options at Options 2, Section 3, Options 2, Section 4(e)–(l) and Options 3, Section 10(a)(2)(ii) and Options 2, Section 6

The Exchange believes that permitting Market Makers to enter all eligible order types, except Reserve Orders as noted in proposed Options 2, Section 6, in both appointed and non-appointed options classes, is consistent with the Act. The proposed text is identical to ISE, GEMX and MRX Options 2, Section 6. Unlike other order types, the Reserve Order is a limit order that contains both a displayed portion and a non-displayed portion. Both the displayed and non-displayed portions of a Reserve Order are available for potential execution against incoming marketable orders. When the displayed portion of a Reserve Order is decremented, either in full or in part, it shall be refreshed from the non-displayed portion of the resting Reserve Order. The Exchange believes that because a Reserve Order contains a non-displayed portion, Market Makers should not be permitted to enter this order type. Market Makers are required to make markets that, absent changed market conditions, will be honored for the number of contracts entered into the Exchange's System in all series of options classes to which the market maker is appointed.

Market Makers continue to be obligated to add liquidity on the Exchange. Options 2, Section 6(b) restricts the number of contracts that a Market Maker may enter in an options class to which the Market Maker is not appointed. Options 2, Section 5 requires Market Makers to abide by certain quoting requirements, in the options classes in which they are appointed, in order to maintain the status of a Market Maker. The Exchange believes that permitting a Market Maker to enter additional eligible order types, except Reserve Orders, in their appointed options class will permit Market Makers additional latitude to conduct business on the Exchange and effectively compete with other market makers on other options exchanges. Quotes and orders entered by a Market Maker may not interact against quotes and orders entered on the opposite side of the market by the same Market Maker

pursuant to Options 3, Section 15(c)(1) which describes Anti-Internalization.

Options 3, Section 3

The Exchange's proposal to amend Options 3, Section 3(c), to no longer permit quotes to be submitted to the Exchange in sub-pennies is consistent with the Act. Requiring quotes to be submitted in at valid minimum price increments will standardize NOM to the behavior of other Nasdaq affiliated exchanges that do not permit quotes to be permitted in sub-pennies. Other Nasdaq affiliated exchanges require quotes to be submitted in minimum price increments. However, unlike NOM, other Nasdaq affiliated exchanges do not offer Price Improving Orders which are submitted to the Exchange in increments smaller than the minimum price variation.¹⁴⁶ Any quote submitted in a sub-penny would be rejected by the System as a result of the technology migration.

Further, the Exchange's proposal to amend the current text of Options 3, Section 3(c) to provide that quotes are displayed at a minimum price variation pursuant to Options 3, Section 4(b)(6)¹⁴⁷ will harmonize the Exchange's rule text. Today, quotes are accessible to be traded at the trading increment in which they are entered, however quotes are displayed by the System at a minimum price variation.

Options 3, Section 7

The Exchange believes that the proposed changes to the rules governing Exchange order types are consistent with the Act. As discussed above, the proposed changes consist of several functional enhancements to align the Exchange's order types to existing ISE, GEMX and MRX order types, and rule adjustments that add more specificity and clarity to existing order types.

¹⁴⁶ A Price Improving Order is an order to buy or sell an option at a specified price at an increment smaller than the minimum price variation in the security. Price Improving Orders may be entered in increments as small as one cent. Price Improving Orders that are available for display shall be displayed at the minimum price variation in that security and shall be rounded up for sell orders and rounded down for buy orders. See current Options 3, Section 7(a)(5).

¹⁴⁷ Options 3, Section 4(b)(6) provides that, a quote will not be executed at a price that trades through another market or displayed at a price that would lock or cross another market. If, at the time of entry, a quote would cause a locked or crossed market violation or would cause a trade-through, violation, it will be re-priced to the current national best offer (for bids) or the current national best bid (for offers) as non-displayed and displayed at one minimum price variance above (for offers) or below (for bids) the national best price.

¹⁴⁵ See proposed NOM Options 2, Section 4(j)(1).

Market Orders

The Exchange believes that the proposed changes to the definition of Market Orders in proposed Options 3, Section 7(a) are consistent with the Act. The Exchange proposes to amend the description of Market Orders and relocate the order type from Options 3, Section 7(a)(4) to Options 3, Section 7(a) without any substantive change to the rule.

Limit Orders

The Exchange's proposal to amend and relocate "Limit Orders" from current Options 3, Section 7(a)(2) to proposed Options 3, Section 7(b) is consistent with the Act. The Exchange proposes to slightly modify the text in a non-substantive matter to align to ISE, GEMX and MRX Options 3, Section 7(b) with respect to the description of a Limit Order and a Marketable Limit Order to provide at proposed Options 3, Section 7(b) that a Limit Order is an order to buy or sell a stated number of options contracts at a specified price or better. The Exchange proposes to state at Options 3, Section 7(b)(1) that a Marketable Limit Order is a limit order to buy (sell) at or above (below) the best offer (bid) on the Exchange. The Exchange proposes to define a Fill-or-Kill Orders as a Limit Order that is to be executed in its entirety as soon as it is received and, if not so executed, treated as cancelled similar to ISE, GEMX and MRX Options 3, Section 7(b)(2).

The Exchange proposes to amend and relocate the Intermarket Sweep Order from current Options 3, Section 7(a)(7) to proposed Options 3, Section 7(b)(3) under Limit Orders with rule text that is substantively identical except that the Exchange is removing the sentence that state, "ISOs may be entered on the Order Book" and ". . . are handled within the System pursuant to Options 3, Section 10 and shall not be eligible for routing as set out in Options 5, Section 4." Because all orders may be entered on the Order Book, the sentence is not necessary. Further, all orders are subject to the allocation process in Options 3, Section 10. ISO orders shall not be routable, as specified in Options 5, Section 4, as it meets the requirements of Options 5, Section 1(8). The Exchange's proposal aligns NOM's rule text for ISO Orders with that of ISE, GEMX and MRX at Options 3, Section 7(b)(3).

All-or-None Orders

The Exchange's proposal to amend and relocate the All-or-None Orders or "AON" Orders from current Options 3,

Section 7(a)(8) to proposed Options 3, Section 7(c) is consistent with the Act. The Exchange proposes to add a new sentence which states that AON Orders will only execute against multiple, aggregated orders if the executions would occur simultaneously. This is true for NOM today. The handling of AONs as described in the proposed rule text in Options 3, Section 7(c) is consistent with the Exchange's allocation methodology in Options 3, Section 10. The additional detail makes clear that because of the size contingency of AON Orders, those orders must be satisfied simultaneously to avoid any priority conflict on the order book, which considers current displayed NBBO prices to avoid locked and crossed markets as well as trade-throughs. Additionally, the rule text will be harmonized to ISE, GEMX and MRX Options 3, Section 7(c). The Exchange also proposes to amend the sentence that states, "All-or-None Orders received prior to the opening cross or after market close will be rejected" to harmonize the rule text to ISE, GEMX and MRX Options 3, Section 7(c). The Exchange proposes to modify this sentence to instead provide that AON Orders may not be submitted during the Opening Process.¹⁴⁸ The current rule text similarly prohibits the submission of AON Orders before the market opens, which occurs at the end of the Opening Process.

Stop and Stop Limit Orders

The Exchange believes that the proposed new definitions of Stop and Stop-Limit Orders in Options 3, Sections 7(d) and 7(e), respectively, are consistent with the Act and will provide NOM Participants with the opportunity to enter the same types of orders available to those members of ISE, GEMX and MRX. The Exchange proposes to describe a Stop Order as an order that becomes a Market Order when the stop price is elected. A Stop Order to buy is elected when the option is bid or trades on the Exchange at, or above, the specified stop price. A Stop Order to sell is elected when the option is offered or trades on the Exchange at, or below, the specified stop price. A Stop Order shall be cancelled if it is immediately electable upon receipt. Stop Orders may only be entered through FIX. A Stop Order shall not be elected by a trade that is reported late.¹⁴⁹ The Exchange also proposes to

adopt a Stop Limit Order at proposed Options 3, Section 7(e). The Exchange proposes to provide that a Stop Limit Order is an order that becomes a Limit Order when the stop price is elected. A Stop Limit Order to buy is elected when the option is bid or trades on the Exchange at, or above, the specified stop price. A Stop Limit Order to sell becomes a sell limit order when the option is offered or trades on the Exchange at, or below, the specified stop price. A Stop Limit Order shall be cancelled if it is immediately electable upon receipt. Stop Limit Orders may only be entered through FIX. A Stop Limit Order shall not be elected by a trade that is reported late or out of sequence.

A Stop Order is not elected by a trade that is reported late to ensure systemically that a Stop Order would be elected on the Exchange by the execution price at the actual time of the execution, instead of at the time that is late. Absent this provision, it would be possible for a Stop Order to be elected by a trade that is reported late, which could result in such Stop Order being converted into a Market Order or a Limit Order and, in the case of a Stop Order executed at a significantly different price than the election price of the Stop Order.¹⁵⁰ A Stop Order that is reported out of sequence would also cause the same concerns.

Cancel and Replace Orders

The Exchange's proposal to amend and relocate the Cancel and Replace Order description from Options 3, Section 7(a)(1) to proposed Options 3, Section 7(f) is consistent with the Act as the Exchange is not proposing to substantively amend the description of a Cancel and Replace Order, except that the Exchange proposes to introduce Reserve Orders. The Exchange proposes to modify the Cancel and Replace Order so that it is identical to functionality on ISE, GEMX and MRX at Options 3, Section 7(f). The Exchange proposes to state that in the case of Reserve Orders, the replacement order will retain the priority of the cancelled order, if the order posts to the Order Book, provided the price is not amended or size (displayed and non-displayed) is not changed. Because a Reserve Order has both a displayed and non-displayed portion, this additional language makes

Order. NOM does not currently offer Complex Orders, therefore it is not adding that sentence.

¹⁵⁰ For example, if a Stop Order to sell at \$3.00 is elected by a trade reported late or out-of-sequence with an execution price of \$3.00 when the actual bid price at the time of the report is \$1.00, the Stop Order would be converted into a market order and executed at \$1.00.

¹⁴⁸ NOM's amended Opening Process is described in Options 3, Section 8.

¹⁴⁹ ISE and MRX Options 3, Section 7(c) also provide that a Stop Order is not elected by a Complex Order trading with another Complex

clear the System handling for this order type.

Also, the Exchange proposes to add language to provide that if the replacement portion of a Cancel and Replace Order does not satisfy the System's price or other reasonability checks (e.g., Order Price Protection and Market Order Spread Protection within Options 3, Section 15(a)(1) and (a)(2), respectively); the existing order shall be cancelled and not replaced. The Limit Order Price Protection and Market Order Spread Protection are the only risk protections within Options 3, Section 15 (Risk Protections) that are applicable. Price or other reasonability checks consider the current market at the time the Cancel and Replace Order is entered. The Exchange proposes to begin applying price or other reasonability checks to all Cancel and Replace Orders, similar to ISE, GEMX and MRX, to provide market participants with additional risk protection checks with the re-entry of the Cancel and Replace Order. This proposed rule is similar to ISE, GEMX and MRX Rules at Options 3, Section 7 at Supplementary Material .02. All risk protections are noted within Options 3, Section 15. Those risk protections apply throughout the Rulebook, except where otherwise noted. Finally, the Exchange is also proposing to remove the phrase ". . . with new terms and conditions" to harmonize the rule text to that of ISE, GEMX and MRX at Options 3, Section 7(f).

Reserve Orders

The Exchange's proposal to adopt a Reserve Order at Options 3, Section 7(g) that is identical to the order type in ISE, GEMX and MRX Options 3, Section 7(g) is consistent with the Act as it will align NOM's proposed functionality for a Reserve Order to that of ISE, GEMX and MRX and it will create consistent rules thereby increasing the understanding of the Exchange's operations for market participants that are also participants on the Nasdaq affiliated options exchanges which contributes to the protection of investors and the public interest. Both the displayed and non-displayed portions of a Reserve Order would be available for potential execution against incoming marketable orders. A non-marketable Reserve Order would rest on the order book. The displayed portion of a Reserve Order would be ranked at the specified limit price and the time of order entry. This new order type will be available to all Participants, except Market Makers pursuant to proposed Options 2, Section 6. The proposed rule change will promote competition as Reserve Orders will provide Participants

with additional flexibility to manage and display their orders and additional control over their executions on the Exchange. This may encourage market participants to bring additional liquidity to the market, which benefits all investors.

Price Improving Orders

The Exchange's proposal to relocate Price Improving Orders from current Options 7, Section (a)(5) to proposed Options 3, Section 7(m) without change is a non-substantive amendment and is consistent with the Act.

Add Liquidity Orders

The Exchange's proposal to relocate the Add Liquidity Order ("ALO") from current Options 3, Section 7(a)(9) to proposed Options 3, Section 7(n) and amend the rule text to conform to ISE, GEMX, MRX and Phlx, except with respect to re-pricing is consistent with the Act. Today, NOM's Add Liquidity Order differs from the Add Liquidity Orders on ISE, GEMX, MRX and Phlx because NOM's Add Liquidity Order reprices \$.01 below the current low offer (for bids) or above the current best bid (for offers) and displays the quote at one MPV below the current low offer (for bids) or above the current best bid (for offers). In contrast, ISE, GEMX, MRX and Phlx re-price to the minimum price variation above the national best bid price (for sell orders) or below the national best offer price (for buy orders) resulting in better-priced non-displayed interest that is available on the order book. Unlike ISE, GEMX, MRX and Phlx, NOM does not offer auction functionality. The Exchange is not amending NOM's re-pricing. With this migration, the Exchange will not permit Add Liquidity Orders received prior to the Opening Process to be eligible for execution during the Opening Process. The Exchange believes that not permitting Add Liquidity Orders during the Opening Process is consistent with the Act because these orders cannot add liquidity during the Opening Process at Options 3, Section 8.¹⁵¹ With the new Opening Process, Add Liquidity Orders would be excluded from the Opening Process. Finally, today, Add Liquidity Orders may not have a time-in-force designation of Good Til Cancelled or Immediate or Cancel. The Exchange has added a Good-Till-Date Time in Force with this proposal, so at this time, the Exchange proposes to simply note that Add Liquidity Orders may only have a time-in-force designation of Day.

¹⁵¹ The Exchange is also adopting a new Opening Process with this proposal.

Opening Sweep

The Exchange's proposal to adopt a new order type at proposed Options 3, Section 7(u), "Opening Sweep" that is identical to ISE, GEMX and MRX Options 3, Section 7(u) is consistent with the Act as it will allow NOM's Participants to trade with an order type identical to NTX Options Participants who utilize the same Opening Process as proposed herein for NOM. An Opening Sweep is a one-sided order entered by a Market Maker through SQF for execution against eligible interest in the System during the Opening Process. This order type is not subject to any protections listed in Options 3, Section 15, except for Automated Quotation Adjustments and Market Wide Risk Protection. The Opening Sweep will only participate in the Opening Process pursuant to Options 3, Section 8(b) and will be cancelled upon the open if not executed. The Exchange also proposes to amend the Opening Halt Cross at Options 3, Section 8 to describe the Opening Sweep in the proposed changes to that rule.

Time in Force Provisions

The Exchange's proposal to relocate the rule text concerning Time in Force from current Options 3, Section 7(b)¹⁵² to Supplementary Material .02 to Options 3, Section 7 without change is a non-substantive amendment.

Day Order

The Exchange's proposal to relocate a Day TIF from current Options 3, Section 7(b)(3)¹⁵³ to new Supplementary Material .02(a) to Options 3, Section 7 without substantive change is consistent with the Act. The minor proposed wording changes to the rule text of Day Order are identical to ISE, GEMX and MRX Supplementary Material .02(a) to Options 3, Section 7.¹⁵⁴

Good-Till-Cancelled

The Exchange's proposal to amend and relocate Good-Till-Cancelled from Options 3, Section 7(b)(4)¹⁵⁵ to

¹⁵² Current NOM Options 3, Section 7(b) states, The term "Time in Force" or "TIF" shall mean the period of time that the System will hold an order for potential execution, and shall include:

¹⁵³ "DAY" is an order entered with a TIF of "Day" that expires at the end of the day on which it was entered, if not executed. All orders by their terms are Day Orders unless otherwise specified. Day orders may be entered through FIX. See current NOM Options 3, Section 7(b)(3).

¹⁵⁴ NOM does not have a Precise protocol similar to ISE and GEMX.

¹⁵⁵ "Good Til Cancelled" or "GTC" is an order entered with a TIF of "GTC" that, if not fully executed, will remain available for potential display and/or execution unless cancelled by the entering party, or until the option expires, whichever comes first. GTC Orders shall be available for entry from

proposed Supplementary Material .02(b) to Options 3, Section 7 is consistent with the Act as the Exchange is not amending the System functionality of this order type and the proposed amendments to the text are non-substantive. The Exchange proposes to amend the current rule text to provide that an order to buy or sell entered with a TIF of “GTC” remains in force until the order is filled, canceled or the option contract expires; provided, however, that GTC orders will be canceled in the event of a corporate action that results in an adjustment to the terms of an option contract. The first sentence of the current text is simply worded differently; today GTC orders are canceled in the event of a corporate action that results in an adjustment to the terms of an option contract. The Exchange is adding this rule text concerning a corporate action to clarify the current System behavior. The proposed GTC description is identical to the rule text in ISE, GEMX and MRX Supplementary Material .02(b) to Options 3, Section 7.

Good-Till-Date

The Exchange’s proposal to adopt a new TIF designation, Good-Till-Date or “GTD” at Supplementary Material .02(c) to Options 3, Section 7 which is identical to ISE, GEMX and MRX’s Good-Till-Date TIF at Supplementary Material .02(c) to Options 3, Section 7 is consistent with the Act because this additional TIF will provide Participants with additional opportunities when trading on the Exchange. A Good-Till-Date TIF is an order to buy or sell entered with a TIF of “GTD,” which, if not executed, would be cancelled at the sooner of the end of the expiration date assigned to the order, or the expiration of the series; provided, however, that GTD Orders would be canceled in the event of a corporate action that results in an adjustment to the terms of an option contract. GTD Orders will only be available on FIX, similar to ISE, GEMX and MRX Supplementary Material .02(c) to Options 3, Section 7.

Immediate-or-Cancel

The Exchange’s proposal to relocate Immediate-or-Cancel from Options 3, Section 7(c)(2) ¹⁵⁶ to Supplementary

the time prior to market open specified by the Exchange until market close. GTC Orders may only be entered through FIX. See current NOM Options 3, Section 7(b)(4).

¹⁵⁶ Current NOM Options 3, Section 7(b)(2) states (d) “Immediate-or-Cancel” or “IOC” is a Market Order or Limit Order to be executed in whole or in part upon receipt. Any portion not so executed is cancelled and/or routed pursuant to Participant’s instruction. IOC orders may be entered through FIX, or SQF, provided that an IOC Order entered by a

Material .02(d) to Options 3, Section 7 with minor non-substantive wording amendments that are intended to align with rule text in ISE, GEMX and MRX Supplementary Material .02(d) to Options 3, Section 7 is consistent with the Act.

Opening Only

The Exchange’s proposal to replace the “On the Open Order” time-in-force or “TIF” currently located at Options 3, Section 7(b)(1) with an “Opening Only” or “OPG” TIF, which can only be executed in the Opening Process pursuant to Options 3, Section 8 is consistent with the Act. Any portion of an Opening Only order that is not executed during the Opening Process would be cancelled. This order type would not be subject to any protections listed in Options 3, Section 15. Finally, the Exchange proposes to note that OPG orders may not route. This order type is identical to the OPG order in ISE, GEMX and MRX Supplementary Material .02(e) to Options 3, Section 7.

Order Entry Protocols

The Exchange’s proposal to amend the FIX protocol to note that similar to ISE, GEMX and MRX at Supplementary Material .03(a) to Options 3, Section 7, that the Exchange will commence offering post trade allocation messages is consistent with the Act as it will allow NOM Participants the same functionality that is available to ISE, GEMX and MRX members today. A post trade allocation message allows market participants to specify how an order should be subdivided among one or more accounts.¹⁵⁷ Today, ISE, GEMX and MRX provide post trade allocation messages through FIX.¹⁵⁸

The Exchange does not propose to amend the SQF Protocol other than to re-letter the protocol from “B” to “c” within Supplementary Material .03 to Options 3, Section 7.

The Exchange’s proposal to amend “QUO” (renamed OTTO) to no longer treat orders as quotes entered by Market Makers and permit order entry by all NOM Participants as two-sided orders is consistent with the Act as the Exchange believes that this amendment will expand the use of this protocol to all NOM Participants instead of just Market Makers. The protocol will otherwise

Market Maker through SQF is not subject to the Order Price Protection, the Market Order Spread Protection, or Size Limitation in Options 3, Section 15(a)(1), (a)(2), and (b)(2), respectively. IOC Orders entered through SQF may not route.

¹⁵⁷ For example, a member may specify the account(s) and their respective order quantities which make up the order.

¹⁵⁸ See ISE, GEMX and MRX Supplementary Material .03(a)(i) of Options 3, Section 7.

continue to function as it does today, except that orders would now be subject to the Order Price Protection or Size Limitation in Options 3, Section 15(a)(1) and (b)(2). The protocol would continue to include (1) options symbol directory messages (e.g., underlying); (2) system event messages (e.g., start of trading hours messages and start of opening); (3) trading action messages (e.g., halts and resumes); (4) execution messages; (5) order messages; and (6) risk protection triggers and cancel notifications. SQF would continue to be available for Market Makers for quote entry. This new protocol would be in addition to the FIX protocol. The Exchange believes that this amended protocol will allow a greater number of market participants on NOM to utilize the protocol. Additionally, the protocol would be identical to the OTTO protocol offered on all other Nasdaq affiliated options markets.

Routing

The Exchange’s proposal to relocate the rule text at Options 3, Section 7(c) ¹⁵⁹ to Supplementary Material .04 of Options 3, Section 7 and amend that rule text to provide “Orders may be entered on the Exchange with a routing strategy of FIND, SRCH or Do-Not-Route (“DNR”) as provided in Options 5, Section 4 through FIX only” are consistent with the Act. The Exchange proposes to align NOM’s routing options to that of all other Nasdaq affiliated options markets by offering FIND as a routing options in lieu of SEEK as explained in this proposal.

Order Size

The Exchange’s removal of the term “Order Size” is consistent with the Act as that term is not utilized in the Exchanges rules.

Options 3, Section 8

The Exchange’s proposal to amend Options 3, Section 8, Opening Halt Cross, by replacing it with an opening that is identical to NTX Options at Options 3, Section 8 except which respect to the offering of Reserve Orders, is consistent with the Act because it will enhance NOM’s current opening while retaining certain elements of its current process, such as the Valid Width NBBO.¹⁶⁰ Also, the proposed

¹⁵⁹ Current NOM Options 3, Section 7(c) provides, Routing Strategies. Orders may be entered on the Exchange with a routing strategy of SEEK, SRCH or Do-Not-Route (“DNR”) as provided in Options 5, Section 4 through FIX only.

¹⁶⁰ The Exchange proposes to retain the Valid Width NBBO requirements with respect to Opening With a Trade pursuant to proposed Options 3, Section 8(i) and (j).

amendments will continue to allow NOM to open with an optimal price, as the proposed rule further limits the opening price boundaries. At a high level, the proposal would permit the price of the underlying security to settle down and not flicker back and forth among prices after its opening. It is common for a stock to fluctuate in price immediately upon opening; such volatility reflects a natural uncertainty about the ultimate Opening Price, while the buy and sell interest is matched. The proposed rule provides for a range of no less than 100 milliseconds and no more than 5 seconds, in order to ensure that it has the ability to adjust the period for which the underlying security must be open on the primary market. The Exchange may determine that in periods of high/low volatility that allowing the underlying to be open for a longer/shorter period of time may help to ensure more stability in the marketplace prior to initiating the Opening Process.

Definitions

The Exchange's proposal amends and alphabetizes the current definitions within Options 3, Section 8(a). The Exchange proposes to set forth the following terms: "Away Best Bid or Offer" or "ABBO;" "imbalance;" "market for the underlying security;" "Opening Price;" "Opening Process;" "Potential Opening Price;" "Pre-Market BBO;" "Valid Width National Best Bid or Offer" or "Valid Width NBBO;" "Valid Width Quote," and "Zero Bid Market." The amendment of the "Definitions" section is consistent with the Act because the terms will assist market participants in understanding the meaning of terms used throughout the proposed Rule.

With respect to the amendment to the definition of the term, "market for the underlying security," the Exchange's proposal would remove the concept of a primary volume market and replace that concept with an alternative market designated by the primary market. It is most likely the case that the primary market is the primary volume market, so this term offers no contingency in most cases. The primary market has the ability to designate an alternate primary market when the primary market is experiencing difficulties. In those situations, the Exchange proposes to utilize the alternate primary market to open its market. For example, in the event that the New York Stock Exchange LLC was unable to open because of an issue with its market and it designated NYSE Arca as its alternative market, then NOM would utilize NYSE Arca as the market for the underlying security.

Second, the Exchange proposes another alternative in the event that the primary market does not open, and an alternate primary market is not designated and/or is also unable to open. In this situation, the Exchange proposes to utilize a non-primary market to open its market. The Exchange will select the non-primary market with the most liquidity in the aggregate for all underlying securities from the primary market for the previous two calendar months, excluding the primary and alternate markets. For example, in the event that the New York Stock Exchange LLC was unable to open because of an issue with its market and it designated NYSE Arca as its alternative market, and the alternate primary was unable to open or NYSE was unable to designate an alternate market because of system difficulties, then NOM would determine which non-primary market had the most liquidity in the aggregate for all underlying securities for the previous two calendar months, excluding the primary and alternate markets. The Exchange would utilize that market to open all underlying securities from the primary market. In order to open an option series, it would require an equity market's underlying quote. Utilizing a non-primary market with the most liquidity in the aggregate for all underlying securities for the previous two calendar months will ensure that the Exchange opens based on the next best alternative to the primary market given the circumstances. This contingency will provide the Exchange with the ability to open in situations where the primary market is experiencing an issue, and also where an alternative primary market may also be impacted. The Exchange believes that this proposal would protect investors and the general public by providing additional venues for NOM to utilize as part of its Opening Process and thereby allow investors to transact on its market. The Exchange desires to open its market despite any issues that may arise with the underlying market. The Exchange proposes alternate methods to open its market to account for situations which may arise if the primary market is unable to open, and if the proposed alternate designated market is unable to open. Once the market opens with an underlying price, the options market may continue to trade for the remainder of the trading day. The Exchange believes it benefits investors and the general public to have the options market available to enter new positions, or close open positions. This term is

identical to NTX Options at Options 3, Section 8(a).

Eligible Interest

The first part of the proposed Opening Process determines what constitutes eligible interest. The Exchange's proposal seeks to make clear what type of eligible opening interest is included. Valid Width Quotes, Opening Sweeps, and orders are included. Market Makers may submit quotes, Opening Sweeps and orders, however quotes, other than Valid Width Quotes, will not be included in the Opening Process. The Exchange believes that defining what qualifies as eligible interest is consistent with the Act because market participants will be provided with certainty, when submitting interest, as to which type of interest will be considered in the Opening Process.

Unlike the regular session where orders route if they cannot execute on NOM, the Opening Process is a price discovery process which considers interest, both on NOM and away markets, to determine the optimal bid and offer with which to open the market. The Opening Process seeks the price point at which the most number of contracts may be executed while protecting away market interest.

The Exchange's proposal to define an "Opening Sweep" within NOM Options 3, Section 7(b)(9) is identical to NTX Options at Options 3, Section 7(b)(9). As described in the order types section, the Exchange proposes to remove the current order type described as "On the Open Order" and instead adopt an "Opening Sweep" order type.¹⁶¹ The adoption of an Opening Sweep is consistent with the Act because the order type will permit Market Makers to continue to submit orders during the Opening Process for execution against eligible interest in the System. Other market participants may continue to also submit orders with a TIF of "OPG" for the Opening Process. As is the case today, only a Market Maker may enter an Opening Sweep into SQF for execution against eligible interest in the System during the Opening Process. Therefore, all Participants will continue to be able to enter orders into the Opening Process.

As mentioned in the order types section above, NOM also proposes to replace its current "TIF" of "On the Open Order" or "OPG" to an "Opening Only" or "OPG" TIF, which can only be executed in the Opening Process pursuant to Options 3, Section 8.¹⁶² Any

¹⁶¹ See proposed NOM Options 3, Section 7(u).

¹⁶² See proposed Supplementary Material .02(e) to NOM Options 3, Section 7.

portion of the order that is not executed during the Opening Process is cancelled. The Exchange believes that the adoption of the Opening Sweep and OPG Order is consistent with the Act in that Participants will be able to continue to submit orders to be entered into the Opening Process. These order types would continue to be invalid outside of the Opening Process; they may not be submitted in the regular trading session.

With respect to an Opening Sweep, the Exchange further provides the manner in which Opening Sweeps may be entered into the System. The Exchange proposes rule text within Options 3, Section 8(b)(1)(B) identical to NTX Options at Options 3, Section 8(b)(1)(B). An Opening Sweep may be entered at any price with a minimum price variation applicable to the affected series, on either side of the market, at single or multiple price level(s), and may be cancelled and re-entered. A single Market Maker may enter multiple Opening Sweeps, with each Opening Sweep at a different price level. If a Market Maker submits multiple Opening Sweeps, the System will consider only the most recent Opening Sweep at each price level submitted by such Market Maker. Unexecuted Opening Sweeps will be cancelled once the affected series is open.¹⁶³ The Exchange believes that the addition of Opening Sweeps will also provide certainty to market participants as to the manner in which the System will handle such interest.

With respect to trade allocation, proposed Options 3, Section 8(b)(2) states that the System will allocate pursuant to Options 3, Section 10, as is the case today. This rule text is identical to NTX Options at Options 3, Section 8(b)(2). The allocation methodology is not being amended with this proposal. The Exchange believes that this allocation is consistent with the Act because it is identical to the current allocation process on NOM in other trading sessions.

The Exchange proposes at Options 3, Section 8(d) the specific times that eligible interest may be submitted into NOM's System. The Exchange's proposed time for entering Market Maker Valid Width Quotes and Opening Sweeps (9:25 a.m.) eligible to participate in the Opening Process, are consistent with the Act because the times are intended to tie the option Opening Process to quoting in certain underlying securities¹⁶⁴ it presumes that option

quotes submitted before any indicative quotes have been disseminated for the underlying security may not be reliable or intentional. The Exchange believes the time represents a reasonable timeframe at which to begin utilizing option quotes, based on the Exchange's experience when underlying quotes start becoming available. The proposed language adds specificity to the rule regarding the submission of orders. This rule text is identical to NTX Options at Options 3, Section 8(d).

The Exchange's proposal at Options 3, Section 8(d)(1) describes when the Opening Process can begin with specific time-related triggers. The proposed rule, which provides that the Opening Process for an option series will be conducted on or after 9:30 a.m., when the System has received an opening trade or quote on the market for the underlying security in the case of equity options or in the case of index options is consistent with the Act. This requirement is intended to tie the option Opening Process to receipt of liquidity. If the System has not received an opening trade or quote on the market for the underlying security, the Exchange will not initiate the Opening Process or continue an ongoing Opening Process. The Exchange's proposal to amend its Opening Process is consistent with the Act because the new rule continues to seek the best price. This rule text is identical to NTX Options at Options 3, Section 8(d)(1).

Proposed Options 3, Section 8(d)(2) provides that for all options, the underlying security, including indexes, must be open on the market for the underlying security for a certain time period, as determined by the Exchange, for the Opening Process to commence. The time period shall be no less than 100 milliseconds and no more than 5 seconds.¹⁶⁵ This rule text is identical to NTX Options at Options 3, Section 8(d)(2). The Exchange's proposed rule considers the underlying security, including indexes, which must be open on the primary market for a certain time period for all options to be determined by the Exchange for the Opening Process to commence. The Exchange proposes a time period be no less than 100 milliseconds and no more than 5 seconds to permit the price of the underlying security to settle down and not flicker back and forth among prices after its opening. Since it is common for a stock to fluctuate in price immediately upon opening, the Exchange accounts for such volatility in its process. The volatility reflects a natural uncertainty about the ultimate Opening Price, while

the buy and sell interest is matched. The Exchange's proposed range is consistent with the Act, because it ensures that it has the ability to adjust the period for which the underlying security must be open on the primary market. The Exchange may determine that in periods of high/low volatility that allowing the underlying to be open for a longer/shorter period of time may help to ensure more stability in the marketplace prior to initiating the Opening Process. This rule text is identical to NTX

Options at Options 3, Section 8(d)(2). Proposed Options 3, Section 8(d)(3) provides that the Opening Process will stop and an option series will not open if the ABBO becomes crossed. Once this condition no longer exists, the Opening Process in the affected option series will start again pursuant to proposed paragraphs (f)–(k) of Options 3, Section 8. All eligible opening interest will continue to be considered during the Opening Process when the process is re-started. Not opening if the ABBO becomes crossed is consistent with the Act and the protection of investors and the public interest because a crossed ABBO is indicative of uncertainty in the marketplace with respect to where the option series should be valued. Waiting for the ABBO to become uncrossed before initiating the Opening Process ensures that there is stability in the marketplace and will assist the Exchange in determining the Opening Price. NOM will not consider if a Valid Width Quote(s) is no longer present. This rule text is identical to NTX Options at Options 3, Section 8(d)(3).

The Exchange's proposal to add rule text, within proposed Options 3, Section 8(d)(4), to make clear that the Exchange would not open with a trade, pursuant to proposed paragraph (i)(2) if a Valid Width NBBO is not present is consistent with the Act. Once this condition no longer exists, the Opening Process in the affected options series will start again pursuant to paragraphs (j) and (k) below. Today, NOM would not open with a trade unless there is a Valid Width NBBO present. This would remain the case with this proposal. The Exchange believes that the addition of this text provides market participants with an expectation of the circumstances under which the Exchange would open an option series, as well as price protection afforded to interest attempting to participate in the Opening Process on NOM. This rule text is identical to NTX Options at Options 3, Section 8(d)(4).

Reopening After a Trading Halt

In order to provide certainty to market participants in the event of a trading halt, the Exchange provides in its

¹⁶³ See proposed NOM Options 3, Section 8(b)(1)(B).

¹⁶⁴ For purposes of this rule, the underlying security can also be an index.

¹⁶⁵ See *supra* note 73.

proposal information regarding the manner in which a trading halt would impact the Opening Process. Proposed Options 3, Section 8(e) provides if there is a trading halt or pause in the underlying security, the Opening Process will start again, irrespective of the specific times listed in paragraph (d). The Exchange's proposal to restart, in the event of a trading halt, is consistent with the Act and promotes just and equitable principles of trade because the proposed rule ensures that there is stability in the marketplace in order to assist the Exchange in determining the Opening Price. Current NOM Options 3, Section 8(b) similarly provides that an Opening Cross shall occur when trading resumes after a trading halt. This rule text is identical to NTX Options at Options 3, Section 8(e).

Opening With a BBO

The Exchange's proposed rule at Options 3, Section 8(f) accounts for a situation where there are no opening quotes or orders that lock or cross each other and no routable orders locking or crossing the ABBO. In this situation, the System will open with an opening quote by disseminating the Exchange's best bid and offer among quotes and orders ("BBO") that exist in the System at that time, if any of the conditions are met (1) a Valid Width NBBO is present; (2) a certain number of other options exchanges (as determined by the Exchange) have disseminated a firm quote on OPRA; or (3) a certain period of time (as determined by the Exchange) has elapsed. These three conditions are similar to NOM's current rule text within Options 3, Section 8(b). The Exchange desires to maintain these three potential conditions which it believes are valid sources of liquidity to determine an Opening Price. NTX Options has identical rule text at Options 3, Section 8(f).

Further Opening Processes and Price Discovery Mechanism

The proposed rule at Options 3, Section 8(g), (h) and (i) promotes just and equitable principles of trade because, in arriving at the Potential Opening Price, the rule considers the maximum number of contracts that can be executed, which results in a price that is logical and reasonable in light of away markets and other interest present in the System. As noted herein, the Exchange's Opening Price is bounded by the OQR without trading through the limit price(s) of interest within OQR, which is unable to fully execute at the Opening Price, in order to provide Participants with assurance that their

orders will not be traded through. Although the Exchange applies other boundaries such as the BBO, the OQR provides a range of prices that may be able to satisfy additional contracts while still ensuring a reasonable Opening Price. The Exchange seeks to execute as much volume as is possible at the Opening Price. When choosing between multiple Opening Prices when some contracts would remain unexecuted, using the lowest bid or highest offer of the largest sized side of the market promotes just and equitable principles of trade because it uses size as a tie breaker.

The System will calculate an OQR pursuant to proposed Options 3, Section 8(j) for a particular option series that will be utilized in the price discovery mechanism if the Exchange has not opened, pursuant to the provisions in Options 3, Section 8(d)–(i). OQR would broaden the range of prices at which the Exchange may open to allow additional interest to be eligible for consideration in the Opening Process. OQR is intended to limit the Opening Price to a reasonable, middle ground price, and thus reduce the potential for erroneous trades during the Opening Process. Although the Exchange applies other boundaries such as the BBO, the OQR provides a range of prices that may be able to satisfy additional contracts while still ensuring a reasonable Opening Price. More specifically, the Exchange's Opening Price is bounded by the OQR without trading through the limit price(s) of interest within OQR, which is unable to fully execute at the Opening Price in order to provide participants with assurance that their orders will not be traded through. The Exchange seeks to execute as much volume as is possible at the Opening Price.

The Exchange's method for determining the Potential Opening Price and Opening Price is consistent with the Act because the proposed process seeks to discover a reasonable price and considers both interest present in NOM's System as well as away market interest. The Exchange's method seeks to validate the Opening Price and avoid opening at aberrant prices. The rule provides for opening with a trade, which is consistent with the Act, because it enables an immediate opening to occur within a certain boundary without need for the price discovery process. The boundary provides protections while still ensuring a reasonable Opening Price.

The proposed rule considers more than one Potential Opening Price, which is consistent with the Act, because it forces the Potential Opening Price to fall within the OQR boundary, thereby

providing price protection. Specifically, the mid-point calculation balances the price among interest participating in the Opening, when there is more than one price at which the maximum number of contracts could execute. Limiting the mid-point calculation to the OQR, when a price would otherwise fall outside of the OQR, ensures the final mid-point price will be within the protective OQR boundary. If there is more than one Potential Opening Price possible, where no contracts would be left unexecuted and any price used for the mid-point calculation is an away market price, when contracts will be routed, the System will use the away market price as the Potential Opening Price.

The Exchange's proposal to route all interest, pursuant to Options 3, Section 10(a)(1), is consistent with the Act. The Exchange believes that routing all routable interest will provide all market participants the opportunity to have their interest executed on away markets.

The price discovery mechanism at proposed Options 3, Section 8(k) reflects what is generally known as an imbalance process and is intended to attract liquidity to improve the price at which an option series will open as well as to maximize the number of contracts that can be executed on the opening. This process will only occur if the Exchange has not been able to otherwise open an option series utilizing the other processes available in proposed NOM Options 3, Section 8. The Exchange believes the process presented in the price discovery mechanism is consistent with just and equitable principles of trade because the process applies a proposed, wider boundary to identify the Opening Price and seeks additional liquidity. The price discovery mechanism also promotes just and equitable principles of trade by taking into account whether all interest can be fully executed, which helps investors by including as much interest as possible in the Opening Process. The Exchange believes that conducting the price discovery process in these situations protects opening orders from receiving a random price that does not reflect the totality of what is happening in the markets on the opening and also further protects opening interest from receiving a potentially erroneous execution price on the opening. Opening immediately has the benefit of speed and certainty, but that benefit must be weighed against the quality of the execution price and whether orders were left unexecuted. The Exchange believes that the proposed rule strikes an appropriate balance. Today, NOM would start imbalance messages even without a Valid Width NBBO. With the proposed

amendments, NOM would not start the imbalance process unless a Valid Width NBBO is present.

It is consistent with the Act not to consider away market liquidity, *i.e.*, away market volume, until the price discovery mechanism occurs because this proposed process provides for a swift, yet conservative opening. The Exchange is bounded by the Pre-Market BBO when determining an Opening Price. The away market prices would be considered, albeit not immediately. It is consistent with the Act to consider interest on the Exchange prior to routing to an away market, because the Exchange is utilizing the interest currently present on its market to determine a quality Opening Price.¹⁶⁶ The Exchange will attempt to match interest in the System, which is within the OQR, and not leave interest unsatisfied that was otherwise at that price. The Exchange will not trade-through the away market interest in satisfying this interest at the Exchange. The proposal attempts to maximize the number of contracts that can trade, and is intended to find the most reasonable and suitable price, relying on the maximization to reflect the best price.

With respect to the manner in which the Exchange disseminates an Imbalance Message, as proposed within NOM Options 3, Section 8(k)(1)(A), the Imbalance Message is intended to attract additional liquidity, much like an auction, using an auction message and timer. The Imbalance Timer is consistent with the Act because it would provide a reasonable time for participants to respond to the Imbalance Message before any opening interest is routed to away markets and, thereby, maximize trading on the Exchange. The Imbalance Timer would be for the same number of seconds for all options traded on the Exchange.¹⁶⁷ This process will

repeat, up to four iterations, until the options series opens. The Exchange believes that this process is consistent with the Act because the Exchange is seeking to identify a price on the Exchange without routing away, yet which price may not trade through another market and the quality of which is addressed by applying the OQR boundary.

Proposed Options 3, Section 8(k)(3)(C) provides if the total number of better priced away contracts, plus the number of contracts available at the Exchange Opening Price, plus the contracts available at away markets at the Exchange Opening Price, would satisfy the number of marketable contracts the Exchange has on either the buy or sell side, the System will contemporaneously route a number of contracts that will satisfy interest at away markets at prices better than the Exchange Opening Price (pricing any contracts routed to away markets at the better of the Exchange Opening Price or the order's limit price), trade available contracts on the Exchange at the Exchange Opening Price, and route a number of contracts that will satisfy interest at other markets at prices equal to the Exchange Opening Price. This provision is consistent with the Act because it considers routing to away markets potentially both at a better price than the Exchange Opening Price, as well as at the Exchange Opening Price, to access as much liquidity as possible to maximize the number of contracts able to be traded as part of the Opening Process. The Exchange routes at the better of the Exchange's Opening Price or the order's limit price to first ensure the order's limit price is not violated. Routing away at the Exchange's Opening Price is intended to achieve the best possible price available at the time the order is received by the away market. The System will price any contracts routed to away markets at the Exchange's Opening Price or pursuant to proposed Options 3, Section 8(k)(3)(C)(ii) or (iii) described below. Routing away at the Exchange's Opening Price is intended to achieve the best possible price available at the time the order is received by the away market. The System will price any contracts routed to away markets at the

better of the Exchange Opening Price or the order's limit price pursuant to Options 3, Section 8(k)(3)(C)(ii). Finally, Options 3, Section 8(k)(3)(C)(iii) is intended to introduce routing to away markets, potentially both at a better price than the Exchange Opening Price, as well as at the Exchange Opening Price to access as much liquidity as possible to maximize the number of contracts able to be traded as part of the Opening Process. The Exchange routes at the better of the Exchange's Opening Price or the order's limit price to first ensure the order's limit price is not violated. Routing away at the Exchange's Opening Price is intended to achieve the best possible price for the routed order, at the time the order is received by the away market.

Proposed Options 3, Section 8(k)(3)(E), entitled "Forced Opening," provides for the situation where, as a last resort, the Exchange may open an options series when the processes described above have not resulted in an opening of the options series. Under a Forced Opening, the System will open the series executing as many contracts as possible by routing to away markets at prices better than the Exchange Opening Price for their disseminated size, trading available contracts on the Exchange at the Exchange Opening Price, bounded by OQR (without trading through the limit price(s) of interest within OQR, which is unable to be fully executed at the Opening Price). The System will also route interest to away markets at prices equal to the Exchange Opening Price at their disseminated size. In this situation, the System will price any contracts routed to away markets at the better of the Exchange Opening Price or the order's limit price. Any unexecuted interest from the imbalance not traded or routed will be cancelled back to the entering participant, if they remain unexecuted and priced through the Opening Price, otherwise orders will remain in the Order Book. The Exchange believes that this process is consistent with the Act because after attempting to open by soliciting interest on NOM and considering other away market interest and considering interest responding to Imbalance Messages, the Exchange could not otherwise locate a fair and reasonable price with which to open options series.

The Exchange's proposal to memorialize the manner in which proposed rule will cancel and prioritize interest provides certainty to market participants as to the priority scheme

¹⁶⁶ Opening with a quote, pursuant to proposed Options 3, Section 8(f), would not require consideration of away market quotes because NOM would have opened with a local quote that was not locked or crossed with the away market, provided there are no opening quotes or orders that lock or cross each other, and no routable orders locking or crossing the ABBO. With respect to Opening with a Trade, pursuant to Options 3, Section 8(i), the Exchange would not consider away market interest if it could open immediately with a trade, provided that the Exchange would never trade-through an away market. If NOM is locked and crossed with an away market, then the Exchange would require additional price discovery, pursuant to paragraphs (j) and (k).

¹⁶⁷ The Imbalance Timer would initially be set 200 milliseconds. NTX Options' Imbalance Timer is currently set at 200 milliseconds. NOM will issue a notice to provide the initial setting and would thereafter issue a notice if it were to change the timing. *See supra* note 89. If NOM were to select a time which exceeds 3 seconds, it would be required to file a rule proposal with the

Commission. Further, the Exchange notes that the Route Timer at proposed Options 3, Section 8(k)(3)(B) would be a brief timer that operates as a pause before an order is routed to an away market. Currently, the NTX Options Route Timer is set to one second. NOM's Route Timer will also be initially set to one second. The Exchange will issue a notice to Participants to provide the initial setting and would thereafter issue a notice to Participants, if it were to change. *See supra* note 89.

during the Opening Process.¹⁶⁸ The Exchange's proposal to execute Market Orders first and then Limit Orders is consistent with the Act because these orders have no specified price and Limit Orders will be executed, thereafter, in accordance with the prices specified due to the nature of these order types. This is consistent with the manner in which these orders execute after the opening today.

Proposed Options 3, Section 8(k)(7), which provides upon opening of the option series, regardless of an execution, the System dissemination of the price and size of the Exchange's BBO, is consistent with the Act because it clarifies the manner in which the Exchange establishes the BBO for purposes of reference upon opening.

Proposed Options 3, Section 8(k)(8) accounts for remaining contracts, which did not price through the Opening Price. These contracts would post on the Order Book at the better of the away market price or the order's limit price. Specifically, any remaining contracts, which are not priced through the Exchange Opening Price after routing a number of contracts to satisfy better priced away contracts, will be posted to the Order Book at the better of the away market price or the order's limit price. This includes DNR Orders that are not crossed with the Opening Price. Only in the event that ABBO interest, which the DNR Order would otherwise be crossing, has been satisfied by routable interest during the Opening Process would DNR Orders be included within the remaining contracts described in proposed Options 3, Section 8(k)(8).¹⁶⁹ This rule text accounts for orders which have routed away and returned unsatisfied, and also accounts for interest that remains unfilled during the Opening Process, provided that interest was not priced through the Opening Price. The Exchange believes that the proposed text in Options 3, Section 8(k)(8) is consistent with the Act in that the Exchange is accounting for the handling of all interest in the Opening Process with this rule text. NTX Options has identical rule text at Options 3, Section 8(g)–(k).

Opening Process Cancel Timer

The Exchange's proposal to retain its Opening Process Cancel Timer within proposed NOM Options 3, Section 8(l), with rule text modifications to conform the rule text to NTX Options at Options

3, Section 8(l), is consistent with the Act. The cancel timer will continue to provide Participants with the ability to elect to have orders returned, except for non-GTC and GTD, which are proposed to be added herein. This functionality provides Participants with choice, when symbols do not open, about where, and when, they can send orders for the opening that would afford them the best experience.

Options 3, Section 9

The Exchange's proposal to amend Options 3, Section 9, Trading Halts, at (a)(6)(B) to amend "cancelled" to "not maintained" is a non-substantive amendment intended to conform to the rules of NTX Options to indicate that quotes are not maintained during a trading halt at Options 3, Section 9(a)(6)(B).

The Exchange's proposal to amend Options 3, Section 9, Trading Halts, at (d)(2) to address the manner in which a Stop Order will be treated during a trading halt is consistent with the Act. The proposed text is identical to the treatment of Stop Orders at ISE, GEMX and MRX Options 3, Section 9(d)(3). After the opening, the Exchange will elect Stop Orders, as defined in Options 3, Section 7(d), and, because they become Market Orders, will cancel them back and notify Participants of the reason for such cancellation. Stop Orders would become elected as provided for in proposed Options 3, Section 7(d).¹⁷⁰

Finally, the proposed changes to Options 3, Section 9(f) are consistent with the Act as they align to the proposed changes to Options 3, Section 8 and are identical to NTX Options at Options 3, Section 9(f). This new rule text provides more specificity as to the manner in which a trading halt shall be resumed and the governing rule for resumption after a halt with the new Opening Process.

Options 3, Section 10

The Exchange's proposal to amend Options 3, Section 10, Order Book Allocation, is consistent with the Act. Amending the description of Size Pro-Rata to account for the addition of Reserve Orders that were described in the order types section is consistent with the Act because it will account for the non-displayed portions of a Reserve

Order. The proposed new text describes the allocation methodology for display order portion of Reserve Order as well as any other order type, resting orders and quotes beginning with the resting order or quote displaying the largest size proportionally according to displayed size, based on the total number of contracts displayed at that price. Next, the proposed rule provides how non-displayed orders are allocated. If there are still contracts to be allocated after the displayed size of all orders at that price has been executed, the remaining size from the incoming order will be allocated proportionally against non-displayed interest according to remaining total size of each resting order at such price, beginning with the order which has the largest total size remaining. This rule text, which is identical to NTX Options at Options 3, Section 10(a)(1)(B), will provide Participants with a description of the handling of Reserve Orders with respect to allocation.

The Exchange believes that offering LMMs participation entitlements promotes just and equitable principles of trade because LMMs will be held to a higher standard as compared to other market participants including Market Makers. A Market Maker would be required, pursuant to this proposal, to quote 60% of the trading day. LMMs are being held to a higher obligation (90%) and therefore are being rewarded with participation entitlements. Similar to Market Makers, LMMs add value through continuous quoting and the commitment of capital. In addition, the LMM quoting requirements promote liquidity and continuity in the marketplace in requiring LMMs to be held to a higher standard of quoting. The Exchange also believes that the proposed rule change supports the quality of the Exchange's markets because it maintains the quoting obligations of Market Makers as LMMs at 90%. LMM transactions must constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market. Accordingly, the proposed rule change supports the quality of the Exchange's trading markets by helping to ensure that LMMs will be required to meet a higher quoting standard in order to reap the benefits of the participation entitlements. The Exchange believes this proposed change to offer participation entitlements to LMMs is offset by the LMM's continued responsibilities to provide significant liquidity to the market to the benefit of market participants. In order to receive the enhancement, the LMM's quote is at

¹⁶⁸ See proposed Options 3, Section 8(j) and (k)(6)(B).

¹⁶⁹ DNR Orders that are not crossed with the Opening Price rest on the Order Book at the better of the ABBO price or the DNR Order's limit order price.

¹⁷⁰ As proposed in NOM Options 3, Section 7(d), a Stop Order becomes a Market Order when the stop price is elected. A Stop Order to buy is elected when the option is bid or trades on the Exchange at, or above, the specified stop price. A Stop Order to sell is elected when the option is offered or trades on the Exchange at, or below, the specified stop price.

the better of the internal BBO, or the NBBO, with other Public Customer interest.

The same is true with respect to orders for 5 contracts or fewer. As proposed at Options 3, Section 10(a)(1)(C)(3), in order to be entitled to receive Orders for 5 contracts or fewer, the Lead Market Maker's quote must be at the better of the internal BBO or the NBBO with no other Public Customer interest which has a higher priority. If the Lead Market Maker is quoting at the better of the internal BBO or the NBBO with other Public Customer interest present which has a higher priority at the time of execution, a Lead Market Maker is not entitled to priority with respect to Orders of 5 contracts or fewer, however the Lead Market Maker is eligible to receive such contracts pursuant to Options 3, Section 10(a)(1)(C)(4) or (5) which describe the treatment of Market Makers and all other remaining interest after Public Customer and Lead Market Maker allocations. Finally, NOM operates in an intensely competitive environment and seeks to offer the same services that its competitors offer and in which its customers find value. ISE, GEMX, MRX, NTX Options and Phlx offer enhancements to their Lead Market Makers and they all also offer identical allocations for orders for 5 contracts or fewer.

Options 3, Section 15

Order Price Protection

The Exchange's proposal to amend its Order Price Protection or "OPP" in Options 3, Section 15(a)(1) to align certain features with the OPP functionality currently offered by NTX Options, is consistent with the Act. Amending Options 3, Section 15(a)(1) to remove the current exclusion of ISOs and order entered through QUO is consistent with the Act. With the proposed amendment to the ISO order type in Options 3, Section 7(b)(3), OPP will apply to ISOs. Further, with the amendment to QUO, OPP will apply to orders entered through renamed OTTO. Therefore, there is no need for the QUO qualifications in the OPP rule.

Market Wide Risk Protection

The Exchange believes that the proposed rule change to adopt MWRP would assist with the maintenance of a fair and orderly market by establishing new activity-based risk protections for orders. The proposed MWRP is similar to risk management functionality provided in ISE, GEMX and MRX Options 3, Section 15(a)(1)(C). Similar to ISE, GEMX and MRX, the Exchange

believes that the proposed rule change may reduce Participant risk by allowing them to effectively manage their exposure to excessive risk. In particular, the proposed rule change would implement two new risk protections based on the rate of order entry and order execution, respectively. The Exchange believes that both of these new protections, which together encompass the proposed MWRP, would enable Participants to better manage their risk when trading options on the Exchange by limiting the Participant's risk exposure when systems or other issues result in orders being entered or executed at a rate that exceeds predefined thresholds. In today's market, the Exchange believes that robust risk management is becoming increasingly more important for all Participants. The proposed rule change would provide an additional layer of risk protection for market participants that trade on the Exchange.

In particular, the MWRP is designed to reduce risk associated with system errors or market events that may cause Participants to send a large number of orders, or receive multiple, automatic executions, before they can adjust their exposure in the market. Without adequate risk management tools, such as those proposed in this filing, Participants could reduce the amount of order flow and liquidity that they provide. Such actions may undermine the quality of the markets available to customers and other market participants. Accordingly, the proposed functionality is designed to encourage Participants to submit additional order flow and liquidity to the Exchange, thereby removing impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, protecting investors and the public interest.

Acceptable Trade Range

The Exchange' proposal to amend the Acceptable Trade Range or "ATR" at Options 3, Section 15(b)(1) to note that ATR commences after the Opening Process as this risk protection does not currently apply during the Opening Halt Cross is consistent with the Act because it is not necessary during the Opening Halt Cross which has boundaries established such as Valid Width Quote for determining the Opening Price. Today, the ATR risk protection is not available during the Opening Halt Cross. The proposal to add the concept of "internal BBO" into the ATR rule is consistent with the Act as the reference price considers better priced orders on NOM's order book in addition to the NBBO. Noting that the ATR is not

available for All-or-None Orders is consistent with the Act as it would be difficult, from a technical standpoint, to apply this feature to those orders because their particular contingency makes it difficult to automate their handling. The proposed rule text is identical to rule text at NTX Options at Options 3, Section 15(a).

Additionally, the Exchange's proposal to account for quotes, in addition to orders in Options 3, Section 15(b)(1)(A) is consistent with the Act because quotes are also subject to a request to be returned if posted at the outer limit of the Acceptable Trade Range. The addition of quotes clarifies the current System functionality. The proposed rule text is identical to rule text at NTX Options at Options 3, Section 15(b)(1).

Quotation Adjustments

The Exchange believes that the proposed Active Quote Protection risk protection is consistent with the Act because it will enhance the risk protection tools available to Market Makers and Groups by introducing a new method of establishing and monitoring for risk parameters that will be offered as an alternative to existing Rapid Fire risk parameters, thereby supporting a Market Maker's ability to manage their risk on the Exchange, and also providing them with flexibility to use additional tools to manage risk. As noted above, while the passive (Rapid Fire) and active (Active QP) risk counter functionality will be mutually exclusive on each badge, Market Makers will still be able to use both to cover their activity on the Exchange by getting multiple badges and setting each risk counter by badge. The Exchange believes that offering more risk management tools to Market Makers would mitigate their exposure to excessive risk. The Exchange further believes that having the new Active Quote Protection functionality leverage the existing Multi-Trigger functionality will similarly support a Market Maker's ability to manage their risk on the Exchange by including Active Quote Protection purge events to the Multi-Trigger counter. As noted above, the risk to Market Makers is not limited to a single series in an option or even multiple series in an option as Market Makers that quote in multiple series of multiple options have significant exposure, requiring them to offset or hedge their overall positions. Market Makers are required to continuously quote in assigned options, and quoting across many series in an option or multiple options creates the possibility of executions that can create large, unintended principal positions that

could expose Market Makers to unnecessary risk. Today, Multi-Trigger is designed to assist Market Makers or a Group in managing their market risk by tracking the number of Purge Events relative to the market-wide parameter set by the Market Maker or the Group. The Exchange therefore believes that tracking the number of Active Quote Protection purge events for a Market Maker against its Multi-Trigger Threshold would be similarly useful for managing market risk so that they can provide deep and liquid markets to the benefit of all investors. Ultimately, the Exchange believes that providing Market Makers with additional tools in the manner described above to manage their risk parameters serves to perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest because Market Makers will be better able to manage risks with these tools.

The Exchange further represents that its proposal will continue to operate consistently with the firm quote obligations of a broker-dealer pursuant to Rule 602 of Regulation NMS. Specifically, any marketable interest that is executable against a Market Maker's quotes that are received¹⁷¹ by the Exchange prior to the time this functionality is triggered will be automatically executed at the price up to the Market Maker's size, regardless of whether such execution results in executions in excess of the Market Maker's pre-set Contract Limit. As discussed above, this is also in line with how current Rapid Fire operates today. The Exchange believes that the proposed changes in proposed subparagraph (D)(ii) to specify that this Rule will apply to marketable orders and quotes (currently silent on marketable orders), and to specify the time of receipt of such marketable interest that is executable against the size of the Market Maker's quote, will promote clarity in how the System currently operates for Rapid Fire and will operate for Active Quote Protection. As noted above, the proposed Active Quote Protection functionality is identical to existing active risk counter functionality on NTX Options at Options 3, Section 15(c)(2)(B).

Post-Only Quoting Protection

The Exchange's proposal to amend the Post-Only Quoting Protection at Options 3, Section 15(c)(3) to remove references to QUO is consistent with the

Act because, as amended, the QUO protocol, it will apply solely to orders and not quotes, therefore QUO does not need to be mentioned in the Post-Only Quoting Protection.

Options 3, Section 17

The Exchange's proposal to amend the Kill Switch at Options 3, Section 17 to allow Participants to send a mass purge request through FIX or renamed OTTO is consistent with Act and the protection of investors and the general public because it will enable Participants to initiate the Kill Switch more seamlessly without the need to utilize a separate interface. Further, utilizing the order protocols directly, in lieu of the interface, will align the Kill Switch functionality to that of ISE, GEMX and MRX at Options 3, Section 17. When initiating a cancellation of their orders by sending a mass purge request through FIX or OTTO, Participants will be able to submit a Kill Switch request on a user level only because the purge will be specific to a FIX or OTTO user for these ports.

Options 3, Section 18

The Exchange's proposal to amend the Detection of Loss of Communication at Options 3, Section 18 is consistent with the Act as the amendments simply align to changes made in this proposal to permit QUO (renamed OTTO) to permit order entry. As a result, similar to FIX, OTTO would be subject to the Detection of Loss of Communication functionality that applies to orders. Additionally, the Exchange is defining "Session of Connectivity" for ease of reference and aligning the rule text so that it is identical to ISE, GEMX and MRX Options 3, Section 18.

Options 3, Section 20

The Exchange's proposal to add language at Options 3, Section 20(i), Nullification and Adjustment of Options Transactions including Obvious Errors, to describe the treatment of Stop and Stop-Limit Orders triggered by an erroneous trade is consistent with the Act as the new language will describe the System handling for these new orders which are triggered by their Stop Price and may have been triggered by an erroneous trade. The proposed rule text is identical to Phlx Options 3, Section 20(i).

Options 3, Section 22

The Exchange's proposal to amend Options 3, Section 22, Limitations on Order Entry, to adopt a new Supplementary Material .01 is consistent with the Act because the new text will address exposure of non-

displayed reserve portion of a Reserve Order as the Exchange is adding this new order type. The proposed text is identical to ISE, GEMX and MRX Supplementary Material .02 to Options 3, Section 22.

Options 3, Section 23

The Exchange's proposal to amend Options 3, Section 23, Data Feeds and Trade Information, to remove TradeInfo and QUO DROP is consistent with the Act.

The Exchange believes that it is consistent with the Act to no longer offer TradeInfo when the Exchange migrates over the enhanced Nasdaq functionality, as there is a lack of demand from Participants.¹⁷² Participants use FIX and CTI to obtain order information currently available in TradeInfo, and to cancel orders through FIX. The Exchange further believes that the proposed decommission of TradeInfo will remove impediments to and perfect the mechanism of a free and open market and a national market system by allowing the Exchange to reallocate System capacity and resources currently used to maintain this functionality to the development and maintenance of other business initiatives and risk management products. Further, the Exchange's proposal to eliminate TradeInfo pricing from Options 7, Section 3(ii) in its entirety is reasonable, equitable, and not unfairly discriminatory because TradeInfo would no longer be available to any Participant. It is reasonable to remove all references to TradeInfo pricing from the Exchange's Pricing Schedule as the Exchange is removing this functionality from its Rulebook. Additionally, it is equitable and not unfairly discriminatory to remove the references to TradeInfo pricing from the Pricing Schedule because no Participant would be able to utilize this functionality once it is removed from the System.

The Exchange believes that it is consistent with the Act to no longer offer QUO DROP when the Exchange migrates over the enhanced Nasdaq functionality. With the amendment of QUO, the protocol would be identical to the OTTO protocol offered on ISE, GEMX, MRX, NTX Options and Phlx. Neither the Exchange nor any Nasdaq affiliate offer a DROP version for OTTO. The Exchange's proposal to remove QUO DROP is reasonable because market participants have not expressed demand for such a DROP port. Further,

¹⁷¹ The time of receipt for an order or quote is the time such message is processed by the Exchange's order book.

¹⁷² The Exchange will provide prior notice of the decommission to all Participants through an Options Trader Alert.

the Exchange's proposal to decommission QUO DROP and eliminate QUO DROP pricing from Options 7, Section 3(i) is equitable, and not unfairly discriminatory because QUO DROP would no longer be available to any NOM Participant.

Options 3, Section 28

The Exchange believes that introducing the optional risk protections as described above will protect investors and the public interest, and maintain fair and orderly markets, by providing market participants with another tool to manage their order risk. In addition, providing Participants with more tools for managing risk will facilitate transactions in securities because Participants will have more confidence that risk protections are in place. As a result, the new functionality has the potential to promote just and equitable principles of trade. ISE, GEMX and MRX offer identical optional risk protections at Options 3, Section 28.

Options 5, Section 4

The Exchange's proposal to amend Options 5, Section 4, Order Routing, to align NOM's routing to NTX Options at Options 5, Section 4 is consistent with the Act. The Exchange's proposal to adopt a routing strategy identical to NTX Options (except with respect to the System handling of Price Improving Orders) with respect to FIND Orders and remove SEEK Orders will provide NOM Participants the same flexibility for routing orders that is currently afforded to NTX Options Participants.¹⁷³

With respect to the SRCH feature, the Exchange is adding more detail to its routing rule to provide market participants with greater transparency. The Exchange believes the added scenarios will provide more context to routing in general and for the specific routing strategies for the benefit of investors and the public interest. The Exchange continues to offer various choices to its market participants with respect to routing. A Participant may elect either (1) to not route their orders and mark those orders "DNR"; or (2) to route their orders. If a Participant elects to route their orders, then a Participant may select to mark their orders as "FIND" or "SRCH" Orders, as proposed herein. A FIND Order, similar to a SEEK Order, is not eligible for routing until the next time the option series is subject to a new Opening Process. The FIND Order would route once and then post to the Order Book. A SRCH Order may route during and after an Opening

Process. A SRCH Order on the Order Book may be routed to an away market if it is locked or crossed by an away market. With respect to the addition of FIND Orders, the Exchange proposes various scenarios related to FIND Orders to account for various routing scenarios, as is the case today with respect to SEEK Orders. Various scenarios are also proposed to explain System functionality in locked and crossed markets. The Exchange also accounts for scenarios both during and after the proposed Opening Process. It is consistent with the Act to account for the behavior of FIND Orders with respect to locked and crossed markets to provide clarity as to the System handling. The Exchange will not trade-through an away market's price. This behavior is consistent with the protection of investors and the general public because it affords Participants the ability to obtain the best price offered among the various options markets.

DNR Orders

The Exchange's proposal to amend Options 5, Section 4(a)(iii)(A), related to DNR Orders, to conform the text within NOM to that of NTX Options is consistent with the Act and should bring greater clarity to the rule text. The Exchange's proposed amendments to Options 5, Section 4(a)(iii)(A), relating to DNR Orders, are identical to NTX Options' Rule. The proposed rule text does not result in a System change, rather the text is intended to bring greater clarity to the current System operation.

The Exchange's proposal to amend Options 5, Section 4(a)(iii)(A), related to DNR Orders, to conform the rule text to NTX Options at Options 5, Section 4(a)(iii)(A) is consistent with the Act. The Exchange's proposal to amend the second sentence of Options 5, Section 4(a)(iii)(A) to change the words "away from that ABBO" to "inferior to the best bid/offer" is a non-substantive amendment intended to conform the rule text to that of NTX Options. Further, adding rule text at Options 5, Section 4(a)(iii)(A) regarding a DNR Order regarding order exposure would make other Participants aware that this order was available on the Order Book. This is identical to rule text at NTX Options at Options 5, Section 4(a).¹⁷⁴ Amending the last sentence of current Options 5, Section 4(a)(iii)(A) to provide, "Should the best away market move to an inferior price level, the DNR

Order will automatically re-price from its one MPV inferior to the original ABBO and display one MPV away from the new ABBO or its original limit price, and expose such orders at the new ABBO or its original limit price. Once booked at its original limit price, it will remain at that price until executed or cancelled. Should the best away market improve its price such that it locks or crosses the DNR Order limit price, the Exchange will execute the resulting incoming order that is routed from the away market that locked or crossed the DNR Order limit price" is intended to make clear the current System operation and is consistent with the Act because the change does not result in a System change, rather the new sentence is intended to bring greater clarity to the current System operation. The proposed new rule text is identical to NTX Options at Options 5, Section 4(a).

SRCH Orders

The Exchange's proposal to add more scenarios for SRCH Order functionality on NOM is consistent with the Act. The Exchange's proposal to include all potential scenarios will bring greater transparency to the Exchange's Rules. Within this rule, the Exchange accounts for various scenarios to explain System functionality in locked and crossed markets, particularly during a Route Timer. The Exchange also accounts for scenarios both during and after the proposed Opening Process. It is consistent with the Act to account for the behavior of SRCH Orders with respect to locked and crossed markets to clarify the System handling. The Exchange will not trade-through an away market's price. This behavior is consistent with the protection of investors and the general public because it affords Participants the ability to obtain the best price offered among the various options markets.

Options 6, Section 1

The Exchange's proposal to amend Options 6, Section 1, Authorization to Give Up, to align NOM's process to that of ISE, GEMX and MRX Options 6, Section 1(c) is consistent with the Act because with the proposed change, the System will process that transaction using the Participant's default OCC clearing number. Therefore, a Participant may amend the OCC clearing number to any valid OCC clearing number at the time of the trade, or through post trade allocation. Today, NOM Participants may not amend the mnemonic, rather they may only utilize a permissible mnemonic to Give-Up a transaction. This amendment provides NOM Participants with greater

¹⁷³ See NTX Options at Options 5, Section 4, Order Routing.

¹⁷⁴ The Exchange also proposes to add a "(1)" to this paragraph to align with the "(2)" in current Options 5, Section 4(a).

flexibility similar to ISE, GEMX and MRX. The proposed rule will be identical to ISE, GEMX and MRX.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. As discussed above, the Exchange is re-platforming its System in connection with the technology migration to enhanced Nasdaq functionality, which the Exchange believes would promote competition among options exchanges by potentially attracting additional order flow to the Exchange with the enhanced trading platform. The basis for the majority of the proposed rule changes is conformity with the rules of the Nasdaq affiliated options exchanges, which have been previously filed with the Commission as consistent with the Act.

Lead Market Makers

The Exchange's proposal to permit NOM Market Makers to act as Lead Market Makers, or "LMMs," in one or more options classes does not impose an undue burden on intra-market competition because LMMs will be subject to enhanced quoting obligations which are similar to those at other options exchanges.¹⁷⁵ These obligations would apply uniformly to all LMMs. Further, the Exchange believes that because this proposal establishes quoting compliance standards that are already in place on other options exchanges, the proposal will not diminish, and in fact may increase, market making activity on the Exchange and thereby enhance intermarket competition. Moreover, the proposed rule change will not impose any burden on intra-market competition because it will affect all LMMs the same. LMMs will be subject to heightened quoting obligations as compared to other NTX Options Market Makers. All market makers that desire to apply to become LMMs will be subject to the same

review and scrutiny with respect to their LMM application and the ultimate assignment of options series. The Exchange does not believe the proposed rule change will cause any unnecessary burden on intra-market competition because it provides all market participants that qualify as LMMs and meet the required criteria and fulfill the required obligations the opportunity to benefit from participation entitlements. The Exchange believes that the proposed rule change will promote competition among LMMs who desire to be assigned in options series and in turn promote trading activity on the Exchange to the benefit of the Exchange, its members, and market participants.

The Exchange does not believe the proposed change will cause any unnecessary burden on inter-market competition because the proposed requirements to become an LMM and the participation entitlements are identical to those on NTX Options at Options 2, Section 4 and Options 3, Section 10. Additionally, the quoting obligations are identical to NTX Options at Options 2, Section 5. In addition, the Exchange believes that the proposed rule change will in fact promote competition. The Exchange believes allowing LMMs to receive participation entitlements will promote trading activity on the Exchange because it will provide incentives to LMMs to quote in series which they are not obligated to do so, to the benefit of the Exchange, its Participants, and market participants.

Options 2, Section 6

The Exchange believes that this proposal to permit Market Makers to enter all eligible order types, except Reserve Orders as noted in proposed Options 2, Section 6, does not impose an undue burden on intra-market competition because it treats all Market Makers uniformly with respect to permissible order types. Market Makers, unlike other market participants, are required to abide by certain quoting requirements in the options classes in which they are appointed pursuant to Options 2, Section 5, in order to maintain the status of a Market Maker.

The Exchange believes that this proposal to permit Market Makers to enter all eligible order types, except Reserve Orders as noted in proposed Options 2, Section 6, does not impose an undue burden on inter-market competition because ISE, GEMX and MRX have an identical restriction at Options 2, Section 6(b).

Options 3, Section 3

The Exchange's proposal to amend Options 3, Section 3(c) to no longer

permit quotes to be submitted to the Exchange in sub-pennies does not impose an undue burden on intra-market competition because no Participant will be able to submit quotes in sub-pennies.

The Exchange's proposal to amend Options 3, Section 3(c) to no longer permit quotes to be submitted to the Exchange in sub-pennies does not impose an undue burden on inter-market competition because it will standardize NOM to the behavior of all other Nasdaq affiliated exchanges that do not permit quotes to be permitted in sub-pennies.

Options 3, Section 7

The Exchange's proposal to amend NOM's existing order types so that they are identical to order types available on ISE, GEMX and MRX Options 3, Section 7, except for the Add Liquidity Order, which is not being substantively amended, does not impose an undue burden on intra-market competition because all market participants would be able to utilize all of the order types, except Market Makers with respect to Reserve Orders. Restricting Market Makers (and Lead Market Makers) from entering Reserve Orders does not impose an intra-market burden on competition because Market Maker (and Lead Market Maker) liquidity should be displayed, and Reserve Orders have non-displayed portions of liquidity.

The Exchange's proposal to amend NOM's existing order types does not impose an undue burden on inter-market burden competition because other exchanges such as ISE, GEMX, MRX and Phlx offer these order types.¹⁷⁶

The Exchange's proposal to amend the QUO protocol (renamed OTTO) to no longer treat orders as quotes and instead permit the entry of two-sided orders subject to order entry protections does not impose an undue burden on intra-market competition because today only Market Makers may utilize QUO and as amended, all NOM Participants may utilize the protocol. Market Makers will continue to be offered SQF for quote entry.

The Exchange's proposal to amend the QUO protocol (renamed OTTO) to no longer treat orders as quotes and instead permit the entry of two-sided orders subject to order entry protections does not impose an undue burden on inter-market competition because the QUO protocol, as amended, would be identical to the OTTO protocol on ISE, GEMX, MRX, NTX Options and Phlx.

¹⁷⁵ See proposed Options 2, Section 5(j). An LMM must enter two-sided quotations. An LMM that enters a bid (offer) in a series of an option in which he is registered on NOM must enter an offer (bid), except in an assigned options series listed intra-day on NOM. These quotations must meet the legal quote width requirements specified in Options 2, Section 4 subsection (f)(4). An Options Participant will be required to meet each market making obligation separately. Quotes submitted through the Specialized Quote Feed interface, utilizing badges and options series assigned to a Lead Market Maker, will be counted toward the requirement to provide two-sided quotations in 90% of the cumulative number of seconds, or such higher percentage as NOM may announce.

¹⁷⁶ See ISE, GEMX and MRX Options 3, Section 7.

Options 3, Section 8

The Exchange's proposed Options 3, Section 8, Opening Process, does not impose an undue burden on intra-market competition as it will apply uniformly to all NOM Participants.

The Exchange's proposal to amend and alphabetize the current definitions within Options 3, Section 8(a) does not impose a burden on competition. The definitions will assist market participants in understanding the meaning of terms used throughout the proposed Rule.

Amending the definition of "market for the underlying security" within proposed Options 3, Section 8(a)(3) does not impose a burden on competition. The Exchange's proposal offers alternative paths to open NOM in the event that the primary market or even a designated alternate primary market experiences an issue. The Exchange's proposal is intended to create additional certainty in the event that an issue with the primary market arises. With this proposal, the Exchange would have other equity markets to look to with respect to underlying prices on which to open NOM. This proposal also does not impact the ability of other options markets to open.

Defining what qualifies as eligible interest does not impose a burden on competition because Participants will be provided with certainty, when submitting interest, as to which type of interest will be considered in the Opening Process. Unlike the regular session, where orders route if they cannot execute on NOM, the Opening Process is a price discovery process which considers interest, both on NOM and away markets, to determine the optimal bid and offer with which to open the market. The Opening Process seeks the price point at which the most number of contracts may be executed while protecting away market interest.

With respect to trade allocation, proposed Options 3, Section 8(b)(2) states that the System will allocate pursuant to Options 3, Section 10. The Exchange believes that this allocation does not impose a burden on competition because it mirrors the current allocation process on NOM in other trading sessions.

Permitting the Opening Process for an option series to be conducted on or after 9:30 a.m., when the System has received an opening trade or quote on the market for the underlying security in the case of equity options or in the case of index options¹⁷⁷ does not impose a burden on competition because this requirement

will tie the option's Opening Process to the receipt of liquidity. The Exchange's proposed rule considers the liquidity present on its market before initiating other processes to obtain additional pricing information.

Proposed Options 3, Section 8(d)(3) provides that the Opening Process will stop and an option series will not open if the ABBO becomes crossed. This proposal does not impose a burden on competition. Once this condition no longer exists, the Opening Process in the affected option series will start again pursuant to paragraphs (f)–(k). NOM will not consider if a Valid Width Quote(s) is no longer present.

Proposed Options 3, Section 8(e) provides if there is a trading halt or pause in the underlying security, the Opening Process will start again irrespective of the specific times listed in paragraph (d). The Exchange's proposal to restart in the event of a trading halt does not impose a burden on competition because the proposed rule ensures that there is stability in the marketplace in order to assist the Exchange in determining the Opening Price.

The Exchange's proposal to validate the Opening Price against away markets or by attracting additional interest to address the specific condition does not impose a burden on competition. It should avoid opening executions in very wide or unusual markets where an opening execution price cannot be validated.

The proposed rule continues to consider the maximum number of contracts that can be executed, which results in a price that is logical and reasonable in light of away markets and other interest present in the System. The Exchange's method seeks to validate the Opening Price and avoid opening at aberrant prices does not impose a burden on competition. The Opening Price would be applied to all eligible interest.

The Exchange's proposed Options 3, Section 8, Opening Process, does not impose an inter-market burden on competition as NTX Options has the identical Opening Process. Other exchanges could similarly adopt a similar process.

Options 3, Section 9

The Exchange's proposal to amend Options 3, Section 9, Trading Halts, so that it is identical to the treatment of Stop Orders at ISE, GEMX and MRX Options 3, Section 9(d)(3) and addresses a trading halt resumption at Options 3, Section 9(f) in light of NTX Options' proposed new Opening Process at Options 3, Section 8 does not impose an

undue burden on intra-market competition because all market participants would be subject to the Trading Halts rule.

The Exchange's proposal to amend Options 3, Section 9, Trading Halts, so that it is identical to the treatment of Stop Orders at ISE, GEMX and MRX Options 3, Section 9(d)(3) and addresses a trading halt resumption at Options 3, Section 9(f) in light of NTX Options' proposed new Opening Process at Options 3, Section 8 does not impose an undue burden on inter-market competition because other exchanges may adopt similar functionality.

Options 3, Section 10

The Exchange's proposal to amend Options 3, Section 10, Order Book Allocation, to adopt a Size Pro-Rate definition that addresses Reserve Orders does not impose an undue burden on intra-market competition because the Exchange will uniformly apply the allocation methodology to all Participant executions.

The Exchange's proposal to amend Options 3, Section 10, Order Book Allocation, to adopt a Size Pro-Rate definition that addresses Reserve Orders does not impose an undue burden on inter-market competition because NTX Options has the same Size Pro-Rate definition at NTX Options at Options 3, Section 10(a)(1)(B).

Options 3, Section 15

All of the proposed changes related to the risk protections (OPP, MWRP, Acceptable Trade Range, Quotation Adjustments, Active Quote Protection, and Post-Only Quoting Protection) do not impose an undue burden on intra-market competition as they are all aimed at mitigating market participant risk associated with trading on the Exchange. The proposed changes are designed to benefit market participants in that they will provide a more consistent technology offering for market participants on Nasdaq affiliated exchanges. Also, some of the proposed risk controls (e.g., Delta and Vega Thresholds and Post Only Quoting Protection) are completely voluntary. The Post-Only Quoting Protection proposal does not impose a burden on inter-market competition, because Participants may choose to become market makers on a number of other options exchanges, which may have similar but not identical features. The Exchange does not believe that the proposed Active Quote Protection functionality will impose any undue burden on intra-market competition as it is aimed at mitigating exposure to excessive risk when trading on the

¹⁷⁷ See proposed NOM Options 3, Section 8(d)(1).

Exchange. While the Exchange will offer the proposed functionality to Market Makers only, the proposed risk protection is intended to provide Market Makers with an additional tool to manage their risk parameters in a manner they deem appropriate. As such, the Exchange believes that the proposed functionality may facilitate Market Makers' provision of liquidity on the Exchange, thereby benefitting all market participants through additional execution opportunities at potentially improved prices. Offering Market Makers the ability to configure their quotes as Post-Only will allow all market participants on NOM to add liquidity only if desired. Further, the proposed risk protection allows Market Makers the ability to avoid removing liquidity from the Exchange's order book if their quote would otherwise lock or cross any resting order or quote on the order book upon entry, thereby protecting investors and the general public as Market Makers transact a large number of orders on the Exchange and bring liquidity to the marketplace. Market Makers are required to add liquidity on the Exchange and, in turn, are rewarded with lower pricing and enhanced allocations. Specifically, the risk protection would permit Market Makers to add liquidity only and avoid removing interest on the order book thereby maximizing the benefit of their quoting to bring liquidity to NOM by allowing Market Makers to provide as much liquidity as possible. Unlike other market participants, Market Makers have certain obligations on the market. Market Makers are required to provide continuous two-sided quotes on a daily basis¹⁷⁸ and are subject to various obligations associated with providing liquidity on the market.¹⁷⁹ Market Makers are the sole liquidity providers on the Exchange and, therefore, are offered certain quote risk protections noted within Options 3, Section 15 to allow them to manage their risk more effectively.

As it relates to inter-market competition, these risk protections are identical to those on NTX Options, which have been previously filed with the Commission, and therefore promotes fair competition among the options exchanges. As noted above, the proposed changes to the risk protections will provide more consistent technology offerings across the Nasdaq affiliated exchanges, and for this reason, the Exchange does not believe its proposal will impose an undue burden on intermarket competition. Market

participants on other exchanges may become participants on the Exchange if they determine the proposed rule change makes NOM a more attractive or favorable venue.

Options 3, Section 17

The Exchange's proposal to amend the Kill Switch at Options 3, Section 17 does not impose an undue burden on intra-market competition as the Kill Switch functionality will be available to all Participants on NOM and will be applied in a uniform manner.

The Exchange's proposal to amend the Kill Switch at Options 3, Section 17 does not impose an undue burden on inter-market competition as the Kill Switch functionality is identical to that of ISE, GEMX and MRX at Options 3, Section 17.

Options 3, Section 18

The Exchange's proposal to amend the Detection of Loss of Communication at Options 3, Section 18 does not impose an undue burden on intra-market competition as the Detection of Loss of Communication functionality will be available to all Participants on NOM and will be applied in a uniform manner.

The Exchange's proposal to amend the Detection of Loss of Communication at Options 3, Section 18 does not impose an undue burden on inter-market competition as the Detection of Loss of Communication functionality is identical to that of ISE, GEMX and MRX at Options 3, Section 17.

Options 3, Section 20

The Exchange's proposal to add language at Options 3, Section 20(i), Nullification and Adjustment of Options Transactions including Obvious Errors, to describe the treatment of Stop and Stop-Limit Orders triggered by an erroneous trade does not impose an undue burden on intra-market competition as rule will be applied in a uniform manner.

The Exchange's proposal to add language at Options 3, Section 20(i), Nullification and Adjustment of Options Transactions including Obvious Errors, to describe the treatment of Stop and Stop-Limit Orders triggered by an erroneous trade does not impose an undue burden on inter-market competition because all other options exchanges that offer Stop and Stop-Limit Orders have this rule.

Options 3, Section 23

As it relates to the elimination of fees for TradeInfo and QUO DROP from Options 7, Section 23, the Exchange believes that its proposal does not

impose an undue burden intra-market on competition because these functionalities would no longer be available to any Participant. Further, with respect to the elimination of TradeInfo, Participants may receive similar information through CTI and may cancel orders through FIX. Both CTI and FIX are available to all Participants.

As it relates to the elimination of fees for TradeInfo and QUO DROP from Options 7, Section 23, the Exchange believes that its proposal does not impose an undue burden on inter-market competition because other exchanges may adopt this functionality on their markets.

Options 3, Section 28

The Exchange believes that introducing the optional quantity and notional value risk protections does not impose an undue burden on intra-market competition as it will provide market participants with another tool to manage their order risk.

The Exchange believes that introducing the optional quantity and notional value risk protections does not impose an undue burden on inter-market competition as the identical functionality exists on ISE, GEMX and MRX at Options 3, Section 28.

Options 5, Section 4

The Exchange believes that adding greater detail to its rules does not impose an undue burden on intra-market competition, rather it provides greater transparency as to the potential outcomes when utilizing different routing strategies with respect to SRCH Orders. The substitution of FIND Orders for SEEK Orders allows Participants to continue to have choices as to the manner in which they route orders, if they elect to route. Participants may elect not to route their orders.

The Exchange's proposal to adopt a routing strategy identical to NTX Options¹⁸⁰ with respect to FIND Orders and remove SEEK Orders does not impose an undue burden on inter-market competition. This proposal will provide NOM Participants the same choices with respect to routing that is currently afforded to NTX Options Participants. Also, the proposed routing rules would apply to all Participants including routing during an Opening Process.

Options 6, Section 1

The Exchange's proposal to amend Options 6, Section 1, Authorization to

¹⁷⁸ See NOM Options 2, Section 5.

¹⁷⁹ See NOM Options 2, Section 4.

¹⁸⁰ See NTX Options at Options 5, Section 4, Order Routing.

Give Up, does not impose an undue burden on intra-market competition, rather it will permit all NOM Participants to amend the OCC mnemonic to any valid OCC number at the time of the trade, or through post trade allocation. The proposal will create a uniform process for Give-Up for all Participants and harmonize NOM's Options 6, Section 1 rule to ISE, GEMX and MRX Options 6, Section 1.

The Exchange's proposal to amend Options 6, Section 1, Authorization to Give Up, does not impose an undue burden on inter-market competition because other markets today have the same Give-Up process.¹⁸¹

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

No written comments were either solicited or received.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section

19(b)(3)(A)(iii) of the Act¹⁸² and subparagraph (f)(6) of Rule 19b-4 thereunder.¹⁸³

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or 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-NASDAQ-2026-039 on the subject line.

¹⁸² 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁸³ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

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-NASDAQ-2026-039. 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 (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. 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-NASDAQ-2026-039 and should be submitted on or before June 11, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁸⁴

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2026-10148 Filed 5-20-26; 8:45 am]

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¹⁸⁴ 17 CFR 200.30-3(a)(12).

¹⁸¹ See ISE, GEMX and MRX Options 6, Section 1(c).



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Part III

Securities and Exchange Commission

17 CFR Parts 210, 229, 230, et al.

Enhancement of Emerging Growth Company Accommodations and
Simplification of Filer Status for Reporting Companies; Proposed Rule

**SECURITIES AND EXCHANGE
COMMISSION****17 CFR Parts 210, 229, 230, 232, 239,
240, and 249****[Release Nos. 33–11419; 34–105515; File
No. S7–2026–18]****RIN 3235–AN40****Enhancement of Emerging Growth
Company Accommodations and
Simplification of Filer Status for
Reporting Companies****AGENCY:** Securities and Exchange
Commission.**ACTION:** Proposed rule.

SUMMARY: The Securities and Exchange Commission (“Commission”) proposes amendments to streamline filer statuses for Securities Exchange Act of 1934 (“Exchange Act”) reporting companies into two primary categories: large accelerated filers and non-accelerated filers. The Commission further proposes to raise the threshold and seasoning requirements for large accelerated filer status and extend certain existing accommodations and scaled disclosures, including those for smaller reporting companies and emerging growth companies, to all non-accelerated filers, while continuing to require compliance with non-scaled disclosure from large accelerated filers. The Commission also proposes to extend the deadlines to file periodic reports for the smallest non-accelerated filers, as measured by total assets. Finally, the Commission also

proposes to update the rules that define which issuers are considered small entities for purposes of the Regulatory Flexibility Act (“RFA”).

DATES: Comments should be received on or before July 20, 2026.

ADDRESSES: Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission’s internet comment form (<https://www.sec.gov/comments/s7-2026-18/enhancement-emerging-growth-company-accommodations-simplification-filer-status-reporting-companies>); or
- Send an email to rule-comment@sec.gov. Please include File Number S7–2026–18 on the subject line.

Paper Comments

- Send paper comments to Vanessa A. Countryman, Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to File Number S7–2026–18. 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 of submission. The Commission will post all comments on the Commission’s website (<https://www.sec.gov/comments/s7-2026-18/enhancement-emerging-growth-company-accommodations-simplification-filer-status-reporting-companies>). Do not include personally

identifiable information in submissions; you should submit only information that you wish to make available publicly. The Commission may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection.

Studies, memoranda, or other substantive items may be added by the Commission or staff to the comment file during this rulemaking. A notification of the inclusion in the comment file of any such materials will be made available on the Commission’s website. To ensure direct electronic receipt of such notifications, sign up through the “Stay Connected” option at www.sec.gov to receive notifications by email.

A summary of the proposal of not more than 100 words is posted on the Commission’s website (<https://www.sec.gov/rules-regulations/2026/05/s7-2026-18>).

FOR FURTHER INFORMATION CONTACT:

Nabeel Cheema, Special Counsel, and Stephanie Sullivan, Associate Chief Accountant, Division of Corporation Finance, at (202) 551–3430, and Angela Mokodean, Senior Special Counsel, Division of Investment Management, at (202) 551–6792, U.S. Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549.

SUPPLEMENTARY INFORMATION: The Commission is proposing to amend or add the following rules and forms:

BILLING CODE 8011–01–P

Commission Reference		CFR Citation (17 CFR)
Regulation S-X ¹	Rule 2-02	§ 210.2-02
	Rule 3-01	§ 210.3-01
	Rule 3-02	§ 210.3-02
	Rule 3-09	§ 210.3-09
	Rule 3-12	§ 210.3-12
	Rule 3-19	§ 210.3-19
	Rule 8-01	§ 210.8-01
	Rule 8-02	§ 210.8-02
	Rule 8-03	§ 210.8-03
	Rule 8-04	§ 210.8-04
	Rule 8-05	§ 210.8-05
	Rule 8-06	§ 210.8-06
	Rule 8-07	§ 210.8-07
	Rule 8-08	§ 210.8-08
Regulation S-K ²	Item 10	§ 229.10
	Item 101	§ 229.101
	Item 201	§ 229.201
	Item 302	§ 229.302
	Item 303	§ 229.303
	Item 305	§ 229.305
	Item 308	§ 229.308
	Item 402	§ 229.402
	Item 404	§ 229.404
	Item 407	§ 229.407
	Item 504	§ 229.504
	Item 1011	§ 229.1011
Regulation S-T ³	Rule 405 of Regulation S-T	§ 232.405
Securities Act of 1933 ("Securities Act") ⁴	Securities Act Rule 157	§ 230.157
	Securities Act Rule 405	§ 230.405
	Form S-1	§ 239.11
	Form S-3	§ 239.13
	Form S-4	§ 239.25
	Form S-8	§ 239.16b
	Form S-11	§ 239.18
	Form 1-A	§ 239.90
	Rule 0-10	§ 240.0-10

Securities Exchange Act of 1934 ("Exchange Act") ⁵	Rule 10A-3	§ 240.10A-3
	Rule 10C-1	§ 240.10C-1
	Rule 12b-2	§ 240.12b-2
	Rule 13a-10	§ 240.13a-10
	Rule 13a-13	§ 240.13a-13
	Rule 13q-1	§ 240.13q-1
	Rule 14a-3	§ 240.14a-3
	Rule 14a-20	§ 240.14a-20
	Rule 14a-21	§ 240.14a-21
	Rule 15d-2	§ 240.15d-2
	Rule 15d-10	§ 240.15d-10
	Rule 15d-13	§ 240.15d-13
	Form 10	§ 249.210
	Form 20-F	§ 249.220f
	Form 8-K	§ 249.308
	Form 10-Q	§ 249.308a
	Form 10-K	§ 249.310

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Statutory Authority

I. Introduction

From their inception, the U.S. securities laws have sought to require full and fair disclosure by companies seeking to raise capital from investors and access the public markets.⁶ In enacting broad investor protections and disclosure requirements under the securities laws, Congress also recognized the need to take into account the burdens of registration.⁷ A core function of the Exchange Act is to extend disclosure-based investor protections that are provided for public offerings of securities under the Securities Act to post-distribution trading in the secondary markets. This is accomplished primarily by sections 12,⁸ 13(a),⁹ and 15(d)¹⁰ of the Exchange Act, which impose periodic and current reporting requirements on companies:

⁶ See, e.g., the preamble of the Securities Act, which sets forth the purpose of the Act: "[t]o provide full and fair disclosure of the character of securities sold in interstate and foreign commerce and through the mails, and to prevent frauds in the sale thereof, and for other purposes." The antifraud provisions of the Securities Act necessitate application of a materiality standard to disclosure. See *Basic Inc. v. Levinson*, 485 U.S. 224 (1988). Information is material "if there is a substantial likelihood its disclosure would have been considered significant by a reasonable investor." *Id.* (citing *TSC Industries, Inc. v. Northway, Inc.*, 426 U.S. 438 (1976)).

⁷ See, e.g., Securities Act section 28, 15 U.S.C. 77z-3 (providing general exemptive authority to the extent that such exemption is necessary or appropriate in the public interest); Jumpstart Our Business Startups Act, Public Law 112-106, 126 Stat. 306 (2012) (easing the compliance burden for newly registered companies).

⁸ 15 U.S.C. 78l.

⁹ 15 U.S.C. 78m(a).

¹⁰ 15 U.S.C. 78o(d).

¹ 17 CFR 210.1-01 through 210.15-01.

² 17 CFR 229.10 through 229.1610.

³ 17 CFR 232.10 through 232.501.

⁴ 15 U.S.C. 77a *et seq.*

⁵ 15 U.S.C. 78a *et seq.*

with exchange-listed securities (section 12(b)); with widely held classes of equity securities (section 12(g)); or that have completed a public offering registered under the Securities Act (section 15(d)).¹¹ These registrants¹² must file reports prescribed by the Commission, which generally include annual reports on Form 10-K and quarterly reports on Form 10-Q.¹³ With respect to investment companies, business development companies (“BDCs”) and face-amount certificate companies are also subject to these reporting requirements.¹⁴

Over time, the Commission and Congress have adopted various “filer statuses” to establish tiers of registrants and offer certain accommodations by tier, including as to the timing and content of this periodic reporting. Current filer statuses include:

- *Large accelerated filer* (“LAF”), *accelerated filer*¹⁵ (“AF”), and *non-accelerated filer* (“NAF”).
 - Filing deadlines for periodic reports depend on whether a registrant is classified as an LAF, an AF, or neither of these, which we refer to as an NAF.¹⁶
 - Only LAFs and AFs are required to have the registered public accounting firm that prepares or issues their financial statement audit report attest to, and report on, management’s assessment of the effectiveness of internal control over financial reporting (“ICFR”) (“ICFR auditor attestation”) under section 404(b) of the Sarbanes-Oxley Act of 2002 (“Sarbanes-Oxley Act”).¹⁷
- *Smaller reporting company*¹⁸ (“SRC”) is a regulatory status that applies to smaller registrants permitting those registrants to comply with a number of scaled disclosure requirements, discussed in detail below,¹⁹ which notably include scaled

financial statement disclosure and scaled executive compensation disclosure, among other accommodations.

- *Emerging growth company* (“EGC”) is a statutorily-defined status that applies to registrants for the first five years after their initial public offering so long as they do not become an LAF or surpass revenue and debt issuance limitations.²⁰ The EGC accommodations are described more fully below²¹ and notably include scaled financial statement disclosure in an EGC’s initial public equity offering registration statement, deferred adoption of certain new or revised financial accounting standards, scaled executive compensation disclosure, and an exemption from the ICFR auditor attestation requirement.²²

The table below lists the periodic reporting deadlines that currently apply to LAFs, AFs, and NAFs.²³

Table 1. Filing Deadlines by Filer Status

Category of Filer	Calendar Days after the Period End	
	Annual Report on Form 10-K	Quarterly Report on Form 10-Q
Non-Accelerated Filer	90 days	45 days
Accelerated Filer	75 days	40 days
Large Accelerated Filer	60 days	40 days

¹¹ In addition, any company that has voluntarily registered a class of equity securities under section 12(g) of the Exchange Act and any company that has succeeded to the obligation of another reporting company (17 CFR 240.12g–3 and 240.15d–5) are subject to the reporting requirements of the Exchange Act.

¹² We use the terms “public companies,” “registrants,” and “issuers” interchangeably in this release. Unless explained in the text, the use of different terms in different places is not meant to connote a substantive difference.

¹³ The Exchange Act and related rules impose additional requirements on registrants that are not foreign private issuers (“FPIs”), including obligations to provide current reports (on Form 8-K pursuant to section 13 or 15(d)) and certain proxy information and soliciting materials in connection with a shareholder meeting (on Schedule 14A or 14C pursuant to section 14). The Commission has recently proposed to allow all registrants the option to report semiannually rather than quarterly on Form 10-Q. *See Semiannual Reporting*, Release No. 33–11414 (May 5, 2026) [91 FR 24968 (May 7, 2026)] (“Semiannual Proposing Release”). FPIs, by contrast, already have more limited filing requirements, unless they elect to file on domestic

issuer forms. *See Concept Release on Foreign Private Issuer Eligibility*, Release No. 33–11376 (June 4, 2025) [90 FR 24232 (June 9, 2025)]. FPIs are defined in 17 CFR 240.3b–4. While FPIs may file annual reports on Form 20-F or Form 40-F, FPIs are exempt from the proxy rules, and their obligation to file current reports on Form 6-K is largely limited to circumstances in which FPIs have already made a public filing or disclosure in their home country jurisdiction.

¹⁴ BDCs are a type of closed-end investment company that is not registered under the Investment Company Act of 1940 (“Investment Company Act”). Face-amount certificate companies are a type of registered investment company that are engaged or propose to engage in the business of issuing face-amount certificates of the installment type, or that have been engaged in such business and have any such certificate outstanding. In general, other registered investment companies are subject to separate reporting requirements under the Investment Company Act and are not affected by the filer statuses or other provisions discussed in this release.

¹⁵ “Accelerated filer” and “large accelerated filer” are defined in 17 CFR 240.12b–2.

¹⁶ While undefined currently in the rules, we generally refer to registrants that are not AFs or LAFs as NAFs.

¹⁷ 15 U.S.C. 7262(b) and (c).

¹⁸ The term “smaller reporting company” is defined in 17 CFR 230.405 and 17 CFR 240.12b–2.

¹⁹ *See* section II.B below.

²⁰ Section 101(a) of the JOBS Act amended section 2(a) of the Securities Act and section 3(a) of the Exchange Act to define an “emerging growth company.” The JOBS Act initially defined “emerging growth company” as an issuer with less than \$1 billion in total annual gross revenues, indexed to inflation. Pursuant to the statutory requirements, the current threshold is \$1,235,000,000. *See Inflation Adjustments Under Titles I and III of the JOBS Act*, Release No. 33–11098 (Sept. 9, 2022) [87 FR 57394 (Sept. 20, 2022)] (adopting amendments to adjust the threshold to account for inflation).

²¹ *See* discussion of EGCs in section I.D.2 below.

²² *See* 15 U.S.C. 7262(b).

²³ *See* General Instruction A.2 of Form 10-K and General Instruction A.1 of Form 10-Q for the filing deadlines.

The filer status framework that has developed is layered and complex.²⁴ Under the current system, registrants must annually reevaluate their filer status at the end of their fiscal year. To do so, they consider both their public float²⁵ as of the end of their second fiscal quarter and their annual revenue,

and compare those figures to thresholds that vary based on whether a registrant is entering or exiting a particular filer status. Additionally, registrants qualifying as EGCs must evaluate whether they met any of the disqualifying provisions of an EGC throughout the year. The table below

illustrates the combinations of filer statuses that are possible today, highlights the overlap that can occur among filer statuses, and provides the entry thresholds for each status and the proportion of registrants in each permutation:²⁶

Table 2. Filer Status Thresholds and Proportions

Filer Status	Public Float	Annual Revenues	Proportion of Registrants CY 2024	Proportion of Total Public Float CY 2024
<i>Large Accelerated Filer</i>	\$700M or more	N/A	35.4%	98.82%
<i>Accelerated Filer</i>	\$75M to < \$700M		12.7%	0.51%
AF Only	\$250M to < \$700M	\$100M or more	7.1%	0.36%
AF + SRC Only	\$75M to < \$250M	\$100M or more	3.5%	0.08%
AF + EGC Only	\$250M to < \$700M	\$100M to < \$1.235B	1.3%	0.06%
AF + SRC + EGC	\$75M to < \$250M	\$100M to < \$1.235B	0.8%	0.02%
<i>Non-accelerated Filer</i>			51.9%	0.67%
NAF Only	< \$75M	N/A	5.5%	0.23%
NAF + SRC Only	\$75M to \$700M	< \$100M		0.20%
	No public float	< \$100M	26.0%	
NAF + EGC Only	< \$75M	< \$1.235B	2.1%	0.03%
NAF + SRC + EGC	< \$75M	< \$1.235B		0.22%
	No public float	< \$100M	18.3%	

The table reflects the current thresholds for initially entering into a particular status, but, under existing rules, the thresholds are often different for determining when a registrant transitions out of that status. Under current rules, LAFs transition to AF

status when their public float falls below \$560 million, and AFs and LAFs transition out of either such status when their public float falls below \$60 million or they determine that they are eligible to use the requirements for SRCs under the revenue test in paragraph (2) or

(3)(iii)(B) of the smaller reporting company definitions in 17 CFR 230.405 and 17 CFR 240.12b-2. Similarly, once a registrant exits SRC status, the registrant will only transition back into SRC status if its public float falls below \$200 million, or its public float falls

²⁴ See, e.g., *Fun in the Summer—Navigating the Filer Status Maze*, The Corporate Counsel (May-June 2021), at 1–10 (suggesting that “the SEC and Congress have created what is often a bewildering maze of filer status tests that are used to determine when a company files its reports with the SEC and the content of those reports”). See also Transcript, U.S. Securities and Exchange Commission, *Small Business Forum* (Apr. 10, 2025), at 139–49, <https://www.sec.gov/files/2025-SBF-508-Transcript.pdf> (counsel panelist noting that “when I have to sit there and explain to somebody how to navigate . . . whether you’re an emerging growth company or a

smaller reporting company or an [accelerated] filer, their eyes glaze over and they’re just like, ‘what are you talking about?’ And I think that sort of complexity just adds to the compliance costs, it adds to the concern, and then sometimes I think it adds to the inability to access the market and report and do things in a way that is most effective for those companies”).

²⁵ As used herein, “public float” is the aggregate worldwide market value of the voting and non-voting common equity held by the issuer’s non-affiliates. 17 CFR 240.12b–2(i).

²⁶ The data used in preparing this table is based on registrants’ self-reported filer statuses on the cover page of their calendar year (“CY”) 2024 annual filings and excludes asset-backed issuers and FPIs not filing on domestic forms. While current NAFs may qualify as SRCs, registrants with no public float and annual revenues of \$100 million or more do not qualify as SRCs. The SRC definition also excludes any registrant that is an investment company, an asset-backed issuer, or a majority-owned subsidiary of a parent that is not an SRC. See 17 CFR 229.10(f)(1).

below \$560 million and its revenues fall below \$80 million.²⁷ In addition, because the definitions for the accelerated filer statuses rely in part on SRC status, these transition thresholds also affect accelerated filer status determinations.

In addition to the complexity of the current filer status framework, we note that the number of Exchange Act reporting companies filing on domestic forms fell from 6,996 in 2004 to 5,976 in 2024.²⁸ Unsurprisingly, a similar time period (2009–2017) saw significant growth in private markets, with private markets regularly outpacing public markets in capital raised.²⁹ Recent studies point to a variety of conditions influencing companies that might previously have gone public to remain private, with the regulatory burdens and costs of being a public company consistently considered to be among the factors that have led to this trend.³⁰ The Commission's two most recent Small Business Forums explored the obstacles facing smaller companies trying to go public. In 2025, the issues discussed included having to produce three years of audited financial statements, having to produce reports on a quarterly basis,

the volume of disclosure requirements, and the complexity of the filer status framework.³¹ In 2026, many of the same themes were explored, with notable discussion on the cost of compliance with section 404(b) of the Sarbanes-Oxley Act, the impact on a registrant's ability to plan for those costs in light of an AF public float threshold that is based on a single measurement date, and the limited personnel and resources small companies can devote to such costs.³² Similar recommendations came out of prior years' forums and other roundtables.³³

³¹ Transcript, U.S. Securities and Exchange Commission, *Small Business Forum* (Apr. 10, 2025), at 129–49, <https://www.sec.gov/files/2025-SBF-508-Transcript.pdf>. See U.S. Securities and Exchange Commission, *Report on the 44th Annual Small Business Forum* (Apr. 2025), at 22, <https://www.sec.gov/files/2025-oasb-annual-forum-report.pdf> (recommendation that the Commission streamline the registration process for smaller businesses).

³² Transcript, U.S. Securities and Exchange Commission, *Small Business Forum* (Mar. 9, 2026), <https://www.sec.gov/files/transcript-45th-sb-forum.pdf>.

³³ See, e.g., U.S. Securities and Exchange Commission, *Report on the 43rd Annual Small Business Forum* (Apr. 2024), at 27, <https://www.sec.gov/files/2024-oasb-annual-forum-report.pdf> (recommendation to increase AF public float threshold “so that only larger filers are required to provide an auditor attestation”); U.S. Securities and Exchange Commission, *Report on the 40th Annual Small Business Forum* (May 2021), at 25, https://www.sec.gov/files/2021_OASB_Annual_Forum_Report_FINAL_508.pdf (recommendation to increase SRC and AF public float thresholds); U.S. Securities and Exchange Commission, *Report on the 39th Annual Small Business Forum* (Jun 2020), at 30, https://www.sec.gov/files/2020-oasb-forum-report-final_0.pdf (recommendation to align the SRC and NAF definitions); U.S. Securities and Exchange Commission, Office of the Advocate for Small Business Capital Formation, *Small Cap Policy Roundtable: Reassessing the Framework for Small Public Companies* (July 2025), at 9–15, <https://www.sec.gov/files/small-cap-policy-roundtable-transcript.pdf> (discussion of the complexities of filer status designations with one participant suggesting, among other things, to increase the LAF threshold up to “a \$2 billion market cap” and to “eliminate the accelerated filer status completely”); U.S. Securities and Exchange Commission, Office of the Advocate for Small Business Capital Formation, *IPO Policy Roundtable: Reexamining the IPO On-Ramp* (July 2025), at 42, <https://www.sec.gov/files/ipo-roundtable-transcript.pdf> (discussion about trying to “keep the costs of accessing public markets proportionate for smaller companies”); U.S. Securities and Exchange Commission, *Investor Advisory Committee Meeting* (Mar. 12, 2026), at 56:18–59:12, <https://www.youtube.com/watch?v=y0ZrTZ-uUg0> (discussion related to reforming the categories of companies that are afforded the ability to provide scaled disclosure). The Commission's Office of the Advocate for Small Business Capital Formation has made similar observations and recommended that the Commission “consider ways to harmonize the frameworks governing Smaller Reporting Company (SRC) and Accelerated Filer definitions.” See U.S. Securities and Exchange Commission, Office of the Advocate for Small Business Capital Formation, *Annual Report Fiscal Year 2023* at 84, <https://www.sec.gov/files/2023-oasb-annual-report.pdf>. Additionally, the Commission's Small Business

We are also aware of continued concerns regarding the cost of compliance with the ICFR auditor attestation requirement under section 404(b) of the Sarbanes-Oxley Act.³⁴ Some comments on the 2019 Accelerated Filer Release stated that the ICFR auditor attestation requirement is the most costly aspect of being an AF and indicated that, in relative terms, it is particularly costly for low-revenue registrants.³⁵ In addition, a recent Government Accountability Office (“GAO”) study found that Section 404(a) and (b) compliance costs are more burdensome in relative terms for smaller companies.³⁶ At the same time, the ICFR auditor attestation requirement has benefits for investors, including that it enhances the reliability of management's disclosure related to ICFR and may help a registrant identify a significant deficiency or identify and disclose a material weakness in ICFR that had not been identified or properly characterized by management.³⁷

While registration and entry into the public capital markets is not always necessary or appropriate for smaller or emerging companies,³⁸ a robust pipeline of companies joining the public markets benefits investors by providing them with a more diverse set of investment opportunities and greater transparency.

Capital Formation Advisory Committee has written that the Commission should “[e]nsure public company rules are mindful of the unique circumstances of small public companies, so that these small companies can attract capital, spur innovation, and create jobs.” Letter from U.S. Securities and Exchange Commission, Small Business Capital Formation Advisory Committee (Feb. 28, 2023), at 2, <https://www.sec.gov/files/committee-perspectives-letter-022823.pdf>.

³⁴ See section I.C.

³⁵ See *Accelerated Filer and Large Accelerated Filer Definitions*, Release No. 34–88365 (Mar. 12, 2020) [85 FR 17178, 17183 (Mar. 26, 2020)]. See also comments on the SRC Proposing Release described in the 2019 proposing release suggesting that these costs can divert capital from core business needs. *Amendments to the Accelerated Filer and Large Accelerated Filer Definitions*, Release No. 34–85814 (May 9, 2019) [84 FR 24876, 24880 (May 29, 2019)] (“2019 Accelerated Filer Release”).

³⁶ U.S. Gov't Accountability Off., *Sarbanes-Oxley Act: Compliance Costs are Higher for Larger Companies but More Burdensome for Smaller Ones* (June 2025), <https://www.gao.gov/assets/gao-25-107500.pdf>.

³⁷ See *infra* notes 67, 170, and 175.

³⁸ See, e.g., *Facilitating Capital Formation and Expanding Investment Opportunities by Improving Access to Capital in Private Markets*, Release No. 33–10763 (Mar. 4, 2020) [85 FR 17956, 17957 (Mar. 31, 2020)] (“In various circumstances, registration is not necessary, nor is it the most effective means, to achieve the objectives of the Securities Act or the Commission's mission more broadly. In recognition of the fact that registration is not always necessary or appropriate, the Securities Act contains a number of exemptions from its registration requirement and the Commission is authorized to adopt additional exemptions.”).

²⁷ For an SRC whose prior annual revenues were less than \$100 million, the SRC may transition as long as it meets the public float requirement and its current annual revenues are less than \$100 million. See 17 CFR 230.405 and 17 CFR 240.12b–2.

²⁸ This number of registrants is estimated as the number of unique registrants, identified by Central Index Key (“CIK”), that filed a Form 10–K, or an amendment thereto, during each year. This estimate excludes registrants that have not filed a Form 10–K and FPIs filing on Forms 20–F and 40–F. The estimate also excludes asset-backed issuers, because the disclosure and other accommodations addressed in the proposed amendments do not apply to these issuers.

²⁹ See Scott Bauguess, Rachita Gullapalli & Vladimir Ivanov, *Capital Raising in the U.S.: An Analysis of the Market for Unregistered Securities Offerings, 2009–2017*, Division of Economic and Risk Analysis, U.S. Securities and Exchange Commission (Aug. 2018), https://www.sec.gov/files/dera-white-paper_regulation-d_082018.pdf.

³⁰ See Rongbing Huang & Donghang Zhang, *Initial Public Offerings: Motives, Mechanisms, and Pricing* The Oxford Rsch. Encyclopedia of Econ. & Fin. (Feb. 5, 2022) (surveying prior research on companies' decisions on whether and how to go public citing conditions including: cash flow considerations and economies of scope that favor mergers with larger companies, particularly in globalized industries; the centrality of intellectual property to many new companies, which attracts venture capital; alternative exit strategies and private capital availability more generally; and regulatory burden). See also Marshall Lux & Jack Pead, *Hunting High and Low: The Decline of the Small IPO and What to Do About It*, (M–RCBG Associate Working Paper Series No. 86), Mossavar-Rahmani Ctr. for Bus. and Gov't (Apr. 2018) (exploring the factors causing the decline in small company IPOs and finding motivating causes may include: reduced sell-side coverage; the growth of institutional investors on the buy-side; the shift from active to passive investing; growth in private capital; and increased regulatory pressures).

It also benefits companies in various ways, including by providing them new sources of capital at a potentially lower cost. The Commission has long considered the regulatory burdens of public company registration and ongoing compliance with the regulations that apply to public companies. Indeed, the Commission has previously taken steps with the aim of increasing the viability of entry into the public markets to more companies, by adopting simplified registration rules and processes for issuers while carefully balancing investors' need for timely and appropriate disclosure. For example, in a series of actions spanning decades, the Commission has routinely simplified and tailored smaller issuers' disclosure obligations.³⁹ In 2005, the Commission reformed the securities offering process by, among other actions, liberalizing permitted offering communications, updating prospectus delivery requirements, and modernizing the shelf registration provisions.⁴⁰ Nonetheless, changes in the securities laws have resulted in an increasingly complicated regulatory framework that warrants reconsideration, including a reassessment of whether the disclosure burdens faced by registrants are properly balanced with the corresponding benefits to investors and markets.

We are therefore proposing amendments to our regulations to rationalize the existing Exchange Act filer status framework, which will simplify reporting and disclosure requirements and reduce burdens on most reporting companies, while continuing to seek full and fair disclosure for investors. To provide context to our proposed amendments, we briefly trace the evolution of the current filer status framework below.

A. Exchange Act Reporting Prior to 2002

The Commission adopted the "integrated disclosure system" in 1982 following several years of analysis of the disclosure rules under the Securities

Act and the Exchange Act.⁴¹ Prior to the adoption of the integrated disclosure system, separate disclosure regimes applied to Securities Act registration statements and Exchange Act registration and periodic reporting, which often resulted in overlapping and duplicative requirements. At the time the integrated disclosure system was adopted, the Commission stated that the "goal of the Commission's integrated disclosure program has been to revise or eliminate overlapping or unnecessary disclosure and dissemination requirements wherever possible, thereby reducing burdens on registrants while at the same time ensuring that security holders, investors and the marketplace have been provided with meaningful nonduplicative information upon which to base investment decisions."⁴²

Under the integrated disclosure system, most registration and reporting forms under the Securities Act and the Exchange Act refer to common disclosure requirements codified in Regulation S-K and Regulation S-X. In recognition of the difficulties that smaller issuers were facing in accessing the capital markets, the Commission adopted Regulation S-B in 1992, an integrated disclosure system tailored specifically to a set of "small business issuers," as defined by revenues and public float, and provided specialized forms under the Securities Act and Exchange Act that referenced simplified disclosure requirements for these issuers.⁴³

As a result of these accommodations, prior to 2002, there were effectively two Exchange Act filer statuses: a "default" category of issuers that filed periodic reports on Forms 10-K and 10-Q under Regulation S-K, and a small business issuer category that filed periodic reports on Forms 10-KSB and 10-QSB under Regulation S-B. Commission rules applied uniform filing deadlines to all Exchange Act reporting companies' periodic reports: 90 days after fiscal year end for annual reports, and 45 days after quarter end for quarterly reports.

B. Accelerated Filer Status; Sarbanes-Oxley Act

Following a series of corporate and accounting scandals in the early 2000s that led to financial restatements and

bankruptcies and resulted in significant adverse effects on shareholders, the Commission established "accelerated filer" status by adopting accelerated filing deadlines for certain registrants. Congress subsequently enacted the Sarbanes-Oxley Act,⁴⁴ which included ICFR requirements intended to improve the accuracy and reliability of corporate disclosures.

The Commission's adoption of AF status was motivated in part by advances in communication technology and companies' growing practice of releasing quarterly earnings well before the Form 10-Q deadline.⁴⁵ The new "accelerated filer" status therefore accelerated the periodic report filing deadlines for registrants with a public float of \$75 million or more, who had been subject to Exchange Act reporting requirements for at least 12 months, and had previously filed at least one annual report.⁴⁶ In acting to further categorize the filer statuses in this way, the Commission sought to "balance the market's need for information with the time companies need to prepare that information without undue burden."⁴⁷

The Commission again amended the filer status rules in 2005 by introducing the LAF status.⁴⁸ The Commission sought to avoid applying the shortest filing deadlines to registrants with less than \$700 million in public float by further dividing filers into LAFs

⁴⁴ Public Law 107-204, 116 Stat. 745 (2002).

⁴⁵ See *Acceleration of Periodic Report Filing Dates and Disclosure Concerning website Access to Reports*, Release No. 33-8089 (Apr. 12, 2002) [67 FR 19896, 19897 (Apr. 23, 2002)] ("[A]dvances in communications and information technology have made it easier for companies to process and disseminate information swiftly. Many large seasoned reporting companies capture and evaluate information and announce their quarterly and annual financial results well before they file their formal reports with the Commission. These earnings announcements are generally less complete in their disclosure than quarterly or annual reports and can emphasize information that is less prominent in quarterly or annual reports. Investors also process, evaluate and react to information on a much shorter timeframe. The delayed filing of reports, however, means investors often make decisions without access to the more extensive disclosure in the company's Exchange Act reports.").

⁴⁶ *Acceleration of Periodic Report Filing Dates and Disclosure Concerning website Access to Reports*, Release No. 33-8128 (Sept. 5, 2002) [67 FR 58480 (Sept. 16, 2002)].

⁴⁷ *Id.* The Commission did not propose to accelerate the filing deadlines for newly public companies and smaller issuers, recognizing that such companies need to develop experience with the preparation and filing of periodic reports or may not have the resources or infrastructure to prepare their reports on a shorter timeframe without undue burden or expense.

⁴⁸ *Revisions to Accelerated Filer Definition and Accelerated Deadlines for Filing Periodic Reports*, Release No. 33-8644 (Dec. 21, 2005) [70 FR 76626 (Dec. 27, 2005)] ("Accelerated Filer Revisions Adopted Release").

³⁹ See, e.g., *Simplified Registration and Reporting Requirements for Small Issuers*, Release No. 33-6049 (Apr. 3, 1979) [44 FR 21562 (Apr. 10, 1979)]; *Small Business Initiatives*, Release No. 33-6949 (July 30, 1992) [57 FR 36442 (Aug. 13, 1992)] (adopting Regulation S-B); and *Smaller Reporting Company Regulatory Relief and Simplification*, Release No. 33-8876 (Dec. 19, 2007) [73 FR 934 (Jan. 4, 2008)] (adopting the "smaller reporting company" definition) ("SRC Adopting Release").

⁴⁰ *Securities Offering Reform*, Release No. 33-8591 (July 19, 2005) [70 FR 44722 (Aug. 3, 2005)] ("Offering Reform Adopted Release"). See also *Registered Offering Reform*, Release No. 33-11418 (May 19, 2026) ("Registered Offering Reform Proposal").

⁴¹ See *Adoption of Integrated Disclosure System*, Release No. 33-6383 (Mar. 3, 1982) [47 FR 11380 (Mar. 16, 1982)].

⁴² *Id.* at 11382.

⁴³ See *Small Business Initiatives*, Release No. 33-6949 (July 30, 1992) [57 FR 36442 (Aug. 13, 1992)]. Note that in 2007 the Commission adopted amendments that moved the scaled disclosure requirements for smaller issuers from Regulation S-B into Regulation S-K, as discussed below. See SRC Adopting Release.

(registrants with \$700 million or more in public float) and AFs (registrants with at least \$75 million in public float but less than \$700 million). All remaining registrants with less than \$75 million in public float have become known as NAFs. While the Commission acknowledged the incremental benefit of more timely accessibility to periodic reports, it was concerned with the added burdens associated with the increased acceleration of the deadlines.⁴⁹ The Commission determined to limit the shortest deadlines to the largest registrants, reasoning that LAFs, “are more likely than smaller companies to have a well-developed infrastructure and financial reporting resources to support further acceleration of the annual report deadline.”⁵⁰

As a result of this and later developments,⁵¹ under the current definition in Rule 12b–2, an LAF is a registrant that: (1) has a public float of \$700 million or more, as of the last business day of its most recently completed second fiscal quarter, calculated using either the closing price or the average of the bid and ask prices that day; (2) has been subject to the requirements of Exchange Act section 13(a) or 15(d) for at least 12 calendar months; (3) has filed at least one annual report pursuant to the Exchange Act; and (4) is not eligible to be an SRC under the SRC revenue test. LAFs’ periodic reporting deadlines are 60 days for Form 10–K, and 40 days for Form 10–Q, while AFs’ deadlines are 75 and 40 days, respectively; and the deadlines for NAFs remain at 90 and 45 days, respectively.⁵²

C. ICFR Requirements

In 2002, less than two months before the Commission adopted the rules for

AFs, Congress enacted the Sarbanes-Oxley Act.⁵³ One aspect of the Sarbanes-Oxley Act’s reforms was the adoption of section 404. Section 404(a) mandates Commission rules requiring Exchange Act reporting companies to include in their annual reports an internal control report that states the responsibility of management for establishing and maintaining ICFR and that contains an assessment of the effectiveness of the registrant’s ICFR as of the end of each fiscal year.⁵⁴ Section 404(b) requires that each registered public accounting firm that prepares or issues the registrant’s financial statement audit report attest to, and report on, management’s assessment of the effectiveness of the ICFR.⁵⁵ As discussed below, Congress took further action in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”)⁵⁶ and the Jumpstart Our Business Startups (“JOBS”) Act,⁵⁷ to exempt from section 404(b): (1) any registrant that is not an LAF or an AF and (2) any registrant that is an EGC, respectively.

As mandated by section 404, the Commission adopted rules in 2003 requiring registrants that are subject to Exchange Act reporting requirements to include in their annual reports a report of management on the registrant’s ICFR and an attestation report by the registrant’s auditors on management’s assessment of the internal controls.⁵⁸ Although section 404 generally requires and directs the Commission to adopt rules regarding ICFR that apply to every issuer that is required to file reports pursuant to Exchange Act section 13(a) or 15(d), registered investment companies (“RICs”) under section 8 of the Investment Company Act⁵⁹ are specifically exempted from section 404 by section 405.⁶⁰ In addition, the

Commission’s rules implementing section 404 exempted other types of issuers, such as asset-backed issuers, from the ICFR obligations.⁶¹ The Commission also determined that FPIs and Canadian multijurisdictional disclosure system (“MJDS”) issuers must have their management assess and report annually on the effectiveness of their ICFR as of the end of their fiscal year and include an auditor attestation report on ICFR in their annual report form if the FPI or MJDS issuer is an AF or LAF, other than an EGC.⁶² BDCs, however, are subject to the rules adopted by the Commission to implement section 404.⁶³

Through a series of actions from 2003 through 2009, the Commission delayed compliance with section 404 for NAFs, acknowledging that “non-accelerated filers, including smaller companies and foreign private issuers, may have greater difficulty in preparing the management report on internal control over financial reporting.”⁶⁴ Ultimately, Congress

business investment companies, are also required to file a copy of their independent public accountant’s report on internal controls. See Form N–CEN (17 CFR 274.101); see also *Investment Company Reporting Modernization*, Release No. IC–32314 (Oct. 13, 2016) [81 FR 81870, n.879–81 and accompanying text (Nov. 18, 2016)].

⁶¹ See *Asset-Backed Securities*, Release No. 33–8518 (Dec. 22, 2004) [70 FR 1506, 1510 n. 41. (Jan. 7, 2005)] (“Regulation AB Adopting Release”). See also 17 CFR 240.13a–15(a) and 17 CFR 240.15d–15(a) and General Instruction J to Form 10–K.

⁶² See Items 15(b) and (c) of Form 20–F and General Instruction B(6)(c) and (d) of Form 40–F.

⁶³ BDCs are not registered under the Investment Company Act and, therefore, not within the exemption provided by Sarbanes-Oxley Act section 405. See 17 CFR 230.405.

⁶⁴ See ICFR Adopting Release. As initially adopted, AFs were to comply with the requirements for their first fiscal year ending on or after June 15, 2004, and issuers that were not AFs on or after Apr. 15, 2005. Through a series of releases the Commission extended compliance for accelerated and non-accelerated filers. See, e.g., *Management’s Report on Internal Control over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports*, Release No. 33–8392 (Feb. 24, 2004) [69 FR 9722 (Mar. 1, 2004)] (extending compliance dates for accelerated and non-accelerated filers); *Management’s Report on Internal Control over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports of Non-Accelerated Filers and Foreign Private Issuers; Extension of Compliance Dates*, Release No. 33–8545 (Mar. 2, 2005) [70 FR 11528 (Mar. 8, 2005)]; *Management’s Report on Internal Control over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports of Companies that Are Not Accelerated Filers*, Release No. 33–8618 (Sept. 22, 2005) [70 FR 56825 (Sept. 29, 2005)] (further postponing compliance dates for NAFs); *Internal Control over Financial Reporting in Exchange Act Periodic Reports of Foreign Private Issuers that Are Accelerated Filers*, Release No. 33–8730A (Aug. 9, 2006) [71 FR 47056 (Aug. 15, 2006)] (postponing compliance dates for FPIs and NAFs). See also *Internal Control over Financial Reporting in Exchange Act Reports of Non-Accelerated Filers and Newly Public Companies*, Release No. 33–8760

Continued

⁴⁹ See *Revisions to Accelerated Filer Definition and Accelerated Deadlines for Filing Periodic Reports*, Release No. 33–8617 (Sept. 22, 2005) [70 FR 56862, 56865 (Sept. 29, 2005)].

⁵⁰ *Id.* The Commission confirmed this view in the Accelerated Filer Revisions Adopting Release. See *supra* note 48, at 76629.

⁵¹ The LAF definition was amended in 2020 to exclude certain low revenue registrants. *Accelerated Filer and Large Accelerated Filer Definitions*, Release No. 34–88365 (Mar. 12, 2020) [85 FR 17178 (Mar. 26, 2020)]. See discussion *infra* notes 108, 109, and 110 and accompanying text.

⁵² See Accelerated Filer Revisions Adopting Release. Also in 2005, the Commission adopted a requirement that AFs (and well-known seasoned issuers, as that term is defined in Securities Act Rule 405) disclose on Form 10–K or Form 20–F material outstanding staff comments that were issued more than 180 days before the end of the fiscal year covered by the report. See Offering Reform Adopting Release. The Commission subsequently extended that disclosure requirement to LAFs as well. See Accelerated Filer Revisions Adopting Release.

⁵³ Public Law 107–204, 116 Stat. 745 (2002).

⁵⁴ 15 U.S.C. 7262(a).

⁵⁵ 15 U.S.C. 7262(b).

⁵⁶ Public Law 111–203, 124 Stat. 1376 (2010), sec. 989G(a). Section 404(c), codified at 15 U.S.C. 7262(c), provides that section 404(b) does not apply with respect to an audit report prepared for an issuer that is neither an LAF nor an AF as defined by the Commission.

⁵⁷ Public Law 112–106, 126 Stat. 306 (2012), sec. 103 (codified at 15 U.S.C. 7262(b)).

⁵⁸ 17 CFR 229.308. See also *Management’s Report on Internal Control over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports*, Release No. 33–8238 (June 5, 2003) [68 FR 36636 (June 18, 2003)] (“ICFR Adopting Release”).

⁵⁹ 15 U.S.C. 80a–8.

⁶⁰ 15 U.S.C. 7263. RICs are subject to Sarbanes-Oxley Act section 302, which requires management certifications, including with respect to management’s responsibility for establishing and maintaining ICFR. See 17 CFR 270.30a–2 and 270.30a–3; see also ICFR Adopting Release. RICs that are management companies, other than small

enacted section 989G of the Dodd-Frank Act, which added section 404(c) to the Sarbanes-Oxley Act to exempt issuers that are neither LAFs nor AFs, as defined by the Commission, from the ICFR auditor attestation requirement of section 404(b).⁶⁵ Section 404(c) also directed the Commission to conduct a study to determine how the Commission could reduce the burden of complying with the section 404(b) ICFR auditor attestation requirement for companies with public float between \$75 million and \$250 million. Congress further extended relief from section 404(b) in the JOBS Act when it exempted EGCs from the requirement.⁶⁶

In April 2011, the Commission staff published the required study and recommendations relating to section 404(b).⁶⁷ The study found that, while initial implementation of section 404 resulted in a steep increase in audit fees, there was a statistically significant decrease in compliance costs (including audit fees) for registrants subsequent to the issuance of PCAOB Auditing Standard No. 5⁶⁸ and related Commission guidance⁶⁹ on management's report on ICFR. Based on the study's findings, the staff did not recommend changing the scope of the ICFR auditor attestation requirement at that time, but encouraged activities to further improve the effectiveness and efficiency of implementation of the ICFR requirements.⁷⁰

(Dec. 15, 2006) [71 FR 76580 (Dec. 21, 2006)]; *Internal Control over Financial Reporting in Exchange Act Periodic Reports of Non-Accelerated Filers*, Release No. 33-8934 (June 26, 2008) [73 FR 38094 (July 2, 2008)]; and *Internal Control over Financial Reporting in Exchange Act Reports of Non-Accelerated Filers*, Release No. 33-9072 (Oct. 13, 2009) [74 FR 53628 (Oct. 19, 2009)] (further postponing compliance dates for NAFs).

⁶⁵ 15 U.S.C. 7262(c).

⁶⁶ See *supra* note 57.

⁶⁷ See Staff of the Office of the Chief Accountant, U.S. Securities and Exchange Commission, *Study and Recommendations on Section 404(b) of the Sarbanes-Oxley Act of 2002 for Issuers with Public Float Between \$75 and \$250 Million* (Apr. 2011), <https://www.sec.gov/news/studies/2011/404bfloat-study.pdf> ("Staff Study").

⁶⁸ See PCAOB Auditing Standard No. 5, *An Audit of Internal Control over Financial Reporting that Is Integrated with an Audit of Financial Statements*, https://pcaobus.org/oversight/standards/archived-standards/pre-reorganized-auditing-standards-interpretations/details/Auditing_Standard_5.

⁶⁹ See Commission Guidance Regarding Management's Report on Internal Control over Financial Reporting Under Section 13(a) and 15(d) of the Securities Exchange Act of 1934, Release No. 33-8810 (June 20, 2007) [72 FR 35324 (June 27, 2007)].

⁷⁰ The staff noted that section 404(c) exempted approximately 60% of reporting issuers at that time and found strong evidence that the auditor's role in auditing the effectiveness of ICFR improves the reliability of internal control disclosures and financial reporting overall and is useful to investors. See Staff Study.

As discussed in more detail below, the Commission modified the definition of AF in 2020 to exclude a registrant that is eligible to be an SRC and has annual revenues of less than \$100 million.⁷¹ In excluding low-revenue SRCs from AF status, the Commission also exempted those registrants from the ICFR auditor attestation requirement. In the adopting release, the Commission found that the ICFR auditor attestation requirement is disproportionately costly to small issuers, noting that the fixed costs of compliance are not scalable for smaller issuers and that low-revenue issuers have limited access to internally generated capital such that the costs may more directly constrain their ability to invest and hire.⁷² Commentators and registrants continue to express concerns regarding the costs of implementation of section 404 and the disproportionate effect on smaller issuers.⁷³

D. Actions Related to Smaller Reporting and Emerging Growth Companies

1. Establishment of SRC Status

Through the course of implementing the enhanced disclosure and other requirements of the Sarbanes-Oxley Act, the Commission recognized the increased regulatory burden faced by

⁷¹ *Accelerated Filer and Large Accelerated Filer Definitions*, Release No. 34-88365 (Mar. 12, 2020) [85 FR 17178 (Mar. 26, 2020)]. In expanding this exclusion, the Commission suggested, as a general matter, there may be greater costs and relatively lower benefits in including these issuers as accelerated filers, in part because these issuers may, on average, be less susceptible to certain types of restatements, such as those related to revenue recognition.

⁷² *Id.* at 17188. However, the release also acknowledged concerns that eliminating the requirement for these registrants may adversely affect the effectiveness of ICFR and the reliability of the financial statements of the affected issuers with data showing that, among low-revenue issuers, accelerated filers other than EGCs (filers that are required to obtain an auditor's attestation of ICFR) have fewer Item 4.02 restatements than non-accelerated filers that are not required to comply with section 404(b).

⁷³ See, e.g., Stephen M. Bainbridge, *Sarbanes-Oxley § 404 at Twenty*, Law-Econ Research Paper No. 22-05, UCLA School of Law (2022). See also Peter Iliev, *The Effect of SOX Section 404: Costs, Earnings Quality, and Stock Prices*, 65 J. Fin. 1163 (2010) (seeking to measure the costs, benefits, and overall value impact of Sarbanes-Oxley Act requirements on small firms and finding the ICFR auditor attestation requirement imposes significant costs for small firms and suggesting that the costs associated with section 404 compliance outweigh the benefits for small firms). See also Transcript, U.S. Securities and Exchange Commission, *Small Business Forum* (Mar. 9, 2026), <https://www.sec.gov/files/transcript-45th-sb-forum.pdf>, at 141-143, 154 (participants identified section 404(b) costs as an obstacle to companies going and staying public, and observed that, in practice, the public float trigger for becoming subject to the ICFR auditor attestation requirement can be unpredictable).

registrants.⁷⁴ This eventually led in 2007 to the Commission reworking its regulatory framework for smaller registrants by establishing the "smaller reporting company" filer status.⁷⁵ As part of the revisions, the Commission rescinded Regulation S-B and the "small business issuer" definition.⁷⁶ Under the 2007 rules, all filers that were not AFs or LAFs—i.e., those with less than \$75 million in public float⁷⁷—were designated as SRCs, and granted most of the scaled disclosure accommodations that had previously been provided to "small business issuers."⁷⁸ The SRC definition excludes asset-backed issuers, RICs, BDCs, and majority-owned subsidiaries of issuers that do not qualify as an SRC. Additionally, FPIs are not eligible to use the requirements for SRCs unless they use the forms and rules designated for domestic issuers and provide financial statements prepared in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP").⁷⁹

The revised streamlined regulatory framework moved all disclosure requirements back into Regulation S-K and Regulation S-X, consolidated smaller issuers and NAFs into the same filer status, and expanded the number of registrants eligible to use scaled disclosure requirements.⁸⁰ The

⁷⁴ See, e.g., *Revisions to Accelerated Filer Definition and Accelerated Deadlines for Filing Periodic Reports*, Release No. 33-8617 (Sept. 22, 2005) [70 FR 56862, 56863-64 (Sept. 29, 2005)] (acknowledging the burdens registrants faced in complying with the section 404 requirements and recounting the compliance postponements the Commission instituted in response).

⁷⁵ See SRC Adopting Release.

⁷⁶ *Id.*

⁷⁷ Registrants without a calculable public float were accorded SRC status if their annual revenues were below \$50 million.

⁷⁸ See SRC Adopting Release.

⁷⁹ The Commission has solicited comments on the definition of FPIs and is considering whether the current FPI definition should be revised so that it better represents the issuers that the Commission intended to benefit from current FPI accommodations while continuing to protect investors and promote capital formation. See *Concept Release on Foreign Private Issuer Eligibility*, Release No. 33-11376 (June 4, 2025) [90 FR 24232 (June 9, 2025)] ("FPI Concept Release"). Further, concurrently with the proposed amendments outlined in this release, the Commission separately is proposing amendments to revise, among other things, the eligibility requirements for Forms S-3 and S-1. See *Registration Offering Reform Proposal*. Pursuant to the ongoing evaluation of the issues raised in the FPI Concept Release, the Commission is proposing to prohibit FPIs from using Forms S-3 and S-1. See *id.*

⁸⁰ *Id.* at 935. At the time of adoption, the Commission estimated that approximately 42% of registrants would be eligible to use the scaled disclosure requirements (4,976 out of 11,898 reporting companies). *Id.* The amendments also moved certain scaled financial statement requirements from Regulation S-B into Regulation S-X. *Id.*

amendments effectively established a three-tier filer status framework:

- LAFs having a public float of \$700 million or more, subject to the most accelerated filing deadlines and the most comprehensive disclosure requirements;
- AFs having a public float of \$75 million or more, but less than \$700 million, subject to less accelerated filing deadlines and the most comprehensive disclosure requirements; and
- SRCs having a public float of less than \$75 million (or, if without a calculable public float, annual revenues below \$50 million), subject to non-accelerated filing deadlines and scaled disclosure requirements.

At the time of initial adoption of SRC status, LAFs and AFs were generally subject to the same disclosure requirements as each other. SRCs, however, were (and currently remain) permitted to avail themselves of certain scaled disclosure accommodations, which currently include:

- To provide two (instead of three) years of audited financial statements, and prepare their financial statements in accordance with Article 8 of Regulation S-X;⁸¹
- To provide two (instead of three) years of summary compensation table information and tabular and other compensation disclosure for three (instead of five) named executive officers;
- To omit the compensation discussion and analysis, compensation policies and practices related to risk management, pay ratio disclosure, grants of plan-based awards table, pension benefits table, option exercises and stock vested table, and nonqualified deferred compensation table;⁸²
- To provide scaled golden parachute and pay versus performance disclosure;⁸³
- To omit disclosure relating to risk factors in periodic reports;⁸⁴ a stock

performance graph;⁸⁵ quantitative and qualitative disclosure about market risk;⁸⁶ supplementary financial information relating to the disclosure of material quarterly changes and information about oil and gas activities;⁸⁷ policies and procedures for the review, approval, or ratification of related party transactions;⁸⁸ and certain payments made by resource extraction issuers;⁸⁹ and

- To provide a simplified description of business.⁹⁰

By contrast, Item 404 of Regulation S-K, which addresses related-party transaction disclosure, includes in Item 404(d) certain requirements for SRCs that are more rigorous than those for other filers,⁹¹ namely:

- Rather than a flat \$120,000 threshold for the disclosure of related-party transactions, the threshold is the lesser of \$120,000 or one percent of total assets;
- Disclosures are required about underwriting discounts and commissions where a related person is a principal underwriter or a controlling person or member of a firm that was or is going to be a principal underwriter;
- Disclosures are required about the issuer's parent(s) and their basis of control; and
- An additional year of disclosures is required regarding transactions with related persons.⁹²

2. The JOBS Act and EGC Status

In 2012, Congress enacted the JOBS Act, which established a new “emerging growth company,” or EGC, filer status and provided disclosure and other accommodations to EGCs.⁹³ Currently, a company qualifies as an EGC if it has total gross revenues of less than \$1.235

billion during its most recently completed fiscal year and continues to qualify as an EGC until the earliest of: (1) the last day of the fiscal year of the issuer during which it has total annual gross revenues of \$1.235 billion or more; (2) the last day of its fiscal year following the fifth anniversary of the first sale of its common equity securities pursuant to an effective registration statement; (3) the date on which the issuer has, during the previous three-year period, issued more than \$1 billion in nonconvertible debt; or (4) the date on which the issuer is deemed to be an LAF (as defined in Exchange Act Rule 12b-2).⁹⁴ Congress supplemented the JOBS Act by enacting the Fixing America's Surface Transportation (“FAST”) Act,⁹⁵ which provided for targeted additional accommodations for EGCs and required the Commission “to further scale or eliminate requirements of Regulation S-K, in order to reduce the burden on emerging growth companies, accelerated filers, smaller reporting companies, and other smaller issuers, while still providing all material information to investors.”⁹⁶

EGC status provides a registrant with accommodations that lower the costs and burdens of registration and reporting and is generally seen as an “on-ramp” for newly public companies to ease the burdens of transitioning from a private to a public company.⁹⁷ While there are overlaps between the EGC and SRC populations and their respective accommodations, EGCs are entitled to a similar but distinct set of accommodations. EGCs are:

⁹⁴ See 15 U.S.C. 77b(a)(19) and 15 U.S.C. 78c(a)(80). Section 101(a) of the JOBS Act amended section 2(a) of the Securities Act and section 3(a) of the Exchange Act to define an “emerging growth company.” Section 101(a) initially defined “emerging growth company” as an issuer with less than \$1 billion in total annual gross revenues. Pursuant to the statutory definition, the Commission is required every five years to index to inflation the annual gross revenue amount used to determine EGC status to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics. In 2017, the Commission increased the annual gross revenue amount from \$1,000,000,000 to \$1,070,000,000. *Inflation Adjustments and Other Technical Amendments Under Titles I and III of the Jobs Act*, Release No. 33-10332 (Mar. 31, 2017) [82 FR 17545 (Apr. 12, 2017)]. In 2022, the Commission increased it to \$1,235,000,000. *Inflation Adjustments Under Titles I and III of the JOBS Act*, Release No. 33-11098 (Sept. 9, 2022) [87 FR 57394 (Sept. 20, 2022)].

⁹⁵ Public Law 114-94, 129 Stat. 1312 (2015).

⁹⁶ *Id.*, secs. 72002 and 72003. The Commission adopted amendments to modernize and simplify disclosure requirements in Regulation S-K in 2019. *FAST Act Modernization and Simplification of Regulation S-K*, Release No. 33-10618 (Mar. 20, 2019) [84 FR 12674 (Apr. 2, 2019)].

⁹⁷ See *supra* note 93.

⁸¹ In conjunction with the two years of audited financial statements registrants are also permitted to provide a two-year (instead of three-year) comparison in their Management's Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”). See 17 CFR 240.14a-3(b)(1), 17 CFR 210.8-01 *et seq.*, and 17 CFR 229.303.

⁸² See 17 CFR 229.402. In addition, SRCs are only required to provide three (instead of five) years of pay versus performance disclosure. See 17 CFR 229.402(v).

⁸³ SRCs are only required to provide golden parachute disclosure generally for three executive officers (instead of five). See 17 CFR 229.402(t). See also *infra* note 221 regarding golden parachute votes. SRCs are only required to provide three (instead of five) years of pay versus performance disclosure and are permitted to omit peer group total shareholder return and company selected measure disclosure. See 17 CFR 229.402(v).

⁸⁴ See Form 10-K, Item 1A; Form 10-Q, Item 1A.

⁸⁵ See 17 CFR 229.201(e).

⁸⁶ See 17 CFR 229.305.

⁸⁷ See 17 CFR 229.302.

⁸⁸ See 17 CFR 229.404(b)(1); 17 CFR 229.404(d).

⁸⁹ See 17 CFR 240.13q-1.

⁹⁰ See 17 CFR 229.101(h).

⁹¹ See SRC Adopting Release at 941 (noting that one percent of an SRC's total assets may not exceed \$120,000 to justify the lower threshold for SRCs).

⁹² 17 CFR 229.404(d).

⁹³ Public Law 112-106, 126 Stat. 306 (2012). The EGC provisions of the JOBS Act were informed by a report containing recommendations made by the IPO Task Force to the U.S. Department of the Treasury. See IPO Task Force, *Rebuilding the IPO On-Ramp: Putting Emerging Companies and the Job Market Back on the Road to Growth* (Oct. 20, 2011). The task force was formed after a 2011 Department of the Treasury conference on Access to Capital. The task force members spanned the emerging growth company ecosystem, including venture capitalists, executives, investors, securities lawyers, accountants, academics, and investment bankers. Its purpose was to examine the challenges facing emerging companies and develop recommendations to improve their access to capital, with a goal of generating jobs and growth.

- Exempt from the ICFR auditor attestation requirement,⁹⁸ the requirement to hold shareholder advisory votes on executive compensation,⁹⁹ pay ratio disclosure,¹⁰⁰ and pay versus performance disclosure;¹⁰¹

- Permitted to provide two (instead of three) years of audited financial statements in the registration statement for an initial public offering of common equity securities, and to defer compliance with new or revised financial accounting standards until a company that is not an issuer is required to comply with such standards, if such standard applies to private companies;¹⁰²

- Permitted to provide executive compensation disclosure to match the information required from issuers with less than \$75 million in public float (the SRC threshold at the time of adoption of the JOBS Act);¹⁰³ and

- Permitted to submit certain draft registration statements to the Commission on a confidential basis.¹⁰⁴

3. Recent Amendments and Filer Status Complexity

While a registrant cannot be both an EGC and an LAF,¹⁰⁵ as shown in the table in section I above, a registrant can be both an EGC and an SRC, or both an EGC and an AF. When the Commission updated the SRC, AF, and LAF thresholds in 2018, the SRC public float threshold was raised to \$250 million, and the SRC revenue threshold was raised to \$100 million.¹⁰⁶ Along with the increase of these thresholds, the Commission removed the automatic exclusion of SRCs from the definition of

AF and LAF. As a result of these changes, SRCs went from being exclusively NAFs to a separate, additional status (like EGC status) that could attach to either NAFs or AFs. Further, SRCs can also be EGCs, and these statuses involve largely overlapping but distinct obligations and accommodations.

When adopting the 2018 amendments to the SRC definition, the Commission acknowledged the “regulatory complexity” created by this potential overlap between the SRC and AF definitions.¹⁰⁷ Subsequently, in 2020, the Commission adopted amendments to the definitions of AF and LAF seeking to tailor the types of issuers included in those filer statuses.¹⁰⁸ The rules, as amended, now exclude low-revenue SRCs (those with under \$100 million in annual revenues and either no public float or a public float of less than \$700 million) from the definitions of AF and LAF, increasing the number of registrants that qualify as NAFs.¹⁰⁹ As NAFs, these registrants, among other things, are not required to obtain an ICFR auditor attestation. The amendments were intended to thereby reduce compliance costs for these registrants while maintaining investor protections by more appropriately tailoring the types of registrants that are included in the categories of AF and LAF.¹¹⁰

While the amendments increased the number of SRCs that qualify as NAFs,

the Commission determined not to fully align the statuses.¹¹¹ The Commission acknowledged that such alignment would promote greater regulatory simplicity and reduce friction or confusion associated with registrants’ determination of their filer status or reporting regime.¹¹² It expressed concerns, however, that such alignment could result in adverse effects on the reliability of the financial statements and the ability of investors to make informed investment decisions about those issuers.¹¹³ Thus, the amendments reduced the overlap between AF status and SRC status by including low-revenue SRCs as NAFs (*i.e.*, those with a public float of \$75 million or more but less than \$250 million, regardless of annual revenues, and those with public float of less than \$700 million and annual revenues of less than \$100 million), but added an additional determination for SRC status.

We are proposing to revise the current rules to streamline and further scale disclosure and reporting requirements. Among our objectives is to reduce compliance costs and create a more attractive on-ramp for newly public companies, thereby reducing regulatory impediments that may be deterring companies from participating in the public market and encouraging more companies to go and stay public, while ensuring that investors have the information necessary to inform their investment and voting decisions.

II. Discussion of Proposed Rules

As detailed above, the Commission’s rules currently set forth five filer statuses that correspond to varying levels of disclosure and other requirements, which are sometimes overlapping and often complex for issuers to determine.¹¹⁴ LAFs are subject to the most stringent requirements, and NAFs that are also both SRCs and EGCs are afforded the most accommodations. LAFs in 2024 accounted for 35.4 percent of registrants and 98.8 percent of total market public float.¹¹⁵ In contrast, in 2024, while NAFs, including NAFs that are also SRCs or EGCs (or both), accounted for 51.9 percent of registrants, they accounted for only 1.2 percent of total market public float.¹¹⁶

We are proposing amendments with the goal of streamlining the overlapping Exchange Act filer statuses and further

⁹⁸ See 15 U.S.C. 7262(b).

⁹⁹ EGCs are exempt from the requirement to hold shareholder advisory votes to approve executive compensation (“say-on-pay”), frequency of say-on-pay voting, and “golden parachute” compensation arrangements. See 15 U.S.C. 78n–1(e); Jumpstart Our Business Startups Act, Public Law 112–106, 126 Stat. 306 (2012), sec. 102(a)(1). See *infra* notes 219–221 for a discussion of these shareholder advisory votes.

¹⁰⁰ Investor Protection and Securities Reform Act of 2010, Public Law 111–203, 124 Stat. 1904, sec. 953(b)(1); Public Law 112–106, 126 Stat. 306 (2012), sec. 102(a)(3).

¹⁰¹ See 15 U.S.C. 78n(i); Public Law 112–106, 126 Stat. 306 (2012), sec. 102(a)(2).

¹⁰² See 15 U.S.C. 77g(a)(2); 15 U.S.C. 78m(a)(2).

¹⁰³ See section 102(c) of the JOBS Act and 17 CFR 229.402(m) through (r).

¹⁰⁴ See *infra* notes 222 through 227 and accompanying text.

¹⁰⁵ See 15 U.S.C. 77b(a)(19) and 15 U.S.C. 78c(a)(80).

¹⁰⁶ *Smaller Reporting Company Definition*, Release No. 33–10513 (June 28, 2018) [83 FR 31992 (July 10, 2018)] (“2018 SRC Adopting Release”). Additionally, qualification via the revenue test was extended to registrants with a public float of less than \$700 million, rather than only applying in the case of no public float.

¹⁰⁷ *Id.* The adopting release noted that the Chairman had directed the staff to consider, among other things, the historical and current relationship between the SRC and AF definitions as part of its consideration of possible changes to the AF definition.

¹⁰⁸ *Accelerated Filer and Large Accelerated Filer Definitions*, Release No. 34–88365 (Mar. 12, 2020) [85 FR 17178 (Mar. 26, 2020)].

¹⁰⁹ *Id.* The Commission also set the transition thresholds for exiting LAF and AF status at \$560 million and \$60 million, respectively (80% of the initial public float thresholds matching the 80% exit threshold for SRC status), and added the SRC revenue test to the LAF and AF transition thresholds.

¹¹⁰ *Id.* at 17193. In making its determination the Commission noted that imposition of the ICFR auditor attestation requirement has been associated with benefits to issuers and investors, such as reduced rates of ineffective ICFR and more reliable financial statements, but also acknowledged that the affected registrants may find the costs of these requirements to be particularly burdensome given certain fixed costs and limited access to internally-generated capital. Although exempting low-revenue registrants may result in an increased prevalence of ineffective ICFR and restatements, in mitigation of these concerns the Commission noted the relatively low rates of restatements for low-revenue registrants and provided evidence that the market value of low-revenue registrants was not as associated with contemporary financial statements as for higher-revenue registrants (potentially implying that low-revenue registrants’ valuations are driven to a greater degree by future prospects). *Id.* at 17193–94.

¹¹¹ *Id.*

¹¹² *Id.*

¹¹³ *Id.* at 17189.

¹¹⁴ *Supra* Table 2.

¹¹⁵ See *infra* note 339 on calculating total market public float.

¹¹⁶ See section IV.A.2.

scaling disclosures and other accommodations while ensuring that investors continue to receive timely and material information. To do so, the proposed amendments seek to align disclosure and other reporting requirements and reporting deadlines with registrants' public float. As a result of the proposed amendments, companies that collectively make up the majority of the U.S. equity market capitalization would be subject to the most comprehensive requirements and earliest filing deadlines, while all other issuers would be afforded the proposed scaled disclosure and other accommodations. The proposed amendments would provide for simplified compliance and reduced costs for a majority of registrants. Additionally, we are proposing to extend the filing deadlines for the smallest companies in order to reduce the burden on these companies and further accommodate their ability to efficiently comply with Exchange Act reporting. As described in more detail below, the proposed amendments would:

- Revise the LAF filer status to:
 - Raise the threshold for becoming an LAF from the current \$700 million to \$2 billion in public float, which would represent 93.5 percent of the current total market public float;¹¹⁷
 - Establish a new, more stable, public float calculation window that provides for the determination of public float based on the average price of the registrant's voting and non-voting common equity held by non-affiliates over the last 10 trading days of the second quarter of a registrant's fiscal year;¹¹⁸
 - Establish that a registrant will only transition into or out of a status after the registrant has been above or below the public float threshold for two consecutive years;¹¹⁹ and
 - Increase the seasoning threshold for becoming an LAF to 60 consecutive calendar months.¹²⁰
- Establish the NAF filer status and consolidate and extend to NAFs currently available scaled disclosure and other accommodations by:

- Establishing an NAF definition that encompasses all registrants that are not LAFs;¹²¹ and

- Applying to NAFs the current disclosure requirements applicable to SRCs and EGCs, including not requiring an ICFR auditor attestation.¹²²

- Extend to NAFs the requirement currently applicable to LAFs and AFs to disclose on Form 10-K or Form 20-F the substance of material unresolved staff comments regarding the registrant's periodic or current reports received at least 180 days before a registrant's fiscal year end.¹²³

- Eliminate AF and SRC filer statuses as unnecessary in light of the amendments described above.¹²⁴

- Create a sub-category consisting of the smallest NAFs ("SNFs"), comprising NAFs reporting total assets of \$35 million or less as of the end of an issuer's two most recent second fiscal quarters, that would be eligible for extended deadlines for filing their Form 10-K and Form 10-Q periodic reports.¹²⁵

Consistent with the Commission's history of considering how its regulatory regime can serve investors while avoiding unnecessary regulatory burdens to registrants, we believe the time is ripe to again rebalance the disclosure and other requirements applicable to issuers of given sizes. Evidence shows that regulatory changes over the last two decades, which increased the costs of public company reporting, have contributed to a decline in the number of public companies in the United States.¹²⁶ We believe the proposed amendments are a meaningful step in making the public markets more attractive, which would encourage more companies to go and stay public while ensuring that investors remain equipped to make informed investment and voting decisions, which would in turn improve investment opportunities and the

information available to investors in such companies.

In this regard, the proposed scaling and accommodations would in many cases apply to disclosures, such as in the area of executive compensation and corporate governance matters, where the associated potential benefits may not be commensurate with their costs to registrants. Further, we believe any loss of information and assurance or increased costs to investors in registrants that would newly receive certain accommodations would be justified by the expected reduction in costs to those registrants, as well as by effects that may encourage more companies to go and stay public, which ultimately would benefit investors in those companies.¹²⁷ Finally, to the extent that these accommodations contribute to a company choosing to go or stay public, we also believe that is ultimately a benefit to investors, including through the resulting greater diversification and more efficient capital allocation within investor portfolios.¹²⁸

A. Large Accelerated Filer Status Amendments

We are proposing to revise the definition of LAF to mean an issuer that as of the end of each of the issuer's two most recent second fiscal quarters, had an aggregate worldwide market value of the voting and non-voting common equity held by non-affiliates of \$2 billion or more. In addition, we are proposing to extend the seasoning requirement for LAF status such that an issuer would be an NAF until it has been subject to the requirements of section 13(a) or 15(d) of the Exchange Act for a period of at least the preceding 60 consecutive calendar months.¹²⁹ Consistent with our current rules, an issuer would be required to assess its filer status annually, as of the last day of its fiscal year.¹³⁰

These proposed amendments would apply the LAF requirements to only the largest registrants, which comprise the vast majority of the equity market capitalization in the U.S. public

¹²¹ See section II.B.1.

¹²² See sections II.B.2, 3 and 4. As discussed below, these requirements would generally extend to all NAFs, with some exceptions.

¹²³ See section II.B.3.a.i.

¹²⁴ EGC filer status was created by the JOBS Act. As this is a statutory status, the Commission is not proposing to eliminate the EGC filer status. We are proposing to permit NAFs to apply the disclosure requirements that currently apply to EGCs, which we believe would practically make reliance on EGC status unnecessary in most circumstances. We note, and discuss below, that we are not proposing to extend to NAFs the accommodation available to EGCs to exclude a nonpublic draft registration statements from being produced in response to a Freedom of Information Act ("FOIA") request. See section II.B.3.b.

¹²⁵ See section II.C.

¹²⁶ See section IV.B.1.

¹²⁷ See sections IV.B.2.a.1 and B.3.

¹²⁸ See section IV.C.

¹²⁹ As part of these revisions, we are proposing to eliminate the SRC filer status (see section II.B.1) and as a result are also proposing to eliminate the provision in 17 CFR 240.12b-2 that provides an exclusion from LAF status for a registrant that is eligible to be an SRC under the SRC revenue test.

¹³⁰ As proposed, a registrant's filer status would only change on the date of assessment (*i.e.*, the last day of its fiscal year), regardless of when the registrant chooses to calculate its public float. As discussed below, under the proposed rules, once a registrant enters a status, it would remain in that status for at least two years as meeting or not meeting the conditions of LAF. See section II.A.2.

¹¹⁷ See discussion in section II.A.1 below.

¹¹⁸ As noted above, the Commission has recently proposed to allow registrants to report semiannually rather than quarterly on Form 10-Q. See Semiannual Proposing Release. If that rule is adopted, semiannual filers would determine public float over the last 10 trading days of the first semiannual period. See also *infra* note 296 and accompanying text.

¹¹⁹ See section II.A.1.

¹²⁰ See section II.A.2.

markets, with those companies currently representing approximately 93.5 percent of total market public float.¹³¹ We believe that registrants with the largest U.S. equity market capitalization have a heightened investor demand for more comprehensive information sooner, and these registrants are likewise the most capable of bearing the costs and burdens of compliance with shorter disclosure deadlines and non-scaled disclosure and other requirements. We estimate these proposed conditions would result in 19.2 percent of existing Exchange Act reporting companies being LAFs, as compared to 35.4 percent today.¹³²

1. Public Float Threshold

We are proposing to raise the public float threshold for purposes of determination of LAF status from \$700 million to \$2 billion. The Commission has historically looked to public float as a proxy for demonstrated market following¹³³ and used public float in determining filer status and appropriate disclosure requirements and accommodations. When the Commission created the LAF filer status in 2005, it emphasized that “companies with a public float of \$700 million or more represent nearly 95 percent of the U.S. equity market capitalization and are more closely followed by the markets and by securities analysts than other issuers,” and that “larger issuers generally have sufficient financial reporting resources and sufficiently robust infrastructures to comply with the [accelerated filing deadlines].”¹³⁴ We continue to believe that public float is a reasonable indicator of which companies the markets follow most closely.¹³⁵ We further believe that it is

most appropriate to subject registrants with the higher public float to non-scaled disclosure requirements. In addition, we believe that companies with a public float of \$2 billion or more should be sufficiently resourced to be able to comply with the highest level of burden associated with registration and the obligations of being a public company.

At the time the Commission adopted LAF filer status in 2005, it was estimated that “companies with a public float of over \$700 million represent approximately 18 percent of the total number of companies on these markets and nearly 95 percent of the total public float on these markets.”¹³⁶ We note that since the adoption of the LAF filer status, the \$700 million threshold has not been updated. Today, we estimate that the current threshold captures 98.8 percent of total market public float and 35.4 percent of registrants.¹³⁷ We are proposing to raise the threshold to continue to cover the largest registrants and reestablish the relationship to the number of companies covered and total market public float that existed when the filer status was adopted.¹³⁸ We therefore propose to reestablish a public

minimum public float requirement in the Registered Offering Reform Proposal is based on our belief that that eligibility to use Form S-3 and the Enhanced Registration and Communication Benefits should not depend on the extent of an issuer’s market following, including analyst coverage (e.g., by reference to its public float or initial Exchange Act seasoning). That proposal is not intended to suggest that public float is an inappropriate indicator of an issuer’s market following. *See id.* at n. 230 (“We continue to believe that public float is relevant for determining an issuer’s filer status and deadlines for filing Exchange Act reports. As we have previously stated, public float can serve as a reasonable measure of a company’s size and market interest and, in turn, where investor interest in accelerated filing is likely to be highest” (citation omitted)).

¹³⁶ *See* Accelerated Filer Revisions Adopting Release at 76636 (using data for companies listed on NYSE, Amex, NASDAQ, the Over-the-Counter Bulletin Board, and Pink Sheets LLC).

¹³⁷ *See* section IV.C.2. Over the period from the open of trading on Jan. 3, 2006 to the close of trading on Jan. 2, 2026, the S&P 500 Index increased from 1,248 to 6,858, an approximately 450% increase. A proportionate increase to the \$700 million threshold would result in a \$3.85 billion threshold. Alternatively, adjusting for inflation would result in a \$1.15 billion threshold. *See* CPI Inflation Calculator, https://www.bls.gov/data/inflation_calculator.htm (measuring from Jan. 2006 to Jan. 2026, retrieved Apr. 15, 2026).

¹³⁸ When adopting the LAF filer status, the Commission indicated that “companies with a public float of \$700 million or more . . . are more closely followed by the markets and by securities analysts than other issuers” and that, “[b]ased on our experience with the accelerated filing deadlines, we continue to believe that larger issuers generally have sufficient financial reporting resources and sufficiently robust infrastructures to comply with the 60-day deadlines” *See* Accelerated Filer Revisions Adopting Release at 76629–30.

float requirement that would capture nearly 95 percent of total market public float and estimate that setting the threshold at \$2 billion would capture approximately 93.5 percent of total market public float, and cover approximately 20 percent of the total number of existing registrants.

Other than the proposed single public float threshold, we are not proposing additional or alternative LAF status determination thresholds, as we believe doing so could complicate the regulatory framework without commensurate benefits.

2. Public Float Determination

We are proposing amendments to the way a registrant determines its public float for purposes of the LAF definition. Under the current rules, a registrant assesses whether it meets LAF status as of the end of each fiscal year based on its public float as of the last business day of an issuer’s most recently completed second fiscal quarter, using either the closing price or the average of the bid and ask prices on that day. As a result, a registrant may become an LAF at the end of its fiscal year based on a single day of volatility, even if the registrant’s overall public float may quickly stabilize below the threshold. While we recognize that the circumstances in which such swings can cause a shift in filer status may be limited or relatively rare, to the extent they do occur, the consequences can be significant in terms of regulatory burden on affected registrants. To minimize the impact of swings in share price in a limited period or on a single day, the proposed amendments would require that, before a registrant would transition either into or out of LAF status as of the end of its fiscal year, the registrant’s public float, calculated based on the average of the registrant’s stock price over the last 10 trading days of each of the second quarter of such fiscal year and the immediately prior fiscal year, multiplied respectively by the aggregate worldwide number of shares of the issuer’s voting and non-voting common equity held by non-affiliates as of the last day of the issuer’s second fiscal quarter of such fiscal year, remain either at or above, or below, the public float threshold.

By requiring that the public float threshold be met (or not met) for two consecutive years, a registrant would change filer status as of the end of its fiscal year only if its public float has been relatively stable consistently either above or below the threshold. This would mean that a registrant, and investors, would always have at least one year of visibility regarding the

¹³¹ *See* section IV.B.2.

¹³² *See* section IV.B.2. As proposed, registrants who no longer meet the conditions for LAF status would be permitted to continue to voluntarily comply with the reporting rules as they apply to LAFs.

¹³³ *See, e.g.,* Offering Reform Adopting Release at 44727 (“[T]he ‘public float[.]’ of a reporting issuer can be used as a proxy for whether the issuer has a demonstrated market following”). *See also* *Small Business Initiatives*, Release No. 33–6949 (July 30, 1992) [57 FR 36442 (Aug. 13, 1992)]; and SRC Adopting Release.

¹³⁴ *See* Accelerated Filer Revisions Adopting Release at 76629–30. *See also* *Acceleration of Periodic Report Filing Dates and Disclosure Concerning website Access to Reports*, Release No. 33–8128 (Sept. 5, 2002) [67 FR 58480, 58482 (Sept. 16, 2002)] (“[A] public float test serves as a reasonable measure of size and market interest.”).

¹³⁵ As noted in the Registered Offering Reform Proposal, our proposed elimination in that release of the minimum public float requirement in Form S-3 and with respect to eligibility for the Enhanced Registration and Communication Benefits (as defined in that release) is consistent with our proposed retention of public float in this proposal. *See supra* note 40. Our proposed elimination of a

possibility of a status transition before any transition could occur. The proposed rules also clarify that meeting or not meeting the conditions of LAF status for a single year would not suffice to change filer status from NAF to LAF or vice versa. Thus, once a registrant enters a status, it would remain in that status for at least two years.

The proposed rules also base the calculation each year on the average of the closing prices over the last 10 trading days of the second quarter of the registrant's fiscal year (or, if there is no closing price on a day, the average of the bid and ask prices that day), using the number of shares on the last day of the second quarter of the registrant's fiscal year, in order to address the risk that a single day's market volatility could result in unexpected changes to filer status. An average over 10 trading days would provide at least two calendar weeks of data, which we believe would mitigate the impact of short-term volatility, including spikes and drops in stock price that may be temporary, such as those based on short-term news and events. We are proposing that the number of shares be based on a single date in an effort to simplify the calculation.

Additionally, we believe the proposed transition criteria, by accounting for the potential for volatility, would eliminate the need for distinct criteria for transitioning out of a particular filer status as provided for in the current rules. As the Commission stated when adopting separate transition thresholds for exiting AF or LAF status, the purpose of the transition thresholds "is to avoid situations in which an issuer frequently enters and exits accelerated and large accelerated filer status due to small fluctuations in public float" which could cause confusion for issuers and investors as to the issuer's status.¹³⁹ While we agree that addressing volatility in setting a market price-based threshold should remain an important consideration, the Commission's existing separate thresholds for exiting a filer status have contributed to the complexity of the current rules. Accordingly, we are also proposing to eliminate the separate, lower threshold for exiting LAF status in favor of a definition with a single public float criterion and a two-year lookback determination (*i.e.*, public float of \$2 billion or more for two consecutive fiscal years). While the lower exit

threshold was intended to maintain stability in status so that registrants with public floats near the entry threshold do not frequently move in and out of a filer status, we believe requiring the threshold be met in two consecutive years based in each year on a longer calculation window would more meaningfully address these concerns while being easier for registrants to implement and providing earlier notice of a possible change in filer status.

A potential drawback of the two-year lookback is that some registrants that would become LAFs would have to provide non-scaled disclosure even if their public float falls below the LAF threshold for a year. Conversely, a potential drawback for investors is that they would not receive the benefits of non-scaled disclosure following an NAF's single-year increase in public float, as they would with a one-year lookback. However, a registrant remaining "in status" for at least two years before potentially changing to a new filer status could provide more consistency to the disclosure regime and more comparable period-to-period information, to the benefit of both registrants and investors.

To demonstrate how these proposed changes would work in practice, consider a hypothetical NAF that is assessing its annual filer status as of the last day of its fiscal year, or December 31, 2026, for a calendar-year end registrant. Assuming the proposed rules were in effect, if an NAF's public float, as determined by the average stock price over the last 10 trading days of the second quarter of each fiscal year being measured (*i.e.*, the 10 trading days ending on or before June 30), for fiscal year 2025 was \$1.9 billion and for fiscal year 2026 is \$2.3 billion, the registrant would remain an NAF for purposes of its December 31, 2026 Form 10-K (filed in 2027) because it crossed the LAF threshold in only one year of the two-year lookback period. That is, when performing the test as of the last day of its fiscal year, the registrant looks back to the last 10 trading days of the second quarter of the fiscal year for each of fiscal year 2026 and 2025, and in the example, it only exceeded the threshold in fiscal 2026. If the registrant then determines that its public float as of the measurement period of the second quarter for fiscal year 2027 is \$1.9 billion (dropping back below the LAF threshold), the registrant would remain an NAF as of the end of fiscal 2027. The earliest it could become an LAF would be at the end of its fiscal year 2029 (assuming its public float crosses the LAF threshold for the relevant measurement period of the second

quarter for both fiscal years 2028 and 2029), and if so it would be required to comply with the requirements of LAF status beginning with its Form 10-K for fiscal year 2029 filed in 2030.

On the other hand, if that registrant determines its public float for fiscal year 2027 is \$2.5 billion (while the fiscal year 2026 public float remains at \$2.3 billion as in the example above), it would become an LAF as of the last day of its fiscal year 2027, and would be required to comply with the requirements of LAF status beginning with its Form 10-K for fiscal year 2027 (filed in 2028). If the registrant's public float falls to \$1.9 billion as of the relevant measurement period in the second quarter of fiscal year 2028, the registrant would remain an LAF for purposes of its Form 10-K for fiscal year 2028 because its public float will have been below the LAF threshold for only one fiscal year. The earliest it could become an NAF would be as of the end of its fiscal year 2029 (assuming its public float is below the LAF threshold in the relevant measurement period in the second quarters of both fiscal years 2028 and 2029), and if so would be able to transition to NAF status beginning with its Form 10-K for fiscal year 2029, filed in 2030.

As proposed, once a registrant qualifies for a change in filer status, the requirements and any applicable accommodations of the new filer status would apply beginning with the filing of its annual report on Form 10-K for the fiscal year in which the filer status was determined. As a result, the possibility of both entering LAF status and transitioning to NAF status are foreseeable further in advance than is the case currently, allowing companies to more predictably plan their disclosure controls and procedures and associated costs. Similarly, the first time an LAF's public float falls below the LAF threshold (or an NAF's public float rises above the threshold) as of one of its second fiscal quarter ends, investors would know that, even if that trend were to continue, the registrant would be required to file at least one more Form 10-K subject to the LAF disclosure requirements and deadlines (or subject to the NAF disclosure requirements and deadlines, as the case may be).

3. Seasoning

We are proposing to expand the seasoning period for LAFs—*i.e.*, the requisite period after which registrants could potentially qualify as LAFs—to 60 consecutive calendar months from when the registrant became subject to the Exchange Act reporting requirements,

¹³⁹ See *Accelerated Filer and Large Accelerated Filer Definitions*, Release No. 34-88365 (Mar. 12, 2020) [85 FR 17178, 17191 (Mar. 26, 2020)]. The Commission set the threshold for AFs and LAFs becoming NAFs at \$60 million, and the threshold for exiting LAF status at \$560 million. *Id.*

with the assessment made as of the last day of its fiscal year.¹⁴⁰ Under current rules, a registrant must be an Exchange Act reporting company for at least 12 calendar months before it can be classified as an LAF.¹⁴¹ In adopting the current 12-calendar month seasoning period, the Commission noted that, along with the public float requirement, the seasoning period was “designed to include the companies that are least likely to find [accelerated deadlines] overly burdensome and where investor interest in accelerated filing is likely to be highest.”¹⁴² When the Commission adopted the 12-calendar month seasoning period, it was focused on existing registrants that would become subject to accelerated filing deadlines and recognized that there would be an increased burden for these issuers. Since the adoption of the acceleration of periodic reporting in 2002, Congress and the Commission have expanded the disclosure requirements for registrants, especially for LAFs. Given the additional requirements that apply to LAFs, we believe that a longer seasoning period would be appropriate before a registrant should be required to comply with non-scaled ongoing disclosure and timing requirements.

This change would effectively create a minimum five-year on-ramp for every new registrant, regardless of public float. While we recognize that this five-year on-ramp would, for a small subset of registrants,¹⁴³ delay compliance with respect to non-scaled disclosure requirements, accelerated reporting deadlines, and ICFR auditor attestation as compared to the current rules, we believe allowing all newer registrants ample time to adjust to the disclosure and filing requirements of a public company may encourage more companies to go public and stay public,

which may ultimately improve overall market transparency and provide investors with more investment opportunities with the greater transparency afforded by Exchange Act reporting. In addition, even if a particular requirement does not apply to a registrant, that registrant may elect to voluntarily comply, such as by obtaining an ICFR auditor attestation, if the registrant believes it would benefit the registrant to do so, such as if doing so were viewed favorably by investors.

When Congress enacted the JOBS Act, in order to encourage more companies to go and stay public, it created an on-ramp of up to five years in EGC status, reducing registrants' compliance burdens in their early years as public companies. In our experience, this on-ramp has been a meaningful accommodation to newer public companies and generally has not resulted in investor protection concerns.¹⁴⁴ A similar on-ramp before a registrant would potentially enter LAF status would be consistent with and effectively expand the benefits of EGC status, and would provide all newer registrants ample time to, among other things, prepare for the increased costs and reporting burdens on company staff and enlist third party advisors or service providers needed to satisfy the non-scaled disclosure requirements and accelerated reporting timelines. Finally, providing a sixty calendar month on-ramp complements Congress' intent with its establishment of EGC status and would help to simplify filer status determinations by ensuring that all registrants that meet the statutory definition of EGCs will necessarily qualify as NAFs when making their filer status determinations.¹⁴⁵

Request for Comment

(1) Does public float continue to be a reasonable indicator of which companies the markets follow most closely? Does public float continue to be a good indicator of the most significant need for more extensive public disclosure? Why or why not? As an alternative, in view of the increasing prevalence of dual class share structures, should non-publicly traded common equity securities held by non-

affiliates through dual class share or other multi-class share structures be included in determining whether the threshold is met? If so, how should registrants determine the value of those securities for purposes of the determination?

(2) Does public float provide a reasonable indicator of a registrant's ability to sustain the burdens associated with LAF status under the proposed rules, including non-scaled disclosure requirements, accelerated reporting timelines, and compliance with the ICFR auditor attestation requirement in section 404(b)? If not, are alternative thresholds or other measures more appropriate to evaluate a registrant's ability to sustain the burdens of being an LAF?

(3) Is the proposed LAF threshold of \$2 billion in public float, which would capture approximately 93.5 percent of the total market public float and would result in approximately 20 percent of existing public companies being classified as LAFs, appropriate? If not, what other threshold should the Commission consider and why? For example, should the Commission update the threshold to \$3.85 billion to mirror the increase in the S&P 500 Index? Do the proposed changes to the LAF status public float threshold and calculation methodology appropriately balance the goals of capital formation and investor protection? Should the Commission instead adopt a different threshold, and if so, what? Would the proposed approach result in any impacts to investors and the public market, including benefits or burdens that might result from the proposed scaling of disclosure associated with the revisions to the filer status categories? Would the proposed approach impact investors' ability to make informed investment and voting decisions?

(4) We have proposed to adjust the public float threshold not based on inflation, but rather to cover the registrants that comprise the vast majority of the total market public float and that are most able to comply with the highest level of burden associated with registration. Should the Commission instead update the current threshold for inflation? Alternatively, should the Commission establish a mechanism to update the proposed \$2 billion public float threshold for inflation? For example, the JOBS Act requires that the revenue threshold in definition of EGC be indexed to inflation at five-year intervals. Should the proposed public float threshold be similarly indexed to inflation? Are there alternative methodologies for updating the threshold that would be preferable?

¹⁴⁰ The proposed 60-calendar month seasoning period means 60 full, consecutive calendar months and any portion of a month immediately preceding the relevant measurement date. For example, a registrant that became subject to the Exchange Act's reporting requirements on July 19, 2025 would satisfy the seasoning requirement for purposes of assessing whether it is an LAF on Aug. 1, 2030.

¹⁴¹ 17 CFR 240.12b-2. In connection with these proposed changes, we are also proposing to eliminate paragraph (iii) of the “large accelerated filer” definition, which requires that the issuer have filed at least one annual report pursuant to section 13(a) or 15(d) of the Exchange Act, as unnecessary because a registrant would have filed several annual reports before becoming an LAF under the proposed 60 consecutive month seasoning requirement.

¹⁴² *Acceleration of Periodic Report Filing Dates and Disclosure Concerning website Access to Reports*, Release No. 33-8128 (Sept. 5, 2002) [67 FR 58480, 58487 (Sept. 16, 2002)].

¹⁴³ As noted in section IV below, absent the proposed five-year on-ramp, the percentage of current registrants continuing on as LAFs under the proposal would increase from 19.2% to 20.7%.

¹⁴⁴ For evidence of the favorable effects of EGC accommodations on IPOs, see, e.g., Michael Dambra, Laura Casares Field & Matthew T. Gustafson, *The JOBS Act and IPO Volume: Evidence that Disclosure Costs Affect the IPO Decision*, 116 J. Fin. Econ. 121 (2015) (“Dambra et al. (2015)”).

¹⁴⁵ Under the proposed rules, an EGC that has lost its EGC status in less than five years would continue to be considered an NAF until the proposed LAF 60 consecutive calendar month on-ramp ends for that registrant.

(5) Would the proposed average public float calculation period (consisting of the registrant's stock price over the last 10 trading days of the second quarter of each relevant fiscal year) and the proposed use of the number of shares held by non-affiliates as of the last day of the second fiscal quarter achieve the intended goal of avoiding a result where a company's public float determination is anomalous due to short-term volatility? Why or why not? Should it be more or fewer than 10 trading days? Should the number of shares be based on the average number of shares during the same 10 trading day period instead of at the last day of the second fiscal quarter or should the number of shares be based on the number of shares as of a date selected by the registrant within a given period (such as any date within the last 10 trading days of the second fiscal quarter)? Why or why not? Are there costs or benefits associated with extending the public float calculation methodology to 10 trading days?

(6) We considered multiple calculation windows for the public float calculation, including: retaining the existing calculation date of the last trading day of the second fiscal quarter; allowing a registrant to choose a date within a given period (such as any date within the last 10 trading days of the second fiscal quarter); or reducing the number of days comprising the average to, for example, the last five trading days of the second fiscal quarter. Are any of these or other alternatives preferable to the proposed 10-day average methodology, and if so, why?

(7) Is the proposed LAF threshold effective for all types of issuers, or should the threshold differ for certain types of issuers? For example, should LAF status for investment companies (*i.e.*, BDCs and face-amount certificate companies) use a different public float threshold, a different seasoning period, or a different approach altogether (*e.g.*, a threshold based on assets or annual investment income)? If so, what threshold would be appropriate for investment companies?

(8) Is a 60-calendar month on-ramp (seasoning period) before LAF status can attach to a registrant appropriate? Would this create a beneficial on-ramp for newer public companies before they could be subject to LAF status? Would a shorter period, such as 24 calendar months, or no seasoning period at all, be more appropriate considering that public companies that meet the proposed public float threshold to be an LAF likely have the resources to comply with the more extensive requirements? Do the very largest new registrants need

a 60-calendar month seasoning period, or should certain registrants be required to comply with LAF requirements sooner? If a seasoning period is adopted, should the largest new registrants nevertheless be required to comply sooner with certain of the LAF requirements, such as auditor attestation on ICFR? If so, what would be an appropriate time period for such registrants? Are the proposed mechanics around assessment of the seasoning period sufficiently clear, or would any modification to the proposed amendments or any clarifying guidance be needed?

(9) In order to minimize variation in disclosure obligations and ensure a level of predictability, the proposal contemplates a two-year period after transitioning into or out of LAF status during which a registrant's filer status cannot change. Should we adopt this two-year minimum period, as proposed? Would this have the intended effect of providing registrants and investors with some consistency and predictability as to the disclosure and other requirements a registrant is subject to? Is comparability with respect to a registrant's disclosure over a two-year (or longer) period an important consideration for investors? Would another period be more appropriate? Alternatively, should we consider other ways of addressing these concerns? For example, under the current rules a registrant must fall below a separate, lower threshold to exit AF status than to enter that status; should we retain this approach? If so, why and what lower threshold would be appropriate for exiting LAF status?

(10) Are there any other issues relating to filer status transitioning that the Commission should clarify or address in any final rules? For example, if a registrant deregisters its securities and later re-enters the reporting system, should that registrant be considered a new registrant for purposes of the 60-calendar month seasoning period?

(11) When an issuer qualifies for a new filer status, which under the proposal would only happen at the end of a fiscal year, should the requirements and/or accommodations of that new status apply to the issuer beginning with the annual report for the fiscal year in which the change in filer status occurred, as proposed? Should issuers have the option to apply a change in filer status earlier than as proposed?

B. Non-Accelerated Filer Amendments

We are proposing to define "non-accelerated filer" to mean an issuer¹⁴⁶ that is not an LAF. As proposed, every registrant would be an NAF beginning at the time of its initial public offering or registration and for at least five years following, as a result of the proposed 60 consecutive calendar months on-ramp requirement before a registrant could become an LAF. An issuer would then remain an NAF unless and until it had an aggregate worldwide market value of the voting and non-voting common equity held by its non-affiliates, or public float, of at least \$2 billion for two consecutive years. After an NAF qualifies as an LAF and thereby loses its NAF status, it could regain its NAF status if its public float is less than \$2 billion for two consecutive years.

We also propose to extend to NAFs the disclosure requirements and other accommodations currently applicable to SRCs and EGCs.¹⁴⁷ While we estimate that the proposed NAF filer status would account for approximately 81 percent of reporting companies currently, they would account for only 6.5 percent of total market public float. We therefore believe it is appropriate and in the public interest to leverage the accommodations and requirements that have been effective for registrants that are currently SRCs and/or EGCs, which compose over 52 percent of current registrants, in resetting our disclosure framework to be better tailored to market following. We anticipate that this change will help rebalance the costs and benefits associated with public company status with the intention of facilitating more companies going and staying public, which will ultimately increase transparency in the market to the benefit of investors, while still maintaining investor protections. We further anticipate that reducing the burdens of periodic disclosure may enable management teams to better focus on business operations.¹⁴⁸

We recognize that this approach will result in the loss of some information, loss of auditor attestation of ICFR, and longer reporting deadlines for certain registrants that currently qualify as

¹⁴⁶ As proposed, asset-backed issuers would be excluded from the filer status definitions. See section II.B.4 for further discussion of the applicability of the proposal to asset-backed issuers.

¹⁴⁷ But see section II.B.3.b. In addition, we note that the current rules applicable to SRCs and EGCs are not applicable to asset-backed issuers. Further, as discussed below, we are proposing to extend a limited set of these accommodations to NAFs that are BDCs or face-amount certificate companies, to recognize differences in the activities and characteristics of these investment companies relative to other NAF issuers.

¹⁴⁸ See section IV.B.5.

LAFs or AFs but would qualify as NAFs under the proposed rules. However, we believe that the material information necessary for investors to make sound investment and voting decisions will continue to be required from and provided by NAFs under the proposed rules. NAFs would also continue to be subject to annual, other periodic and current reporting requirements, including required disclosure of audited financial statements as well as MD&A of the registrant's financial condition and results of operations, and management's assessment of and report on the effectiveness of the registrant's ICFR, which would continue to provide transparency to investors and assist them in making informed investment and voting decisions.

1. Non-Accelerated Filer Definition

Under the current rules, the term “non-accelerated filer” is not defined. The term is used informally and widely to refer to a registrant that is neither an LAF nor an AF, which typically means a registrant with under \$75 million in public float.¹⁴⁹ Currently, an NAF can also be an SRC, an EGC, or both. We are proposing to define a new regulatory category termed “non-accelerated filer,” which we propose to define in Securities Act Rule 405 and Exchange Act Rule 12b-2 as “an issuer that is not a large accelerated filer.” As a result, the default status for any Exchange Act reporting company (other than asset-backed issuers, pursuant to an exception we are proposing in Rule 405 and Rule 12b-2) would be an NAF; until a company meets the proposed new conditions for becoming an LAF, it would remain an NAF.¹⁵⁰ In addition, under the proposed rules, NAFs would be subject to essentially the same requirements and accommodations that are applicable to SRCs and EGCs under the current rules.¹⁵¹ By expanding NAF filer status under the proposed amendments, more registrants would qualify as NAFs and therefore would

not be required to comply with the ICFR auditor attestation requirement.¹⁵²

With these amendments, we further propose to eliminate the “accelerated filer”¹⁵³ and “smaller reporting company”¹⁵⁴ categories, and the corresponding definitions in Item 10 of Regulation S-K,¹⁵⁵ Rule 405,¹⁵⁶ and Rule 12b-2,¹⁵⁷ since they will no longer be necessary given the expansion of NAF status.¹⁵⁸ Because the proposed

¹⁵² 15 U.S.C. 7262(c).

¹⁵³ In proposing to eliminate the use of the term “accelerated filer”, we are proposing to revise the definitions in Exchange Act Rule 12b-2 to remove “accelerated filer” and to revise Forms S-1, S-3, S-4, S-8, S-11, 10, 10-K, 10-Q, and 20-F to refer to NAF instead. We are also proposing to similarly revise 17 CFR 210.2-02, 17 CFR 210.3-01, 17 CFR 210.3-09, 17 CFR 210.3-12, 17 CFR 229.101, 17 CFR 229.308, 17 CFR 232.405, and 17 CFR 240.13a-10 to refer to NAF instead of “accelerated filer”.

¹⁵⁴ In proposing to eliminate the use of the term “smaller reporting company,” we are proposing to revise the definitions in Exchange Act Rule 12b-2 and Securities Act Rule 405 to remove “smaller reporting company.” We are similarly proposing to revise Forms S-1, S-3, S-4, S-8, S-11, 10, 10-K, 10-Q, 8-K, 20-F, and Form 1-A to refer to NAF instead of SRC. We are also proposing to similarly revise Articles 8 and 15 of Regulation S-X, Regulation S-K, Exchange Act Rules 10C-1 13a-13, 13q-1, 14a-3, 14a-21, and 15d-13 to refer to NAF instead of “smaller reporting company.” We are also proposing a technical amendment to remove 17 CFR 240.15d-13(e) because paragraph (e) of Rule 15d-13 essentially repeats the language in current Rule 15d-13(d) for purposes of alternative financial reports for public utilities in a historical provision of Rule 15d-13. *See Adoption of Amendments of Certain Forms and Related Rules*, Release No. 34-13156 (Jan. 13, 1977) [42 FR 4424, 4429 (Jan. 25, 1977)].

¹⁵⁵ 17 CFR 229.10(f) currently provides a definition of “smaller reporting company” and describes the requirements of Regulation S-K that apply to SRCs. Because we are proposing to eliminate the SRC category, we are proposing to remove Item 10(f) in its entirety. In addition, we are proposing to make a technical correction to Item 10(b). When the Commission adopted rule revisions to Item 10(b)(2) in 2024, Item 10(b)(3) was inadvertently deleted. *See Special Purpose Acquisition Companies, Shell Companies, and Projections*, Release No. 33-11265 (Jan. 24, 2024) [89 FR 14158 (Feb. 26, 2024)]. We are proposing to add back the inadvertently deleted Item 10(b)(3).

¹⁵⁶ 17 CFR 230.405 currently provides a definition of “smaller reporting company.” Because we are proposing to eliminate the “smaller reporting company” category, we are proposing to remove the definition in Rule 405.

¹⁵⁷ 17 CFR 240.12b-2 currently provides definitions of “accelerated filer” and “smaller reporting company.” Because we are proposing to eliminate these, we are proposing to remove the definitions in Rule 12b-2.

¹⁵⁸ In order to apply the NAF accommodations under the Securities Act rules we are proposing to add the definitions of “large accelerated filer,” “non-accelerated filer,” and “small non-accelerated filer” to Rule 405. In conjunction with these changes, we are proposing amendments to Forms S-1, S-3, S-4, S-8, S-11, on the cover page, and elsewhere as appropriate, to refer to the proposed categories of issuers. We are also proposing to update check box disclosures on the cover page of certain registration statements and periodic reports under which, currently, a registrant is required to identify itself as an LAF, AF, NAF, SRC, and/or EGC by replacing this with language under which

amendments would extend to NAFs the disclosure accommodations currently available to EGCs, the proposed amendments would generally make separate reliance on those JOBS Act provisions¹⁵⁹ for EGCs unnecessary.¹⁶⁰

The proposed changes would establish a clearly demarcated on-ramp for registrants to grow and gain experience as reporting companies before becoming subject to the more detailed and expansive disclosure obligations applicable to LAFs. As noted above, the Commission has long considered how best to apply a disclosure regulation framework to companies that vary widely in size and resources to comply with complex securities laws and rules. During its history, the Commission has established various categories, such as “small business issuers,” “smaller reporting companies,” and “accelerated filers,” in tailoring disclosure and reporting requirements based on the needs of investors with an awareness of the potential burdens associated with registrants’ ability to comply with those requirements. In the JOBS Act, Congress similarly sought to address some of these concerns for newly public companies by establishing the EGC filer status and reaffirmed the need for the Commission to consider ways to further streamline the requirements for the benefit of new and smaller companies in the FAST Act.¹⁶¹ Accordingly, we believe that the consolidation of SRC and EGC accommodations into a single regulatory filer status and the elimination of the AF status as a standalone status is in the public interest and consistent with the protection of investors.

The proposed amendments would transform what is currently a layered and complex set of filer statuses into a more streamlined structure, with the

a registrant would be required to identify itself as an LAF, NAF, SNF, and/or EGC. As is currently the case, a registrant would check each box that applies. For example, a registrant that is an EGC, NAF, and SNF would check all three boxes.

¹⁵⁹ *See supra* Section I.D.2. for a discussion of the JOBS Act accommodations for EGCs.

¹⁶⁰ We are proposing to remove references to EGCs and refer instead to NAFs in Rules 2-02 and 3-02 of Regulation S-X; Items 303, 308, 402, 407, and 1011 of Regulation S-K. In their place, we propose to replace Item 10(f) *Smaller reporting companies* with a revised Item 10(f) *Emerging growth companies* that enumerates the statutory exemptions and accommodations provided to EGCs. Additionally we propose to retain the definition of “emerging growth company” in Exchange Act Rule 12b-2 and Securities Act Rule 405 and to continue to require the check boxes for EGC status in certain periodic reports and registration statements because that information may continue to be useful to investors as registrants would statutorily remain EGCs.

¹⁶¹ *See* section I.D.2.

¹⁴⁹ Under the current rules, an NAF can have more than \$75 million in public float if it qualifies as an SRC with annual revenues less than \$100 million and public float less than \$700 million. *See* 17 CFR 240.12b-2.

¹⁵⁰ The proposed amendments would not include any changes to the filing deadlines for NAFs, which under the current rules require such registrants to file their quarterly reports 45 days after fiscal quarter end, and their annual reports 90 days after fiscal year end. *But see* section II.C regarding small NAFs.

¹⁵¹ *But see* section II.B.3.b. and *supra* note 147. To ensure that the NAF accommodations apply to Securities Act registration statements, we are proposing to define “large accelerated filer,” “non-accelerated filer,” and “small non-accelerated filer” in Securities Act Rule 405.

intent of simplifying the regulatory scheme. Registrants would no longer need to assess each year multiple filer status entry and exit thresholds, many of which are overlapping and often have inconsistent lines distinguishing one set of requirements from the next.

In addition, the expanded category of NAFs would be subject to fewer of the costly requirements that currently apply to LAFs and AFs. As discussed in more detail in the sections that follow, for example, NAFs would be permitted to rely on Article 8 of Regulation S-X for scaled financial disclosure and provide only two (instead of three) years of audited financial statements in their annual reports and registration statements, would be permitted to comply with scaled executive compensation disclosure requirements, and would not be subject to the ICFR auditor attestation requirement.¹⁶² As a result, we expect that NAFs would have reduced costs of compliance compared to LAFs and would have ample notice to prepare for accelerated filing, additional disclosure, and required auditor attestation of ICFR should they transition to LAF status.

We recognize that the proposed expansion of NAF status and application of EGC and SRC disclosure requirements would result in reduced disclosure for many registrants and their investors. While that reduction in disclosure may result in costs to investors, both investors and registrants may also benefit from more companies choosing to register their securities or to continue as public companies. This would provide more public market investment opportunities that would be subject to robust disclosure requirements, which provide greater transparency as compared to private markets. In addition, and as discussed in more detail in sections IV and V below, we believe investors and registrants would benefit from a more easily understandable filer status framework that imposes fewer compliance costs, the ultimate burdens of which are borne by a registrant's shareholders. Moreover, as discussed in more detail in section IV below, we estimate that the proposed changes would apply to registrants representing approximately 6.5 percent of total market public float, while registrants representing approximately 93.5 percent of total market public float would remain subject to LAF reporting

requirements. We believe this focus on ensuring that the registrants that represent the vast majority of the market continue to comply with the most extensive requirements mitigates investor protection concerns with the proposed amendments.

2. ICFR and the Auditor Attestation Requirement

One significant effect of the proposed amendments would be a decrease in the number of registrants required to obtain an auditor attestation of management's assessment of the effectiveness of the company's ICFR. Sarbanes-Oxley Act section 404(b) requires the auditor that prepares or issues the issuer's audit report (other than for EGCs) to attest and report on management's assessment of the effectiveness of ICFR; however section 404(c) exempts registrants that are not LAFs or AFs from the ICFR auditor attestation requirement. By increasing the upper bound of NAF status from less than \$75 million (or less than \$700 million if revenues are less than \$100 million) to less than \$2 billion, the proposed amendments would expand by 26.7 percent the number of current registrants that would qualify as NAFs and would therefore not be subject to an ICFR auditor attestation requirement.¹⁶³ Additionally, with respect to newly public companies, the proposed minimum five-year on-ramp (60 calendar months) before entering LAF status would allow these companies additional time to adjust to being a public company before potentially being exposed to ICFR auditor attestation costs. This in turn may incentivize some companies to go public sooner, which could open to investors additional opportunities for investments that might otherwise have stayed in the private market or which some investors may not have otherwise been able to access.

As noted, under the proposal, NAFs would remain subject to the Commission's rules under section 404(a), which require management to establish, state its responsibility to establish and maintain, and provide its assessment of, the registrant's ICFR.¹⁶⁴ NAFs would also continue to be required to obtain a financial statement audit by a registered public accounting firm¹⁶⁵ in which the auditor is required

to obtain an understanding of ICFR as part of its risk assessment procedures.¹⁶⁶ Obtaining an understanding of ICFR includes evaluating the design of controls that are relevant to the financial statement audit and determining whether the controls have been implemented.¹⁶⁷ Additionally, the auditor may test the operating effectiveness of certain internal controls in connection with the financial statement audit.¹⁶⁸ These procedures to obtain an understanding of ICFR and test the operating effectiveness of controls in connection with the financial statement audit may identify deficiencies in the registrant's ICFR. Moreover, the auditor may identify such deficiencies when performing substantive procedures in a financial statement audit. The auditor is required to communicate in writing to management and the audit committee all significant deficiencies and material weaknesses identified during the financial statement audit,¹⁶⁹ which may in turn require consideration by management in connection with management's assessment of ICFR under section 404(a).

The Commission has recognized the benefits of ICFR auditor attestation in enhancing the reliability of management's assessment of ICFR and the registrant's financial statements.¹⁷⁰

¹⁶⁶ See PCAOB AS 2110, *Identifying and Assessing Risks of Material Misstatement*, paragraph 18, <https://pcaobus.org/oversight/standards/auditing-standards/details/AS2110>. Pursuant to AS 2110, the auditor is required to obtain a sufficient understanding of each component of internal control over financial reporting to (a) identify the types of potential misstatements, (b) assess the factors that affect the risk of material misstatement, and (c) design further audit procedures.

¹⁶⁷ See *id.*, paragraph 20. This evaluation is not for the purpose of expressing an opinion on the effectiveness of the company's ICFR.

¹⁶⁸ See PCAOB AS 2301, *The Auditor's Responses to the Risks of Material Misstatement*, paragraph 16, <https://pcaobus.org/oversight/standards/auditing-standards/details/AS2301>. Also, tests of controls must be performed in the audit of financial statements for each relevant assertion for which substantive procedures alone cannot provide sufficient appropriate audit evidence and when necessary to support the auditor's reliance on the accuracy and completeness of financial information used in performing other audit procedures. See *id.*, paragraph 17.

¹⁶⁹ See PCAOB AS 1305, *Communications About Control Deficiencies in an Audit of Financial Statements*, paragraph 4, <https://pcaobus.org/oversight/standards/auditing-standards/details/AS1305>.

¹⁷⁰ See, e.g., *Study of the Sarbanes-Oxley Act of 2002 Section 404 Internal Control over Financial Reporting Requirements*, Office of Economic Analysis, U.S. Securities and Exchange Commission (Sept. 2009), at 56–67 (detailing a survey of financial executives of publicly traded companies finding benefits to section 404 compliance, but also finding that net benefits were negative); Staff Study

Continued

¹⁶² As discussed below, BDCs and face-amount certificate companies that are NAFs would not be permitted to rely on Article 8 of Regulation S-X, but we propose to provide certain of the accommodations in Article 8 to these entities by separate rule.

¹⁶³ See section IV.B.1.

¹⁶⁴ See 17 CFR 229.308. A registrant is not required to provide a report of management on the registrant's ICFR until it has either been required to file an annual report pursuant to section 13(a) or 15(d) of the Exchange Act for the prior fiscal year or has filed an annual report with the Commission for the prior fiscal year.

¹⁶⁵ See Rule 2–02.

The auditor's attestation can help registrants identify and disclose, on a timely basis, material weaknesses in ICFR, maintain their focus on effective internal controls, and, ultimately, mitigate the need for subsequent restatements of financial statements due to misstatements that were not prevented or detected, on a timely basis, by the registrant's internal controls.¹⁷¹ Any resulting increase in the effectiveness of ICFR enhances the quality of the registrant's financial statements which investors rely upon to make informed investment and voting decisions. The Commission has also remained cognizant of the significant costs and burdens that are associated with section 404(b) compliance.¹⁷² Some commenters on the 2019 Accelerated Filer Release stated to the Commission that the ICFR auditor attestation is the most costly aspect of being an AF.¹⁷³ Supporting these assertions, in a June 2025 report to Congress the GAO found that section 404 compliance costs are more burdensome in relative terms for smaller companies.¹⁷⁴

In proposing to increase the LAF public float threshold, we recognize that many issuers would no longer be subject to the ICFR auditor attestation requirement of section 404(b) and that this would likely result in a loss of the benefits of auditor attestation in enhancing the reliability of management's assessment of ICFR and improving the reliability of financial statements. For example, a number of commenters to the 2019 Accelerated Filer Release indicated that ICFR auditor attestation requirement promotes effective ICFR and more accurate disclosures related to ICFR.¹⁷⁵

at 112 ("There is strong evidence that the auditor's role in auditing the effectiveness of ICFR improves the reliability of internal control disclosures and financial reporting overall and is useful to investors.").

¹⁷¹ See Staff Study at 85–87 (identifying benefits to the auditor's attestation including the disclosure of internal control deficiencies that were not previously disclosed by management and citing studies indicating that issuers that are required to comply with section 404(a) and (b) are less likely to issue materially misstated financial statements than issuers not subject to these requirements).

¹⁷² See *supra* notes 64, 67, and 69.

¹⁷³ See *supra* note 35.

¹⁷⁴ U.S. Gov't Accountability Off., *Sarbanes-Oxley Act: Compliance Costs Are Higher for Larger Companies but More Burdensome for Smaller Ones* (June 2025), <https://www.gao.gov/assets/gao-25-107500.pdf>.

¹⁷⁵ See *Accelerated Filer and Large Accelerated Filer Definitions*, Release No. 34–88365 (Mar. 12, 2020) [85 FR 17178, n. 88 (Mar. 26, 2020)]. Commenters also indicated that effective ICFR, generally, and the ICFR auditor attestation requirement, more specifically, enhances transparency; increases the quality and reliability of

Additionally, investors may factor in whether a company voluntarily obtains ICFR auditor attestation in weighing their investment and voting decisions with respect to individual companies.

On balance, we believe increasing the LAF threshold and the resulting change in the number of companies subject to the ICFR auditor attestation requirement are appropriate given the significant relative cost burden of this requirement, particularly to smaller registrants. The expected reduction in costs to those registrants, as well as related effects of the proposal that may encourage more companies to go and stay public, ultimately would benefit investors in those companies. However, the proposed amendments would also allow registrants flexibility to decide to obtain and disclose the results of such auditor attestation, even if not required, for example if the registrant believes the benefits it would derive from such auditor attestation would justify its costs. We believe that the ICFR auditor attestation requirement change, along with the other changes we are proposing, would incentivize companies to access the public markets, register their securities offerings, and continue as public companies, which in turn would expand investment opportunities benefiting investors and the public markets.¹⁷⁶ Accordingly, we believe these factors weigh in favor of the proposed amendments, which we find to be in the public interest and consistent with the protection of investors.

3. Extension of SRC and EGC Accommodations and Disclosure Requirements

a. Application of SRC Accommodations

The Commission has long been cognizant of the burdens of registration and reporting under the securities laws, particularly as those burdens apply to smaller registrants. In the 1990s, the Commission developed an integrated disclosure system tailored specifically to smaller issuers,¹⁷⁷ and in the 2000s, the Commission replaced that system with a series of accommodations for SRCs.¹⁷⁸ As part of our effort to simplify and further rationalize disclosure

issuers' financial statements, corporate governance, audits, and analyst forecasts; and reduces the number of issuers' restatements, misstatements, the instances of fraud, and occurrences of insider trading. *Id.* at notes 90 through 97 and accompanying text.

¹⁷⁶ See section IV.B.

¹⁷⁷ See the discussion relating to "small business issuers" in section I.A.

¹⁷⁸ See the discussion relating to "SRC" in section I.D. The SRC filer status was initially linked to NAF status, but subsequently the public float threshold was increased to \$250 million.

responsibilities for registrants, we are proposing to permit registrants that meet the proposed NAF status to comply with the disclosure requirements and accommodations currently applicable to SRCs.¹⁷⁹ The current SRC-level disclosures would become the default disclosure requirements for most registrants.

While we are proposing to increase the number of registrants permitted to provide SRC scaled disclosure from approximately 44 percent of registrants to approximately 81 percent,¹⁸⁰ the proportion of total market public float represented by this population of registrants would remain relatively small (approximately 6.5 percent). The proposal would reduce the compliance burdens of regulation for all of these small- to mid-capitalization registrants. This would benefit those registrants and their investors by lowering expenses and thereby freeing up capital that could be used to invest in the registrant's business. Further, the lower expenses associated with registration may further encourage such registrants to seek access to the public markets and remain public, which also benefits investors by providing more investment opportunities with the greater transparency afforded by Exchange Act reporting.

i. Scaled Disclosures Under Regulation S–K and Other Accommodations

Under the proposal, registrants that qualify as NAFs would be permitted to follow the current SRC disclosure requirements, which is scaled disclosure compared to that required of LAFs, to include:¹⁸¹

- More limited description of business;¹⁸²

¹⁷⁹ For NAFs that are BDCs or face-amount certificate companies, we are proposing to extend most of the disclosure requirements and accommodations currently applicable to SRCs, with the exception of some financial statement provisions and performance graph disclosure.

¹⁸⁰ As proposed NAF status would include registrants currently designated as SRCs and EGCs and all registrants that meet the new, higher threshold for NAF status, which would include many registrants that are currently AFs or LAFs.

¹⁸¹ This list does not include accommodations discussed in section II.B.3.b.

¹⁸² As proposed, Item 101 would be revised and renumbered. Proposed Item 101(a) would include all of the requirements generally applicable to registrants, reflecting all of the requirements of current 17 CFR 229.101(h) ("Item 101(h) of Regulation S–K") that currently apply to SRCs, and proposed Item 101(b) would provide the further requirements specific to LAFs. The proposed changes would remove any references to "smaller reporting companies" and move other disclosure requirements and renumber paragraphs in Item 101 as appropriate.

- Two (instead of three) years of MD&A pursuant to 17 CFR 229.303 (“Item 303 of Regulation S–K”);¹⁸³
 - Two (instead of three) years of summary compensation table information pursuant to 17 CFR 229.402 (“Item 402 of Regulation S–K”); and
 - Executive compensation disclosure regarding three (instead of five) named executive officers pursuant to Item 402 of Regulation S–K.¹⁸⁴
- Registrants that qualify as NAFs would also be permitted to forgo the following disclosures that are not currently applicable to SRCs:
- Risk factor disclosure in Forms 10–K and 10–Q pursuant to Item 1A of Form 10–K and Item 1A of Form 10–Q;
 - Performance graph disclosure pursuant to 17 CFR 229.201(e) (“Item 201(e) of Regulation S–K”), except in the case of NAFs that are investment companies;¹⁸⁵
 - Supplementary financial information pursuant to 17 CFR 229.302(a) (“Item 302(a) of Regulation S–K”);¹⁸⁶
 - Quantitative and qualitative disclosures about market risk pursuant

to 17 CFR 229.305 (“Item 305 of Regulation S–K”);¹⁸⁷

- Compensation discussion and analysis, compensation policies and practices related to risk management,¹⁸⁸ pay ratio disclosure,¹⁸⁹ and specified executive compensation disclosure tables, including grants of plan-based awards table, pension benefits table, option exercises and stock vested table, and nonqualified deferred compensation table pursuant to Item 402 of Regulation S–K;¹⁹⁰
- Policies and procedures for the review, approval, or ratification of related party transactions pursuant to 17 CFR 229.404(b) (“Item 404(b) of Regulation S–K”);¹⁹¹
- Compensation Committee Interlocks and Insider Participation disclosure, and Compensation Committee Report disclosure pursuant to 17 CFR 229.407(e)(4) and (e)(5);¹⁹²
- Audit committee financial expert disclosure in a registrant’s first annual report;¹⁹³ and
- Certain payments made by resource extraction issuers pursuant to 17 CFR 240.13q–1.

By contrast, while current Item 404 includes an accommodation permitting SRCs to exclude disclosure relating to the review, approval, or ratification of related party transactions in accordance with Item 404(b) as noted above, it also includes several requirements that are more rigorous for SRCs. Among other things, Item 404(d) provides a different, more rigorous threshold for disclosure by SRCs of the lesser of \$120,000 or one percent of the average total assets at year-end for the last two fiscal years when determining reportable transactions with related persons under Item 404(a). Non-SRC registrants are

only required to look to whether the amount of the transaction exceeds \$120,000. In addition, SRCs are required to disclose a list of all parent companies showing the basis of control and as to each parent, the percentage of voting securities owned or other basis of control by its immediate parent pursuant to Item 404(d)(3). Rather than apply such requirements to NAFs, we are proposing to remove Item 404(d) and would not apply the additional requirements that currently apply to SRCs to all NAFs.

We are proposing to require disclosure of material unresolved staff comments by all issuers. Currently, if a registrant that is an AF, LAF, or well-known seasoned issuer has received written comments from the Commission staff regarding its periodic or current reports and these comments remain unresolved, the registrant is required to disclose the substance of any material unresolved comments on Form 10–K or Form 20–F.¹⁹⁴ Staff review and comment could serve an important investor protection function. As a result, we believe it is appropriate to require NAFs to also provide this disclosure to investors.

Additionally, as noted above, in conjunction with this release, the Commission is proposing reforms to the securities offering process to make Form S–3 and the ability to conduct shelf offerings, including automatic shelf offerings, available to significantly more issuers.¹⁹⁵ Because these offerings, which often incorporate by reference information from a registrant’s current and periodic reports, would be available to more issuers, including NAFs, we believe that investors in those issuers should be made aware of the substance of any material unresolved comments. Accordingly, we are proposing to amend Item 1B. of Form 10–K and Item 4A of Form 20–F¹⁹⁶ to require all registrants to disclose material unresolved comments received at least 180 days before a registrant’s fiscal year end.¹⁹⁷ Under the proposal, in any Form 10–K or 20–F filing, if a registrant has

¹⁸³ Specifically, we are proposing to revise Instruction 1 of the Instructions to paragraph (b) of Item 303 of Regulation S–K to remove references to SRCs and EGCs and simply instruct registrants to include a discussion that covers the period covered by the financial statements included in the filing. We are additionally proposing to add a reference to Article 8 of Regulation S–X in paragraph (c) of Item 303 of Regulation S–K.

¹⁸⁴ SRCs and EGCs are permitted to provide disclosure related to the grant of certain equity awards close in time to the release of material nonpublic information for three, instead of five, NEOs pursuant to 17 CFR 229.402(x). With respect to pay versus performance disclosure required by 17 CFR 229.402(v), among other accommodations, an SRC is permitted to provide three (instead of five) years of pay versus performance disclosure. As described below, an EGC is exempt from pay versus performance disclosure and we are proposing to exempt NAFs from pay versus performance disclosure.

¹⁸⁵ Specifically, we are proposing to revise Item 201(e) of Regulation S–K by explicitly applying the rule only to LAFs and investment companies and removing Instruction 6 of *Instructions to Item 201(e)* that exempts SRCs. We are not proposing to permit investment companies that are NAFs to forgo the performance graph disclosure pursuant to Item 201(e) of Regulation S–K to maintain parity with other RICs, which are subject to similar performance graph requirements. See Instruction 4.g to Item 24 of Form N–2; Item 27A(d)(2) of Form N–1A. Because BDCs and RICs share similar characteristics, we believe it is beneficial to investors to maintain the existing parity in performance graph disclosure requirements. In addition, we are proposing to add a reference in Item 201(a)(1)(iii) of Regulation S–K to Article 8 of Regulation S–X because as proposed Article 3 would not necessarily apply to NAFs.

¹⁸⁶ Specifically, we are proposing to simplify Item 302 of Regulation S–K by revising Item 302(a) to refer only to LAFs, while retaining the requirements relating to FPIs. We are also proposing to remove Item 302(b). See section II.E below.

¹⁸⁷ We are proposing to amend Item 305 of Regulation S–K to only apply to LAFs by adding a reference to LAFs in proposed revised Item 305(a) and 305(b) introductory text.

¹⁸⁸ 17 CFR 229.402(s).

¹⁸⁹ 17 CFR 229.402(u), 17 CFR 229.402(l), and Instruction 8 to 17 CFR 229.402(u).

¹⁹⁰ We are proposing to amend Item 402 of Regulation S–K to replace the references to SRC with references to NAF, to remove references to EGCs, and to add a new Item 402(a)(7) in place of Item 402(l) to provide guidance relating to NAFs.

¹⁹¹ 17 CFR 229.404(d) currently provides that SRCs are not required to provide Item 404(b) disclosure. We are proposing to limit Item 404(b) disclosure to LAFs. We are additionally proposing to make non-substantive changes to Item 404 to renumber and incorporate the *Instructions to Item 404(a)* into Item 404(a) and to revise Item 404 to remove use of the term “shall”.

¹⁹² SRCs and EGCs are currently permitted to forgo these disclosures pursuant to 17 CFR 229.407(g)(1)(ii) and (g)(2). Consistent with this, we are proposing to revise these rules to limit their application solely to LAFs.

¹⁹³ 17 CFR 229.407(d)(5) and 17 CFR 229.407(g)(1)(i).

¹⁹⁴ See Item 1B of Form 10–K and Item 4A of Form 20–F.

¹⁹⁵ See Registered Offering Reform Proposal.

¹⁹⁶ We are proposing that all registrants be required to disclose material unresolved comments. We are not proposing to provide an accommodation to FPIs that would differ from what is available to registrants that file on domestic forms. While we recognize that FPIs are not eligible for the accommodations relating to shelf offerings, we believe that disclosure of material unresolved matters is important information for investors.

¹⁹⁷ We are not proposing comparable changes to Item 4A of Form 20–F at this time in light of the Commission’s ongoing evaluation of the definition of FPI. See further discussion of this issue in section II.B.4.

received written comments from the Commission staff regarding its periodic or current reports under the Exchange Act (*e.g.*, Form 10-K, 10-Q, or 8-K for domestic filers, or Form 20-F or 6-K for FPIs) not less than 180 days before the end of its fiscal year to which the Form 10-K or 20-F relates, and the comments remain unresolved, the registrant would be required to disclose the substance of any unresolved comments that the registrant believes are material and may provide other information including the position of the registrant with respect to any unresolved comment.

ii. Scaled Financial Statement Requirements Under Regulation S-X

Under the current rules, Article 8 provides the form and content requirements of financial statements of SRCs. We propose to provide that NAFs may prepare their financial statements in accordance with Article 8 of Regulation S-X,¹⁹⁸ except for NAFs that are BDCs or face-amount certificate companies, which would receive certain of the same accommodations under proposed Rule 3-19 of Regulation S-X. NAFs that are not investment companies would be permitted to:

- Apply the form and content requirements of Article 8, with a few limited exceptions as specified in Rule 8-01,¹⁹⁹ permitting registrants to not

comply with certain form and presentation requirements related to the financial statements,²⁰⁰ and to not disclose certain financial statement schedules and certain general notes to the financial statements, and to not provide separate financial statements of majority-owned subsidiaries not consolidated and 50 percent or less owned persons accounted for by the equity method of accounting otherwise required by Regulation S-X;²⁰¹

- Provide two rather than three years of audited statements of comprehensive income, cash flows, and changes in stockholders' equity pursuant to Rule 8-02;

- Provide a slightly more condensed format for interim financial statements, financial statements for businesses and real estate operations acquired or to be acquired, and pro forma financial statements pursuant to Rules 8-02 through 8-06; and

- Apply less stringent age of financial statements requirements pursuant to Rule 8-08.

We are proposing the following additional changes to Article 8 in connection with these amendments in order to clarify or streamline certain of the requirements.²⁰² First, we are proposing to revise Rule 8-01(b) to require NAFs to comply with 17 CFR 210.4-01(a), which, among other things, requires that a registrant provide "such

further material information as is necessary to make the required statements, in light of the circumstances under which they are made, not misleading." We believe this proposal is necessary as we recognize that every NAF's circumstance is unique and therefore there may be certain aspects of an NAF's business that are material, but are not addressed by a disclosure requirement explicitly contemplated by Article 8, and this proposal would require that disclosure.

We are also proposing to revise Article 8 to clarify the applicability of requirements for NAFs to disclose summarized financial information of subsidiaries not consolidated and 50 percent or less owned persons accounted for by the equity method of accounting, which we refer to as "equity investees."²⁰³ Currently, Rule 8-03(b)(3) requires disclosure of summarized statement of comprehensive income information in an SRC's interim financial statements for equity investees that constitute 20 percent or more of a registrant's consolidated assets, equity, or income from continuing operations attributable to the registrant. Article 8 does not explicitly include a requirement for SRCs to disclose summarized information on an annual basis, while 17 CFR 210.4-08(g) ("Rule 4-08(g)") does require annual period summarized financial information to be disclosed for equity investees of registrants other than SRCs. Commission staff have historically analogized to Rule 8-03(b)(3) and requested disclosure of annual summarized information from SRCs if it is not otherwise included. We are proposing to clarify the applicability of the annual period disclosure requirement by revising Rule 8-01 to require that NAFs provide summarized financial information required by Rule 4-08(g). As proposed, an NAF would be required to disclose, in the notes to audited annual financial statements, summarized balance sheet and statement of comprehensive income information of equity investees.²⁰⁴

¹⁹⁸ Specifically, we propose to revise 17 CFR 240.14a-3(b)(1) to permit NAFs to prepare their financial statements in accordance with Article 8 and to amend Article 8 to specify that the Article may be applied to financial statements of NAFs.

¹⁹⁹ Rule 8-01(b) allows SRCs to comply with the form and content required by Article 8 and not the other form and content requirements in Regulation S-X, with the exception of the following: (1) the report and qualifications of the independent accountant requirements in 17 CFR 210.2-01 through 210.2-07; (2) the description of accounting policies in 17 CFR 210.4-08(n); and (3) the financial accounting and reporting standards specified in 17 CFR 210.4-10 with respect to oil and gas producing activities. Additionally, there are other rules in Article 8 that direct SRCs to other requirements in Regulation S-X that must be complied with, including: Rule 8-01(c) (the requirements of 17 CFR 210.3-10, for periods required by Rule 8-02, are applicable to financial statements for a subsidiary of an SRC that issues securities guaranteed by the SRC or guarantees securities issued by the SRC, and disclosures about guarantors and issuers of guaranteed securities registered or being registered must be presented as required by 17 CFR 210.13-01); Rule 8-01(d) (the requirements of 17 CFR 210.3-16, for periods required by Rule 8-02, or 17 CFR 210.13-02 are applicable if an SRC's securities registered or being registered are collateralized by the securities of the SRC's affiliates, relying on 17 CFR 210.13-02 unless 17 CFR 210.3-16 applies.); Rule 8-01(f) (specifying that 17 CFR 210.3-06 applies to the preparation of financial statements of SRCs); Rule 8-03(b)(5) (requires the information required by 17 CFR 210.3-04 related to changes in stockholders' equity and noncontrolling interests to be presented for the current and comparative year-to-date periods, with subtotals for each interim period); Rule 8-04 (requires SRCs to apply 17 CFR 210.3-05 related to

financial statements of businesses acquired or to be acquired, substituting Rule 8-02 and Rule 8-03 for Rule 3-01 and Rule 3-02); Rule 8-05 (requires SRCs to provide pro forma financial information complying with 17 CFR 210.11-01 through 17 CFR 210.11-03 when any conditions in 17 CFR 210.11-01 exist, except it may be condensed pursuant to Rule 8-03(a)); Rule 8-06 (requires SRCs to apply 17 CFR 210.3-14 related to real estate operations acquired or to be acquired, substituting Rule 8-02 and Rule 8-03, for Rule 3-01 and Rule 3-02).

²⁰⁰ NAFs would not be required to comply with: (1) 17 CFR 210.5-01 through 210.5-07 (Article 6) applicable to financial statements of commercial and industrial companies; (2) 17 CFR 210.7-01 through 210.7-05 (Article 7) applicable to financial statements of insurance companies; and (3) 17 CFR 9-01 through 210.9-07 (Article 9) applicable to financial statements of bank holding companies, savings and loan holding companies, and banks and savings and loan associations.

²⁰¹ There is no equivalent to Rule 3-09 in Article 8 requiring separate financial statements of significant majority-owned subsidiaries not consolidated and 50% or less owned persons accounted for by the equity method of accounting. Such separate financial statements, however, should be provided if they are material to investors.

²⁰² In addition to these substantive changes, we are proposing some additional non-substantive revisions to Article 8, including moving unnumbered text in 17 CFR 210.8-01 into Rule 8-01 and renumbering Rule 8-01(a). Further, where our rules reference SRCs in relation to Article 8, we are proposing to replace such references with a reference to NAFs. *See, e.g.*, Instruction 6 of *Instructions to Item 504* (where we additionally make non-substantive revisions to remove the use of "shall").

²⁰³ Each of Rule 3-09 and 4-08(g) refers to "50% or less-owned persons", which Commission staff have interpreted as referring to an investment accounted for using the equity method, even if voting ownership exceeds 50%.

²⁰⁴ *See* 17 CFR 210.1-02(bb) ("Rule 1-02(bb)"). Currently, under the Commission staff's view analogizing Rule 8-03(b)(3) to annual periods, an SRC would quantify the equity investees' revenues, gross profit, income from continuing operations, and net income, whereas non-SRCs complying with Rule 4-08(g) would disclose the summarized balance sheet and income statement items specified in Rule 1-02(bb). U.S. Securities and Exchange Commission, Division of Corporation Finance, *Financial Reporting Manual* ("FRM"), at §§ 2400.3, 2420.9. The statements in the FRM and any other

We are also proposing to align the tests and thresholds used to determine when disclosure would be required by NAFs to reflect current practice and staff guidance for SRCs. Currently, disclosure is required when the conditions (*i.e.*, significance tests) specified in the investment, income, and asset tests in the definition of “significant subsidiary” in 17 CFR 210.1–02(w) (“Rule 1–02(w)”) are met for any individual equity investee or combination of equity investees,²⁰⁵ using the higher 20 percent threshold currently required under Article 8.²⁰⁶ We believe revising Rule 8–01 to provide that NAFs are required to provide summarized financial information in annual periods in accordance with Rule 4–08(g), but

staff statements or guidance referenced in this release represent the views of Commission staff. Any such staff statements are not a rule, regulation, or statement of the Commission. Further, the Commission has neither approved nor disapproved their content. These statements, like all staff statements, have no legal force or effect; they do not alter or amend applicable law, and they create no new or additional obligations for any person. As proposed, an NAF that is currently an SRC would be required to disclose certain items specified in Rule 1–02(bb) that are not currently required for annual periods. We do not believe the proposed change would add a significant burden because SRC registrants may already have been disclosing some of this information, such as select balance sheet information, pursuant to existing disclosure requirements of U.S. GAAP (*e.g.*, FASB ASC 323–10–50–3(c)).

²⁰⁵ Rule 8–03(b)(3) states that significance should be determined based on a registrant’s consolidated assets, equity or income from continuing operations. Comparing an SRC’s investment to its equity, rather than its total assets as required in Rule 4–08(g) and 17 CFR 210.10–01(b)(1) for non-SRCs, would likely have the unintended consequence of requiring an SRC to disclose summarized information more often than a registrant that is not an SRC. As such, Commission staff have historically taken the view that it would be appropriate for SRCs to determine whether disclosure of summarized information under Rule 8–03(b)(3) is required by performing the significance tests consistent with Rule 1–02(w), substituting 20% for 10%. We are proposing to codify the practice of performing the significance tests consistent with Rule 1–02(w) for NAFs.

²⁰⁶ Currently, under the Commission staff’s view analogizing Rule 8–03(b)(3) to annual periods, disclosure by SRCs of summarized information for annual periods would be made at a 20% threshold, whereas disclosure by non-SRCs of summarized financial information required by Rule 4–08(g) would be made at a 10% threshold. FRM, at § 2420.9. Statements in the FRM represent the views of Commission staff only; *see supra* note 204. We are proposing to apply a 20% disclosure threshold to NAFs, consistent with Commission staff’s interpretation of Rule 8–03(b)(3). As proposed, an NAF that was not previously an SRC would only be required to provide disclosure of summarized financial information under Rule 8–01 at the 20% level as opposed to the 10% level, potentially decreasing the instances when disclosure of summarized financial information is required as compared to current requirements. Disclosure obligations related to summarized financial information will remain unchanged for current SRCs.

applying the existing 20 percent threshold in Article 8, would provide for appropriate disclosure from NAFs, codify certain existing SRC practice and staff guidance for registrants that rely on Article 8, and help to clarify the disclosure requirements.²⁰⁷ Further, we do not believe these proposed revisions would represent a significant change in practice from that currently applied by SRCs.

We are further proposing to revise Rule 8–03(b)(3) to align the significance tests used to determine when disclosure of summarized statement of comprehensive income information by NAFs is required in interim periods with those used by LAFs under 17 CFR 210.10–01(b)(1) (“Rule 10–01(b)(1)”). Currently, three significance tests are used to determine whether disclosure of summarized information regarding a 50 percent or less owned person accounted for by the equity method of accounting is required in an interim period by an SRC under Rule 8–03(b)(3) as compared to only two tests applicable to a non-SRC under Rule 10–01(b)(1).²⁰⁸ As a result disclosure is more likely to be required under Rule 8–03(b)(3) for SRCs than under Rule 10–01(b)(1) for non-SRCs. We do not believe NAFs should be required to disclose such summarized information in more instances than LAFs and are proposing to treat NAFs and LAFs consistently.²⁰⁹

²⁰⁷ Rule 8–03(b)(3) refers to significant equity investees, in contrast to other similar Commission rules, such as Rules 3–09 and 4–08(g), which require separate statements or summarized financial information for subsidiaries not consolidated and 50% or less owned persons accounted for by the equity method. We are proposing for consistency to revise each of Rule 8–01 and Rule 8–03(b)(3) to refer to subsidiaries not consolidated and 50% or less owned persons accounted for by the equity method, which are the types of entities to which the Commission expects the disclosure requirements to apply.

²⁰⁸ Rule 10–01(b)(1) requires disclosure of interim summarized information separately as to each subsidiary not consolidated or 50% or less owned persons or as to each group of such subsidiaries or 50% or less owned persons for which separate individual or group statements would otherwise be required for annual periods. In this regard, disclosure is required for subsidiaries not consolidated if any of the tests in Rule 1–02(w) are met, and for a 50% or less owned person accounted for by the equity method if either the investment test in Rule 1–02(w)(1)(i) or income test in Rule 1–02(w)(1)(iii) is met. We are proposing to revise Rule 8–03(b)(3) to require disclosure of interim summarized information in a manner consistent with 17 CFR 210.10–01(b)(1).

²⁰⁹ The Commission is also proposing other changes to Rule 8–03(b)(3) to clarify certain requirements applicable to NAFs and to align other requirements with those applicable to LAFs. As proposed, the summarized statement of comprehensive income information that would be required includes, at a minimum, the items specified in Rule 1–02(bb)(1)(ii), rather than separately stating the minimum items of financial information as currently specified in Rule 8–

Finally, we are proposing to remove and reserve 17 CFR 210.8–07 (“Rule 8–07”) relating to Limited Partnerships. This disclosure is not required by LAFs and does not appear to be necessary for NAFs. We do not believe that the disclosure requirements for NAFs should be more rigorous than those for registrants that are not NAFs, unless there is specific need for the material disclosure to be provided to investors. The disclosure required by Rule 8–07 has been required for over 30 years by different rules, but we do not believe that a dedicated disclosure requirement for NAFs continues to be necessary because the currently applicable disclosure requirements for all registrants result in sufficient disclosure about limited partnerships to investors.²¹⁰ Furthermore, to the extent considered necessary or appropriate for the protection of investors, the Commission could require the filing of other financial statements, including the audited balance sheet of the general partner.²¹¹

In proposing to apply the SRC disclosure requirements to NAFs, we considered the current use and efficacy of the SRC disclosure requirements and the overall impact of expanding the use of such disclosure requirements to more registrants. Currently, SRCs compose a significant portion of the number of all Exchange Act filers, 48.6 percent in calendar year 2024.²¹² Since adoption of the SRC rules in 2007, and expansion of the SRC public float threshold to \$250 million in 2018 and revising the revenue test to include issuers with annual revenues of less than \$100 million and public float of less than \$700 million, we are not aware of any significant concerns regarding the scaled disclosure requirements or that the disclosure made by SRCs falls short of the informational needs of investors. We also note that while SRCs are only required to provide two years of financial statements in their periodic reports and registration statements, for

03(b)(3), aligning with requirements applicable to LAFs. Additionally, as proposed, the requirements would clarify that the interim summarized information could be presented on an individual or group basis for each subsidiary not consolidated or 50% or less owned persons, consistent with current Rule 10–01(b)(1). Finally, under current rules, disclosure of interim summarized information under Rule 10–01(b)(1) need not be provided if the investee would not be required to file quarterly financial information with the Commission if it were a registrant. We are proposing to make a conforming change to Rule 8–03(b)(3).

²¹⁰ We note that these disclosures were required in Form S–18 and brought forward when adopting the SRC rules in 2007. However, disclosure pursuant to the requirement is rarely elicited.

²¹¹ See Rule 8–01(e).

²¹² See section IV.A.2.

any registrant that has been providing disclosure for more than one year, historical financial information concerning prior years is readily available on the Commission's Electronic Data Gathering, Analysis, and Retrieval system ("EDGAR").

We are not proposing to permit investment companies that are NAFs to rely on Article 8. Investment companies historically have been excluded from the SRC definition and, therefore, Article 8 has not been available to them. For financial reporting purposes, investment companies are subject to the rules set forth in Articles 6 and 12 that are specifically designed for RICs and BDCs and that recognize differences between investment company registrants and non-investment company registrants. For example, investment companies invest in securities principally for returns from capital appreciation and/or investment income. Investment companies also are required to value their portfolio investments, with changes in value recognized in the statement of operations for each reporting period. The Commission has previously taken steps to tailor financial reporting for investment companies, including BDCs.²¹³

Permitting BDCs and face-amount certificate companies that are NAFs to prepare their financial statements in accordance with the same Article 8 provisions that apply to other NAFs would reduce the availability of information that is important for understanding these investment companies' activities and investments, such as the schedules of investments that they currently prepare under Article 12 of Regulation S–X. This approach would also create disparities between financial reporting by BDCs and face-amount certificate companies and financial reporting by other similarly-situated RICs. For these reasons, we are not proposing to permit BDCs and face-amount certificate companies that are NAFs to rely on Article 8, which includes provisions allowing more condensed financial statements without financial statement schedules (*e.g.*, the schedule of investments) or certain general notes to the financial statements.

We are, however, proposing to allow BDCs and face-amount certificate companies that are NAFs to have certain of the same accommodations included in Article 8 under proposed Rule 3–19.

This proposed rule would allow BDCs and face-amount certificate companies that are NAFs to elect to provide, for their annual financial statements, two rather than three years of statements of operations and cash flows similar to provisions available to other NAFs under proposed Rule 8–02. Extending this provision to BDCs and face-amount certificate companies that are NAFs would not create disparities with reporting by other RICs, as other RICs similarly are not required to provide financial statements covering a three-year period. In addition, as discussed below, the proposed rule would allow BDCs and face-amount certificate companies that are NAFs to defer adoption of certain new or revised financial accounting standards to the same extent as other NAFs. This option to defer compliance is currently available to BDCs that are EGCs, so this proposed change would extend the accommodation to defer compliance to additional BDCs and to face-amount certificate companies.²¹⁴ Finally, proposed Rule 3–19 would extend certain time periods in Article 3 for BDCs and face-amount certificate companies that are SNFs to account for the additional time that SNFs would have to file periodic reports, consistent with similar provisions under Article 8 for SNFs. Overall, proposed Rule 3–19 for BDCs and face-amount certificate companies that are NAFs is designed to mitigate regulatory burden for BDCs and face-amount certificate companies that qualify as NAFs under the proposal, while recognizing differences in the operations and structures of these investment companies in comparison to other NAF issuers.

b. Application of Certain EGC Accommodations

While the Commission has reevaluated its regulatory regime and adopted rules in the past to address the burdens of registration and reporting on smaller registrants, Congress has also acted to direct the Commission to further consider and address regulatory burdens, as discussed in more detail in section I above. In 2012, the JOBS Act

established “emerging growth companies” as a filer category entitled to substantial regulatory relief. In establishing EGC conditions permitting eligibility for that status for up to the first five years after the registrant completes an initial public offering of common equity securities, until the registrant reaches \$1 billion in total annual gross revenues (indexed for inflation), issues \$1 billion in non-convertible debt over a three-year period, or becomes an LAF,²¹⁵ Congress significantly raised the company size at which disclosure and other accommodations are provided to smaller and emerging registrants.

While there are overlaps between the EGC and SRC accommodations, EGCs are entitled to a similar but distinct set of accommodations as compared to SRCs. Under existing rules, EGCs are exempt from the ICFR auditor attestation requirement, and are permitted to provide executive compensation disclosure using the rules applicable to SRCs and to provide two (instead of three) years of financial statement disclosure in an initial public equity offering. An EGC that also qualifies for SRC status²¹⁶ would therefore receive certain incremental additional benefits from its EGC status.

As part of our effort to simplify and further rationalize disclosure responsibilities for registrants, we are proposing to permit NAFs to apply the disclosure requirements and accommodations currently applicable to EGCs (except as described below with regard to section 6(e)(2) of the Securities Act), in addition to those currently applicable to SRCs. Under the proposed rules registrants that qualify as NAFs would receive the incremental accommodation of being permitted to forgo the following disclosures and other requirements currently available to EGCs:

- Provision of a registered public accounting firm's attestation report on the registrant's ICFR (“Item 308(b) of Regulation S–K”);²¹⁷
- Pay *versus* performance disclosure pursuant to 17 CFR 229.402(v); and

²¹⁵ See *supra* note 94 and accompanying text.

²¹⁶ See *supra* Table 2.

²¹⁷ 17 CFR 229.308(b). We are proposing to amend Item 308(b) of Regulation S–K to clarify that only LAFs would be required to provide an attestation report of a registered public accounting firm. We are additionally proposing to remove references to “accelerated filer” from the rule and to revise Instruction 1 to the *Instructions to Item 308* to remove the reference to paragraph (b), because all registrants would be NAFs in their first annual report under the proposal, making reference to paragraph (b) unnecessary.

²¹³ See, *e.g.*, *Amendments to Financial Disclosures About Acquired and Disposed Businesses*, Release No. 33–10786 (May 20, 2020) [85 FR 54002 (Aug. 31, 2020)].

²¹⁴ We recognize that, unlike our proposal to extend the ability to provide financial statements for a two-year period to BDCs and face-amount certificate companies that are NAFs, the proposal to extend the ability to defer compliance with certain new or revised financial accounting standards to all BDCs and face-amount certificate companies that are NAFs would increase disparity with other RICs, which are not permitted to elect this deferral. However, because BDCs that are EGCs currently can elect to defer compliance, in our view, the more appropriate point of comparison for assessing regulatory parity in this case is between BDCs that are EGCs and BDCs that are NAFs.

• Shareholder advisory votes²¹⁸ on executive compensation (“say-on-pay”),²¹⁹ the frequency of say-on-pay votes,²²⁰ and golden parachute compensation in connection with mergers and acquisitions *and related disclosure*.²²¹

In addition to these disclosure and other accommodations, the JOBS Act amended the Securities Act by adding section 6(e)²²² to provide EGCs with: (1) the ability to submit to the Commission a draft registration statement (“DRS”) for confidential review prior to an EGC’s initial public offering;²²³ and (2) confidentiality regarding an EGC’s nonpublic DRSs submitted prior to its initial public offering date from being produced by the Commission in response to a FOIA request.²²⁴

²¹⁸ In proposing to limit the shareholder advisory votes required by 15 U.S.C. 78n–1 to LAFs, we considered the specific exemption for EGCs provided in 15 U.S.C. 78n–1(e)(2), the exemptive authority provided in 15 U.S.C. 78n–1(e), and the further admonition in 15 U.S.C. 78n–1(e)(1) that the Commission consider whether the requirements disproportionately burden small issuers. We are proposing to exempt NAFs from these requirements to reduce the burden of compliance on these issuers pursuant to our exemptive authority.

²¹⁹ Say-on-pay is a non-binding shareholder vote on executive compensation in proxy and information statements at least once every three years. See 17 CFR 240.14a–21(a) and 15 U.S.C. 78n–1(a) and (c). In addition to proposing to exempt NAFs in proposed Rule 14a–21(d) and remove references to SRC, we are proposing revisions to Rule 14a–21(a) to simplify the requirement and remove the transition provisions.

²²⁰ Say-on-pay frequency is a non-binding shareholder vote on the frequency of the say-on-pay vote at least once every six years. See 17 CFR 240.14a–21(b) and 15 U.S.C. 78n–1(a) and (c). In addition to proposing to exempt NAFs in proposed Rule 14a–21(d) and remove references to SRC, we are proposing revisions to Rule 14a–21(b) to simplify the requirement and remove the transition provisions.

²²¹ The golden parachute vote refers to the requirement for issuers to include a separate resolution, subject to non-binding shareholder vote, to approve certain golden parachute arrangements in connection with certain merger or related change-in-control transactions. See 17 CFR 240.14a–21(c). In addition to proposing to exempt NAFs in proposed Rule 14a–21(d) and remove references to SRC, we are proposing revisions to Rule 14a–21(c) to simplify the requirement and remove the transition provisions. In addition, we are proposing to revise Instructions 3 and 4 to *Instructions to § 240.14a–21* because those instructions relate specifically to SRC and EGC accommodations. We are proposing to replace those instructions with a new Instruction 3 providing that a registrant must include the say-on-pay and say-on-pay frequency resolutions in connection with the first solicitation after becoming an LAF. A registrant is required to provide certain disclosure on the golden parachute arrangements in accordance with 17 CFR 229.402(f). In addition, Item 1011 of Regulation S–K expressly permits EGCs to exclude Item 402(f) disclosure from Regulation M–A disclosure. We are proposing to revise Item 1011 to provide that exclusion to NAFs.

²²² See Public Law 112–106, 126 Stat. 306 (2012), sec. 106(a).

²²³ 15 U.S.C. 77f(e)(1).

²²⁴ 15 U.S.C. 77f(e)(2).

The staff of the Division of Corporation Finance have accepted draft registration statements for non-public review for all issuers since 2017²²⁵ and subsequently further expanded the availability of the non-public review process.²²⁶ We are not proposing to codify this process but we request comment on whether doing so would provide additional clarity and certainty. With respect to the provision of confidentiality under section 6(e)(2) of the Securities Act, the Commission lacks the authority to extend this confidentiality to non-EGC companies and therefore only statutory EGCs will remain eligible for this accommodation. Non-EGC registrants would continue to be able to use the Commission’s confidential treatment procedures regarding FOIA requests pursuant to 17 CFR 200.83 (“Rule 83”), when submitting draft registration statements for nonpublic review. The Commission’s Rule 83 confidential treatment procedures allow Commission staff to determine whether, in response to a FOIA request, nonpublic draft registration statements and related correspondence are subject to a FOIA exemption and consequently would not be disclosed in response to a FOIA request.²²⁷

EGCs are additionally permitted to elect to defer compliance with new or revised financial accounting standards issued by the Financial Accounting Standards Board (“FASB”) until such time as a company that is not an issuer (as defined under section 2(a) of the Sarbanes-Oxley Act) is required to comply with such standards, if such standard applies to companies that are not issuers.²²⁸ We believe that all newly public companies should benefit from

²²⁵ See U.S. Securities and Exchange Commission, Division of Corporation Finance, *Voluntary Submission of Draft Registration Statements—FAQs* (June 29, 2017) available at <https://www.sec.gov/about/divisions-offices/division-corporation-finance/voluntary-submission-draft-registration-statements-faqs>.

²²⁶ See U.S. Securities and Exchange Commission, Division of Corporation Finance, *Enhanced Accommodations for Issuers Submitting Draft Registration Statements* (Mar. 3, 2025) available at <https://www.sec.gov/about/divisions-offices/division-corporation-finance/draft-registration-statement-processing-procedures-expanded>.

²²⁷ See, e.g., 5 U.S.C. 552(b)(4) (Exemption 4 of the Freedom of Information Act provides an exemption for “trade secrets and commercial or financial information obtained from a person and privileged or confidential.”)

²²⁸ 15 U.S.C. 77g(a)(2)(B); 15 U.S.C. 78m(a). Currently, an EGC must indicate by check mark on the cover page of registration statements and periodic reports whether it has elected to use this extended compliance period. An EGC’s decision to opt out of deferred compliance is irrevocable. Public Law 112–106, 126 Stat. 306 (2012), sec. 107(b).

this accommodation as part of an on-ramp for public companies.²²⁹ We are therefore proposing to accord all NAFs the option to elect this deferred compliance, but only for their first five years after initial registration with the Commission.²³⁰ This means that for an NAF that elects this accommodation, for its first five years after initial registration with the Commission, the NAF would defer compliance until such time as a company that is not an issuer (as defined under section 2(a) of the Sarbanes-Oxley Act) is required to comply with such standards. We are not proposing to provide NAFs with the ability to make this election more than five years after their initial registration with the Commission because doing so would limit the effectiveness of the FASB’s bifurcation of public company and private company compliance dates.²³¹

²²⁹ We note that the majority of companies registering an initial public offering are currently EGCs. We estimate that approximately 88% of IPOs during calendar year 2024 (excluding funds and direct listings) were by EGCs, based on data from Audit Analytics data (retrieved Jan. 3, 2025).

²³⁰ See proposed amendments to Rule 8–01(g) and Rule 3–19 (making this deferred compliance available to all NAF issuers, including those that are BDCs or face-amount certificate companies). The proposed amendment would not be affected by the scenario where a new financial accounting standard issued by the FASB applies only to issuers (*i.e.*, it is not required to be adopted by private companies). In that case, newly public NAFs would be required to follow the adoption timeline in the FASB accounting standard, just as EGCs are required to do currently. We are also proposing to replace the current language on the cover page of certain registration statements and periodic reports under which an EGC is required to indicate by check mark if it has elected not to use the extended transition period for complying with new or revised financial accounting standards (see *supra* note 190) with language under which an NAF that is no more than five years after its initial registration would be required to indicate by check mark if it has elected to use the extended transition period.

²³¹ Certain PCAOB standards, by statute or by rule, do not apply to EGCs. For example, the PCAOB auditing standard requiring the communication of “critical audit matters” does not apply to the audits of EGCs. See PCAOB AS 3101.05b, *The Auditor’s Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion*, available at <https://pcaobus.org/oversight/standards/auditing-standards/details/AS3101>. 15 U.S.C. 7213(a)(3)(C) prohibits any rules of the PCAOB requiring “mandatory audit firm rotation or a supplement to the auditor’s report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer (auditor discussion and analysis)” from applying to the audit of an EGC. 15 U.S.C. 7213(a)(3)(C) also provides that any new rules adopted by the PCAOB do not apply to the audit of an EGC “unless the Commission determines that the application of such additional requirements is necessary or appropriate in the public interest, after considering the protection of investors and whether the action will promote efficiency, competition, and capital formation.” We are not proposing to extend these EGC accommodations beyond statutory EGCs at this time.

As proposed, the election would be irrevocable; NAFs electing not to use this accommodation would be required to forgo this accommodation for all financial accounting standards and would not be permitted to rely on this accommodation in any future filings. As proposed, this accommodation would cease on the last day of the fiscal year of the NAF in which the fifth anniversary of the NAF's initial registration effective date occurs. The annual report for that fiscal year would be required to reflect the adoption of all new or revised financial accounting standards that are effective for issuers as of that date. For example, an issuer with a calendar year-end whose initial public offering registration statement became effective on April 10, 2026 would cease to be able to rely on this accommodation on December 31, 2031, and the Form 10-K for that fiscal year, filed in 2032, would be required to include audited financial statements reflecting the adoption of all financial accounting standards that are effective for issuers as of that date. In proposing to permit NAFs to use the disclosure requirements and accommodations currently available to EGCs, we considered the potential costs to investors from the loss of information and of certain shareholder advisory votes with respect to these registrants. Similar to our analysis relating to the extension of SRC accommodations,²³² we believe that extending certain EGC accommodations to NAFs would provide a significant benefit to registrants and investors by simplifying the current complex filer status framework and reducing the costs of being or becoming a public company. We believe reducing such costs would free up capital that could be invested in the registrant's business, potentially enhancing shareholder value, and could encourage companies to seek access to the public markets and remain public, which overall would provide investors more investment opportunities with the greater transparency afforded by Exchange Act reporting.

We acknowledge that investors in non-EGC NAFs, for at least the initial five years after the registrant's IPO, would not have disclosure about pay ratio and pay versus performance and would not be accorded the right to participate in certain advisory votes on executive compensation. However, we believe that extending these accommodations to non-EGC NAFs is an appropriate means of providing a meaningful on-ramp before the full burden of compliance with such requirements is borne by the registrant,

which may further encourage those companies to go public sooner, which would be to the benefit of investors. As discussed above, we have not heard concerns from investors or other market participants over the SRC- and EGC-levels of disclosure, and accordingly we believe the disclosure provided to investors under the proposed amendments would allow investors in NAFs to make informed investment and voting decisions.

We acknowledge, as we have in the past,²³³ that the smallest issuers tend to be disproportionately represented among issuers with restatements and allegations of fraud. Such issuers generally already receive SRC accommodations and are exempt from the ICFR auditor attestation requirement, so the only change made by this proposal for such issuers is to make permanent for them most of the EGC accommodations. On balance, investors in smaller companies are better protected if those companies are subject to the requirements of the Exchange Act with scaled disclosure rather than in the private markets where there is often less disclosure. Because reporting companies provide audited financial information and other disclosure that is publicly available to investors and other market participants to review, fraud should also be easier to detect in reporting companies than in private companies. Therefore, we believe that investors would be better protected overall under the proposal because streamlining the complex filer status framework and providing disclosure and other accommodations may encourage more companies to go and stay public. In addition, the proposed changes could further benefit investors by providing them with a broader array of investment options in the public markets.

4. Application to Other Filer Types

We are proposing to exclude asset-backed issuers (as defined in Item 1101(b) of Regulation AB²³⁴) and certain FPIs from the determination and application of LAF and NAF filer status.

Asset-backed issuers have a separate disclosure regime under Regulation AB and do not use Regulation S-K for their disclosure requirements, except in

limited circumstances as directed by Regulation AB. As a result, the scaling and disclosure accommodations available to SRCs and EGCs are largely inapplicable to asset-backed issuers. We are therefore proposing to exclude asset-backed issuers from the proposed changes relating to LAF and NAF filer status. The Commission used a similar rationale to exclude asset-backed issuers from the prior "small business issuer" disclosure system²³⁵ and the current definition of "smaller reporting company" under Exchange Act Rule 12b-2.²³⁶ Likewise, since asset-backed issuers are subject to an entirely separate disclosure and reporting regime under Regulation AB that is designed to address their particular structure and operations, asset-backed issuers do not qualify as EGCs (and the disclosure requirements and accommodations benefitting EGCs are not applicable to asset-backed issuers). We propose, however, to revise Form 10-K (17 CFR 249.310) to add a check box requiring a registrant to indicate whether it is an asset-backed issuer and to continue to require the 90-day reporting timeline for annual reports on Form 10-K for asset-backed issuers.

Additionally, we are proposing to exclude certain FPIs from the determination and application of LAF and NAF filer status. FPIs are permitted to use specialized forms and rules designated for FPIs.²³⁷ Because of the accommodations already provided on these forms, FPIs filing on Form 20-F and Form 40-F are currently not generally eligible for the scaled disclosure requirements available to SRCs.²³⁸ We are proposing to continue this treatment for FPIs by providing that the LAF and NAF definitions would not apply to FPIs that elect to comply with

²³⁵ See, e.g., Regulation AB Adopting Release at notes 565–67 (indicating that, with respect to asset-backed securities, that disclosure system, like most of the basic Regulation S-K disclosure system, is not applicable to asset-backed securities).

²³⁶ See, e.g., *Smaller Reporting Company Regulatory Relief and Simplification Proposing Release*, Release No. 33–8819 (July 5, 2007) [72 FR 39670, 39674 (July 19, 2007)].

²³⁷ See Form 20-F. See also *International Disclosure Standards*, Release No. 33–7745 (Sept. 28, 1999) [64 FR 53900 (Oct. 5, 1999)] (amending Form 20-F disclosure requirements to conform to international disclosure standards) and *Multijurisdictional Disclosure and Modifications to the Current Registration and Reporting System for Canadian Issuers*, Release No. 33–6902 (June 21, 1991) [56 FR 30036 (July 1, 1991)] (establishing a multijurisdictional disclosure system with Canada establishing Form 40-F for the reporting of certain home jurisdiction periodic disclosure documents).

²³⁸ See General Instruction B.(f) of Form 20-F. Note, however, that SRCs that are FPIs are not required to provide quantitative and qualitative disclosures about market risk. See Item 11 for Form 20-F.

²³² See section II.B.3.a.

²³³ See, e.g., *Accelerated Filer and Large Accelerated Filer Definitions*, Release No. 34–88365 (Mar. 12, 2020) [85 FR 17178, 17216 (Mar. 26, 2020)] ("Small, loss-incurring issuers are also disproportionately represented among issuers that have allegedly engaged in financial disclosure frauds, indicating that any benefits in terms of investor protection and investor confidence may be particularly important for this population of issuers").

²³⁴ 17 CFR 229.1101(b).

the rules and use the forms designated for foreign private issuers.²³⁹ We are additionally proposing to revise Form 20-F to continue to require a registered public accounting firm's attestation report on ICFR for filers that had an aggregate worldwide market value of the voting and non-voting common equity held by its non-affiliates of \$75 million or more as of the last business day of the issuer's most recently completed second fiscal quarter unless they qualify as an emerging growth company (as defined in 17 CFR 240.12b-2).²⁴⁰

We are not proposing to revise the way an FPI filing on Form 20-F performs the public float determination for purposes of this assessment to align with how we are proposing amendments to the way a registrant determines its public float for purposes of the LAF definition (*i.e.*, based on average of the stock price over the last 10 trading days of the second quarter). As a result, there will be differences between the two public float determinations. However, we believe

retaining the current approach is preferable as it is consistent with the way FPIs filing on Form 20-F perform the public float assessment under existing rules, and as proposed, these FPIs that elect to comply with the rules and use the forms designated for foreign private issuers would not be otherwise eligible to use the requirements for NAFs.

We are also proposing retaining this treatment for FPIs in light of the Commission's 2025 concept release soliciting public comment on the definition of FPI, which seeks input on whether the definition appropriately balances the protection of investors with

²³⁹ We are proposing to continue this treatment for FPIs that file on Form 20-F and Form 40-F. We are not proposing changes to Form 40-F at this time as the form does not reference the terms "accelerated filer" or "smaller reporting company," however we are proposing that Form 40-F filers would continue to evaluate whether they are required to provide a registered public accounting firm's attestation report on management's assessment of ICFR as they do today, similar to what we are proposing for Form 20-F filers.

the promotion of capital formation.²⁴¹ Given our ongoing evaluation in this area, we believe it is prudent to limit the effects of the proposed amendments on FPIs at this time, prior to completion of our more comprehensive review of the FPI framework.

5. Summary of Requirements for LAFs and NAFs Under the Proposal

Table 3 below summarizes the availability of scaling and accommodations to NAFs under Regulations S-K, as it is proposed to be amended:

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²⁴⁰ We are additionally proposing revisions to Form 20-F to no longer refer to "accelerated filer" and provide for the limited accommodation on the form to not require registrants that would otherwise qualify for NAF status to provide the information regarding quantitative and qualitative disclosure about market risk that is currently provided to SRCs.

²⁴¹ See *Concept Release on Foreign Private Issuer Eligibility*, Release No. 33-11376 (June 4, 2025) [90 FR 24232 (June 9, 2025)].

Table 3. Proposed NAF Scaling in Regulation S-K

Item		NAF Scaling / Accommodation
Item 101	Description of business	• Less detailed business development description than is required for LAFs.
Item 102	Description of property	• Same as LAF.
Item 103	Legal proceedings	• Same as LAF.
Item 104	Mine safety disclosure	• Same as LAF.
Item 105	Risk factors	• Disclosure not required in Form 10-K and Form 10-Q.
Item 106	Cybersecurity	• Same as LAF.
Item 201	Market price of and dividends on the registrant's common equity and related stockholder matters	• Performance graph disclosure not required (except for NAFs that are investment companies).
Item 202	Description of registrant's securities	• Same as LAF.
Item 302	Supplementary financial information	• Disclosure not required.
Item 303	Management's discussion and analysis of financial condition and results of operations	• Two-year MD&A disclosure instead of three.
Item 304	Changes in and disagreements with accountants on accounting and financial disclosure	• Same as LAF.
Item 305	Quantitative and qualitative disclosures about market risk	• Disclosure not required.
Item 307	Disclosure controls and procedures	• Same as LAF.
Item 308	Internal control over financial reporting	• Auditor attestation report not required.
Item 401	Directors, executive officers, promoters and control persons	• Same as LAF.
Item 402	Executive compensation	• Three named executive officers instead of five. • Two years of summary compensation table information instead of three. • Compensation discussion and analysis not required. • Grants of plan-based awards table not required. • Option exercises and stock vested table not required. • Pension benefits table not required. • Nonqualified deferred compensation table not required. • Compensation policies and practices related to risk management not required.

		• Golden parachute disclosure not required. • Pay ratio disclosure not required. • Pay versus performance disclosure not required.
Item 403	Security ownership of certain beneficial owners and management	• Same as LAF.
Item 404	Transactions with related persons, promoters and certain control persons	• Same thresholds for disclosure as for LAFs. • Description of policies and procedures for review, approval, or ratification of related party transactions not required.
Item 405	Compliance with section 16(a) of the Exchange Act	• Same as LAF.
Item 406	Code of ethics	• Same as LAF.
Item 407	Corporate governance	• Audit committee financial expert disclosure not required in first year. • Compensation committee interlocks and insider participation disclosure not required. • Compensation committee report not required.
Item 408	Insider trading arrangements and policies	• Same as LAF.
Item 501	Forepart of registration statement and outside front cover page of prospectus	• Same as LAF.
Item 502	Inside front and outside back cover pages of prospectus	• Same as LAF.
Item 503	Prospectus summary	• Same as LAF.
Item 504	Use of proceeds	• Same as LAF.
Item 505	Determination of offering price	• Same as LAF.
Item 506	Dilution	• Same as LAF.
Item 507	Selling security holders	• Same as LAF.
Item 508	Plan of distribution	• Same as LAF.
Item 509	Interests of named experts and counsel	• Same as LAF.
Item 510	Disclosure of commission position on indemnification for Securities Act liabilities	• Same as LAF.
Item 511	Other expenses of issuance and distribution	• Same as LAF.
Item 512	Undertakings	• Same as LAF.
Item 601	Exhibits	• Statements regarding computation of pay ratios not required.
Item 701	Recent sales of unregistered securities; use of proceeds from registered securities	• Same as LAF.

Item 702	Indemnification of directors and officers	• Same as LAF.
Item 703	Purchase of securities by the issuer and affiliated purchasers	• Same as LAF.
Item 902	Individual partner supplements	• Same as LAF.
Item 903	Summary	• Same as LAF.
Item 904	Risk factors and other considerations	• Same as LAF.
Item 905	Comparative information	• Same as LAF.
Item 906	Allocation of roll-up consideration	• Same as LAF.
Item 907	Background of the roll-up transaction	• Same as LAF.
Item 908	Reasons for and alternatives to the roll-up transaction	• Same as LAF.
Item 909	Conflicts of interest	• Same as LAF.
Item 910	Fairness of the transaction	• Same as LAF.
Item 911	Reports, opinions and appraisals	• Same as LAF.
Item 912	Source and amount of funds and transactional expenses	• Same as LAF.
Item 913	Other provisions of the transaction	• Same as LAF.
Item 914	Pro forma financial statements; selected financial data	• Same as LAF.
Item 915	Federal income tax consequences	• Same as LAF.

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Tables 4 and 5 below summarize the availability of accommodations to NAFs

within Regulation S-X, as it is proposed to be amended:

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Table 4. Proposed NAF Scaling in Regulation S-X

Article		NAF Scaling / Accommodation ¹
Article 1	Application of Regulation S-X	• Same as LAF, since it sets forth the applicability of S-X and definitions used throughout.
Article 2	Qualifications of and Reports of Accountants	• Same as LAF, per Rule 8-01.
Article 3	General Instructions as to Financial Statements	• See Table 5 below.
Article 4	Rules of General Application	• Not applicable, except for: • Rule 4-01(a) – would be required by proposed Rule 8-01(b)(4); • Rule 4-08(g), except using a higher 20% threshold – would be required by proposed Rule 8-01(b)(5); and • Rules 4-08(n) and 4-10, as required by Rule 8-01(b)(2) and 8-01(b)(3), respectively.
Article 5	Commercial and Industrial Companies	• Not applicable.
Article 6	Registered Investment Companies	• Not applicable.
Article 6A	Employee Stock Plans	• Not applicable.
Article 7	Insurance Companies	• Not applicable.
Article 8	Smaller Reporting Companies	• Contains requirements applicable to financial statements for NAFs.
Article 9	Bank Holding Companies	• Not applicable.
Article 10	Interim Financial Statements	• Not directly applicable, but similar requirements in Rule 8-03, with potential for slightly more condensed disclosure.
Article 11	Pro Forma Financial Information	• Same as LAF, as required by Rule 8-05, except the pro forma financial information may be presented in a slightly more condensed format.
Article 12	Form and Content of Schedules	• Not applicable.
Article 13	Financial and Non-Financial Disclosures for Certain Securities Registered	• Same as LAF, per Rules 8-01(c) and (d).
Article 15	Acquisitions of businesses by a shell company (other than a business combination related shell company).	• Not directly applicable, but Article 15 permits compliance with rules in Article 8 when financial statements for a business qualifying as an NAF are required by Article 15.

¹ NAFs, other than BDCs and face-amount certificate companies. For NAFs that are BDCs or face-amount certificate companies, see generally Articles 1, 2, 3 (including proposed Rule 3-19), 6, 10, and 12.

Table 5. Proposed NAF Scaling in Article 3

Rule in Article 3 of Regulation S-X		NAF Scaling / Accommodation ¹
Rule 3-01	Consolidated balance sheets	• Similar requirements in Rule 8-02.
Rule 3-02	Consolidated statements of comprehensive income and cash flows	• Similar requirement in Rule 8-02, except Rule 8-02 only requires two years instead of three years.
Rule 3-03	Instructions to statement of comprehensive income requirements	• Not applicable.
Rule 3-04	Changes in stockholders' equity and noncontrolling interests	• Similar requirements in Rule 8-02, except Rule 8-02 only requires two years instead of three and Rule 8-03(b)(5) requires compliance with Rule 3-04 for interim periods.
Rule 3-05	Financial statements of businesses acquired or to be acquired	• Same requirement in Rule 8-04, except only need to comply with form and content requirements in accordance with Rules 8-02 and 8-03, which may permit slightly more condensed interim financial statements.
Rule 3-06	Financial statements covering a period of nine to twelve months	• Same requirement in Rule 8-01(f).
Rules 3-07/3-08	Reserved	• Not applicable.
Rule 3-09	Separate financial statements of subsidiaries not consolidated and 50% or less owned persons	• Not applicable.
Rule 3-10	Financial statements of guarantors and issuers of guaranteed securities registered or being registered	• Same requirement in Rule 8-01(c).
Rule 3-11	Financial statements of an inactive registrant	• Not applicable.
Rule 3-12	Age of financial statements at effective date of registration statement or mailing date of proxy statement	• Similar requirement in Rule 8-08, but slightly different criteria.
Rule 3-13	Filing of other financial statements in certain cases	• Similar requirement in Rule 8-01(e).
Rule 3-14	Special instructions for financial statements of real estate operations acquired or to be acquired	• Same requirement in Rule 8-06, except only need to comply with form and content requirements in accordance with Rules 8-02 and 8-03, which may permit slightly more condensed interim financial statements.

Rule 3-15	Special provisions as to real estate investment trusts	• Not applicable.
Rule 3-16	Financial statements of affiliates whose securities collateralize an issue registered or being registered	• Same requirement, in Rule 8-01(d), except only two years of financial statements instead of three years.
Rule 3-17	Financial statements of natural persons	• Not applicable.
Rule 3-18	Special provisions as to registered management investment companies and companies required to be registered as management investment companies	• Not applicable.
Rule 3-19 (as proposed)	Special provisions as to BDCs and face-amount certificate companies that are NAFs	• Limited to BDCs or face-amount certificate companies that are NAFs . • Similar to Rule 8-02, only requires two years instead of three years of financial statements.
Rule 3-20	Currency for financial statements	• Not applicable.
Rule 3A-01	Reserved	• Not applicable.
Rule 3A-02	Consolidated financial statements of the registrant and its subsidiaries	• Not applicable.
Rule 3A-03	Statement as to principles of consolidation or combination followed	• Not applicable.
Rule 3A-04	Reserved	• Not applicable.

¹ Does not include NAFs that are BDCs or face-amount certificate companies, except with respect to proposed Rule 3-19. Article 3 generally applies to NAFs that are BDCs or face-amount certificate companies in the same manner as it does for LAFs except as provided by proposed Rule 3-19.

Table 6 below summarizes the availability of scaling and

accommodations to NAFs under other rules, as proposed to be amended:

Table 6. Proposed NAF Scaling in Other Rules

Rule		NAF Scaling / Accommodation
Rule 13q-1	Disclosure of payments made by resource extraction issuers	• Disclosure not required.
Rule 14a-21	Shareholder advisory votes	• Exempt from requirement to conduct shareholder advisory votes (say-on-pay, frequency of say-on-pay, and golden parachute compensation).

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Request for Comment

(12) Should we adopt as proposed the definition of “non-accelerated filer” that

creates a single demarcation between LAF and NAF status based on public float?

(13) Should we extend, as proposed, the SRC and/or EGC accommodations to NAFs? Would the proposed reporting requirements for NAFs, including

proposed accommodations and disclosure scaling, promote investor protection and permit investors in these filers to make informed investment and voting decisions? As proposed, should BDCs and face-amount certificate companies that are NAFs continue to be required to provide performance graph disclosures to maintain parity with other RICs, and is this parity beneficial for investors? In other cases, are there certain accommodations or disclosure scaling that we should not apply to all NAFs and if so, which ones and why? For example, should we require banks and other financial institutions that will qualify as NAFs to comply with the requirements of Item 305 of Regulation S-K (Quantitative and qualitative disclosures about market risk) given the nature of their operations?

Alternatively, are there other or new disclosure scaling or other regulatory accommodations that should be made available to NAFs?

(14) Because the proposed amendments would extend to NAFs the disclosure accommodations currently available to EGCs, the proposed amendments would generally make separate reliance on those JOBS Act provisions for EGCs unnecessary. In proposing this expansive treatment of NAFs that will generally provide EGC accommodations to NAFs, we are generally proposing to revise our rules to refer to NAFs and to remove references to EGCs and to add a new provision in Regulation S-K that details EGC statutory accommodations. Since EGC status was statutorily created and provides reference to certain rules through statute, should we remove all references in our rules and add a new provision in Item 10 of Regulation S-K as proposed, or retain references to EGCs in addition to references to NAFs in the rules?

(15) Should we codify in our rules the current process for non-public staff review of draft registration statements submitted by non-EGC issuers? If the current process is codified, what should be the approach included in the new rule? Would codifying the current review process unnecessarily “lock in” the current practice or would doing so provide regulatory certainty and clarity on the availability of non-public staff review?

(16) We have proposed excluding asset-backed issuers from the LAF and NAF filer status definitions. Should these issuers be included in the filer status definitions? Should any other issuers be excluded from the filer status definitions? Why or why not?

(17) Should we require disclosure in annual reports on Form 10-K or Form

20-F of material unresolved staff comments, as proposed? Why or why not?

(18) Given our ongoing evaluation relating to FPIs, we are proposing to limit the effects of the proposed amendments on FPIs prior to completion of our more comprehensive review of the FPI framework. Specifically, we are proposing to limit the application of the proposed changes as to FPIs by providing that the LAF and NAF definitions do not apply to a foreign private issuer that elects to comply with the rules and use the forms designated for foreign private issuers and revising Form 20-F to continue to use the \$75 million public float threshold for the ICFR auditor attestation requirement. As a result, FPIs would continue to be required to include a registered public accounting firm’s attestation on ICFR in annual reports on Form 20-F and Form 40-F as they do today, beginning at the current AF public float threshold of \$75 million (unless they otherwise qualify as an EGC). Given the ongoing evaluation of the FPI rules by the Commission, is the proposed treatment appropriate? If not, how should we apply the proposed filer status amendments to FPIs? Should we consider revisions to Form 20-F and Form 40-F to apply the higher proposed LAF threshold to the ICFR auditor attestation requirement for these issuers? What other changes should we consider? How would this impact FPIs and their investors in the United States, including any costs and benefits?

(19) We have not proposed any accommodations specific to special purpose acquisition companies (“SPACs”) or other business combinations. As proposed, a SPAC would determine its filer status as an operating company would. As a result, the 60-month seasoning period would begin when the SPAC makes its initial public offering. Should we consider an accommodation for SPACs that would permit a new seasoning period to begin when a business combination between a SPAC and a private operating company occurs? Why or why not? Should a SPAC’s 60-month seasoning period begin at some other time? Should the period start at different times for companies that incur Exchange Act reporting obligations in other ways, such as spin-offs? Are there other accommodations we should consider for SPACs or other business combinations?

(20) Would the proposal not to subject NAFs to the ICFR auditor attestation requirement result in cost savings for NAFs, even though management would continue to be required to provide their own assessment of the effectiveness of

ICFR and the registered public accounting firm would continue to be required to consider and, in some instances, test internal controls in its audit of the NAF’s financial statements? Would there be other impacts to the nature, timing, or extent of the auditor’s testing and procedures that might offset any potential cost savings from not requiring ICFR auditor attestation?

Please quantify, even if such estimates are provided as ranges or with caveats.

(21) Are there market or other reasons why registrants, in particular those that are currently AF or LAF but would become NAF under the proposed rules, would continue to or begin to obtain and disclose the results of an ICFR auditor attestation, even if not required? Should we require disclosure of the results of such voluntarily obtained attestation? What would the costs and benefits be of requiring such disclosure of a voluntarily-obtained attestation?

(22) Would the proposal not to subject NAFs to the ICFR auditor attestation requirement affect the reliability of financial statements? Would it affect the ability of investors to make informed investment and voting decisions based on the financial reporting of those issuers? Would investors factor the lack of attestation in their investment and voting decisions, pricing of securities, and/or in their consideration of a registrant’s financial reporting? Would it result in any adverse consequences to NAFs in the capital markets or otherwise (such as the increased risk of restatement) due to not obtaining an auditor attestation of ICFR?

(23) Under the proposed rules, an NAF (other than an NAF that is an investment company) would be able to elect between compliance with Article 8 of Regulation S-X or all the other form and other content requirements in Regulation S-X. Should we retain this flexibility, or should all NAFs (other than those that are investment companies) be required to comply with either Article 8 or all the other form and content requirements in Regulation S-X?

(24) Under the proposed rules, an NAF that is a BDC or face-amount certificate company could not rely on Article 8 but would receive some of the same accommodations under proposed Rule 3-19. As proposed, should NAFs that are BDCs or face-amount certificate companies be unable to rely on Article 8? Are there other Article 8 accommodations that should be available to BDCs or face-amount certificate companies that are NAFs? If so, which ones, and why? Are there any changes to Article 8 accommodations that we should make for BDCs and face-

amount certificate companies to better recognize their activities and characteristics? For any different recommended approaches, please also explain if such approaches would create any disparities with similarly-situated RICs.

(25) We are proposing to revise Article 8 of Regulation S-X as it pertains to disclosure of summarized information of subsidiaries not consolidated and 50 percent or less owned persons to require annual summarized financial information and to require significance tests be performed consistent with Rule 1-02(w), substituting 20 percent for 10 percent. How would these proposed revisions to Article 8 affect financial statement disclosures? Do these proposed changes help to improve how Article 8 applies to disclosures of subsidiaries not consolidated and 50 percent or less owned persons? If not, why not?

(26) We are proposing to remove specific limited partnership disclosure requirements in Regulation S-X Rule 8-07. Should we retain Rule 8-07 relating to limited partnership disclosure for NAFs? If so, what information is the most useful to investors from that requirement? If that information is useful to investors in NAFs, should we consider applying the requirements more broadly to all issuers? Is there a reason that we should apply these requirements to NAFs, but not to LAFs?

(27) Under the proposed rules, NAFs would not be required to comply with Articles 5, 7, or 9 of Regulation S-X containing financial statement presentation requirements and related disclosures for commercial and industrial companies, insurance companies and bank holding companies, respectively. Would NAFs look to the form and presentation requirements in the applicable Article of S-X appropriate for their business anyway for purposes of preparing their consolidated balance sheets and statements of comprehensive income? If not, would investors and other market participants be able to evaluate the financial statements of NAFs given that NAFs may choose to use different formats for their consolidated balance sheets and statements of comprehensive income? Additionally, if the NAF didn't originally look to and comply with the presentation and related disclosure requirements in the applicable Article of S-X before it was required to upon becoming a LAF, would it create confusion for investors when the requirement to apply the applicable guidance results in a change in presentation and disclosures (for

example to income statement line items) and/or would investors potentially lose information they were previously relying on? Should we require that NAFs comply with Articles 5, 7, or 9? Why? If so, what information is the most useful to investors from those requirements?

(28) Are there other changes that we should consider to Article 8 of Regulation S-X?

(29) As discussed above, we propose that newly public NAFs be able, in their first five years as public companies, to elect to defer compliance with new or revised financial accounting standards issued by the FASB that apply to all entities until such time as a company that is not an issuer is required to comply with such standards. This proposal would not affect the scenario where a new financial accounting standard issued by the FASB applies only to issuers (*i.e.*, it is not required to be adopted by private companies). In that case, newly public NAFs would be required to follow the adoption timeline in the FASB accounting standard, just as EGCs are required to do currently. Should we extend this deferral beyond five years for all newly public NAFs? Is the transition mechanism in the proposed rule amendments clear on how and when an NAF would be required to comply with all financial accounting standards applicable to issuers after the end of the five-year period? Should we additionally allow newly public NAFs, in their first five years as public companies, a one-year deferral option for adoption of new financial accounting standards issued by the FASB that apply only to issuers? Alternatively, should we permit all NAFs to defer compliance until such time as a company that is not an issuer is required to comply with such standards?

(30) The rules for listing standards relating to compensation committees (17 CFR 240.10C-1) provide a general exemption from those rules for SRCs and an admonition to consider the impacts of the rules on SRCs. As proposed, this general exemption would apply to NAFs. Should we consider any modification to this exemption in connection with the proposed amendments?

C. Small Non-Accelerated Filers

We are proposing to create a subcategory of the smallest NAFs, termed small non-accelerated filers or SNFs, and extend the deadlines for them to file their periodic reports.²⁴² To

qualify as an SNF under the proposed rules, a registrant would have to:

- Be an NAF; and
- Report *total assets of \$35 million or less in its financial statements as of the end of each of its two most recent second fiscal quarters.*

SNFs would be granted an additional 30 days to file their Form 10-K, extending their filing deadline from the 90 days applicable to NAFs to 120 days after fiscal year end. For the Form 10-Q, SNFs would be granted an additional five days, extending their filing deadline from the 45 days applicable to NAFs to 50 days after fiscal quarter end.²⁴³

A registrant would determine its filer status annually, as of the last day of its fiscal year. If a registrant reports total assets of \$35 million or less as of the end of each of its two most recent second fiscal quarters (*e.g.*, June 30 for a calendar year end registrant), the extended SNF deadlines would apply beginning with the annual report on Form 10-K for the year for which filer status was determined. As proposed, a new registrant reporting total assets at or below the threshold would be an SNF upon registration if, in its initial registration statement, it reported total assets of \$35 million or less in its financial statements in each of its two most recent fiscal year balance sheets. The total assets testing date would be different in its initial registration statement because that registration statement would not be required to have two balance sheets as of the end of its two most recent second fiscal quarters, and may potentially not have any interim balance sheet depending on the filing date of the registration statement.

Once a registrant becomes an SNF, it would remain in SNF status until it becomes an LAF or reports more than \$35 million in total assets as of the end of each of its two most recent second

quarterly reports on Form 10-Q. *See* Semiannual Proposing Release and related discussion at notes 13, 118, and 296. If the Commission were to adopt the proposed semiannual filing provisions, SNFs would be provided the same amount of additional time (five days) to file their semiannual reports as we are proposing for their quarterly reports in this proposal.

²⁴³ In connection with proposing to provide these extended deadlines, we are proposing to revise Exchange Act Rules 13a-10, 13a-13, 15d-2, 15d-10 and 15d-13 to reflect the additional 30 days to file their 10-K (to 120 days) and the additional 5 days (to 50 days) to file their 10-Q and to revise Forms 10-K and 10-Q to reflect these deadlines. We are also proposing to similarly revise 17 CFR 210.3-09 and 17 CFR 210.8-08, and add 17 CFR 210.3-19 to reflect the additional time for SNFs to file. If the Commission were to adopt the proposed semiannual filing provisions, SNFs would be provided the same amount of additional time (five days) to file their semiannual reports as we are proposing for their quarterly reports in this proposal.

²⁴² The Commission has proposed permitting registrants to file semiannual reports in lieu of

fiscal quarters.²⁴⁴ Consistent with the approach to thresholds that we are proposing for LAF and NAF status, requiring the threshold be met in two consecutive years would address concerns about registrants frequently moving in and out of a given status, would be relatively easy for registrants to implement, and would provide registrants and investors with early notice of a possible change in filer status.

We are proposing to permit SNFs additional time to file their periodic reports in order to reduce compliance burdens for the smallest registrants, to thereby encourage them to continue as public companies providing audited financial information and other disclosures to their investors, and potentially to incentivize other companies to enter the public markets. In formulating this proposal, we are responding to concerns regarding the burdens that periodic reporting puts on the smallest public companies. At the Commission's 2025 Small Business Forum, one panelist noted that reporting requirements are "almost like an endless loop for small companies," and that this burden is shouldered by "limited accounting financial personnel."²⁴⁵

We have sought to target the proposed accommodation to the registrants for which additional time would be most beneficial. In order to do so, we

considered the number of companies that filed a Form 12b-25 Notice of Late Filing.²⁴⁶ We believe that these registrants are generally working to comply with the requirements, based on their compliance with the requirements of 17 CFR 240.12b-25 notification of an inability to timely file, and generally do ultimately file their annual reports. Based on a review of Form 12b-25 filings in 2024, Commission staff found that 39.7 percent of registrants at or below the \$35 million total asset threshold failed to file their Form 10-K annual report by the initial reporting deadline. In contrast, only 11 percent of larger NAFs (those with total assets above \$35 million) failed to file their Form 10-K by the initial reporting deadline. Similarly, these smaller filers disproportionately filed their Forms 10-K over 15 days late, with 18 percent filing over 15 days late, compared with only 4.3 percent of larger NAFs. These data indicate that many smaller NAFs have difficulty filing their reports in time to meet the current deadlines.²⁴⁷ This may be because the smallest registrants are able to afford fewer staff dedicated to preparing public disclosure.²⁴⁸ In addition, Commission staff understand from ongoing engagement with market participants

that it is harder for these registrants to engage PCAOB registered accounting firms and to receive focused attention from such firms during the busy filing season when larger registrants have retained the firms' audit services.

We believe a \$35 million total asset threshold would target this accommodation on the population of registrants that would find the accommodation most useful. We estimate that setting the SNF asset threshold at \$35 million or less would result in 1,072 registrants qualifying for the SNF subcategory, representing 22.2 percent of NAFs and 17.9 percent of all registrants (*i.e.*, all NAFs and LAFs combined, under the proposed definitions).²⁴⁹ As discussed above, the core rationale of our proposal to provide disclosure scaling and accommodations to NAFs is to reduce the burdens of registration for smaller registrants and thereby encourage those registrants to go and stay public. Similarly, the proposed extra time to file periodic reports for SNFs would provide an additional targeted accommodation easing the burdens of registered status for the companies for which those burdens may be heaviest.

We alternatively considered proposing a public float threshold or revenue threshold for determining SNF status. The table below shows, alongside the total asset figures discussed above, the public float and revenue thresholds that would capture similar proportions of NAFs, and, for each threshold, the percentage of filers in the new subcategory that filed a late Form 10-K in 2024.

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²⁴⁴ As proposed, asset-backed issuers would be excluded from the definition of NAF. Because SNF is a subset of NAF, such issuers would similarly be excluded from the definition of SNFs.

²⁴⁵ Transcript, U.S. Securities and Exchange Commission, *Small Business Forum* (Apr. 10, 2025), at 137, <https://www.sec.gov/files/2025-SBF-508-Transcript.pdf> (comment of Dr. Yunhao Chen). The panelist further noted the panoply of associated costs, including auditor fees and legal counsel fees.

²⁴⁶ 17 CFR 12b-25.

²⁴⁷ The late filing percentages provided here include filings made after the applicable deadline but within the extension period granted upon the timely filing of a Form 12b-25 as late. 17 CFR 240.12b-25 provides, upon the filing of Form 12b-25, a 15-day extension for Form 10-K and five-day extension for Form 10-Q. As shown in the table below, the staff have found some evidence that registrants that would qualify as SNFs under the proposal are more likely to be unable to meet the current timeliness requirements, even with the use of the Rule 12b-25 accommodations.

²⁴⁸ See *infra* note 425.

²⁴⁹ See section IV.B.6.

Table 7. Late Filings at Alternative Thresholds¹

	Assets = \$35M	Public Float = \$10M	Revenue = \$1M
Large NAFs (as percentage of all NAFs)	74%	78.1%	73.1%
Large NAFs (percentage filing Form 10-K after deadline)	11%	13.6%	12.7%
Large NAFs (percentage filing Form 10-K over 15 days after deadline)	4.3%	5.4%	5.1%
Small NAFs (as percentage of all NAFs)	22.2%	17.3%	21.2%
Small NAFs (percentage filing Form 10-K after deadline)	39.7%	35.0%	34.5%
Small NAFs (percentage filing Form 10-K over 15 days after deadline)	18.0%	16.0%	15.4%
Indeterminate² (of all NAFs)	3.8%	4.6%	5.7%

¹ The percentages of Large NAFs, Small NAFs, and Indeterminate of all NAFs are calculated on an estimated total of 4,825 NAFs under the proposal; *see* Section IV.B.2. The percentages of Large and Small NAFs filing late are calculated using a slightly smaller sample that excludes co-filers, as some co-filers may effectively face filing deadlines different from those warranted by their status.

² Indeterminate status is due to missing data for either of the two years such that large or small SNF status cannot be determined. These estimates also exclude registrants that are co-filers.

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As shown above, there is a statistically significant difference in the proportions of NAFs that would qualify as SNFs under the proposed total assets threshold and the alternative public float threshold. The proposed total assets threshold also results in more NAFs qualifying as SNFs than would be the case under the alternative revenue threshold. Further, the proposed total assets threshold better encompasses the registrants that have recently faced difficulty in meeting the current reporting deadlines.

In addition, the consistency across registrants and industries in how assets are determined and presented in the financial statements may provide

advantages over revenue, which may be less consistent for registrants in certain industries, such as BDCs, face-amount certificate companies, banks, and certain other financial institutions which do not typically have a traditional “total revenue” amount on their consolidated statement of operations,²⁵⁰ and public float, which can be inconsistent among registrants with smaller public float. Accordingly, we are proposing the SNF threshold be based on total assets.

We considered public float as an alternative to total assets for the SNF threshold test, and solicit comment on

²⁵⁰ 17 CFR 210.6-07, 17 CFR 210.6-08, and 17 CFR 210.9-04.

that alternative below. Using a public float threshold would make the entire filer status framework simpler and easier to understand as there would be one public float threshold for the largest filer tier (LAFs), and another public float threshold for the smallest filer tier (SNFs). Registrants and investors would also not have to track two separate metrics. Also, as noted in section II.A.1. above, the Commission has historically looked to public float in determining filer status and appropriate disclosure requirements and accommodations. However, we also recognize that public float may not be as meaningful a measure for the smallest of issuers because the share price for these issuers tends to fluctuate more significantly

than for other exchange-traded securities, which may affect the suitability of such number as a threshold for whether a registrant should be eligible for SNF accommodations.

We also considered revenue as an alternative for the SNF threshold test. We acknowledge that the Commission selected a revenue test for SRC status and, as the Commission did in 2018, that there may be filers who have relatively substantial public floats but lack the revenue flows needed to easily shoulder the expenses of periodic reporting.²⁵¹ On the other hand, revenue alone may not be a reliable indicator of a company's ability to absorb the costs of periodic reporting. For example, some low margin companies may have high revenues, but those revenues may be offset by high expenses, leaving such companies less able to absorb reporting costs as compared to certain low revenue companies with relatively low expenses. Also, as stated above, there can be industry-specific considerations that impact the calculation of revenue.

We anticipate that, by providing the smallest registrants extra time that is not provided to other filers, there may be a reduction in the auditor and legal counsel fees the smallest filers incur in producing their periodic reports. Assuming similar fiscal year and quarter ends across registrants, service providers would presumably have less overlapping work for multiple registrants if the deadline to complete their work for larger filers is different than for the smallest filers. As one study on audit services found, given the difference in demand for busy season and off-season audits, audit service providers charge different prices to different clients for similar services, based on timing.²⁵² The study further found that the capacity constraint during audit busy season "results in a relatively inelastic supply, raising the marginal cost of production and thus justifying higher audit fees."²⁵³ We believe that extending the deadlines for SNFs may ease some of the capacity constraints permitting SNFs to more readily engage audit and legal service providers at potentially lower costs.

We acknowledge that later reporting by SNFs could lead to some reduction

in the utility that investors obtain from the reported information, as the information would be older upon disclosure, and would be delayed relative to larger registrants' periodic reports, thus delaying investors' ability to compare companies in making investment and voting decisions. The resulting negative effect on investors and the informational landscape may be made more acute by the fact that smaller registrants are less likely to receive analyst coverage.²⁵⁴ However, given the burden that periodic reporting imposes on the already-limited resources of smaller filers, we believe any reduction in reporting expenses resulting from the longer deadlines would have beneficial financial effects on the registrants, and that such financial effects may ultimately accrue to the benefit of investors. The additional time may also permit the registrant and its outside professional advisors to improve the disclosures, to the benefit of investors. In addition, registrants would still be permitted to voluntarily file their periodic reports earlier than the deadlines, and some may choose to do so, such as if they believe doing so would place them in a more favorable position in the informational landscape investors use to make investment and voting decisions or for other reasons.

To demonstrate how SNF status would work in practice assuming the proposed rules were in effect, consider a hypothetical registrant that is determining its annual filer status as of December 31, 2026 for a calendar year end registrant. The registrant has determined it does not qualify as an LAF, and so is an NAF. If the registrant's total assets, as of the end of the second quarter of the fiscal year (*i.e.*, June 30), in fiscal year 2025 were \$30 million and in fiscal year 2026 were \$33 million, the registrant would be an SNF for purposes of its fiscal year 2026 Form 10-K (filed in 2027).²⁵⁵ The earliest the registrant could cease qualifying for SNF status is on December 31, 2028, which would be reflected in its fiscal year 2028 Form 10-K (filed in 2029).

If the registrant remains an NAF and its total assets as of June 30, 2027 were

\$36 million, and its total assets as of June 30, 2028 were \$37 million, it would cease to qualify for SNF status as of December 31, 2028, which would be reflected in its fiscal year 2028 Form 10-K (filed in 2029). In contrast, if its total assets as of June 30, 2027 were \$36 million, but its total assets as of June 30, 2028 were \$34 million, it would remain an SNF, and the earliest it could cease to qualify for SNF status due to its total assets is December 31, 2030.

Importantly, regardless of the registrant's total assets as of the end of the second quarters of fiscal years 2027 and 2028, if the registrant at any time becomes an LAF, it would lose NAF status, and thereby also no longer qualify as an SNF.

Request for Comment

(31) Would creating a subcategory within NAFs of the smallest registrants and reducing their compliance burdens by extending the deadline for them to file their periodic reports appropriately balance the goals of investor protection and capital formation? Would the creation of this subcategory help incentivize companies to go and stay public?

(32) We are proposing to provide extended periodic reporting deadlines to NAFs that meet a threshold of \$35 million or less in total assets as of the end of their two most recent second fiscal quarters for existing registrants. Are NAF status and total assets as of the end of a registrant's two most recent second fiscal quarters the best measures for identifying the population that would most benefit from these accommodations? We are proposing that companies filing an initial registration statement perform the total assets test as of the end of the two annual periods presented in the initial registration statement. Is this the appropriate measure for identifying the population of SNFs, until such time as the company has the reporting history to perform the test based on total assets as of the end of its two most recent second fiscal quarters? If not, what measures should the Commission use to identify eligible registrants? Are there any risks of basing the test on total assets as of the end of a fiscal quarter for existing registrants given the total asset amounts will not be audited?

(33) We are proposing a \$35 million asset threshold for determining SNF status. Should the asset threshold be set at a different number? If so, what number would be more appropriate and why? We are considering in the alternative using a public float or a revenue threshold for determining SNF status, as discussed above. Would either

²⁵¹ See 2018 SRC Adopting Release. The Commission went on to say that a revenue test may "enable some additional capital-intensive, low-revenue registrants to benefit from the cost-savings of scaled reporting." *Id.* at 31997.

²⁵² Hooi Ying Ng, Per Christen Tronnes & Leon Wong, *Audit Seasonality and Pricing of Audit Services: Theory and Evidence from a Meta-Analysis*, 40 J. Acct. Lit. 16 (June 2018).

²⁵³ *Id.*

²⁵⁴ U.S. Gov't Accountability Off., *Sarbanes-Oxley Act: Compliance Costs Are Higher for Larger Companies but More Burdensome for Smaller Ones* (June 2025), <https://www.gao.gov/assets/gao-25-107500.pdf>, at 19 ("Investors also assess various dimensions of company quality, including profitability, growth, and stability of earnings. To make these assessments, investors need firm-specific information. But the basis for such information may depend on financial analysts' coverage, which could be at a reduced level for smaller companies").

²⁵⁵ A registrant that determines that it newly qualifies for NAF status may also qualify for SNF status concurrently.

of these other thresholds better identify a population that would benefit from the additional time proposed to be afforded to SNFs? If so, which measures would better identify these populations and at what threshold should such accommodations be provided? While we are not proposing any additional accommodations for SNFs at this time, recognizing that the Commission may add additional accommodations for SNFs in future rulemakings, would that weigh in favor of an asset or a public float test?

(34) As an alternative to an asset threshold test to determine SNF qualification, should we consider—other criteria? For example, should we consider providing the reporting deadline accommodations and potentially other accommodations to all registrants that are not listed on an exchange? Do investors in registrants that have chosen not to list their securities on an exchange, and the markets for those securities, have the same expectations or need for information on the same cadence as exchange-listed registrants? Should the Commission consider providing the reporting deadline accommodations or other accommodations to registrants that are not registered under section 12(b)? Registrants that are not registered under section 12(b) currently account for 1,256 of the 4,825 registrants that would be NAFs under the proposed rule. Alternatively, should the Commission consider providing these accommodations to registrants that do not have a class of common equity securities listed for trading on a national securities exchange? Such registrants currently account for 1,490 of the 4,825 registrants that would be NAFs under the proposed rule.

(35) Would the proposed extended periodic reporting deadlines have the intended effect of increasing the availability and reducing the costs to SNFs of accounting and legal service providers? If so, how?

(36) While this proposal would expand the number of registrants eligible to be NAFs and provide disclosure and other accommodation to all of these registrants, we are proposing a more limited additional accommodation relating to filing timelines to the proposed category of SNFs that have total assets of \$35 million or less at this time. Should the Commission establish any disclosure or other accommodations specifically for SNFs, or are the accommodations provided to all NAFs (in addition to the filing accommodations for SNFs) at this time sufficient and appropriate? If there are other or alternative accommodations

we should make available to SNFs, what accommodations should we consider and how would those accommodations appropriately balance capital formation and investor protection? For example, should we exempt SNFs from XBRL filing requirements in some, or all of their Exchange Act reports?

D. Proposed Transition Period

We propose that existing registrants as of the effective date of the rules would be required to assess their LAF or NAF status as of the end of their fiscal year prior to the effectiveness of the final rules. As discussed in section II.A.2, a registrant's status would be based on its public float and, if applicable, total assets, for such fiscal year and the immediately prior fiscal year. We propose that registrants be allowed to assess their status at any time after effectiveness of the final rules, but no later than the day prior to the last day of their fiscal year in which the final rules go into effect. If an existing registrant does not make this initial assessment by the deadline, then it would be deemed to be either (1) an LAF until the next assessment date, if it was an LAF prior to the final rules' effectiveness or (2) an NAF until the next assessment date, in each other case. An existing registrant that does not make its initial assessment by the deadline and is therefore deemed to be an NAF would not be deemed to be an SNF even if its total assets would otherwise qualify it to be an SNF.

For example, if we adopt final rules that become effective on January 15, 2027, then existing calendar year end registrants would be required to assess their filer status as of December 31, 2026 no later than December 30, 2027, but would be permitted to complete such assessment as of any date between January 15 and December 30, 2027.

A registrant that qualifies as an NAF after its initial filer status assessment can avail itself of the scaling and other accommodations available to NAFs in its next Securities Act or Exchange Act filing made after the assessment is completed. A registrant that meets the proposed SNF requirements could avail itself of the filing deadlines available to SNFs in its next Form 10-Q or Form 10-K filing made after the initial filer status assessment is completed.

For purposes of their initial assessment after effectiveness of the final rules, existing registrants should not consider their filer status prior to effectiveness. For example, a registrant that is an LAF prior to the amendments would treat itself as “not currently a large accelerated filer” in applying the definitions in Securities Act Rule 405 or

Exchange Act Rule 12b–2. Accordingly, a registrant that is an LAF prior to the amendments would be an NAF after the effectiveness of the final rules if, as of the end of its fiscal year of the year prior to effectiveness, it (1) has not been subject to the reporting requirements of section 13(a) or 15(d) of the Exchange Act for the preceding sixty consecutive calendar months, or (2) did not have a public float of \$2 billion or more for such fiscal year and the immediately prior fiscal year.

For example, assuming an August 1, 2027 effective date, if a calendar year end registrant had public float of \$2 billion or more for 2026 and 2025 (determined at the end of each of its second fiscal quarters for 2026 and 2025, respectively), and if it had been a reporting company for at least 60 consecutive calendar months as of December 31, 2026, then it would continue as an LAF, and would continue to be required to comply with the reporting requirements for LAFs in its next Securities Act or Exchange Act filing after the initial filer status assessment was performed.²⁵⁶

On the other hand, if the calendar year end registrant were an LAF prior to effectiveness of final rules on August 1, 2027 but would not meet either the proposed public float or the seasoning requirement for LAF status as of December 31, 2026 (*i.e.*, because its public float at the end of either of its two most recent second fiscal quarters was less than \$2 billion and/or it had not met the 60-calendar month seasoning requirement), the reporting company could conduct its assessment as early as August 1, 2027, at which point it would become an NAF and could begin scaling its disclosure and availing itself of the other accommodations available to NAFs beginning with its next Securities Act or Exchange Act filing made after the initial filer status assessment was completed.²⁵⁷ If this registrant had total

²⁵⁶ A registrant that was an LAF prior to the proposed amendments and would continue as an LAF after the initial assessment after effectiveness of the final rules would be permitted to continue to conduct? say-on-pay and say-on-pay frequency votes on its existing schedule, notwithstanding proposed Instruction 3 to Rule 14a–21 that would require such votes in the first solicitation subject to Rule 14a–21 that a registrant conducts after becoming an LAF.

²⁵⁷ As proposed, there are no circumstances we are aware of where a reporting company that is currently an NAF would transition to an LAF upon application of this transition period. The earliest an NAF could be required to transition to LAF status under the proposed amendments would be if that reporting company had a public float of \$2 billion or more at the end of each of its last two second fiscal quarters at the end of the fiscal year after any adoption of the proposed amendments.

assets of \$35 million or less as of the end of each of its two most recent second fiscal quarters prior to December 31, 2026 (*i.e.*, June 30, 2026 and June 30, 2025), then it would be an SNF, and could begin availing itself of the longer reporting deadlines for SNFs with its next periodic filing (*i.e.*, the Form 10-Q for the fiscal quarter ended September 30, 2027).

Request for Comment

(37) Is the proposed transition mechanism of assessing filer status no later than the end of the issuer's fiscal year in the year prior to adoption of any final rules appropriate? If not, as of what date should filer status be assessed under the new rules? For example, would it limit complexity if all registrants were required to assess filer status as of the last day of the fiscal year in which the amendments are effective, instead of giving the option to assess sooner? As of what date should registrants be able to avail themselves of the scaling and other accommodations available to NAFs and SNFs?

E. Updating Small Entity Definitions

We are also proposing to update our rules that define which issuers are considered small entities for purposes of the RFA.²⁵⁸ The RFA requires an agency engaged in rulemaking to publish for public comment its analyses of the impact of proposed and final rules on small entities.²⁵⁹ While the RFA includes its own definitions of small entities, it also provides that an agency may, through rulemaking, and after consultation with the Office of Advocacy of the Small Business Administration ("SBA"), adopt a small entity definition that is "appropriate to the activities of the agency."²⁶⁰

The Commission has adopted multiple such definitions, including at 17 CFR 230.157 ("Rule 157") for purposes of the Securities Act, and 17 CFR 240.0-10 ("Rule 0-10") for purposes of the Exchange Act.²⁶¹ Rule 157(a) defines an issuer (other than an investment company) as a small entity if it has \$5 million or less in total assets at fiscal year-end and engages in an offering of \$5 million or less.²⁶² Rule 0-10(a) provides that an issuer (other than an investment company) is a small

entity if it has \$5 million or less in total assets at fiscal year-end.

We have heard from small business advocates, including at the 2024 Small Business Forum, that the Commission should consider updating these thresholds.²⁶³ The Commission last updated the \$5 million thresholds in Rules 157(a) and 0-10(a) in 1986.²⁶⁴ When the asset threshold was set to \$5 million, it was based on the regulatory threshold for triggering section 12(g) registration.²⁶⁵ Today, the section 12(g) registration threshold is \$10 million.²⁶⁶ Further, if the small entity thresholds in Rules 157(a) and 0-10(a) were adjusted to account for the inflation that has accrued since 1986, they would now be approximately \$15.1 million.²⁶⁷

We are proposing to revise Rule 157(a) and Rule 0-10(a) to raise the total asset threshold in the definition of a small entity issuer (other than an investment company) from \$5 million to \$35 million. The proposed amendments will also harmonize the Commission's small entity definitions for purposes of the Securities Act and the Exchange Act by eliminating the additional offering size condition that is a part of the existing small entity definition for purposes of the Securities Act (but is not for purposes of the Exchange Act). The proposed change would streamline and modernize the definition relative to the current definition, facilitate more meaningful analysis by the Commission and other regulators of the impacts of securities market regulations for purposes of the RFA, and align the thresholds with the proposed SNF threshold discussed above.

The Commission is required to determine if a rulemaking is likely to have a "significant economic impact on a substantial number of small entities" under the RFA.²⁶⁸ We believe that the proposed thresholds would better tailor the Commission's analyses of the

specific regulatory challenges faced by small entities by expanding the scope of the analyses that the Commission conducts under the RFA and better inform the Commission of the regulatory impacts faced by smaller registrants. We believe that raising the threshold to \$35 million, to match the proposed \$35 million SNF threshold, would appropriately link the proposed category that provides accommodations to the smallest registrants with the new thresholds at which the Commission would be required to provide the RFA analysis of regulatory impacts. Based on calendar year 2024 data, under the proposed issuer small entity thresholds in Rules 157(a) and 0-10(a) 1,419 registrants (excluding issuers of asset-backed securities, investment companies, and BDCs) would be small entities.

Request for Comment

(38) Should we amend Rules 157(a) and 0-10(a) to update the thresholds, as proposed?

(39) If we update the thresholds, should we align them with the \$35 million SNF threshold, as proposed? If not, what other threshold or thresholds should we use? For example, should we update the threshold to \$10 million to link it to section 12(g) or alternatively to \$15 million to adjust for inflation? Should we otherwise implement an ongoing inflation adjustment? If so, how?

F. Other Amendments

As part of our ongoing efforts to update and simplify reporting and disclosure requirements, we are proposing revisions to remove outdated requirements or phase-in periods that are no longer applicable, eliminate certain requirements that overlap with U.S. GAAP, and make additional technical amendments.²⁶⁹ In addition, when adopting reporting requirements, the Commission has at times provided for phase-ins or other transitions in its rules and adopted some rules to implement statutory mandates that are no longer applicable to current registrants. We are proposing to remove the following provisions that we believe are no longer necessary or generally applicable:

- 17 CFR 240.10A-3(a)(5)—The implementation provision for the rules

²⁵⁸ 5 U.S.C. 601 *et seq.*

²⁵⁹ 5 U.S.C. 603(a).

²⁶⁰ 5 U.S.C. 601(4).

²⁶¹ Each of Rule 157 and Rule 0-10 currently defines the terms "small business" and "small organization."

²⁶² 17 CFR 230.157(a). The offering size portion of the definition is effected by reference to Securities Act section 3(b)(1), 15 U.S.C. 77c(b)(1).

²⁶³ For example, in 2024, the SEC's Office of the Advocate for Small Business Capital Formation published a policy recommendation from 2024 Small Business Forum to "revise the 'small entity' definition under the Regulatory Flexibility Act to better assess the regulatory costs of compliance for small and growing businesses." U.S. Securities and Exchange Commission, *Report on the 43rd Annual Small Business Forum* (Apr. 16-18, 2024), <https://www.sec.gov/files/2024-oasb-annual-forum-report.pdf>, at 28.

²⁶⁴ *Reporting by Small Issuers*, Release No. 34-23406 (July 8, 1986) [51 FR 25360 (July 14, 1986)].

²⁶⁵ *Id.*

²⁶⁶ 15 U.S.C. 78l(g)(1)(A).

²⁶⁷ CPI Inflation Calculator, https://www.bls.gov/data/inflation_calculator.htm (measuring from July 1986 to Mar. 2026 (latest available information as of Apr. 15, 2026)).

²⁶⁸ See U.S.C. 602. The RFA does not define "significant economic impact" or "substantial number of small entities."

²⁶⁹ Throughout this release, where we are amending rules and forms we have additionally taken the opportunity to simplify and clarify language, such as by proposing non-substantive revisions to use more active voice and direct language, including by replacing the use of the word "shall" with the word "must" where appropriate.

regarding listing standards relating to audit committees required compliance by July 31, 2005 at the latest and appears to be no longer necessary.²⁷⁰

- 17 CFR 240.14a-20—This rule was adopted to implement section 111(e) of the Emergency Economic Stabilization Act of 2008 (“EESA”) (12 U.S.C. 5221(e)).²⁷¹ The EESA established that companies that received financial assistance under the Troubled Asset Relief Program must provide a shareholder advisory vote to approve the compensation of executive officers during the period that any obligation arising from that assistance remains outstanding. We believe that registrants no longer have these obligations outstanding making the rule unnecessary.

- 17 CFR 232.405(f)—This rule provision provided phase-in periods for Inline XBRL submissions through September 17, 2021.²⁷² Since the phase-in periods were completed in 2021, the rule provision is no longer necessary.

- 17 CFR 210.4-08(h)—This rule provision requires disclosure of the components of income (loss) before income tax expense (benefit) and income taxes as either domestic or foreign as well as disclosure of a reconciliation of reported income taxes to an amount computed by multiplying income before tax by the applicable federal tax rate. Because required income tax-related disclosures are addressed in ASU 2023-09, *Improvements to Income Tax Disclosures*, we propose removal of this requirement.

In addition, we propose to eliminate certain requirements the Commission identified in the 2016 *Disclosure Update and Simplification* proposing release as overlapping with, but requiring information incremental to, U.S. GAAP.²⁷³ In the subsequent adopting release, the Commission determined to defer eliminating the overlapping requirements, and instead referred them to FASB for incorporation into U.S. GAAP through its standard setting process.²⁷⁴ These requirements were

adopted by the FASB in 2023.²⁷⁵ We believe the requirements can therefore now be eliminated from our rules. Specifically, we propose to eliminate the following:

- 17 CFR 210.3-15(c)—This rule provision requires a real estate investment trust to disclose the tax status of distributions per unit.
- 17 CFR 210.4-08(b)—This rule provision requires disclosure of amounts of assets mortgaged, pledged, or otherwise subject to lien, and identification of obligations collateralized.

- 17 CFR 210.4-08(d)—This rule provision requires entities that issue preferred stock to disclose preferences on involuntary liquidation, if other than par or stated value. We propose also to eliminate the reference to this provision in 17 CFR 210.5-02.27(c).

- 17 CFR 210.4-08(m)—This rule provision requires disclosure of certain amounts associated with repurchase agreements and reverse repurchase agreements in specified circumstances.

- 17 CFR 210.4-08(n)—This rule provision requires disclosure of an entity’s accounting policy for the cash flow presentation of certain derivative instruments.

- 17 CFR 210.5-02—This rule provision, at paragraphs 19 and 22, requires disclosure of the amounts and terms of unused lines of credit for short-term and long-term financing, including the weighted-average interest rate on short-term borrowings.

- 17 CFR 210.10-01(b)(2)—This rule provision requires, in interim financial statements, that the basis of the diluted earnings per share computation be stated together with the number of shares used in the computation.

- 17 CFR 210.10-01(b)(7)—This rule provision requires, in interim financial statements, disclosure of any material retroactive prior period adjustment related to changes in reporting entities and the effect of the adjustment on net income and retained earnings. We propose also to remove the last sentence of current 17 CFR 210.8-03(b)(5), as that sentence relates to the same requirement.

- 17 CFR 229.302(b)—This rule provision requires disclosure of supplemental oil and gas information.

Further, we propose two other technical amendments:

- 17 CFR 210.5-02.20—This rule provision requires disclosure of the current portion of deferred taxes. Because ASU 2015-17, *Balance Sheet Classification of Deferred Taxes* (November 2015), changed the classification of deferred taxes to noncurrent only, we propose to remove the reference to the current portion of deferred taxes.

- 17 CFR 229.914(c)(2)—This rule provision requires disclosure of the ratio of earnings to fixed charges. Similar required disclosure was eliminated by the Commission elsewhere in our rules in 2018,²⁷⁶ and should be removed here as well.

Request for Comment

(40) Should we eliminate the rule provisions, and make the other technical amendments, identified above? Why or why not? Should we consider eliminating any other rule provisions or making any other technical amendments?

III. Other Matters

This proposing release is an economically significant regulatory action under section 3(f)(1) of Executive Order 12866 and has been reviewed by the Office of Management and Budget. This action, if finalized as proposed, is expected to be an Executive Order 14192 deregulatory action.

IV. Economic Analysis

We are mindful of the economic effects that may result from the proposed rules, including the benefits, costs, and the effects on efficiency, competition and capital formation.²⁷⁷ This section analyzes the expected economic effects of the proposed amendments relative to the current baseline, which consists of the regulatory framework of disclosure requirements in existence today, the current disclosure practices of registrants, and the use of such

²⁷⁶ *Disclosure Update and Simplification*, Release No. 33-10532 (Aug. 17, 2018) [83 FR 50148 (Oct. 4, 2018)].

²⁷⁷ Section 2(b) of the Securities Act, 15 U.S.C. 77b(b), and section 3(f) of the Exchange Act, 17 U.S.C. 78c(f), require the Commission, when engaging in rulemaking where it is required to consider or determine whether an action is necessary or appropriate in the public interest, to consider, in addition to the protection of investors, whether the action will promote efficiency, competition, and capital formation. Further, section 23(a)(2) of the Exchange Act, 17 U.S.C. 78w(a)(2), requires the Commission, when making rules under the Exchange Act, to consider the impact those rules would have on competition, and prohibits the Commission from adopting any rule that would impose a burden on competition not necessary or appropriate in furtherance of the Exchange Act.

²⁷⁰ See *Standards Relating to Listed Company Audit Committees*, Release No. 33-8220 (Apr. 9, 2003) [68 FR 18788 (Apr. 16, 2003)].

²⁷¹ See *Shareholder Approval of Executive Compensation of TARP Recipients*, Release No. 34-61335 (Jan. 12, 2010) [75 FR 2789 (Jan. 19, 2010)].

²⁷² *Inline XBRL Filing of Tagged Data*, Release No. 33-10514 (June 28, 2018) [83 FR 40846 (Aug. 16, 2018)].

²⁷³ *Disclosure Update and Simplification*, Release No. 33-10110 (July 13, 2016) [81 FR 51608 (Aug. 4, 2016)].

²⁷⁴ *Disclosure Update and Simplification*, Release No. 33-10532 (Aug. 17, 2018) [83 FR 50148 (Oct. 4, 2018)].

²⁷⁵ ASU 2023-06, *Codification Amendments in Response to the SEC’s Disclosure Update and Simplification Initiative* (Oct. 2023). We note the ASU specifies: “the effective date [for SEC filers] for each amendment will be the date on which the SEC’s removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective” and “if by June 30, 2027, the SEC has not removed the applicable requirement from Regulation S-X or Regulation S-K, the pending content of the related amendment will be removed from the Codification and will not become effective for any entity.”

disclosures by investors and other market participants.

The Commission has long sought to optimize the application of public disclosure requirements so that those requirements are appropriately calibrated to reduce the costs of disclosure for different categories of issuers. Over time, the Commission and Congress have adopted various “filer statuses” to establish tiers of registrants and offer to certain tiers various accommodations, which bear on the timing and content of registrants’ periodic reporting. The filer status framework that has developed is layered and complex, with multiple thresholds for the determination of a registrant’s tier and levels of disclosure and other differentiated requirements.

Additionally, since the adoption of the LAF filer status in 2005, the \$700 million public float threshold for this status has not been amended. Since 2005, the share of registrants meeting this threshold has grown from 18 percent to 35 percent, and registrants classified as LAFs now represent 99 percent of total market public float, up from 95 percent in 2005, which subjects a broader set of registrants to the requirements originally intended for the largest market participants.²⁷⁸ Another 13 percent of all registrants are currently classified as AFs.²⁷⁹ Registrants classified as LAFs or AFs incur higher public reporting and disclosure costs due to tier-specific requirements, such as the ICFR auditor attestation requirement, which is disproportionately costly for smaller companies. Data show that the number of Exchange Act reporting companies filing on domestic forms fell from 6,996 in 2004 to 5,976 in 2024.²⁸⁰

The proposed amendments would streamline the filer status categories and align disclosure and other reporting requirements and deadlines with registrants’ market capitalization. The proposed amendments would raise the public float threshold for LAF status to \$2 billion, which would capture the largest approximately 20 percent of

registrants, which represent approximately 93.5 percent of total market public float.²⁸¹ Under the proposed amendments, all issuers that do not qualify as LAFs would be classified as NAFs. These latter registrants, who collectively represent about 6.5 percent of total market public float, would be afforded the proposed scaled disclosure requirements and other accommodations, which are comparable to current SRC and EGC disclosure standards. The proposed amendments are expected to reduce required disclosure and reporting costs for the affected registrants, principally for those currently classified as LAFs or AFs that would qualify as NAFs under the proposal. Further, the proposed amendments would create a subcategory of the smallest NAFs, termed SNFs, and extend the deadlines for them to file their periodic reports. The objective of the proposed amendments includes streamlining the filer categories and reducing compliance burdens for registrants, which could encourage them to continue as public companies providing audited financial information and other disclosures to their investors and potentially incentivize other companies to enter the public markets.

We consider below the potential benefits and costs of the proposed rules and their likely effects on efficiency, competition, and capital formation. Many of the benefits and costs are difficult to quantify or estimate with any degree of certainty. These difficulties are exacerbated by the limited public data that would inform predictions about how market participants may respond to the proposed rules.²⁸² Where we are unable to quantify the economic effects of the proposal, we provide a qualitative assessment of the potential effects and encourage commenters to provide data and information that would help quantify the benefits and costs of the proposed rules, and the potential impacts of the proposed rules on efficiency, competition, and capital formation.

A. Baseline and Affected Parties

The baseline against which the costs, benefits, and the effects on efficiency, competition, and capital formation of the proposed rule amendments are measured consists of the current state of the markets, the current regulatory framework with respect to registrant reporting obligations, and registrant characteristics.²⁸³

1. Regulatory Baseline

Our baseline includes existing statutes and Commission rules that govern the responsibilities of registrants with respect to financial reporting, as well as PCAOB auditing standards.

a. Filer Statuses

Every registrant that has an Exchange Act reporting obligation must file reports, including annual and quarterly reports, with the Commission.²⁸⁴ As discussed in section I above, registrants with these reporting obligations are currently classified into one or more filer statuses, including AFs, LAFs, SRCs, and EGCs.²⁸⁵ Registrants’ disclosure requirements, including requirements as to the timing and content of periodic reports, vary according to their filer status, as discussed in more detail below.

b. Reporting Requirements; Scaled Disclosures and Other Accommodations

LAFs, AFs, and NAFs must file periodic (quarterly and annual) reports.²⁸⁶ AFs and LAFs are subject to accelerated filing deadlines for their periodic reports, relative to NAFs. These current deadlines are summarized in EA Table 1 below. All registrants are permitted to file Form 112b-25 (Notification of Late Filing) (“Form NT”) to avail themselves of an additional 15 calendar days to file an annual report, or an additional five calendar days to file a quarterly report, and still have their report deemed to have been timely filed.²⁸⁷

²⁷⁸ See section II.A.1.

²⁷⁹ *Id.*

²⁸⁰ See *supra* note 28.

²⁸¹ See section II.A.1.

²⁸² See section IV.A. for a discussion of available data.

²⁸³ See, e.g., *Nasdaq Stock Mkt., LLC v. SEC*, 34 F.4th 1105, 1111–14 (D.C. Cir. 2022). This approach also follows SEC staff guidance on economic analysis for rulemaking. See SEC Staff, *Current Guidance on Economic Analysis in SEC*

Rulemaking (Mar. 16, 2012), https://www.sec.gov/divisions/riskfin/rsfi_guidance_econ_analy_secrulemaking.pdf (“The economic consequences of proposed rules (potential costs and benefits including effects on efficiency, competition, and capital formation) should be measured against a baseline, which is the best assessment of how the world would look in the absence of the proposed action.”); *id.* at 7 (“The baseline includes both the economic attributes of the relevant market and the existing regulatory structure.”).

²⁸⁴ See *supra* note 13; see also section I for an overview of Exchange Act registration and reporting provisions.

²⁸⁵ See section I for a more detailed discussion of the various filer statuses and the current requirements to qualify for each filer status.

²⁸⁶ See 17 CFR 240.13a–1; 17 CFR 240.13a–13; 17 CFR 240.15d–1; 17 CFR 240.15d–13.

²⁸⁷ 17 CFR 240.112b–25.

EA Table 1. Filing Deadlines by Filer Status

Category of Filer	Calendar Days after the Period End	
	Annual Report on Form 10-K	Quarterly Report on Form 10-Q
Non-Accelerated Filer	90 days	45 days
Accelerated Filer	75 days	40 days
Large Accelerated Filer	60 days	40 days

SRCs and EGCs currently may avail themselves of certain scaled disclosure and other accommodations.²⁸⁸ SRCs are permitted to, among other things: (i) prepare financial statements in accordance either with Regulation S-X provisions for larger filers or Article 8 of Regulation S-X (scaled financial disclosure); (ii) provide two (instead of three) years of audited financial statements in their registration statements and annual reports; (iii) not provide the supplementary financial information required by Item 302 of Regulation S-K; and (iv) provide scaled executive compensation and other Regulation S-K disclosures.²⁸⁹ EGCs are, among other things: (i) permitted to provide two years of audited financial statements in their initial equity public offering registration statement; (ii) permitted to provide scaled executive compensation disclosures and other Regulation S-K disclosures on the same basis as SRCs; and (iii) exempt from the ICFR auditor attestation requirement.²⁹⁰ To the extent a registrant qualifies for both statuses, it may avail itself of both the EGC and SRC scaled disclosure accommodations.

Section 404(a) of the Sarbanes-Oxley Act mandates Commission rules requiring all registrants subject to Exchange Act reporting requirements to include in their annual reports an internal control report that states the responsibility of management for establishing and maintaining ICFR and that contains an assessment of the effectiveness of the registrant's ICFR as of the end of each fiscal year.²⁹¹ Section 404(b) of the Sarbanes-Oxley Act

requires that each registered public accounting firm that prepares or issues a registrant's financial statement audit report (other than that of a registrant that is an EGC) attest to, and report on, management's assessment of the effectiveness of ICFR.²⁹² Registrants that are not LAFs or AFs are exempted from the ICFR auditor attestation requirement under section 404(c) of the Sarbanes-Oxley Act.²⁹³

Audits of ICFR, and the associated ICFR auditor attestation reports, are made in accordance with AS 2201.²⁹⁴ While the ICFR auditor attestation requirement is intended to enhance the reliability of management's assessment and conclusion regarding the effectiveness of ICFR, the ICFR auditor attestation requirement is associated with certain costs that may be significant, particularly to smaller registrants.²⁹⁵

c. Proposed Rules

Recently, the Commission proposed to amend the rules related to periodic reporting under the Exchange Act to allow certain reporting companies to meet their interim reporting obligations either by filing quarterly reports or semiannual reports at the election of the company.²⁹⁶ If adopted as proposed, a

reporting company that elects semiannual reporting would file one semiannual report and one annual report for each fiscal year, filing its interim report on a new semiannual form within 40 or 45 days (depending on filer status) after the fiscal year's first semiannual period end.²⁹⁷ Registrants that elect to report quarterly would continue to file quarterly and annual reports, as under the current regime for reporting companies.²⁹⁸

2. Affected Parties

The parties that are likely to be affected by the proposed amendments include registrants subject to reporting obligations under section 13(a) or 15(d) of the Exchange Act,²⁹⁹ which include both domestic registrants and FPIs that file on domestic forms, as well as investors and other market participants that use information in these registrants' filings (e.g., financial analysts, investment advisers, lenders, and asset managers). We also note that, because registrants' equity securities are owned by investors, any effects on registrants as a result of the proposed amendments will ultimately accrue to investors. The proposed amendments could also have secondary effects on other parties, such

amendments that would increase the population of issuers eligible to conduct offerings on Form S-3, extend certain benefits currently reserved for "well-known seasoned issuers" to a broader set of issuers, and modernize Form S-1 with respect to the ability to incorporate information by reference into that form, among other things. See the Registered Offering Reform Proposal. We do not expect the amendments proposed in the Registered Offering Reform Proposal to have a meaningful impact on the proposal except to potentially provide companies with an additional incentive to go or remain public (by making follow-on financing in public markets less costly and more flexible for public companies).

²⁹⁷ *Id.*

²⁹⁸ *Id.*

²⁹⁹ See section I for a discussion of the existing Exchange Act reporting obligations.

²⁸⁸ See section I.D. for a more detailed discussion of the scaled disclosure requirements and other accommodations for SRCs and EGCs.

²⁸⁹ *Id.*

²⁹⁰ 17 CFR 230.405.

²⁹¹ 15 U.S.C. 7262(a); see also section I.C. for a more detailed discussion of ICFR requirements.

²⁹² See 15 U.S.C. 7262(b).

²⁹³ Certain banks, even if they are NAFs, are required under the Federal Deposit Insurance Corporation ("FDIC") rules to have their auditor attest to, and report on, management's assessment of the effectiveness of the bank's ICFR. See FDIC regulations, at 12 CFR pt. 363.

²⁹⁴ See PCAOB AS 2201, *An Audit of Internal Control Over Financial Reporting That is Integrated with an Audit of Financial Statements*, <https://pcaobus.org/oversight/standards/auditing-standards/details/AS2201>.

²⁹⁵ U.S. Gov't Accountability Off., *Sarbanes-Oxley Act: Compliance Costs Are Higher for Larger Companies but More Burdensome for Smaller Ones*, at 7 (June 2025), <https://www.gao.gov/assets/gao-25-107500.pdf>.

²⁹⁶ See Semiannual Proposing Release. In addition, the Commission is concurrently proposing

as FPIs that file on FPI forms³⁰⁰ and audit firms.³⁰¹

We estimate that 5,976 registrants filed on domestic forms during calendar year 2024.³⁰² Each of these registrants falls into one of the filing status categories listed in EA Table 2 below under current rules.³⁰³ The registrants

in the listed categories in EA Table 2 would be affected differently by the proposed amendments, and we discuss these effects in detail below in section IV.B. Around half of the registrants that currently have LAF filer status would not be affected by the proposal and

would remain LAFs under the proposed amendments. The proposed amendments would affect, to varying degrees, the disclosure requirements and other accommodations and in some cases reporting timelines for all other registrants.

EA Table 2: Registrants' Filer Status, N = 5,971		
Large Accelerated Filer: N = 2,115 (35.4%)		
Accelerated Filer: N = 757 (12.7%)		
	Non-EGC	EGC
Non-SRC	422 (7.1%)	77 (1.3%)
SRC	210 (3.5%)	48 (0.8%)
Non-Accelerated Filer: 3,099 (51.9%)		
	Non-EGC	EGC
Non-SRC	326 (5.5%)	127 (2.1%)
SRC	1,551 (26.0%)	1,095 (18.3%)

3. Registrant Characteristics

a. Public Float

Per EA Table 2, there were approximately 2,115 LAFs in total in 2024. Figure 1 presents the distribution of public float across these LAFs, as well as for the subset of these LAFs that would be “seasoned” LAFs under the proposed rules, those that have been subject to financial reporting under

section 13(a) or 15(d) of the Exchange Act for a period of 60 consecutive months or longer.³⁰⁴ Because LAFs’ reported public float values span an extensive range, with some reporting public float values in the trillions of dollars, we limit the range of public float values for purposes of displaying them in this figure at \$25 billion. We gather public float data from the front page of registrants’ Form 10–K filings,

which is reported as of the last day of their second fiscal quarter under the current rules.³⁰⁵ The overall distribution of LAFs’ reported public float values is skewed, with a median of approximately \$3.4 billion and a mean of \$21.2 billion. “Seasoned” LAFs tend to report larger public float values, with a median of approximately \$4.0 billion and a mean of \$23.7 billion.

³⁰⁰ See *infra* note 456 and accompanying text.

³⁰¹ See section IV.B.8.c.

³⁰² This number of registrants is estimated as the number of unique registrants, identified by CIK, that filed a Form 10–K, or an amendment thereto during calendar year 2024. This estimate excludes registrants that have not filed a Form 10–K and FPIs filing on Forms 20–F and 40–F. The estimate also excludes asset-backed issuers because the disclosure and other accommodations addressed in the proposed amendments do not apply to these issuers. Of the registrants used in our analysis, we identify 133 as BDCs and 1 as a face-amount certificate company.

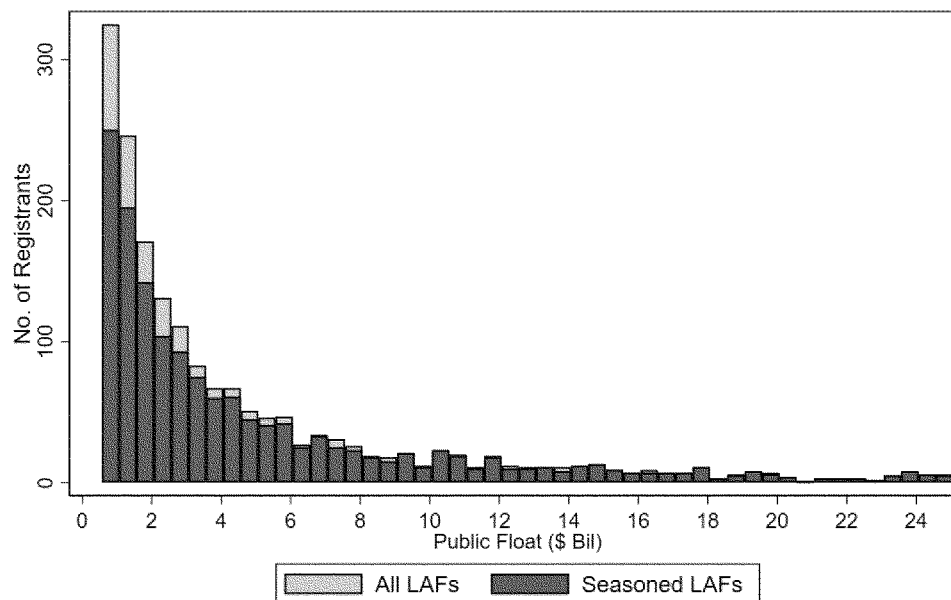
³⁰³ The counts in EA Table 2 are based on registrants’ self-reported AF, SRC, and EGC status on the cover pages of their CY 2024 annual filings. This data excludes asset-backed issuers and FPIs not filing on domestic forms. See *supra* note 302. This table excludes five registrants for which AF,

SRC, or EGC status is missing from CY 2024 annual filings. The total resulting population of registrants in this table is 5,971. Of these 5,971 unique registrants, we identify 244 registrants as co-filers on 100 unique Forms 10–K. In the case of co-filers, we classify each unique CIK by their individual self-reported status, but recognize that in practice, co-registrants’ reporting behavior may primarily be a function of the lead filer’s reporting status. In our data, there are 24 registrants that self-report as being both LAF and SRC, which can occur when registrants just met the thresholds for LAF status in the second quarter of their current fiscal year but are eligible to continue to report as SRCs until their next fiscal year. These are counted as LAFs in the table.

³⁰⁴ We are missing public float data for 16 registrants, of which one is an LAF, because these registrants did not report public float information in their CY 2024 Form 10–K filing. We additionally exclude from this figure 15 LAF registrants that

reported having a public float that is lower than \$560 million, which is the regulatory lower-bound cutoff for LAF status. The majority of these cases represent instances of co-filers adopting the lead filers’ reporting designation on the same filing despite not having independent public float that would meet the LAF threshold. The remaining cases could represent public float reporting errors. We estimate that approximately 280 current LAF registrants (13.2% of all LAF registrants) have not been subject to financial reporting under section 13(a) or 15(d) of the Exchange Act for a period of 60 months or longer.

³⁰⁵ Not shown in Figure 1 are 307 LAF registrants (14.6% of all LAFs with public float data) that reported public float values equal to or above \$25 billion. Similarly, we estimate that 295 “seasoned” LAF registrants (16.2% of all “seasoned” LAFs with public float data) reported public float values equal to or above \$25 billion.

Figure 1: Distribution of LAFs' Public Float, CY 2024

We also find that registrants' reported public float values are fairly persistent over time. Figure 2 plots each individual LAF's reported public float from its Form 10-K filings in calendar year 2024 (y-axis) against its reported public float from its Form 10-K filings in the immediately preceding fiscal year (x-axis).³⁰⁶ As demonstrated by the proximity of the observations to the 45-

degree line in the figure, registrants' reported public float values in calendar year 2024 are significantly positively correlated with reported public float values from the prior year.³⁰⁷ To the extent that reported public float values for an individual LAF vary across years, we observe that more observations lie above the 45-degree line, signifying that LAFs' reported public float values were

more likely to grow over the sample period than shrink (broadly consistent with the aggregate market trends during that period). For example, we estimate that public float grew from the prior year for 1,264 observations (70 percent of all observations in Figure 2) and grew 20 percent or more for 801 observations (44 percent of all observations in this figure).

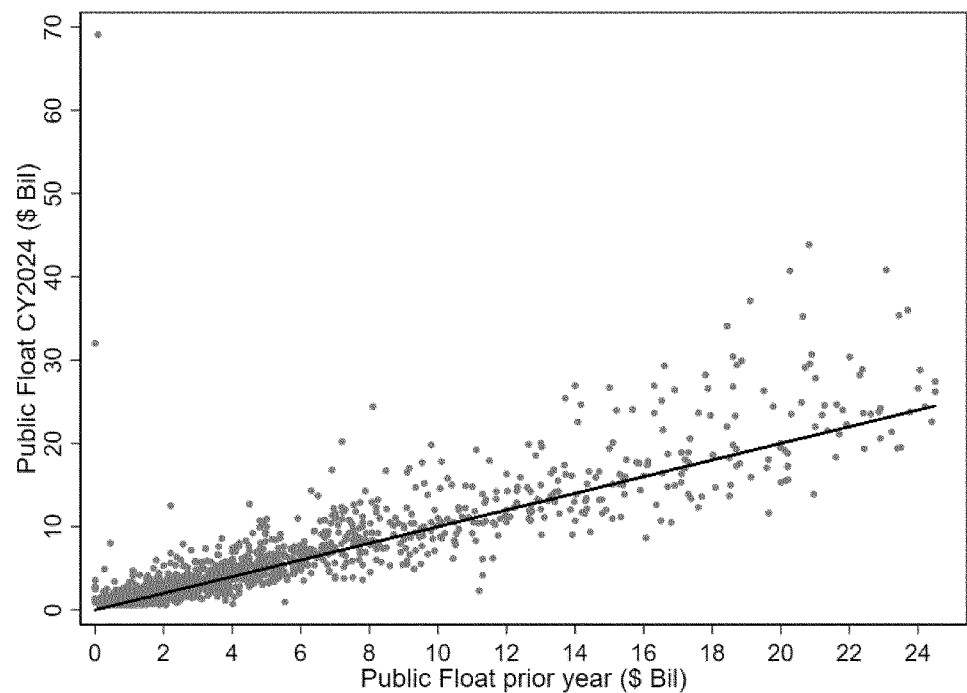
³⁰⁶ Figure 2 plots public float value observations for 1,806 LAFs. Of the 2,115 self-reported LAFs in CY 2024, seven did not have a Form 10-K filing for the preceding fiscal year and five did not report public float values in their preceding fiscal years' filing. We additionally exclude from this figure the

same observations excluded from Figure 1. See *supra* note 304. Lastly, we exclude 281 observations, in which reported public float value in the prior year exceeded \$25 billion but note that reported public float values for these registrants

demonstrate similar patterns as the ones described above.

³⁰⁷ We estimate that the correlation of LAFs' reported public float values to those in the prior year plotted in Figure 2 is 0.89.

Figure 2: LAFs’ Public Float Current vs. Prior Year’s, CY 2024



b. Assets

EA Table 3 presents summary statistics on the distribution of assets across registrants with Form 10–K filings in calendar year 2024.³⁰⁸ Registrants’ assets are significantly varied and skewed by registrants with

very high reported total assets, with median reported total assets of approximately \$597 million but mean total assets of approximately \$12.7 billion. Some registrants (less than one percent) reported zero total assets in their last fiscal year, while more than 22 percent of registrants reported total

assets of greater than \$5 billion. We interpret the estimates in the lower panel of EA Table 3 as lower bounds for the percentages of registrants that have total assets below each threshold as we do not have total data for all registrants.³⁰⁹

EA Table 3: Registrants’ Total Assets, N = 5,857	
Summary Statistics (\$M)	
Median	597
Mean	12,739
Standard deviation	111,369
Minimum value	0
Maximum value	4,305,288
Cumulative Distribution	
= \$0	0.5%
≤ \$5M	11.3%
≤ \$50M	24.7%
≤ \$500M	48.0%
≤ \$5000M	77.8%

³⁰⁸ For each registrant with Form 10–K filings in CY 2024, we collect data on total assets for the preceding fiscal year. Assets data primarily comes from Calcbench. In cases where assets data is

missing in Calcbench, we supplement assets data with data from Compustat, LSEG/Refinitiv, Audit Analytics and Capital IQ in instances where the assets values agree across at least two of these

datasets. In the resulting data in EA Table 3, assets data is missing for 119 registrants (2% of all registrants).

³⁰⁹ *Id.*

We also find that registrants' reported total assets tend to persist over time, but this persistence varies noticeably by registrant size (as measured by their reported total assets). Smaller registrants' assets from the fiscal year preceding the year referenced in calendar year 2024 filings are only slightly correlated to their assets from the year that is two fiscal years prior, while the correlation is much higher for those registrants reporting higher values of total assets.³¹⁰

c. Timing of Filings

As discussed above, currently NAFs, AFs, and LAFs are subject to different

filing deadlines for their periodic reports. In EA Table 4, we present the timing in calendar year 2024 of filings of annual reports on Form 10-K and quarterly reports on Form 10-Q by current NAFs, AFs, and LAFs relative to their corresponding deadlines.³¹¹ EA Table 4 shows that AFs and LAFs file their annual reports, on average, six or seven days before the applicable deadline. Seven percent and two percent, respectively, of AFs and LAFs submit their annual reports after the initial deadline, with approximately one quarter of these late-filing registrants equaling or surpassing the 15-day grace

period for an annual report on Form 10-K that is obtained by filing Form NT. NAFs are significantly less likely to meet their initial deadline or extended deadline, with 26 percent of NAFs filing after their initial deadline and 11 percent of NAFs filing after the 15-day grace period for an annual report on Form 10-K obtained by filing Form NT (over 40 percent of late-filing NAFs). The timing of quarterly report filings displays patterns across filer status that are similar to those described for annual report filings above.

EA Table 4: Filing Timing for Annual and Quarterly Reports in CY 2024, by Filer Status

Annual Reports on Form 10-K			
	LAF	AF	NAF
Current filing deadline	60 days	75 days	90 days
Average days to file	53 days	69 days	96 days
Percentage filed:			
By deadline	98.2%	92.8%	74.0%
≥ 5 days early	64.3%	66.8%	46.8%
After deadline	1.8%	7.2%	26.0%
≥ 15 days late	0.4%	2.0%	11.4%
Quarterly Reports on Form 10-Q			
	LAF	AF	NAF
Current filing deadline	40 days	40 days	45 days
Average days to file	34 days	38 days	50 days
Percentage filed:			
By deadline	97.4%	93.2%	84.1%
≥ 5 days early	66.7%	43.0%	32.1%
After deadline	2.6%	6.8%	15.9%
≥ 5 days late	0.4%	1.0%	8.0%

³¹⁰ In the resulting data used for this analysis, assets data is missing for either last fiscal year or two fiscal years prior for 249 registrants (4.2% of all registrants), so we estimate the correlations based on assets data from the remaining 5,727 registrants. We estimate that the correlation between last year's total assets and the total assets from the year prior for registrants reporting total assets of \$5 million or less is only 0.19. The correlation between last year's total assets and the total assets from the year prior for registrants

reporting between \$5 million and \$100 million in total assets is 0.46, and the correlation for registrants reporting more than \$100 million in total assets is 0.93.

³¹¹ We exclude registrants that are co-registrants from this analysis because co-registrants' accelerated filing status could differ. *See supra* note 303 for identification of co-registrants and filer status. We collect filing timing data for quarterly reports for the fiscal year immediately following the fiscal year of each registrant's Form 10-K filing to

ensure that the filing status that each registrant reports in its Form 10-K continues to apply to the quarterly filings used in this analysis. Given the effect of weekends and holidays, we consider filings to be on time if within two calendar days after the original deadline. We similarly adjust the "5 days early", "over 15 days late" (for annual filings) and "over 5 days late" (for quarterly filings) categories to account for the possible effect of weekends and holidays.

d. Internal Controls and Restatements

We next consider the current rates of ineffective ICFR and restatements across registrants of varying filing statuses, as classified under current rules. As discussed in section IV.A.1.b, NAFs and EGCs are statutorily exempted from the ICFR auditor attestation requirement. EA Table 5 presents the percentage of registrants reporting ineffective ICFR in recent years by filer type.³¹² Based on management’s assessment of ICFR under section 404(a) of the Sarbanes-Oxley Act from recent years, LAFs were least likely to report at least one material weakness in ICFR in a given fiscal year (approximately five percent, on average), followed by AFs (approximately 16 percent, on average) and NAFs (approximately 42 percent, on average). It is important to note that a material weakness that is identified and remediated within the same period may not be reported in management’s year-end assessment of ICFR under section 404(a) of the Sarbanes-Oxley Act.³¹³ The ineffective ICFR percentages for LAFs and AFs in Table 5, compiled from filings, therefore may underestimate the likelihoods of having had at least one material weakness prior to or absent ICFR auditor attestation. For registrants subject to the ICFR auditor attestation requirement, the rates of ineffective ICFR reported by management and by auditors are nearly identical.³¹⁴ This may not be surprising, as management and the audit committee will be made aware of any material weaknesses discovered by the auditor and vice versa.³¹⁵

EA Table 5: Percentage of Registrants Reporting Management’s Assessment of Ineffective ICFR, by Filer Status

	LAF	AF	NAF
Fiscal Year:			
2021	3.9%	12.1%	43.7%
2022	5.6%	18.2%	40.9%
2023	6.5%	17.8%	43.0%
2024	4.5%	14.2%	39.5%
All years	5.2%	15.7%	41.8%

We next consider the persistence of material weaknesses in ICFR across these registrant categories as classified under current rules. EA Table 6 presents the percentage of registrants that reported two, three, or four consecutive years of ineffective ICFR culminating in 2024, by filer type.³¹⁶ Compared to NAFs, we find that a smaller percentage of AFs and LAFs report material weaknesses that persist for multiple years, with about four percent of AFs and about 0.4 percent of LAFs reporting ineffective ICFR for four consecutive years, representing about 30 percent of the AFs and about 11 percent of the LAFs that reported ineffective ICFR in 2024. A larger percentage of NAFs persistently report material weaknesses, with about 25 percent of these registrants, or more than two-thirds of those reporting ineffective ICFR in 2024, having reported material weaknesses for four consecutive years.

³¹² The estimates in this table are based on staff analysis of Audit Analytics data. ICFR effectiveness is based on the last amended management or auditor attestation report for the fiscal year. Percentages are computed out of all registrants of a given filer type with the specified type of report available in the Audit Analytics database.

³¹³ The requirement that an auditor assess management’s assessment of ICFR may also incentivize management to strengthen ICFR even without the auditor identifying any weaknesses.

³¹⁴ We noted only two instances of disagreement between management’s and the auditor’s assessments of ICFR across all registrants and years where both assessments of ICFR were available in the database.

³¹⁵ PCAOB Auditing Standard 2201.91 requires an auditor to make certain disclosures in the auditor’s report and notify the audit committee in writing if the auditor has identified a material weakness that has not been included in management’s ICFR assessment. PCAOB AS 2201, *An Audit of Internal Control Over Financial Reporting that is Integrated with an Audit of Financial Statements*, para. 91, <https://pcaobus.org/oversight/standards/auditing-standards/details/AS2201>.

³¹⁶ The estimates in this table are based on staff analysis of Audit Analytics data. ICFR effectiveness is based on the last amended management report for the fiscal year. Percentages in the first panel are computed out of all issuers of a given filer type in 2024 with Sarbanes-Oxley Act section 404(a) management reports available in Audit Analytics for the number of years corresponding to each row, while percentages in the second panel are computed out of issuers of a given filer type reporting ineffective ICFR in their Sarbanes-Oxley Act section 404(a) management report for 2024 who did not have missing ICFR effectiveness data for any of the years corresponding to each row.

EA Table 6: Percentage of Registrants Reporting Consecutive Years of Ineffective ICFR in Management Report, by 2024 Filer Status

	<i>As % of registrants</i>		
	LAF	AF	NAF
2023-2024 (at least 2 years)	2.2%	9.4%	33.2%
2022-2024 (at least 3 years)	1.1%	6.0%	27.7%
2021-2024 (4 years)	0.4%	4.2%	24.9%
	<i>As % of registrants with 2024 ineffective ICFR</i>		
	LAF	AF	NAF
2023-2024 (at least 2 years)	50.6%	66.4%	85.8%
2022-2024 (at least 3 years)	27.7%	41.7%	73.8%
2021-2024 (4 years)	11.1%	29.7%	69.1%

EA Table 7 presents the percentage of registrants that made at least one “Big R”³¹⁷ restatement (among NAFs, AFs, and LAFs, excluding EGCs, and for EGCs separately) in each case as classified under the current rules.³¹⁸ For each year, we consider the percentage of registrants that eventually restated the financial statements for a Big R restatement for that fiscal year. The reporting lag before restatements are filed results in a lower observed rate in the later years of our sample,

particularly for 2023 (and even more so for 2024, which we do not report for this reason), as registrants may not yet have restated their results from recent years. We find that EGCs, which are not subject to the ICFR auditor attestation requirement and generally are also younger registrants than those in the other filer categories, restate their financial statements for a Big R restatement at higher rates than other registrants.³¹⁹ For NAFs, which also are not subject to the ICFR auditor

attestation requirement, we find that the percentage of registrants reporting Big R restatements is only slightly higher than that for AFs, which are subject to the ICFR auditor attestation requirement. We note that there is a greater proportion of low- or zero-revenue issuers in the NAF category, and these types of issuers have been found to have lower rates of Big R restatements than other issuers.³²⁰

³¹⁷ Big R restatements are restatements that correct errors that are material to previously issued financial statements.

³¹⁸ The estimates in this table are based on staff analysis of Audit Analytics data. Percentages are computed out of all issuers of a given filer type with a Sarbanes-Oxley Act section 404(a) management report available in the Audit Analytics database. Accelerated and non-accelerated categories exclude EGCs that are in these filer categories.

³¹⁹ The higher incidence of EGC restatements in 2021 coincided with a statement issued by

Commission staff addressing a technical accounting issue for Special Purpose Acquisition Companies. See Audit Analytics, *2021 Financial Restatements, a Twenty-One-Year Review* (May 2022), https://www.auditanalytics.com/doc/2021_Financial_Restatements_A_Twenty-One-Year_Review.pdf; U.S. Securities and Exchange Commission, John Coates, Acting Director, Division of Corporation Finance, Paul Munter, Acting Chief Accountant, Staff Statement on Accounting and Reporting Considerations for Warrants Issued by Special Purpose Acquisition Companies (“SPACs”) (Apr. 12, 2021), [https://www.sec.gov/newsroom/speeches-](https://www.sec.gov/newsroom/speeches-statements/accounting-reporting-warrants-issued-spacs)

[statements/accounting-reporting-warrants-issued-spacs](https://www.sec.gov/newsroom/speeches-statements/accounting-reporting-warrants-issued-spacs).

³²⁰ See *supra* note 35, 2019 Accelerated Filer Release, Table 14. See also Craig Lewis & Joshua White, *Deregulating Innovation Capital: The Effects of the JOBS Act on Biotech Startups*, 12 Rev. Corp. Fin. Stud. 240 (2023) (“Lewis & White (2023)”), who find biotech EGCs have lower instances of restatements than pre-JOBS Act issuers that had to have an attestation. They attribute this to biotech EGCs’ “absence of product revenue” and “relatively simple nature of their accounting systems.”

EA Table 7. Percentage of Registrants Issuing Big R Restatements by Year of Restated Data

Big R Restatements	LAF	AF (excl. EGCs)	NAF (excl. EGCs)	EGC
Fiscal Year:				
2021	1.7%	3.9%	4.6%	31.4%
2022	1.6%	5.4%	5.7%	9.6%
2023	1.5%	5.0%	6.0%	7.9%
All years	1.6%	4.8%	5.4%	14.7%

e. Regulatory Burden

Multiple commenters and studies speak to the burden of compliance costs.³²¹ Some studies cite the regulatory burden of SEC reporting and the requirements imposed by the Sarbanes-Oxley Act as a deterrent to going public.³²² Some academic

³²¹ See *Accelerated Filer and Large Accelerated Filer Definitions*, Release No. 34–88365 (Mar. 12, 2020) [85 FR 17178 (Mar. 26, 2020)]; see also IPO Task Force, *Rebuilding the IPO On-Ramp: Putting Emerging Companies and the Job Market Back on the Road to Growth* (Oct. 20, 2011), https://www.sec.gov/info/smallbus/acsec/rebuilding_the_ipo_on-ramp.pdf; Committee on Capital Markets Regulation, *U.S. Public Markets are Stagnating* (Apr. 2017), <https://capmktsreg.org/wp-content/uploads/2022/11/U.S.-Public-Equity-Markets-are-Stagnating-1.pdf>; Adena Friedman, Nasdaq Inc., *The Promise of Market Reform: Reigniting America's Economic Engine* (May 18, 2017), <https://corpgov.law.harvard.edu/2017/05/18/the-promise-of-market-reform-reigniting-americas-economic-engine/>. However, companies considering going public may face other costs as well, such as significant financing costs, in addition to compliance costs. See, e.g., Kathleen W. Hanley, *The Economics of Primary Markets*, SSRN Electronic Journal (2017); Alexander Ljungqvist, *IPO Underpricing*, 1 Handbook of Empirical Corp. Fin. 375 (2007).

³²² See, e.g., Francesco Bova, Miguel Minutti-Meza, Gordon Richardson & Dushyantkumar Vyas, *The Sarbanes-Oxley Act and Exit Strategies of Private Firms*, 31 Cont. Acct. Rsch. 818 (2014) (finding that “SOX appears to have shifted the preferences of private firms from going public to exiting the private market via acquisition by a public acquirer”); Ellen Engel, Rachel M. Hayes & Xue Wang, *The Sarbanes-Oxley Act and firms' going-private decisions*, 44 J. Acct. Econ. 116 (2007) (finding that “the quarterly frequency of going-private transactions has increased after the passage of SOX”); András Marosi & Nadia Massoud, *Why Do Firms Go Dark?*, 42 J. Fin. Quant. Analysis 421 (2007) (finding that various factors predict firms “going dark” and adding that “the cost of regulatory compliance is a driving force behind the going dark phenomenon”); Christian Leuz & Alexander Triantis, *Why Do Firms Go Dark? Causes and Economic Consequences of Voluntary SEC Deregistrations*, 45 J. Acct. Econ. 181 (2008) (“document[ing] a spike in going dark that is largely attributable to the Sarbanes-Oxley Act. Firms experience large negative abnormal returns when going dark. We find that many firms go dark due to poor future prospects, distress and increased compliance costs after SOX”); Gabrielle Lattanzio, William L. Megginson & Ali Sanati, *Dissecting the Listings Gap: Mergers, Private Equity, or*

research has found significant and meaningful increases in auditing costs and lower stock returns for small registrants required to obtain an ICFR auditor attestation, relative to similarly sized registrants exempt from this requirement.³²³ Some studies have argued that, to the extent that public company disclosure requirements can result in competitors obtaining key information about the company (a “proprietary cost” of disclosure), information-driven companies may increasingly decide not to seek funding through public markets.³²⁴

Conversely, other studies conclude that regulatory burden is not a significant driver of the going public decision³²⁵ and attribute the declining

Regulation?, 65 J. Fin. Markets 100836 (2023) (finding “that the high level of M&A activity characterizing the U.S. economy and the regulatory changes during the early 2000s have played major roles in causing the decline in the number of public firms”).

³²³ See Peter Iliev, *The Effect of SOX Section 404: Costs, Earnings Quality, and Stock Prices*, 65 J. Fin. 1163 (2010).

³²⁴ See, e.g., Kathleen Kahle & Rene Stulz, *Is the US Public Corporation in Trouble?*, 31 J. Econ. Perspectives 67 (2017), for a discussion of the shift in corporate investment towards R&D and its impact on the going-public decision; Dambra et al. (2015), *supra* note 144. The authors found that the “de-risking” provisions of the 2012 JOBS Act, which allowed confidential initial public offering filing and the ability to test-the-waters with qualified investors before a road show, reduced proprietary costs and led to an increase in initial public offerings. As a caveat, the accommodations afforded under Title I of the JOBS Act are already available to the majority of new initial public offerings under the baseline. See *supra* note 229. See also Cyrus Aghamolla & Richard T. Thakor, *Do Mandatory Disclosure Requirements for Private Firms Increase the Propensity of Going Public?*, 60 J. Acct. Rsch. 755 (2021). These authors found that following a legal reform requiring firms to publicly disclose clinical trial information regardless of public or private listing status, the affected private firms increased their propensity to go public. Their conclusion was that pre-reform, more robust required disclosure of proprietary information accompanying public status was holding these firms back from going public.

³²⁵ See, e.g., Michael Ewens, Kairon Xiao & Ting Xu *Regulatory, Costs of Being Public: Evidence from Bunching Estimation*, 153 J. Fin. Econ. 103775

number of public companies to other causes. One explanation offered for this decline is that U.S. public companies have engaged in more acquisitions since the passage of the Sarbanes-Oxley Act, including of private companies.³²⁶ Consistent with this proposed explanation, the increase in the average size of a listed company paralleled the decline in the count of U.S. public companies.³²⁷ Some other studies have cited growth in the availability of private capital as displacing the role of an initial public offering.³²⁸ Other

(2024) (“Ewens et al. (2024)” (finding that “[r]egulatory costs have a greater impact on private firms’ IPO decisions than on public firms’ going private decisions, but such costs only explain a small part of the decline in the number of public firms.”) However, there is some evidence of the favorable effects of EGC accommodations provided under the JOBS Act, on initial public offerings, see, e.g., Dambra et al. (2015), *supra* note 144.

³²⁶ See, e.g., Xiaohui Gao, Jay R. Ritter & Zhongyan Zhu, *Where Have All the IPOs gone?*, 48 J. Fin. Quant. Analysis 1663 (2013) (documenting an initial public offering decline and attributing it primarily to a structural decline in small-firm profitability, which increased the importance of economies of scale and scope); Jay R. Ritter, *Equilibrium in the Initial Public Offerings Market*, 3 Annual Rev. Fin. Econ. 347 (2011); Jay R. Ritter, *Re-energizing the IPO Market*, 1 J. Applied Fin. 1(2014); B. Espen Eckbo and Markus Lithell, *Merger-Driven Listing Dynamics*, 60 J. Fin. Quant. Analysis 209 (2025) (finding no evidence of a listing gap when listed companies are viewed as a “portfolio of itself and the public and private target firms it has acquired over time.”) But see Francesco Bova, Miguel Minutti-Meza, Gordon Richardson, Dushyantkumar Vyas, *The Sarbanes-Oxley Act and Exit Strategies of Private Firms*, 31 Cont. Acct. Rsch. 818 (2014) (finding that “SOX appears to have shifted the preferences of private firms from going public to exiting the private market via acquisition by a public acquirer,” which suggests that regulation may have a role in leading small companies to seek an acquisition instead of an initial public offering).

³²⁷ See Craig Doidge, G. Andrew Karolyi & Rene M. Stulz, *The U.S. Listing Gap*, 123 J. Fin. Econ 464 (2017) (noting that “the evolution in the number of listed firms is not accompanied by a similar evolution in the capital in the U.S. stock market;” and noting that “[l]isted firms become steadily larger after the listing peak in 1996 across all size percentiles. In other words, the entire size distribution for listed firms shifts to the right”).

³²⁸ See, e.g., Michael Ewens & Joan Farre-Mensa, *The Deregulation of the Private Equity Markets and*

studies point to changes in institutional investor preferences to favor late-stage private companies over initial public offerings.³²⁹

B. Economic Benefits and Costs

In this section, we discuss the potential economic effects of the proposed amendments. As detailed in section II, the proposed amendments would simplify the current filer status definitions by: (i) eliminating the AF and SRC statuses and focusing the filer status framework on two filer categories—LAF and NAF (any filer that does not qualify as an LAF); (ii) raising the threshold for qualifying as an LAF (*i.e.*, requiring the registrant to have public float of at least \$2 billion instead of the current \$700 million and to have been a reporting company for 60, instead of the current 12, consecutive months); and (iii) providing an additional extension of periodic report filing deadlines for a new subcategory of NAFs called SNFs. As a consequence of the proposed amendments, an expanded subset of filers would be afforded various disclosure and other regulatory relief accommodations that currently are applicable to the more narrowly defined subset of filers qualifying as SRCs, EGC, and/or filers that are NAFs. While EGC status will remain as it is established by statute, functionally, the proposed amendments will extend virtually all³³⁰ of the accommodations currently exclusive to EGCs to all NAFs.

The discussion below addresses the economic benefits and costs of the proposed amendments. Much of the discussion in this section is qualitative in nature because we lack data needed to estimate many of the benefits and costs of the proposed amendments.³³¹

the Decline in IPOs, 33 Rev. Fin. Stud. 5463 (2020). In addition, the JOBS Act of 2012 has also expanded options for securities offerings exempt from registration, and venture capital and private equity funds that invest in pre-initial public offering companies also saw significant growth in the last two decades. For a discussion of these trends, see Michael Ewens & Joan Farre-Mensa, *Private or Public Equity? The Evolving Entrepreneurial Finance Landscape*, 14 Annual Rev. Fin. Econ. 271 (2022).

³²⁹ See Robert P. Bartlett III, Paul Rose & Steven D. Solomon, *The Small IPO and the Investing Preferences of Mutual Funds*, 47 J. Corp. Fin. 151 (2017) (finding that “both heightened concerns about small IPO illiquidity and about their return contribution have deterred small IPO investing by the largest mutual funds since the late 1990s”). See *supra* note 328 for a discussion of increased funding to late-stage private firms.

³³⁰ But see *supra* note 104.

³³¹ Some of the evidence cited is based on unpublished working papers, due to the recent nature of the implementation of certain disclosure requirements and in some instances a dearth of recent published evidence. As a caveat, such evidence has not undergone peer review and is subject to revision.

We encourage market participants to submit data that would help quantitatively assess the benefits and costs of the proposed amendments.

1. General Economic Effects of the Proposed Amendments

The proposed amendments, when considered in their entirety, would simplify the existing framework of filer status categories and scale the scope of affected registrants’ disclosure obligations under the Exchange Act. The proposed amendments would raise the public float threshold for LAFs from \$700 million to \$2 billion.³³² The proposed threshold would capture close to 20 percent of registrants based on public float, which represent approximately 93.5 percent of total market public float. The remaining approximately 80 percent of all registrants which would not qualify for a filer status of LAF would be classified as NAFs under the proposed amendments (about 28.8 percent of all registrants that are not NAFs today but would be newly classified as NAFs under the proposed amendments and about 51.9 percent of all registrants that are NAFs today and that would remain NAFs). All NAFs would be afforded the proposed scaled disclosure requirements and other accommodations. The smallest registrants with NAF filer status (based on total assets), SNFs, would also be granted extended deadlines to file their periodic reports. In accordance with the proposed \$35 million asset threshold for SNFs, 22.2 percent of registrants that would be classified as NAFs (under the proposal) and 17.9 percent of all registrants (*i.e.*, all NAFs and LAFs under the proposed amendments) would qualify for the filer status of SNF.

The proposed amendments would be expected to reduce public disclosure and reporting compliance costs for affected registrants, principally for those that are currently classified as LAFs or AFs but would be NAFs under the proposal. Generally, lower compliance costs reduce a registrant’s operating expenses and improve its net income and free cash flow. Increased internal cash flows may allow registrants to redeploy freed up resources toward

³³² When adopting the LAF filer status, the Commission indicated that “companies with a public float of \$700 million or more . . . are more closely followed by the markets and by securities analysts than other issuers.” And that, “[b]ased on our experience with the accelerated filing deadlines, we continue to believe that larger issuers generally have sufficient financial reporting resources and sufficiently robust infrastructures to comply with the 60-day deadlines . . .” See Accelerated Filer Revisions Adopting Release at 76629–30.

productive investment and growth opportunities,³³³ thus improving capital allocation and enhancing expected future cash flows. Higher sustained profitability increases shareholder value, provided that the potential impact from regulatory accommodations on transparency or investor protections does not offset the lowered operating expenses. We estimate that the proposed amendments would reduce compliance costs in net terms for all affected registrants by approximately \$1.9 billion on an annualized basis per year over 10 years.³³⁴

Under the proposed amendments, the information that registrants newly classified as NAFs (about 28.8 percent of all registrants) would be required to provide in their public disclosures would be reduced (as discussed in section IV.B.3). Also, both newly eligible NAFs and existing NAFs that currently do not qualify as SRCs and/or EGCs would be afforded additional disclosure relief presently reserved for SRCs and/or EGCs (as discussed in section IV.B.5) and registrants newly classified as SNFs would have extended deadlines to file their periodic reports

³³³ See, *e.g.*, Lewis & White (2023), *supra* note 320. See also Huasheng Gao & Jin Zhang, *SOX Section 404 and Corporate Innovation*, 54 J. Fin. Quant. Analysis 759 (2019) (finding that “a significant decrease in the number of patents and patent citations for firms that are subject to section 404 compliance relative to firms that are not.”); Michael Dambra & Matthew Gustafson, *Do the Burdens to Being Public Affect the Investment and Innovation of Newly Public Firms?*, 67 Mgmt. Sci. 594 (2021) (“Dambra & Gustafson (2021)” (finding that newly public firms afforded JOBS Act relief “invest more and more efficiently after going public,” with the findings “concentrated in innovative investments” and concluding that “the burdens to being public exacerbate agency frictions, which lead managers to take on fewer risky projects”).

³³⁴ See section IV.B.9 & EA Table 12. The annualized benefit net of annualized cost is \$1,874,460,225 (\$1,874,534,145 – \$73,920). This figure does not take into account any cost savings associated with the impact of the proposed amendments on registrants that would have to comply with rules adopted by the Commission in Mar. 2024 requiring registrants to provide certain climate-related information in their registration statements and annual reports (the “Climate Rules”). Those rules were stayed by the Commission pending legal challenge in the Eighth Circuit. See Sec. & Exch. Comm’n, Order Issuing Stay, In the Matter of the Enhancement and Standardization of Climate-Related Disclosures for Investors, Release No. 33–11280 (Apr. 4, 2024) (order staying the Climate Rules). Notably, only LAFs and AFs would be required to provide disclosure of material greenhouse gas emissions under the Climate Rules. See *The Enhancement and Standardization of Climate-Related Disclosures for Investors*, Release Nos. 33–11275; 34–99678 (Mar. 6, 2024) [89 FR 21668 (Mar. 28, 2024)]. If the Climate Rules were to go into effect, existing LAFs and AFs that would be newly eligible for NAF status under the proposed amendments would receive an additional benefit because they would not be subject to the compliance costs they would otherwise incur under the Climate Rules.

(as discussed in section IV.B.6). Generally, investors' costs to access reliable information increase when that information is not included in public disclosures because investors incur search costs to gather and evaluate the information from other sources. Generally, a loss of information from public disclosure can increase investors' costs to access reliable information, or when information becomes inaccessible, information asymmetries between registrants (and their managers) and investors, as well as amongst investors, increase. This potentially makes it more difficult and costly for investors to make informed investment and voting decisions, resulting in potentially less informative share prices. However, the registrants that would be eligible for scaled disclosure and other accommodations represent only around six percent of total market public float.

2. Amendments to LAF Definition

We estimate that the proposed amendments would result in 1,721 additional registrants (28.8 percent of all registrants) being newly eligible to qualify as NAFs, for an estimated total of 4,825 NAFs (80.7 percent of all registrants) under the proposal.³³⁵ Of these 1,721 additional registrants, 964 registrants are currently reporting as LAFs and 757 registrants are currently reporting as AFs.³³⁶ In addition, of these 1,721 additional registrants, 16 are BDCs.³³⁷ We estimate that the proposed amendments would result in 1,146 registrants (19.2 percent of all registrants) continuing to be LAFs,³³⁸

and that these registrants would account for approximately 93.5 percent of the total market public float reported by all registrants.³³⁹ In comparison, the 2,115 registrants under the baseline in 2024 that meet the current definition for LAF status accounted for approximately 98.8 percent of the total market public float.

As part of these estimates, we account for the proposed extension of the seasoning period for LAFs from 12 months to 60 months.³⁴⁰ This would result in fewer registrants being LAFs—and thus, in more registrants qualifying for NAF status—under the proposed amendments than if the seasoning period were to remain at 12 months. The proposed amendments also would

registrants' public float reported on their annual filings, as well as data on how long each registrant has been an Exchange Act reporting company. *See supra* note 207. We exclude from this estimate four registrants that currently file as NAFs but also report public float values that would exceed the threshold under the proposed amendments because these registrants' equity securities are not publicly traded. These estimates do not include five registrants with indeterminate status under the baseline, but these five do not report public float sufficient to meet the threshold to qualify as LAF under the proposed amendments. The actual number of registrants that would be categorized as LAFs under the proposed amendments may differ from the estimate above. For example, our estimate relies on public float values from registrants' last day of the second fiscal quarter which may differ from values computed by taking the average of the last 10 trading days in the same quarter. In addition, the actual number of registrants that could be effectively subject to LAF reporting requirements and deadlines may exceed our estimate due to the following three reasons. First, we are unable to determine LAF status of five registrants under the proposed amendments because data on public float is missing from their annual filings. Second, our estimate represents an initial number of LAFs at the onset of the proposed amendments and only includes those registrants for which both of the past two years of public float exceed the \$2 billion threshold. However, in all future years, an LAF registrant will continue to be an LAF even with one, but not two, years of public float below the threshold, since a registrant would change status only if public float crosses the threshold in two consecutive years, leading to a greater number of LAFs that fall into that group initially. Third, we estimate that 91 registrants (1.5% of all registrants) that will be NAFs are currently co-filing with registrants that will continue to be LAFs under the proposed amendments and may therefore be implicitly subject to the requirements and deadlines that accompany LAF status.

³³⁹ Note that total market public float is calculated by first collecting this registrant-reported data item from various sources and then manually cleaning where data was missing, disagreed among sources, or was otherwise anomalous. The timing of registrants' reported public float also varies as their fiscal year ends vary, and thus the summation of these float values does not reflect total public float at a precise point in time.

³⁴⁰ Specifically, in estimating the number of LAFs and NAFs that would meet the amended definitions under the proposal, we classify as LAFs only those registrants that meet both the amended \$2 billion public float threshold and the amended (60-month) seasoning requirement. Registrants that do not meet both of those proposed requirements are classified as NAFs or indeterminate for the five registrants for which public float data are incomplete.

amend the timing and methodology of the calculation of public float for purposes of determining a filer's status.³⁴¹ This may provide a more stable, public float calculation window for registrants nearing the LAF threshold, particularly, in periods of significant short-term stock volatility.

The estimates of the number of registrants that would be affected by the proposed amendments to the definition of LAF filer status may overstate the actual number of affected filers because of potential "bunching," a term which refers to an unusually high number of companies just below a threshold that triggers additional disclosure requirements. Some studies have found the existence of such bunching in other contexts.³⁴² For purposes of our analysis, any existing bunching is incorporated in the baseline estimates. However, if new bunching were similarly to emerge around the proposed \$2 billion threshold, the estimates based on the existing data may underestimate the number of registrants that would newly qualify as NAFs, and thus, the aggregate economic effects of the proposed amendments.

The proposed amendment would also expand the subset of registrants eligible for NAF status, and thus eligible for scaled compliance requirements, which would reduce costs for those registrants

³⁴¹ The proposed amendments would condition the transition to an LAF on having reached the public float threshold of \$2 billion calculated based on the average of the registrant's stock price over 10 trading days ending on the last day of the registrant's second fiscal quarter, multiplied by the aggregate worldwide number of shares of the issuer's voting and non-voting common equity held by non-affiliates as of the last day of the issuer's second fiscal quarter for each of the last two consecutive fiscal years, rather than only considering public float on the last trading day of the registrant's most recent second fiscal quarter.

³⁴² For a more detailed discussion of bunching, *see Accelerated Filer and Large Accelerated Filer Definitions*, Release No. 34-88365 (Mar. 12, 2020) [85 FR 17178, 17207 (Mar. 26, 2020)]. *See, e.g.,* Peter Iliev, *The Effect of SOX Section 404: Costs, Earnings Quality, and Stock Prices*, 45 J. Fin. 1163 (2010); Feng Gao, Joanna Shuang Wu & Jerold Zimmerman, *Unintended Consequences of Granting Small Firms Exemptions from Securities Regulation: Evidence from the Sarbanes-Oxley Act*, 47 J. Acct. Rsch. 459 (2009). *But see* Dhammika Dharmapala, *Estimating Firms' Responses to Securities Regulation Using a Bunching Approach*, 24 Am. L. Econ. Rev. 449 (2022) (finding that bunching of registrants just below the \$75 million threshold appears to have been more prevalent immediately following the passage of the Sarbanes-Oxley Act (2003–2009) but virtually absent afterwards (2010–2015)). A recent study analyzing the 1992–2018 sample period found bunching around three separate public float thresholds, achieved primarily through substitution of debt for equity. *See* Ewens et al. (2024), *supra* note 325. The actions taken by registrants to stay below such thresholds may suggest that they viewed the costs of complying with the more stringent disclosure requirements to outweigh the benefits.

³³⁵ EA Table 2 counted 3,099 NAFs under the baseline (that all would be NAFs under the proposed amendments). There is one additional NAF currently that was excluded from the 3,099 because its EGC status was not listed in the filing. The 1,721 newly eligible NAFs and 3,099 current NAFs both exclude four registrants who would be NAFs under the proposed amendments but whose filer status is unknown today, and thus it cannot be determined whether these four are most appropriately considered newly eligible NAFs or current NAFs. The 3,099 current plus 1,721 newly eligible plus four unknown today plus one with missing EGC status sum to the total of 4,825 NAFs. This total of 4,825 NAFs includes 91 that would be NAFs co-filing with an LAF under the proposed amendments and excludes five registrants that are LAFs under the baseline with indeterminate filer status under the proposed amendments.

³³⁶ We note that there are 21 NAFs that are currently co-filing with LAFs or AFs that will switch to NAF status under the proposed amendments.

³³⁷ Based on calendar year 2024 filings, 127 of the 4,825 registrants that would be classified as NAFs under the amended definition are BDCs and 1 of 4,825 registrants that would be classified as NAFs under the amended definition is a face-amount certificate company. BDC and face-amount certificate company status is identified based on information as reported by registrants.

³³⁸ We determine LAF status under the proposed amendments based on two years of data on

and would generally decrease the information available to investors, to the extent the investors do not obtain information through other means. The costs and benefits of these scaled compliance requirements are discussed in greater detail in the sections below.

3. Exemption From ICFR Auditor Attestation

We estimate the proposed amendments would result in 1,596 registrants (26.7 percent of all registrants) being newly exempt from the ICFR auditor attestation requirement under section 404(b) of the Sarbanes-Oxley Act, representing approximately 60 percent of all registrants that are currently subject to the ICFR auditor attestation requirement.³⁴³ Of these 1,596 registrants, 964 are currently reporting as LAFs and 632 are currently reporting as AFs.

The intention of the ICFR auditor attestation requirement is to attest to the accuracy of management's ICFR assessment which should lead to more complete identification and disclosure of material weaknesses in ICFR. As management is likely to want to avoid negative ICFR conclusions, attestation should lead to more effective ICFR and hence more reliable financial reporting. This requirement, however, has also been associated with significant compliance costs.

To evaluate the benefits and costs of ICFR auditor attestation, and hence the benefits and costs of providing an attestation exemption, we rely primarily on academic research studies. Much of this research was conducted shortly after the implementation and delayed compliance of section 404 of the Sarbanes-Oxley Act in the 2000s.³⁴⁴ These studies examined the impact of requiring section 404(b) compliance for registrants, which provides the most natural setting for understanding its potential exemption. There have been

significant changes over time, however, in the implementation of the ICFR auditor attestation requirement, the standards applying to a financial statement audit even in the absence of an audit of ICFR, and the use of technology in the execution of audits of financial statements and of ICFR.³⁴⁵ In addition, auditors have had many years of experience with integrated audits, as well as risk assessment standards that require the consideration of ICFR even in the absence of ICFR auditor attestation.³⁴⁶ These factors may have the effect of reducing both the incremental costs and incremental benefits of an ICFR auditor attestation today relative to the periods studied in much of the existing research. We therefore acknowledge that these factors may limit our ability to rely on the findings of past research to predict how the proposed amendments would affect the issuers implicated by this rulemaking.

a. Potential Benefits of Eliminating the ICFR Auditor Attestation Requirement for Affected Registrants

The proposed amendments would relieve affected registrants' aggregate compliance costs related to ICFR auditor attestation by decreasing the number of registrants who are subject to the ICFR auditor attestation requirement. Estimating the magnitude of the reduction in annual audit fees is difficult because while registrants disclose total audit fees, they do not break out fees for section 404(b) compliance separately.³⁴⁷ In 2019, the Commission estimated total costs associated with ICFR auditor attestation to be \$210,000 per issuer per year.³⁴⁸ In 2025, the GAO analyzed the change in audit fees for a sample of 98 registrants that transitioned from being exempt from section 404(b) to non-exempt.³⁴⁹ The GAO study found that companies that transitioned from exempt to non-exempt status experienced an increase in audit fees in the year of the transition and concluded that the increase in audit fees was likely partially attributable to section 404(b) compliance costs, with a

median increase of around \$219,000.³⁵⁰ A 2017 study estimated section 404(b) compliance led to an increase in audit fees of 8.8 percent which translated to about \$100,000 per year.³⁵¹ The study caveated that section 404(b) compliance requires more than direct auditor fees, and the use of outside vendors and internal labor could increase their estimate significantly.³⁵² These two studies focused on registrants impacted by thresholds governing existing NAF, SRC, and EGC statuses. The affected parties under the proposed rule, however, namely newly eligible NAFs, are larger on average than those registrants, including some that are LAFs today. Evidence suggests that audit fees increase with registrant size, and thus we expect that section 404(b) compliance costs could be higher than those estimated above for the existing LAFs and AFs that would be newly eligible for NAF status under the proposed rule and thus no longer required to incur those costs.³⁵³ The relative burden of these costs, however,

³⁵⁰ We note that the companies in their sample of 98 that transitioned to non-exempt status are smaller than the companies that would no longer be subject to section 404(b) compliance under the proposed rules. The costs the GAO found may thus be smaller than the costs for registrants affected by the proposed rules, as the GAO study found that "audit fees increased with revenue." We also note that a registrant moving in the reverse direction from non-exempt to exempt may not experience a corresponding decrease in fees to the extent the initial costs incurred were one-time fixed or if they choose to continue voluntarily with section 404(b) compliance.

³⁵¹ See Susan Chaplinsky, Kathleen Weiss Hanley, & S. Katie Moon, *The JOBS Act and the Costs of Going Public*, 55 J. Acct. Rsch. 795 (2017) ("Chaplinsky et al. (2017)"). See also Weili Ge, Allison Koester & Sarah McVay, *Benefits and Costs of Sarbanes-Oxley Section 404(b) Exemption: Evidence From Small Firms' Internal Control Disclosures*, 63 J. Acct. Econ. 358 (2017). They estimated the increase in audit fees for firms non-exempt from section 404(b) compliance with market capitalization less than \$300 million relative to audit fees for firms newly exempt starting in 2004, finding an average annual increase in audit fees for the non-exempt of \$73,165 which they attribute to direct audit costs of section 404(b) compliance.

³⁵² See Chaplinsky et al. (2017), *supra id.* The authors cite the SEC staff *Study of the Sarbanes-Oxley Act of 2002 Section 404 Internal Control over Financial Reporting* which finds total costs of section 404(b) compliance (including audit, outside vendors, and internal labor) amount to \$759,000 in the first year based on self-reported data from public firms generally. As some of this is startup costs, it represents an upper bound for annual costs of compliance. They combine this result with the analysis in their study to conclude that the annual cost savings from the 404(b) exemption to be between \$100,000 and \$759,000. See also Lewis & White (2023), *supra* note 320, which finds a similar cost of 404(b) compliance including audit fees, external consultants, and internal labor of approximately \$800,000 using survey data from a sample of between four and seven (depending on cost component) biotech firms that lost EGC status and thus began 404(b) compliance.

³⁵³ See *supra* note 350.

³⁴³ This number (1,596) is smaller than the number of LAF and AF registrants newly eligible as NAFs (1,721) because, per EA Table 2, there are 125 registrants that currently report as AFs but are already not subject to the ICFR auditor attestation requirement because they are also EGCs. This estimate includes three registrants (two current LAFs and one current AF) that are co-filing with registrants that will continue to be subject to auditor attestation requirement under the proposed amendments because they will retain their LAF status. In addition, there are 21 NAFs that may lose an implicit auditor attestation requirement because they are currently co-filing with LAFs or AFs subject to this requirement but that will switch to NAF status under the proposed amendments. Lastly, this total includes banks which, even if they are NAFs, are required under the FDIC rules to have their auditor attest to, and report on, management's assessment of the effectiveness of the bank's ICFR. See *supra* note 293.

³⁴⁴ See section I.C.

³⁴⁵ See *supra* note 35, 2019 Accelerated Filer Release, at section II.B.1.

³⁴⁶ *Id.*

³⁴⁷ See *supra* note 174 ("Section 404(b)-related external audit fees largely cannot be disentangled from total external audit fees").

³⁴⁸ See 2019 Accelerated Filer Release, *supra* note 35.

³⁴⁹ This transition occurs when a registrant is no longer an NAF or EGC. See sections I.C and II.B.2. See also U.S. Gov't Accountability Off., *Sarbanes-Oxley Act: Compliance Costs Are Higher for Larger Companies but More Burdensome for Smaller Ones* (June 2025), <https://www.gao.gov/assets/gao-25/107500.pdf>.

could be smaller.³⁵⁴ Registrants exempt from section 404(b) compliance may choose to voluntarily obtain an ICFR auditor attestation. The rate of voluntary compliance with ICFR auditor attestation has generally been low. Up to about seven percent of exempt issuers voluntarily provided an ICFR auditor attestation from 2005 through 2011.³⁵⁵ In 2024, we estimate less than six percent of exempt registrants voluntarily complied.³⁵⁶ Low voluntary compliance indicates that most, but not all, exempt issuers deemed their net cost of compliance to outweigh the benefits. We caution, however, that registrants may not take into account all the benefits of attestation, in particular market-level benefits that accrue to parties outside the company, such as increases to investors' confidence.³⁵⁷ This caution aside, allowing companies to tailor their use of ICFR auditor attestation may allow them to make the optimal value-enhancing choice, as managers should be in the best position to assess their company's unique costs and benefits of compliance. The alleviation of these ICFR auditor attestation costs could positively influence additional companies to enter the public markets, creating additional

³⁵⁴ See *supra* note 35, at 24902 (noting that, "because of the fixed costs component of compliance costs, smaller issuers generally bear proportionately higher compliance costs than larger issuers"). See also Ivy Xiyang Zhang, *Economic consequences of the Sarbanes-Oxley Act of 2002*, 44 J. Acct. Econ. 74 (2007). This study looked at Commission announcements of deferring compliance with section 404(b), comparing otherwise similar firms that obtained different extension periods due to having different fiscal year ends. Stock market reaction of affected U.S. registrants relative to unaffected foreign firms was used to infer the impact of section 404(b) compliance. They found that NAFs, the full sample of which had median market capitalization of \$22 million, who received longer extension periods for compliance increased in market value by 1.3% versus NAFs who received shorter extension periods, suggesting significant cost savings and/or value creation from delaying compliance. However, for AFs, the full sample of which had median market capitalization of \$509 million, there was not a significant difference in market value between those that received shorter versus longer extension periods, although longer extension periods were also directionally associated with increased market value. These results are consistent with section 404(b) attestation becoming a smaller relative burden as registrants get larger.

³⁵⁵ See U.S. Gov't Accountability Off., GAO-13-582, *Internal Controls: SEC Should Consider Requiring Companies to Disclose Whether They Obtained an Auditor Attestation* (July 2013), <https://www.gao.gov/products/gao-13-582>.

³⁵⁶ We compiled data on whether NAFs and EGCs indicated by check mark whether they filed a report on and attestation of management's assessment of the effectiveness of ICFR under section 404(b) of the Sarbanes-Oxley Act by the registered public accounting firm that prepared or issued its audit report.

³⁵⁷ Market-level benefits of ICFR auditor attestation are discussed further in the next section.

transparency for investors, as well as investment opportunities for investors that would include additional investor protections than would otherwise be available if these companies chose to remain private.³⁵⁸ Under current rules, newly public companies have an exemption from the ICFR auditor attestation requirement for up to five years if they remain an EGC.³⁵⁹ After leaving EGC status, currently, registrants continue to receive this exemption as long as they remain an NAF. To the extent private companies that would qualify for EGC status under the current rules, and that are considering going public, consider potential compliance costs six years after their initial public offering and beyond when making a decision as to whether or not to go public, the proposed amendments could increase the attractiveness of the decision to go public.³⁶⁰ To the extent these private companies focus more on the compliance costs that would be incurred in their first few years after becoming publicly traded, the impact of the proposed rules on that company's decision to go public may be limited. For relatively large companies considering going public (*i.e.*, companies that would not currently qualify for EGC or NAF status after an initial public offering but would, under the proposed amendments, be NAFs after an initial public offering), the potential savings relative to the baseline from eliminating the ICFR auditor attestation requirement would accrue immediately upon going public. Registrants that are currently required to comply with the ICFR auditor attestation requirement but would be NAFs under the proposed amendments would likely consider the attestation accommodation positively in their decision whether to stay public.

b. Potential Costs of Eliminating the ICFR Auditor Attestation Requirement for Affected Registrants

Exempting affected registrants from the ICFR auditor attestation requirement

³⁵⁸ We note that a PCAOB audit (required for issuers) for a particular company will almost always be more expensive than a non-PCAOB audit (*e.g.*, an AICPA audit) regardless of whether an ICFR auditor attestation is required. Therefore, there is still an incremental regulatory cost that would exist for private companies that could deter them from going public even if they did not have to obtain an ICFR auditor attestation.

³⁵⁹ EGCs are exempt from the ICFR auditor attestation requirement, and a registrant may remain an EGC for up to five years. See section IV.A.1.b.

³⁶⁰ These firms would likely have an exemption from ICFR auditor attestation for at least five years under the baseline, and thus the proposed rules would not offer an incremental auditor attestation exemption benefit for these years.

may result in less effective ICFR over time. Some studies suggest that this could decrease the reliability of financial statements and the information available about their reliability, thus possibly resulting in a higher cost of capital and other operational effects. The 2011 Staff Study summarizes evidence on the benefits of auditor attestation of ICFR, concluding that "auditor testing of accelerated filers' controls has generally resulted in the disclosure of internal control deficiencies ("ICDs") that were not previously disclosed by management, and the external auditor attestation appears to have a positive impact on the informativeness of internal control disclosures and financial reporting quality."³⁶¹ Further, issuers that were not required to obtain an ICFR auditor attestation disclosed ineffective ICFR at a greater rate than those that were subject to such requirement, and newer studies demonstrate that this difference has remained consistent in recent years.³⁶² Studies have found lack of effective ICFR to lead to more restatements, lower earnings quality, a higher rate of future fraud, more insider trading, and less accurate analyst forecasts.³⁶³ These factors, resulting in higher information asymmetry between investors and registrants, have been associated with higher cost of capital.³⁶⁴

³⁶¹ See Staff Study.

³⁶² See section IV.A.3.d. See also, *e.g.*, Audit Analytics, *SOX 404 Disclosures: A 19-Year Review* (Aug. 2023) ("2023 Audit Analytics Study"), www.auditanalytics.com/doc/SOX_404_Disclosures_A_Nineteen-Year_Review.pdf.

³⁶³ See John Coates & Suraj Srinivasan, *SOX after Ten Years: A Multidisciplinary Review*, 28 Acct. Horizons 627 at 643-645 (2014). See also 2019 Accelerated Filer Release. Both provide a discussion of the relevant literature on these effects. Notably, some of these effects may deter managers from voluntary compliance with ICFR auditor attestation despite other benefits of attestation to the firm and its shareholders; there is substantial literature describing the fact that in certain circumstances the incentives of managers are not well-aligned with those of shareholders, also known as "agency costs." See, *e.g.*, Michael Jensen & William Meckling, *Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure*, 3 J. Fin. Econ. 305 (1976).

³⁶⁴ *Id.* See also Hollis Ashbaugh-Skaife, Daniel W. Collins, William R. Kinney Jr. & Ryan LaFond, *The Effect of SOX Internal Control Deficiencies on Firm Risk and Cost of Equity*, 47 J. Acct. Rsch. 1 (2009). They find firms reporting internal control deficiencies that subsequently receive an unqualified opinion from their auditor with respect to the section 404(b) attestation exhibit an average decrease in market-adjusted cost of equity of 151 basis points around the disclosure of that opinion, suggesting a direct link between having an auditor attestation of ICFR and a lower cost of capital. See also Chaplinsky et al. (2017), *supra* note 351. They found that initial public offerings newly eligible for scaled disclosure (those below the \$1 billion revenue EGC cutoff) experienced greater underpricing, and thus higher cost of capital, than firms that went public before the JOBS Act and

More effective ICFR and more reliable financial reporting can also improve operations, such as investment efficiency and inventory tracking.³⁶⁵ To the extent registrants newly exempt from section 404(b) requirements forgo auditor attestation of ICFR, leading to less effective ICFR, negative impacts on financial controls, reporting quality, risk of fraud,³⁶⁶ and operations could occur. One study surveyed corporate insiders on section 404 compliance in 2008–2009. Respondents found section 404(b) compliance benefits to outweigh the costs, especially as they gained experience with section 404(b).³⁶⁷

A recent study that examined the Commission amendment of Exchange Act Rule 12b–2 in 2020 presents a contrasting view.³⁶⁸ It found that exempting registrants from section 404(b) compliance did not result in a decline in ICFR quality or financial reporting quality. The amendment exempted issuers eligible to be an SRC that had less than \$100 million in annual revenue. ICFR auditor attestation rates dropped significantly for issuers that were no longer required to comply with section 404(b), yet the study did not find significant differences in material weakness disclosures in section 404(a) management reports, nor in financial reporting quality, between

were subject to fuller disclosure. The authors, note, however, that “despite the potential for underpricing, most issuers eligible for EGC status adopt it, and therefore, they must believe that the expected benefits of the [JOBS] Act exceed its costs.”

³⁶⁵ See 2019 Accelerated Filer Release.

³⁶⁶ See *supra* note 174 (citing evidence associating weak internal control with fraud. See also Association of CFEs and the Anti-Fraud Collaboration, *The Impact of Fraud at U.S. Public Companies* (2025). Their survey results suggest quality of external audits and overall internal control environment are important factors that contribute to the level of corporate fraud).

³⁶⁷ See Cindy Alexander, Scott Bauguess, Genarro Bernile, Yoon-Ho Alex Lee & Jennifer Marietta-Westberg, *Economic Effects of SOX Section 404 Compliance: A Corporate Insider Perspective*, 56 J. Acct. Econ. 267 (2013). The study finds that “there is a steady decline in compliance costs as firms gain experience with section 404(b), and this is ultimately accompanied by an increase in the perceived net benefit of compliance.” We note that the rate of responses to the question about net benefits was lower than for other questions.

³⁶⁸ See Jennifer McCallen, Roy Schmardebeck, Jonathan Shipman & Robert Whited, *Financial Reporting Consequences of Exempting Low-Revenue Issuers from the Internal Control Audit Requirement* (Working Paper 2024). See also *Accelerated Filer and Large Accelerated Filer Definitions*, Release No. 34–88365 (Mar. 12, 2020) [85 FR 17178 (Mar. 26, 2020)].

issuers still required to comply with section 404(b) and those newly exempt.

To the extent forgoing ICFR auditor attestation leads to less reliable financial statements for some issuers, the proposed amendments could result in less efficient capital allocation across investment opportunities by investors or a less effective market for corporate control.³⁶⁹ Relatedly, section 404(b) compliance may play a role in improving overall investor confidence, encouraging investment in public markets, and thus exemptions could diminish investor confidence.³⁷⁰ Section IV.C provides additional discussion of these market-level factors. Any such market-level effects may be limited by the small percentage of the total value of traded securities that is represented by the affected issuers.

Importantly, the effects of an exemption from section 404(b) compliance likely vary across issuers of different types. For example, smaller, younger, loss-incurring issuers are more likely to have internal control deficiencies.³⁷¹ The registrants, all current AFs or LAFs, that would be exempt from the ICFR auditor attestation requirement under the proposed rules would generally be larger and more established than the registrants currently receiving an exemption, and thus auditor testing of internal financial controls for these registrants may have fewer benefits with respect to detecting weak internal controls.³⁷² Many of the registrants that

³⁶⁹ See Amir Amel-Zadeh & Yuan Zhang, *The Economic Consequences of Financial Restatements: Evidence from the Market for Corporate Control*, 90 Acct. Rev. 1 (2015). They find that “firms that recently filed financial restatements are significantly less likely to become takeover targets than a propensity score-matched sample of non-restating firms.” See also Vidhi Chhaochharia, Clemens Otto & Vikrant Vig, *The Unintended Effects of the Sarbanes-Oxley Act*, 167 J. Institutional & Theoretical Econ. 149 (2011). They find that “exempting nonaccelerated filers . . . from compliance with Section 404 has lowered the takeover activity involving such firms.” We note that this could potentially leave these firms as standalone public firms.

³⁷⁰ See U.S. Gov’t Accountability Off., *Sarbanes-Oxley Act: Compliance Costs Are Higher for Larger Companies but More Burdensome for Smaller Ones* (June 2025), <https://www.gao.gov/assets/gao-25-107500.pdf>, which summarizes various studies on the impact of ICFR auditor attestation on investor confidence.

³⁷¹ See 2019 Accelerated Filer Release, *supra* note 35. We note that to the extent these issuers have minimal revenue, internal control deficiencies may not manifest as often as financial statement restatements. See section IV.A.3.d., EA Table 7, and related discussion.

³⁷² To the extent the stronger internal control environment of larger, more established companies

would be newly eligible to receive the proposed accommodation are likely to have greater analyst and media coverage and institutional ownership, and thus less information asymmetry, than the segment of registrants that are currently subject to the exemptions, which could act as a source of discipline to maintain the reliability of financial statements and explain their lower incidence (as indicated in some studies) of internal control deficiencies.³⁷³ The potential costs described above from the absence of section 404(b) compliance could thus be mitigated (at least in part) by the scrutiny provided by these additional monitors.

In addition, newly exempt registrants will generally have had recent ICFR auditor attestations prior to the proposed reclassification, which could have two effects. First, any effects of the proposed amendments on company controls would be expected to be gradual (over the course of the fiscal periods following the registrant’s transition to an NAF), as internal financial controls would have been subject to a recent auditor attestation. Second, some affected registrants may continue to voluntarily obtain ICFR auditor attestations to the extent they determine that its benefits are worth it to them. Some costs associated with section 404(b) compliance are one-time startup costs, and research has suggested ongoing compliance costs decline with experience.³⁷⁴ Thus the costs to continue compliance may be lower than the costs to begin compliance, resulting in more companies continuing to comply than it may appear from the discussion of benefits and costs in this economic analysis.³⁷⁵ This could, in turn, mitigate information loss for investors.

may be partially because they have been subject to ICFR auditor attestation, we may underestimate the impact of an exemption on their internal controls. We also caveat that the 2019 Accelerated Filer Release argued that the usefulness and relevance of reliable financial statements could be higher for larger companies. See also Millie Hutton & Quinn Swanquist, *An Evaluation of Size-Based Exemption Thresholds from Accounting Regulation* (Working Paper 2025), who make a similar point.

³⁷³ *Id.* (for various academic citations relating greater analyst coverage and institutional ownership to company size).

³⁷⁴ See *supra* note 367.

³⁷⁵ The cost estimates for section 404(b) compliance reported by studies discussed in section IV.B.3.b. generally examined companies transitioning from exempt to non-exempt status; AFs and LAFs receiving accommodations in the proposed rule would transition in the opposite direction.

4. The Expansion of the Subset of Registrants Eligible for Extended Periodic Report Filing Deadlines

The proposed amendments would expand the subset of registrants eligible for non-accelerated filing deadlines for periodic reports (90 days for Form 10-K and 45 days for Form 10-Q). For newly eligible NAFs that qualify as AFs (or LAFs) today, this would represent a 15-day (or 30-day) extension of the Form 10-K filing deadline. For newly eligible NAFs that qualify as either AFs or LAFs today, this would also represent a five-day extension of the Form 10-Q filing deadline.

We estimate the proposed amendments would result in 1,721 additional registrants (28.8 percent of all registrants) newly qualifying for NAF status and becoming subject to longer filing deadlines than they are currently.³⁷⁶

Extending the filing deadlines for the affected registrants would provide these filers with additional timing flexibility in filing their periodic reports. The additional time to prepare and file periodic reports that would be afforded to the eligible registrants under the proposed amendments could be useful to some registrants in helping balance and prioritize other obligations on the management and finance teams, and may enable such registrants to prepare higher quality disclosures.³⁷⁷ The

smallest among the newly eligible NAFs, in particular, are most likely to benefit from this additional flexibility. While smaller registrants tend to be more likely to exhibit difficulty in meeting the filing deadlines today,³⁷⁸ non-timely filing is generally perceived negatively by the market,³⁷⁹ so registrants attempt to prepare and file the periodic reports by the deadline, even if it entails significant cost. It is possible that some of the newly eligible NAFs already have disclosure management systems and processes in place structured around the existing filing deadlines and some of the newly eligible NAFs may decide to continue filing in accordance with those deadlines for different reasons, such as in anticipation of investor expectations of earlier reporting. Similar to the baseline, newly eligible NAFs would remain able to file periodic reports earlier than the filing deadline under the proposed amendments.³⁸⁰

the Acceleration of 10-K Filing Deadlines, 32 J. Acct. & Public Policy 475 (2013) (finding that the likelihood of issuing financial statements that are later restated increases for firms that are required to file more quickly, relative to firms whose filing practices are not affected by the regulatory change). As an additional caveat, it is unclear if the converse (the extension of filing deadlines) would have similar-magnitude, but opposite-sign, effects, given the likely existence of established disclosure management practices and processes and expectations from industry service providers around meeting existing filing deadlines, as well as whether the studies can be extrapolated to the much broader range of larger public float levels up to the proposed \$2 billion threshold. However, the existing evidence would be consistent with the net effect of the extended filing deadlines being beneficial but likely small overall.

³⁷⁸ See section IV.A.3.c & EA Table 4.

³⁷⁹ Various studies have examined non-timely (late filers). See, e.g., an older study of late Form 10-K filings by Andrew Alford, Jennifer Jones & Mark Zmijewski, *Extensions and Violations of the Statutory SEC Form 10-K Filing Requirements*, 17 J. Acct. Econ. 229 (1994); Jian Cao, Feng Chen, & Julia Higgs, *Late for a Very Important Date: Financial Reporting and Audit Implications of Late 10-K Filings*, 21 Rev. Acct. Stud. 633 (2016) (“Cao et al. (2016)”); Eli Bartov & Yaniv Konchitchki, *SEC Filings, Regulatory Deadlines, and Capital Market Consequences*, 31 Acct. Horizons 109 (2017) (“Bartov & Konchitchki (2017)” (finding negative abnormal returns after late filing announcements)).

³⁸⁰ One older study finds that most companies tend to file 10-Ks around the statutory filing deadlines. See, e.g., Peter Easton & Mark Zmijewski, *SEC Form 10K/10Q Reports and Annual Reports to Shareholders: Reporting Lags and Squared Market Model Prediction Errors*, 31 J. Acct. Rsch. 113 (1993). Conversely, some studies point to nonrandom selection of early filers. See, e.g., in the Form 10-K context, study by Li Brooks, Yun Cheng, Linxiao Liu & Michael D. Yu, *The Timeliness of 10-K Filings, Financial Performance, and Stock Returns*, 35 J. Corp. Acct. Fin. 277 (2024) (finding that firms with better earnings news are more likely to file their 10-Ks early and that such firms are more likely to have better earnings and higher stock returns in future years); Li Brooks, Yun Cheng,

In turn, the extension of the filing deadlines for newly eligible NAFs could delay the availability of periodic disclosures to investors and other market participants. If a registrant were to continue to release earnings around the same time relative to year end or quarter end but file the periodic report at the newly applicable filing deadline, or cease releasing earnings altogether, more time would elapse until investors could obtain complete information about the registrant's financial condition. To the extent that investors derive value-relevant information from periodic reports (whether on their own or as information that complements the earnings release), the delayed availability of those reports could lead to less informed investment and voting decisions, and potentially less informative share prices, over the extension period. Importantly, while the proposed amendments would make longer filing deadlines for Forms 10-K and 10-Q available to newly eligible NAFs, they would not change the existing filing deadlines for Form 8-K, which would help ensure that investors would retain timely access to information about significant developments and changes affecting a registrant, potentially mitigating some of the effects of the proposed amendments on investors' ability to make informed investment and voting decisions.

As a gauge of the value of disclosures in periodic reports to investors, some research has examined share prices around the filing of periodic reports and found that share prices react to Form 10-K and Form 10-Q filings.³⁸¹ At the

Linxiao Liu & Michael D. Yu, *The Timeliness of 10-K Filings, Early Filers, and Effects of Filing Deadline Changes*, 32 J. Corp. Acct. & Fin. 169 (2021) (finding during 1997–2018 that firms tend to file around the statutory filing deadlines, but that 10-K filings have become timelier over time, especially after the statutory filing deadline changes, and early filers have become a more nonrandom sample in recent years); Preeti Choudhary, Kenneth J. Merkley & Jason D. Schloetzer, *Early Annual Reports* (Working Paper 2015), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1436538.

³⁸¹ In a large analysis spanning 1996–2001, Griffin (2003) finds that “the absolute value of excess return is reliably greater on the day of and on the one or two days immediately following the filing date. The response is stronger around a 10-K date than a 10-Q date, more elevated for late filers, and increases significantly over the study period for both filing types.” See Paul Griffin, *Got Information? Investor Response to Form 10-K and Form 10-Q EDGAR Filings*, 8 Rev. Acct. Stud. 433 (2003). See also Haifeng You, & Xiao-jun Zhang, *Financial Reporting Complexity and Investor Underreaction to 10-K Information*, 14 Rev. Acct. Stud. 559 (2009) (finding a price and volume reaction to Form 10-K filings and also noting underreaction, particularly for firms with more complex 10-K reports).

³⁷⁶ See *supra* note 336 and accompanying text. In addition to the estimate above, there are 21 NAFs that may face longer effective filing deadlines because they are currently co-filing with LAFs or AFs subject to shorter deadlines than they will be under the proposed amendments once they switch to NAF status.

³⁷⁷ Some evidence can be inferred from the studies analyzing the 2003 acceleration of filing deadlines. One study found that the 2003 acceleration of filing deadlines was associated with a decrease in the market reaction to the disclosure of annual reports for accelerated filers. See Jeffrey Doyle & Matthew Magilke, *Decision Usefulness and Accelerated Filing Deadlines*, 51 J. Acct. Rsch. 549 (2013). We note that this study found the reverse to be true for LAFs. Based on this result and supplementary tests regarding the change in disclosure quality and change in timeliness after the acceleration of deadlines, the authors concluded that the negative effect of the shorter deadline on the quality of disclosure appeared to dominate the beneficial effect on the timeliness of the disclosure for these issuers. As a caveat, this finding might not be directly applicable today, as another study suggests that that some of these effects were temporary. See, e.g., Colleen Boland, Scott Bronson & Chris Hogan, *Accelerated Filing Deadlines, Internal Controls, and Financial Statement Quality: The Case of Originating Misstatements*, 29 Acct. Horizons 551 (2015) (finding a temporary increase in the likelihood of an originating misstatement following the acceleration of filing deadlines for accelerated filers, but not for LAFs). See also Lisa Bryant-Kutcher, Emma Yan Peng & David Weber, *Regulating the Timing of Disclosure: Insights from*

same time, it is reasonable to assume that the disclosures in periodic reports become incrementally less important to the extent that key information filters into the marketplace through other channels over time³⁸² (e.g., earnings releases,³⁸³ current reports on Form 8-K, and information production by institutional investors, analysts, and other intermediaries). Nonetheless, some research has indicated that information intermediaries actively rely on Commission-required disclosures in their information production efforts.³⁸⁴

³⁸² Some studies have found a reduction in the market reaction to disclosure when the reporting lag between the end of the period in question and the disclosure date is lengthy, as more of the information becomes available through other public channels. See, e.g., Dan Givoly & Dan Palmon, *Timeliness of Annual Earnings Announcements: Some Empirical Evidence*, 57 *Acct. Rev.* 486 (1982). Some older studies have also questioned whether such lags increase information asymmetries, because some investors are more able to access or process information that could provide indirect insight into an issuer's financial status or performance through alternative channels. See, e.g., Nils Hakansson, *Interim Disclosure and Public Forecasts: An Economic Analysis and a Framework for Choice*, 52 *Acct. Rev.* 396 (1977) and Baruch Lev, *Toward a Theory of Equitable and Efficient Accounting Policy*, 63 *Acct. Rev.* 1 (1988). However, these studies pre-date the adoption of Regulation FD, which generally prohibits public companies from disclosing nonpublic, material information to selected parties unless the information is distributed to the public first or simultaneously.

³⁸³ Some studies have analyzed quarterly filings specifically in conjunction with the market's response to earnings releases (typically announced a couple of days earlier). See, e.g., Edward X. Li & K. Ramesh, *Market Reaction Surrounding the Filing of Periodic SEC Reports*, 84 *Acct. Rev.* 1171 (2009) (finding "a significant market reaction surrounding quarterly periodic reports only when their filing coincides with the first public disclosure of earnings, although that for 10-K reports is not subsumed by earnings releases. However, after eliminating incidence of concurrent earnings releases, the 10-K market reaction is restricted to a quarter of the reports that are filed around calendar quarter-ends." However, an unpublished working paper shows that "market reactions around SEC filings are positively and significantly associated with the preliminary earnings surprise, i.e. that information in SEC filings confirms, on average, the preliminary earnings surprise." See Joshua Livnat, Daqing Qi & Woody Wu, *The Post Earnings Announcement Drift, Market Reactions to SEC Filings and the Information Environment*, (Working Paper 2005) ("Livnat et al. (2005)"), https://www.researchgate.net/profile/Joshua-Livnat/publication/228431046_The_Post_Earnings_Announcement_Drift_Market_Reactions_to_SEC_Filings_and_the_Information_Environment/links/00b49518d225bd236d000000/The-Post-Earnings-Announcement-Drift-Market-Reactions-to-SEC-Filings-and-the-Information-Environment.pdf (retrieved Feb. 18, 2026).

³⁸⁴ While information intermediaries may be able to produce additional information even when mandatory disclosure is limited, some work has shown that analysts and other information intermediaries that provide information to investors often rely on Commission-required disclosures of the company and peer firms in their research coverage. See, e.g., Mark H. Lang & Russell J. Lundholm, *Corporate Disclosure Policy and Analyst Behavior*, 71 *Acct. Rev.* 467 (1996). See also Livnat et al. (2005), *supra* note 383 (showing that "analysts

Further, smaller NAFs may lack extensive institutional ownership or research coverage, resulting in less information production about such registrants by third-party intermediaries. While the extended filing deadlines will result in some loss of information about newly eligible NAFs and the increase in information asymmetry about such registrants, the magnitude of the effect is difficult to predict.

5. Extending SRC and Certain EGC Accommodations to All NAFs

The proposed amendments would extend certain disclosure accommodations to NAFs. As discussed in sections I and II.B.3 above, SRCs and EGCs today are afforded a number of disclosure and other accommodations that simplify reporting and disclosure requirements, and thus reduce burdens for smaller or emerging company filers. Under the proposed amendments, some filers that do not qualify as SRCs or EGCs under the existing requirements would be newly eligible for NAF status and could avail themselves of the scaled disclosure and other accommodations discussed below. We estimate that the proposed amendments would result in 204 registrants that are EGCs but not SRCs today (3.4 percent of all registrants), 1,787 registrants that are SRCs but not EGCs today (29.9 percent of all registrants), and 1,688 registrants that are neither EGCs nor SRCs today (28.2 percent of all registrants) being afforded the relief due to being classified as NAFs under the proposed amendments.³⁸⁵

The proposed amendments are expected to benefit the newly eligible NAFs through a decrease in compliance costs.³⁸⁶ As discussed in detail in section II above, the proposed amendments would extend various

revise their earnings forecasts for the subsequent quarter based on information in SEC filings that confirm the preliminary earnings surprises, and that their forecast accuracy improves after the SEC filings.").

³⁸⁵ This estimate would include new and existing NAFs that are not currently eligible for SRC/EGC status and therefore are not afforded the discussed disclosure accommodations today. See *supra* notes 303 and 335 for the description of methodology. See *supra* note 338 for a discussion on how the estimates of new NAFs might differ from the final resulting number of NAFs. These estimates include one SRC but non-EGC registrant and 90 registrants that are neither EGCs nor SRCs today being classified as NAFs under the proposed definition but co-filing with registrants that would continue to be classified as LAFs under the proposed amendments. To sum to the estimated total of 4,825 NAFs under the proposed rule, we additionally estimate that there are 1,145 registrants that are already both SRCs and EGCs, and one registrant with unknown EGC status.

³⁸⁶ See section IV.B.9 for a discussion of the monetized compliance cost savings.

disclosure accommodations pertaining to financial statements, executive compensation disclosures, and other disclosures outside the financial statements that are presently only available to SRCs and/or EGCs to all NAFs eligible under the expanded definition.³⁸⁷

The scaled disclosure accommodations may also provide indirect benefits to the affected registrants. One potential indirect benefit could be a reduction in the proprietary costs of disclosure, to the extent that the disclosure required under the baseline could potentially reveal information about their business to competitors (insofar as that information is not already required to be disclosed in other filings, such as current reports on Form 8-K or registration statements). Another potential indirect benefit to the affected registrants may include increased ability of eligible filers' management teams to focus on business operations with incrementally less focus on investor relations issues related to more extensive periodic disclosures.

The proposed amendments to expand the number of registrants that would be eligible to qualify for scaled disclosure accommodations also are expected to decrease the amount of information available through public disclosures to investors and other market participants about eligible filers, which could result in costs of information loss to investors and the potential increase in the risk of less informed investment and voting decisions.³⁸⁸

Some registrants that would be eligible as NAFs under the proposal might elect to continue to provide existing disclosures, based, for example, on their assessment of the costs and benefits for their company, which would result in more modest aggregate impacts (costs and benefits) of all of the proposed amendments. For instance, some may do so for continuity with existing reporting and disclosure management processes, out of concern over the capital market implications of scaled disclosure or in response to market pressures and investor expectations as a signal of their

³⁸⁷ See sections II and IV.A.1 for a more detailed discussion of the proposed amendments and disclosure accommodations.

³⁸⁸ See section IV.B.1. for a more detailed discussion; see also 2018 SRC Adopting Release at 32008–09. The proposed amendments may also indirectly result in decreased engagement with shareholders.

commitment to transparency,³⁸⁹ or to manage legal risk concerns.³⁹⁰

The costs and benefits specific to the individual scaled disclosure accommodations being proposed to be extended to newly eligible NAFs are discussed below.³⁹¹

³⁸⁹ See, e.g., Lin Cheng, Scott Liao & Haiwen Zhang, *Commitment Effect versus Information Effect of Disclosure: Evidence from Smaller Reporting Companies*, 88 *Acct. Rev.* 1239 (2013) (documenting newly eligible SRCs that are able to scale their disclosure but that voluntarily maintain the existing disclosure level); Dambra et al. (2015), *supra* note 144, at Table 8; Chaplinsky et al. (2017), *supra* note 351, at Table 6; Tiffany J. Westfall & Thomas C. Omer, *The Emerging Growth Company Status on IPO: Auditor Effort, Valuation, and Underpricing*, 37 *J. Acct. Public Policy* 315 (2018) at Table 2; Aleksandra B. Zimmerman, *The JOBS Act Disclosure Exemptions: Some Early Evidence*, 27 *Rsch. Acct. Regulation* 73 (2015) (documenting, among other findings, differences in the rate of adoption of EGC accommodations). See also, e.g., Scott Bronson, Joseph Carcello & K. Raghunandan, *Firm Characteristics and Voluntary Management Reports on Internal Control*, 25 *Auditing: A J. of Practice & Theory* 25 (2006) (documenting firms that provide voluntary management reports on internal control before the Sarbanes-Oxley Act mandate). Some issuers that actively participate in the markets may seek to mitigate information asymmetry in order to improve the liquidity of their shares and potentially lower the cost of capital by providing more voluntary disclosure. See also, e.g., Nemit Shroff, Amy X. Sun, Hal D. White & Weining Zhang, *Voluntary Disclosure and Information Asymmetry: Evidence from the 2005 Securities Offering Reform*, 51 *J. Acct. Rsch.* 1299 (2013) (finding that “firms provide significantly more preoffering disclosures after the [2005 Securities Offering] Reform” and that “these preoffering disclosures are associated with a decrease in information asymmetry and a reduction in the cost of raising equity capital”).

³⁹⁰ See, e.g., James P. Naughton, Tjomme O. Rusticus, Clare Wang, & Ira Yeung, *Private Litigation Costs and Voluntary Disclosure: Evidence from the Morrison Ruling*, 94 *Acct. Rev.* 303 (2019) (finding in a difference-in-difference setting a decrease in voluntary disclosure following a decrease in expected private litigation costs); Joel F. Houston, Chen Lin, Sibio Liu, & Lai Wei, *Litigation Risk and Voluntary Disclosure: Evidence from Legal Changes*, 94 *Acct. Rev.* 247, 272 (2019) (finding that firms make fewer (more) management earnings forecasts when they expect litigation risk to be lower (higher) following a legal event, concentrated in the sample of earnings forecasts conveying negative news); Zhiyan Cao & Ganapathi Narayananmoorthy, *The Effect of Litigation Risk on Management Earnings Forecasts*, 28 *Cont. Acct. Rsch.* 125 (2011) (finding that managers with bad news, facing higher litigation risk, are more likely to issue a bad news earnings forecast). But see Marilyn F. Johnson, Ron Kasznik & Karen K. Nelson, *The Impact of Securities Litigation Reform on the Disclosure of Forward-Looking Information by High Technology Firms*, 39 *J. Acct. Rsch.* 297 (2001) (finding an increase in management earnings forecasts following a decrease in litigation risk). As a caveat, the cited studies and analyses are more general in nature and are not specific to the scaled disclosure accommodations being considered here.

³⁹¹ In addition to scaling certain disclosure requirements, as discussed in section II.B.3 above, the Commission is proposing to amend Item 1B of Form 10-K and Item 4A of Form 20-F, which currently require all LAFs and AFs to disclose material unresolved comments on Exchange Act filings. The proposed amendment would extend this requirement to all registrants, including NAFs

a. Scaled Financial Disclosures

The proposed amendments would permit NAFs to rely on the financial statement disclosure requirements currently applicable to SRCs (with a few limited exceptions).³⁹² These provisions are expected to reduce the costs of compliance with the financial statement requirements for newly eligible NAFs by reducing the scope and amount of financial statement disclosure required to be prepared by the registrant for periodic reports. Conversely, providing less granular financial statement disclosures may reduce the amount of information available to investors and other market participants (including securities analysts, lenders, suppliers, customers, etc.) to assess the company’s financial condition and price the registrant’s securities, potentially making it more difficult and costly for investors to make informed financial and voting decisions.

To the extent that the majority of filers pursuing a common equity initial public offering qualify for EGC status under the baseline,³⁹³ even if they do not qualify for SRC status, they already would be able to provide two years of financial statements in the registration statement under the current rules, which would reduce the economic effects of the proposed accommodation for NAFs of providing two, instead of

under the proposal that are not currently subject to this requirement. We estimate that, for calendar year 2024, under the existing definition, there were 3,099 NAFs among filers of Form 10-K and 530 NAFs among filers of Form 20-F. See section IV.A.2, EA Table 2, and *infra* note 456. The proposed requirement would provide additional information to investors in affected issuers with material unresolved staff comments. The informational benefit may be limited, as investors currently have the ability to review staff comment letters and the annual report filings and gauge whether comments were likely resolved (although such an assessment would require additional investor time and would be subject to the lags in public availability of correspondence on EDGAR). In turn, the proposed requirement would impose incremental compliance costs on issuers to incorporate the discussion of material unresolved staff comments, as discussed in section V below, PRA Table 2 and section IV.B.9 below, EA Table 10. However, these economic effects, including both costs and benefits, are likely to be modest given the very low incidence of unresolved staff comment disclosures in periodic report filings today. Based on staff’s review of Intelligize data on filings from calendar year 2024, we estimate that there were 11 registrants with disclosures of material unresolved staff comments in Item 1B of Form 10-K and three registrants with disclosures of material unresolved staff comments in Item 4A of Form 20-F; combining data from calendar years 2022–2024 yields an average of 11 Form 10-K and two Form 20-F filers per year providing such disclosures. The estimates are subject to the caveats about (i) the reliability of classification of unstructured text extracts and (ii) completeness of the text extracts from the respective section of the filing in the database.

³⁹² See section II.B.3 for more detail.

³⁹³ See *supra* note 229.

three years of financial statements. For other filers, to the extent that a filer has been a reporting company for at least a year, and would have been required to prepare financial statements covering the additional historical year for a previously filed periodic report, which can be omitted in the subsequent report under the proposed amendments, the economic effects of the accommodation are also expected to be modest.

Today, if there are retrospective material changes to the statements of comprehensive income for any quarters within the two most recent fiscal years or any subsequent interim period for which financial statements are included or are required to be included, Item 302(a) requires non-SRC filers to provide an explanation of the reasons for such material changes and disclose summarized financial information related to the statements of comprehensive income.³⁹⁴ In contrast, SRC filers are not required to provide the information required by Item 302,³⁹⁵ and that accommodation would be extended to all NAFs under the proposal. To the extent that some of the numerical information that would be omitted can be inferred from comparing restated financials and prior filings (and for some restatements, Form 8-K disclosures as well), the incremental effect (cost) for investors of scaling this disclosure for the larger subset of newly eligible NAFs may be attenuated. Also, some disclosure content, including a qualitative explanation by the registrant about the restatement, would no longer be required for NAFs under the proposal.

The proposed amendments also would permit NAFs to apply the form and content requirements of Article 8 of Regulation S-X (with a few limited exceptions), permitting registrants to not comply with certain form and presentation requirements related to the financial statements, and to not disclose certain financial statement schedules and certain general notes to the financial statements, and to not provide separate financial statements of equity investees, as discussed in greater detail in section II above.³⁹⁶ To the extent that the described disclosures would be omitted from the periodic reports, the proposed amendments could both lead

³⁹⁴ 17 CFR 229.302(a).

³⁹⁵ 17 CFR 229.302(c).

³⁹⁶ We are proposing a separate rule for BDCs and face-amount certificate companies that are NAFs. Under the proposed amendments, these investment companies’ financial statements generally would be required to follow the same form and content requirements that currently apply to BDCs and face-amount certificate companies under Regulation S-X, with some tailored exceptions. See section II.

to compliance cost savings for registrants and to a reduction in the information available to the investors. Also, some registrants may choose to continue to include such discussion in their periodic reports, for example, out of concerns over legal risk or investor scrutiny.

In addition, the proposed amendments also would permit NAFs to defer compliance with new or revised financial accounting standards until such time as a company that is not an issuer is required to comply with the standards, if such standard applies to companies that are not issuers, for a period of five years from initial registration, effectively extending the relief currently available to EGCs to all NAFs. This may decrease (or at least delay) compliance costs for NAFs that are newly eligible for this accommodation, but also potentially decrease the level of comparability of financial statements among reporting companies due to the expansion of the subset of filers that will have additional time to comply with new or revised financial accounting standards, which could result in the loss of information for, or costs to, investors. For purposes of both benefits and costs of this proposed provision, the subset of affected registrants is relatively limited, consisting of issuers that are NAFs under the proposed amendments and that either (i) went public as an EGC but lost the EGC status before the end of the five-year period (e.g., due to fast revenue growth or debt issuance) or (ii) went public as a non-EGC.³⁹⁷

b. Scaled Non-Financial and Business Disclosures

The proposed amendments also would allow NAFs, similarly to the scaled disclosure applicable to SRCs today,³⁹⁸ to, among other things, provide a more limited description of business disclosure; provide two (instead of three) years of MD&A; omit risk factor disclosure from periodic reports, omit the performance graph disclosure (except in the case of NAFs that are investment companies), and omit Item 305 of Regulation S-K; and forgo disclosure of certain payments made by resource extraction registrants.³⁹⁹ The accommodations

involving scaled non-financial disclosures are expected to decrease the compliance costs for newly eligible NAFs through less management time dedicated to preparing periodic reports and lower costs of outside service professionals. In addition to the compliance cost savings, the non-financial disclosure accommodations may reduce the risk of proprietary information loss from competitors inferring potentially valuable information about the registrant's business (insofar as that information is not already required to be disclosed in other filings).

The proposed scaled disclosure accommodations would decrease the information available in public disclosures to investors in evaluating companies newly eligible for scaled disclosures, and their securities, and making investment and could make such evaluation and decision-making more costly. The economic effects would be lower to the extent that the information being omitted is provided in other filings or may be readily obtained elsewhere, which would mitigate both the costs and the effects on information availability. For instance, the effects of omitting the risk factor disclosure in periodic reports may be lower for NAFs that have recently filed registration statements, in which such disclosures would remain required. Relatedly, the economic effects of omitting the third year of MD&A discussion may be small to the extent that filers have been public for at least a year and have already provided in a prior filing the MD&A discussion for the year that can now be omitted, which today can be cross-referenced in the MD&A discussion. In a similar vein, the economic effects of most NAFs being able to omit the performance graph may be small given the relative ease, for registrants and investors, of compiling that information from outside market data sources, should it affect investor decision making.

While the individual cost savings associated with the accommodations may be modest, the overall impact could be to provide a simpler and more streamlined framework for periodic reporting disclosure which may in aggregate reduce the costs of disclosure preparation for NAFs. Conversely, the cumulative effects of scaling the overall amount of disclosure provided to investors under the proposed amendments may have some net adverse effects on the availability of information for investor decisions.

Extraction Issuers, Release No. 34–90679 (Dec. 16, 2020) [86 FR 4662 (Jan. 15, 2021)].

c. Scaled Executive Compensation and Corporate Governance Disclosures and Related Accommodations

As discussed in detail in section II.B.3 above, the proposed amendments would extend the option to provide scaled executive compensation, corporate governance, and related disclosures currently available to SRCs (and, generally, EGCs) to the broader subset of filers that would be newly eligible as NAFs.

Providing these proposed accommodations relating to the executive compensation disclosure requirements of Item 402 of Regulation S-K and certain corporate governance disclosure requirements to NAFs could result in direct benefits to the affected registrants in the form of reduced compliance costs. These disclosure accommodations also may result in indirect benefits for the affected registrants, by decreasing the risk of sharing sensitive information about executive retention and compensation strategies with competitors; by decreasing investor relations costs and time dedicated to addressing market participants' questions about these disclosures;⁴⁰⁰ and by decreasing the risk of potentially inefficient compensation decisions driven by concerns over perceptions of executive pay (for instance, on the part of employees, media, shareholder activists, or proxy advisors). These benefits may be attenuated to the extent that certain numerical and narrative information about executive pay would remain disclosed in periodic reports, and to the extent that third-party sources gather a variety of market and peer information about executive compensation.

The proposed disclosure accommodations may impose costs on investors. To the extent that insider and shareholder incentives are not fully aligned (e.g., moral hazard and agency problems are present), scaled executive compensation disclosures could make it more difficult to observe managerial incentives and potentially increase moral hazard.⁴⁰¹ The proposed

⁴⁰⁰ It is also possible, however, that in some instances, a lack of mandatory disclosure would prompt investors to engage more and ask more questions about compensation, resulting in additional investor relations time and/or companies electing to provide similar disclosures voluntarily.

⁴⁰¹ See, e.g., Chandra Kanodia & Deokheon Lee, *Investment and Disclosure: The Disciplinary Role of Periodic Performance Reports*, 36 J. Acct. Rsch. 33 (1998); Benedikt Downar, Jürgen Ernstberger & Benedikt Link, *The Monitoring Effect of More Frequent Disclosure*, 35 Cont. Acct. Rsch. 2058 (2018); Itay Goldstein, Shijie Yang & Luo Zuo, *The Real Effects of Modern Information Technologies: Evidence from the EDGAR Implementation*, 61 J.

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³⁹⁷ See *supra* note 229.

³⁹⁸ See section II.B.3 for a detailed discussion of accommodations applicable to SRCs today that are being extended to all NAFs under the proposed amendments.

³⁹⁹ For a discussion of the economic costs and benefits associated with the resource extraction disclosure implementing section 1504 of the Dodd-Frank Act, for which the first set of filings was due in 2024, see *Disclosure of Payments by Resource*

amendments may also affect shareholder ability to make informed investment and voting decisions. The proposed elimination of the requirement to conduct say-on-pay votes, say-on-pay frequency votes, and say-on-golden-parachute votes (henceforth, collectively, the “SOP votes”)⁴⁰² for NAFs is expected to decrease the effect of the proposed scaled disclosures on voting decisions to the extent that shareholders view current executive compensation disclosures as informative for SOP votes under the baseline (although shareholders’ ability to make informed voting decisions with respect to other votes, such as votes on director elections or shareholder or management proposals, may still be affected). The continued availability of other executive compensation and governance-related disclosures in registrant filings (such as annual reports on Form 10-K and proxy and information statements) under the proposal could mitigate some of these effects. Further, some of the information that would no longer be required to be disclosed may be obtained or approximately estimated from other disclosures by the registrant or third-party sources.⁴⁰³ The proposed amendments may also indirectly result in decreased engagement with shareholders.

Some NAFs may opt to continue providing existing disclosures (for instance, for continuity with their existing reporting processes or in anticipation of potential scrutiny from shareholders,⁴⁰⁴ other market

participants, or proxy advisory firms), in which case the economic effects on investors described above may be lessened.

The economic effects discussed above are expected to apply to all of the proposed executive compensation and corporate governance disclosure accommodations. Below we discuss additional cost-benefit considerations specific to individual provisions.

Eliminating the requirement to provide the pay versus performance disclosure under Item 402(v) of Regulation S-K may reduce the amount of information available to investors about the extent of alignment of named executive officers’ compensation incentives.⁴⁰⁵ Investors in companies that no longer provide the pay versus performance disclosure may instead evaluate compensation information in the summary compensation table in conjunction with performance metrics based on financial statements and/or return data available from market sources for the company and its peers, to evaluate the relation between executive pay and the company’s performance, which can limit the economic effects of the proposed exemption.⁴⁰⁶ Shareholders would incur the costs of gathering or accessing such information, however.

Under the proposal, NAFs would also be permitted to omit disclosure of policies and procedures for the review, approval, or ratification of related party transactions (“RPTs”), currently

required of all non-SRC filers under Item 404 of Regulation S-K.⁴⁰⁷ This is similarly expected to decrease some costs for registrants, including small direct cost savings related to compiling the disclosure and the potentially greater indirect cost reductions (e.g., reputational or investor relations costs for registrants that have fewer policies and procedures related to the review of RPTs). In turn, the loss of this disclosure may make it incrementally harder for shareholders to infer the extent of governance safeguards with respect to RPTs for affected registrants. However, the continued application of the Item 404 requirement to disclose RPTs that meet the disclosure threshold⁴⁰⁸ may enable market participants to perform their own analysis of RPTs,⁴⁰⁹ which may alleviate some of these economic effects; however, under the proposal, investors would incur the costs of analyzing the implications of these transactions and the registrant’s corporate governance.

In addition, the proposed amendments would apply a single threshold for RPT disclosure to all filers and eliminate the multiple RPT disclosure thresholds currently applicable to SRCs under Item 404⁴¹⁰ (the lesser of \$120,000 or one percent of total assets). The harmonization of this requirement would simplify reporting and disclosure requirements and potentially make filing disclosures more comparable across filers. The proposed amendment also would mean that RPTs of filers that are SRCs today and have total assets below \$12 million (such that

Acct. Rsch. 1699 (2023) (noting the monitoring benefits from a decrease in disclosure processing costs around EDGAR implementation).

⁴⁰² See *supra* notes 219–221 and *infra* notes 418–421 for more information regarding SOP Votes.

⁴⁰³ For example, investors in registrants that no longer provide the third year of summary compensation table but have been a reporting company for at least one year can refer to the prior year’s reports to obtain that information. See also, e.g., *infra* notes 406 and 417 and accompanying text.

⁴⁰⁴ See, e.g., Heidi A. Packard, Andrea Pawliczek & A. Nicole Skinner, *Voluntary Performance Disclosures in the CD&A*, 98 Acct. Rev. 435 (2023) (finding that “firms voluntarily increase discussion of their performance within their CD&A disclosures when peer-benchmarked compensation relative to performance is high. In contrast, we do not find a similar increase in performance discussion in the corresponding MD&A disclosures, which suggests that the effect is not driven by firms’ general disclosure practices. We also find that the relation between relatively high compensation and CD&A performance disclosure strengthens following the implementation of mandatory Say-on-Pay, which increased costs associated with investor criticism of pay.”). Given the elimination of the requirement to conduct SOP votes for newly eligible NAFs, it is unclear if the findings of this study may continue to apply, but it is possible that registrants may remain sensitive to shareholder scrutiny even in the absence of the requirement to conduct SOP votes.

⁴⁰⁵ This rule was adopted in 2022 to implement the mandate in section 953(a) of the Dodd-Frank Act. Public Law 111–203, 124 Stat. 1376 (2010), sec. 953(a). Section 102(a)(2) of the JOBS Act excluded EGCs from the pay versus performance disclosure requirement. For a more detailed discussion of the costs and benefits of the pay versus performance disclosure requirement, see *Pay Versus Performance*, Release No. 34–95607 (Aug. 25, 2022) [87 FR 551334 (Sept. 8, 2022)]. See also Ira T. Kay & John Sinkular, Pay Governance LLC, *Pay for Performance Mandated SEC Proxy Disclosures—Role of PVP and CAP*, Harv. L. Sch. Forum on Corp. Governance (2025), <https://corpgov.law.harvard.edu/2025/09/29/pay-for-performance-mandated-sec-proxy-disclosures-role-of-pvp-and-cap> (concluding that “[t]he use of CAP, which is sensitive to financial and stock price fluctuations, is a significant improvement in evaluating pay for performance relative to using SCT total compensation”). But see Transcript, U.S. Securities and Exchange Commission, *SEC Roundtable on Executive Compensation Disclosure Requirements Panel* (July 26, 2025), at 84, <https://www.sec.gov/files/sec-roundtable-executive-compensation-disclosure-requirements-2025-06-26-transcript.pdf> (panelist noting that “[n]o one has ever asked me once about the CEO pay ratio on the investor side, nor about the pay versus performance table. . . a lot of effort goes into this, and I’m just not sure what the utility of a lot of the information is”).

⁴⁰⁶ See, e.g., Yixi Ning, Bill Hu, & Zhi Xu, *CEO Pay-Performance Sensitivity and Pay for Luck and Asymmetry*, 50 Managerial Fin. 1954 (2024).

⁴⁰⁷ See 17 CFR 229.404(b); 17 CFR 229.404(d).

⁴⁰⁸ See 17 CFR 229.404(d)(1).

⁴⁰⁹ For examples of such analysis, see, e.g., Mark Kohlbeck & Brian W. Mayhew, *Are Related Party Transactions Red Flags?*, 34 Cont. Acct. Rsch. 900 (2017) (the study “hand-collect[s] related party transactions for S&P 1500 firms in 2001, 2004, and 2007 and find[s] a positive correlation between these transactions and future restatements, suggesting restatements are more likely when a firm engages in related party transactions. The association is concentrated among transactions that appear to reflect ‘tone at the top’ rather than arguably more necessary business transactions.”). See also Michael Ryngaert, Shawn Thomas, *Not All Related Party Transactions (RPTs) Are the Same: Ex Ante Versus Ex Post RPTs*, 50 J. Acct. Rsch. 845 (2012) (the study “find[s] that the overall volume of disclosed RPTs is generally not significantly associated with shareholder wealth as measured by operating profitability or Tobin’s Q . . . whereas ex post RPTs, transactions initiated after a counterparty becomes a related party, are significantly negatively associated with operating profitability. Ex post RPTs also result in significant share price declines when first disclosed and are associated with an increased likelihood that a firm will enter financial distress or deregister its securities.” and concludes that the “results are consistent with ex post RPTs serving as means for insiders to expropriate outside shareholders.”).

⁴¹⁰ See 17 CFR 229.404(d)(1) (referring to 17 CFR 229.404(a)).

the one percent of total assets would fall below \$120,000, the RPT reporting threshold applicable today to non-SRCs) would no longer meet the RPT disclosure threshold. While this change is unlikely to affect RPT disclosure for most NAFs, it may incrementally decrease compliance costs for some low-asset SRCs.

Under the proposal, NAFs also would be permitted to omit disclosure of compensation committee interlocks and insider participation, which is currently required for non-SRCs in Item 407(e)(4).⁴¹¹ This proposed amendment may reduce direct compliance costs as well as some indirect costs of the disclosure (such as revealing potentially valuable competitive information about internal governance of the company and top personnel and making director appointment decisions in anticipation of the market scrutiny of the disclosure that might differ from the registrant's optimal board composition). The loss of this disclosure might in turn make it harder for shareholders to weigh the extent of incentive alignment of compensation committee members with the interests of the registrant's shareholders in their setting of executive compensation, as well as potential agency conflicts due to these committee members being insiders or affiliated directors of other companies or having apparent quid-pro-quo relationships through seats on other companies' boards.⁴¹² Some of these

costs and benefits may not be applicable to registrants listed on major U.S. exchanges, for which the 2012 Commission rule implementing the Dodd-Frank Act requirements, and accordingly, corporate governance listing standards of individual exchanges, require compensation committee independence.⁴¹³ These effects may also be smaller to the extent that investors can refer to third-party sources that compile profile information about board members (including information about their current and historical employment and affiliations); Item 401 disclosures regarding the background of directors and executive officers; company websites; or online postings by individual directors, which may enable a fairly comprehensive picture of the compensation committee composition. Under the proposal, shareholders would incur a potential additional cost of gathering or accessing such information, which may be less standardized across filers than the existing disclosure.

The proposed amendments also would exempt NAFs from the pay ratio disclosure requirement in Item 402(u) of Regulation S-K.⁴¹⁴ When adopting this disclosure rule, the Commission stated that it believed that Congress intended section 953(b) of the Dodd-Frank Act to enhance the executive compensation information available to shareholders that they might find relevant and useful when exercising their say-on-pay voting rights under section 951 of the Dodd-Frank Act.⁴¹⁵ However, as the proposed amendments also would exempt NAFs from the SOP vote requirement, to the extent shareholders review pay ratio information when making their SOP vote decisions, the resulting cost to shareholders from the information loss

may be limited.⁴¹⁶ Investors in companies that no longer provide the pay ratio disclosure or the disclosure of median worker pay may analyze the company's executive compensation (available in other disclosures) in conjunction with data on average worker pay in the registrant's industry (potentially available in industry sources), which can limit the economic effects of the proposed exemption, although investors would incur costs to gather and analyze this information.⁴¹⁷ The costs to investors of eliminating the pay ratio disclosure requirement for NAFs under the proposed amendments would be smaller if pay ratio information is not used to value shares of a company, in which case the information loss would be incremental.

The proposed amendments also would exempt NAFs from the requirement to conduct SOP votes and to provide related disclosure.⁴¹⁸ The

⁴¹⁶ For a more detailed discussion of the costs and benefits of the pay ratio disclosure, including potential ancillary benefits of the pay ratio disclosure (which would be eliminated under the proposal), see *id.* For more recent research on the pay ratio disclosure, see, e.g., Yihui Pan, Elena S. Pikulina, Stephan Siegel, & Tracy Yue Wang, *Do Equity Markets Care about Income Inequality? Evidence from Pay Ratio Disclosure*, 77 J. Fin. 1371 (2022) (finding that "firms disclosing higher pay ratios experience significantly lower abnormal announcement returns," particularly "[f]irms whose shareholders are more inequality-averse"); Zhaofeng Xu, *Unintended Consequences of CEO-Employee Pay Ratio Disclosure Mandate: Evidence from Shareholder Proposals*, (Working Paper 2024), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4807244 (finding that "shareholders selectively submit fewer governance proposals but pass more," particularly at firms with a higher expected pay ratio and greater media coverage); Tristan B. Johnson, *The Effects of the Mandated Disclosure of CEO-to-Employee Pay Ratios on CEO Pay*, 19 Intl. J. Disclosure & Governance 67 (2022) (finding that "[a]lthough there is no evidence of a curb on residual CEO pay in response to the SEC's proposal (or adoption) at the average firm, there is evidence of a curb in response to the proposal (but not adoption) at firms that are more susceptible to public scrutiny or of adverse stakeholder reactions to pay ratios."); Mei Cheng & Yuan Zhang, *Corporate Stakeholders and CEO-Worker Pay Gap: Evidence from CEO Pay Ratio Disclosure*, 29 Rev. Acct. Stud. 3713 (2024) (finding that "firms significantly decrease (increase) their CEO-worker pay ratios when their prior pay ratios are high (low) relative to peers" and that "the decrease in pay ratio among high pay ratio firms is significantly more pronounced with stronger stakeholder influences, proxied by employees with greater bargaining power, communities with higher social capital, and states with more stringent minimum wage legislation").

⁴¹⁷ See, e.g., Olubunmi Faleye, Ebru Reis & Anand Venkateswaran, *The Determinants and Effects of CEO-Employee Pay Ratios*, 37 J. Banking & Fin. 3258 (2013).

⁴¹⁸ The requirement to conduct SOP votes is in accordance with section 14A of the Exchange Act, as added by section 951 of the Dodd-Frank Act 17 U.S.C. 78n-1; Public Law 111-203, 124 Stat. 1376 (2010), sec. 951. The Commission adopted rules implementing the mandate in 2011. See 17 CFR

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⁴¹¹ See 17 CFR 229.407(e)(4).

⁴¹² See, e.g., David F. Larcker, Scott A. Richardson, Andrew J. Seary, & Irem Tuna, *Back Door Links Between Directors and Executive Compensation*, (Working Paper 2005), <https://users.nber.org/~confer/2005/cgs05/tuna.pdf> (taking a broader look at links between CEO and director connections through seats on other firms' boards beyond the narrow definition in Item 407 and showing that "CEOs at firms where there is a relatively short back door distance between inside and outside directors or between the CEO and the members of the compensation committee earn substantially higher levels of total compensation (after controlling for standard economic determinants and other personal characteristics of the CEO and the structure for board of directors) . . ." consistent with the possibility that "the monitoring ability of the board is hampered by 'cozy' and possibly difficult to observe relationships between directors." (As an important caveat, the paper defined relationships significantly more broadly than the Item 407 disclosure of interlocks to capture instances of potential indirect influence and constructed those measures from publicly available information on the list of executive and non-executive directors on boards and board committees, rather than focusing on the information required in Item 407.) Nevertheless, the broader point may apply to the types of interlocks addressed by Item 407 disclosures, which may generate the most salient conflicts of interest related to setting efficient executive compensation.) See also (not specific to the Item 407 compensation committee interlocks context): Erik Devos, Andrew Prevost & John Puthenpurackal, *Are Interlocked Directors Effective Monitors?*, 38 Fin. Mgmt. 861

(2009) (finding that "firms with lower industry-adjusted firm performance are more likely to have interlocked directors. We document that shareholders react negatively to the formation of director interlocks and find that the presence of interlocked directors is associated with lower than optimal pay-performance sensitivity of CEO incentive compensation and reduced sensitivity of CEO turnover to firm performance").

⁴¹³ See 17 CFR 240.10C-1. See also, e.g., section 303A.02 (Independence Tests) of the NYSE Listed Company Manual, <https://nyseguide.srourules.com/listed-company-manual/09013e2c85c00746> (retrieved 12/17/2025); section 5600 (Corporate Governance Requirements) of the Nasdaq Stock Market Rules, available at <https://listingcenter.nasdaq.com/rulebook/nasdaq/rules/nasdaq-5600-series> (retrieved 12/17/2025).

⁴¹⁴ See *Pay Ratio Disclosure*, Release No. 34-75610 (Aug. 5, 2015) [80 FR 50103 (Aug. 18, 2015)] ("Pay Ratio Adopting Release"). The rule was adopted in 2015 to implement the mandate in section 953(b) of the Dodd-Frank Act. Public Law 111-203, 124 Stat. 1376 (2010), sec. 953(b).

⁴¹⁵ See *Pay Ratio Adopting Release*.

proposed amendments are expected to benefit the affected registrants through cost savings. Direct costs of the SOP votes to registrants include the costs of preparation of proxy statement disclosure and opportunity costs of managerial time to interpret and discuss voting results and potentially manage additional investor relations concerns arising from such votes. The proposed amendments may also have indirect economic effects. Although SOP votes are non-binding, boards face market scrutiny following SOP votes.⁴¹⁹ To the extent that shareholders participating in SOP votes are less informed than compensation committees, and the scrutiny associated with SOP votes leads to inefficient executive compensation decisions, the proposed accommodation could benefit shareholder value. On the other hand, to the extent that SOP votes are well-informed and strengthen the alignment between executive compensation incentives and shareholder value and serve as a check on moral hazard and agency problems at some companies,⁴²⁰ the proposed accommodation could decrease shareholder value. The proposed amendments may also result in decreased engagement with shareholders. Academic studies have found somewhat mixed results as to the impact of the Dodd-Frank requirement to conduct SOP votes on company

value.⁴²¹ Overall, the economic effects of the proposed accommodation with respect to SOP votes may be limited. Shareholder views (e.g., in the form of investment decisions⁴²² or votes on director elections or on shareholder proposals related to executive pay) may prompt some registrants to continue to hold SOP votes even when no longer required, or to maintain existing shareholder engagement and executive pay practices even absent the requirement to conduct SOP votes.

6. Extending Filing Deadlines for the Smallest NAFs

The proposed amendments would also establish a new filer subcategory, SNFs, which is composed of NAFs with total assets not exceeding \$35 million as of the end of each of their two most

recent second fiscal quarters. These filers would be afforded additional time to file periodic reports on Forms 10-K and 10-Q (30 days and five days, respectively). We estimate that 1,072 registrants (17.9 percent of all registrants and 22.2 percent of NAFs under the proposed amendments) would qualify as SNFs under the proposed amendments.⁴²³ The additional time to file periodic reports is expected to enhance an SNF's ability to meet reporting and disclosure requirements and provide additional time for preparing their disclosures. While such filers still would incur the costs of preparing the same periodic reports as required under the baseline, additional time to file may incrementally ease the challenges, and thus reduce the costs incurred, due to the time pressures of filing deadlines, particularly to the extent that their executive and finance teams may be smaller than those of larger registrants. Additional time to file may also allow these smaller registrants to more easily engage auditors without being crowded out by larger issuers during busy periods around the current reporting deadlines.⁴²⁴

In turn, extending the filing deadlines as proposed would allow these registrants to take more time to file the required periodic disclosures, which may accordingly increase the extent of information asymmetry and costs to investors. This difference may be smaller to the extent that filers that would qualify as SNFs today are disproportionately more likely to file non-timely periodic reports, potentially indicating difficulties for some categories of registrants in complying

240.14a–21. Title I of the JOBS Act exempted EGCs from the requirement to conduct SOP votes. Public Law 112–106, 126 Stat. 306 (2012), sec. 102(a)(1). Upon adoption of the Commission rules, SRCs were subject to the requirement but received a two-year initial compliance delay. For a more detailed discussion of the costs and benefits of the SOP requirement, see *Shareholder Approval of Executive Compensation and Golden Parachute Compensation*, Release No. 33–9178 (Jan. 25, 2011) [76 FR 6009 (Feb. 2, 2011)].

⁴¹⁹ See, e.g., Mary Elizabeth Badgett, Kelly R. Brunarski, T. Colin Campbell & Yvette S. Harman, *Director Reputational Penalties when Shareholders Disapprove of Executive Compensation*, 45 J. Fin. Rsch. 759 (2022) (examining “directors of firms that receive a low-support Say-on-Pay (SOP) vote” and finding that “[t]hese affected directors face a significantly greater likelihood of losing board seats, both at the voting firm and in the external labor market.”)

⁴²⁰ However, most SOP votes pass, which may point to the modest role of SOP votes as a check on moral hazard problems at most firms. See, e.g., Perla Cuevas, Jose Lawani, Montserrat Longoria, & Linda Pappas, *Recap of the 2025 Say on Pay Season*, Pay Governance LLC, <https://www.paygovernance.com/resource/recap-of-the-2025-say-on-pay-season/>; Proxy Season Global Briefing Part 4: Trends on Executive Pay, Glass Lewis, <https://www.glasslewis.com/article/proxy-season-global-briefing-part-4-trends-executive-pay>; 2025 Proxy Results: David Bell & Wendy Grasso, *Say-on-Pay Stabilized*, SV 150 Support Rose, and *Failures Fell to One*, Fenwick & West LLP, <https://www.jdsupra.com/legalnews/2025-proxy-results-say-on-pay-1401914/>.

⁴²¹ See, e.g., Yonca Ertimur, Fabrizio Ferri, & David Oesch, *Shareholder Votes and Proxy Advisors: Evidence from Say on Pay*, 51 J. Acct. Rsch. 951 (2013) (examining the role of proxy advisors in mandatory SOP votes and also finding that “[m]ore than half of the firms respond to the adverse shareholder vote triggered by a negative recommendation by engaging with investors and making changes to their compensation plan”); Peter Iliev & Svetla Vitanova, *The Effect of the Say-on-Pay Vote in the United States*, 65 Mgt. Sci. 4451 (2019) (finding that “the market reacted negatively to the exemption from the Say-on-Pay rule” and also that “the regulation increased the level of CEO pay and the fraction of performance-linked pay in the companies that had to comply with the new rule”); Jie Cai & Ralph A. Walkling, *Shareholders’ Say on Pay: Does It Create Value?*, 46 J. Fin. Quant. Analysis 299 (2011) (finding “when the House passed the Say-on-Pay Bill, the market reaction was significantly positive for firms with high abnormal chief executive officer (CEO) compensation, with low pay-for-performance sensitivity, and responsive to shareholder pressure” and also noting that “say-on-pay creates value for companies with inefficient compensation but can destroy value for others”); Kelly R. Brunarski, T. Colin Campbell & Yvette S. Harman, *Evidence on the outcome of Say-On-Pay votes: How managers, directors, and shareholders respond*, 30 J. Corp. Fin. 132 (2015) (finding that “overcompensated” managers with low SOP support increase dividends, decrease leverage and increase investment, but that it does not affect subsequent vote outcomes or firm value, and also finding that “excess compensation increases for managers that were substantially overpaid prior to the SOP vote, regardless of the outcome of the vote”). There is limited research on Dodd-Frank Say-on-Golden-Parachutes (“SOGP”) votes. See, e.g., Albert H. Choi, Andrew C.W. Lund, & Robert Schonlau, *Golden Parachutes and the Limits of Shareholder Voting*, 73 Vand. L. Rev. 223, 266 (2020) (finding that “the size of golden parachutes appears to be increasing in the years since the adoption of the Dodd-Frank Act in 2010, and the golden parachutes that are amended immediately prior to SOGP votes tend to grow rather than shrink”); Stuart L. Gillan & Nga Q. Nguyen, *Shareholder Voting on Golden Parachutes: Effective Governance or Too Little Too Late?* 51 J. Bus. Fin. Acct. 2279 (2024).

⁴²² See, e.g., Anat Admati & Paul Pfleiderer, *The “Wall Street Walk” and Shareholder Activism: Exit as a Form of Voice*, 22 Rev. Fin. Stud. 2645 (2009); Marco Becht & Julian R. Franks, Hannes F. Wagner, *Corporate Governance Through Voice and Exit* (Working Paper 2019), https://papers.ssrn.com/sol3/Papers.cfm?abstract_id=3456626.

⁴²³ The number of registrants that would qualify as SNFs in practice might differ from the estimate above for several reasons. First, our estimate does not include 184 registrants because we are missing data on assets for either of the two years required to make the status determination. Second, our estimate represents an initial number of SNFs at the onset of the proposed amendments and only includes those registrants for which both of the past two years of assets were equal to or lower than the \$35 million threshold. However, in all future years, an SNF registrant would continue to be an SNF even with one, but not two, years where assets exceed the threshold, since a registrant would change status only if assets cross the threshold in two consecutive years, leading to a greater number of SNFs than those that fall into that group initially.

⁴²⁴ See, e.g., Bei Dong, Stefanie Tate & Le Xu, *Unexpected Consequences: The Effects on Non-Accelerated Filers of an Accelerated Filing Deadline and SOX Section 404*, 34 Acct. Horizons 87 (2020). They find when 2003/2004 SEC rules shortened financial statement filing deadlines and increased preparation time for AFs, NAFs with auditors with a high proportion of AF clients had longer audit delays, suggesting binding constraints on auditor resources.

with the existing filing deadlines.⁴²⁵ To the extent that some SNFs are concerned about the potential capital market implications of extended time to file reports or seek to respond to market pressures and investor expectations, or to manage legal risk concerns,⁴²⁶ they may elect to voluntarily file periodic reports earlier than the extended deadline available to SNFs. Importantly, while the proposed amendments would make longer filing deadlines for Forms 10-K and 10-Q available to SNFs, they would not change the existing filing deadlines for Form 8-K, which would help ensure that investors retain timely access to information about specified significant developments and changes affecting an issuer, potentially mitigating some of the effects of the proposed amendments on investors' ability to make informed investment and voting decisions.

7. Updating Small Entity Definition

As discussed in section II.E, the Commission is also proposing to update its small entity definitions under 17 CFR 230.157(a) and 17 CFR 240.0-10(a) for purposes of the RFA. The proposed amendments would raise the total asset threshold in each of the definitions of a small entity (other than an investment company) from \$5 million to \$35 million, as well as harmonize the small entity definitions for purposes of the Securities Act and the Exchange Act by conditioning the amended definitions only on the level of assets in both instances and eliminating the additional offering size condition that is a part of the existing small entity definition for purposes of the Securities Act (but not for purposes of the Exchange Act).⁴²⁷ The proposed changes would streamline and modernize the definitions relative

to the current definition and facilitate more meaningful analysis by the Commission and other regulators of the impacts of securities market regulations for purposes of the RFA.

The Commission is required to determine if a rulemaking is likely to have a "significant economic impact on a substantial number of small entities" under the RFA.⁴²⁸ Accordingly, in applicable rulemakings, the Commission's definitions of small entities determine the scope of the Initial Regulatory Flexibility Analysis ("IRFA") and Final Regulatory Flexibility Analysis ("FRFA"). The proposed definitions are expected to enhance the Commission's analyses of the specific regulatory challenges faced by small entities by expanding the scope of the analyses that the Commission conducts under the RFA. These analyses would, in turn, better inform the Commission of the regulatory impacts faced by small entities so that it may consider adapting its rulemaking accordingly. To the extent such adaptations would occur in future rulemakings, the use of the amended definitions of small entities in RFA analyses could result in different benefits and costs of such rulemakings. For example, if the Commission, informed by the enhanced RFA analyses, determined to scope fewer small entities into future rulemakings or tailor obligations imposed by such rulemakings differently for small entities, there could be fewer compliance costs imposed on such entities. However, the proposed amendments would not have any direct economic benefits or costs to affected parties since the small entity definition for purposes of the RFA would not entail any differences in reporting

requirements, or exemptions from such requirements, under either the Securities Act or the Exchange Act. Relatedly, we do not anticipate that the proposed amendments would have any direct effects on efficiency, competition, or capital formation because, as discussed above, they would have minimal direct economic impact.

Based on calendar year 2024 data, if we were to set the small entity threshold at \$35 million in total assets, we estimate that 1,419 registrants (excluding issuers of asset-backed securities, investment companies, and BDCs) would be small entities. The number of small entities as determined by the proposed threshold would be smaller (larger) if the asset threshold were decreased (increased) to a level below (above) the proposed \$35 million.⁴²⁹ The number of small entities as determined by the proposed threshold of \$35 million is expected to gradually fall over time due to the effects of inflation.

8. Additional Considerations

a. Differential Impacts Across Industries

EA Table 8 provides a breakdown of the potential impact of the proposed rules by industry. Listed are the industries in the Fama-French 49 classification.⁴³⁰ Column 1 gives the number of registrants in each industry that are LAFs under the baseline. Column 2 estimates the number of these registrants that would become NAFs under the proposed rules. Column 3 divides column 2 by column 1, resulting in the percentage of current LAFs in each industry that would become NAFs under the proposed rules. The industries are sorted from highest to lowest percentage change.

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⁴²⁵ There is some evidence on the causes of non-timely filings for individual registrants. One study evaluates a small historical sample of late filings (192 notices of late filings of Form 10-K from the first or second quarter of 2002) and reports that 26.0% were classified as having no attribution; 20.3% cited a reorganization, acquisition or another event; 17.2%—financial distress or bankruptcy; 13.5%—audit-related delays; 8.9%—data not being available from outside source; 7%—difficulty applying accounting principles; 6.8%—labor/employee related/staff reductions causes. See Carol Callaway Dee, William Hillison & Carl Pacini, *No News is Bad News: Market Reaction to Reasons Given for Late Filing of Form 10-K*, 22 Rsch. Acct. Regulation 121 (2010) (examining 2000–2010 data on late Form 10-K filings, noting that "[d]elays in Securities and Exchange Commission (SEC) filings often reflect issues related to period-end financial reporting and audit processes," and finding that "late filing firms are associated with lower financial reporting quality compared to timely filers"). See also Cao et al. (2016), *supra* note 379. As a caveat,

the causes cited are based on reporting by companies, and there may be additional factors contributing to the late filing. For instance, a different study (which evaluates late filings of quarterly and annual reports from the 2000–2008 sample period), notes that "investors do not take managements' announcements at face value and instead appear to use other information to infer the accuracy of managements' announcements." See Bartov & Konchitchki (2017), *supra* note 379. For some filers, the acceleration of filing deadlines after the Sarbanes-Oxley Act appears to have contributed to the decreased timeliness of filings for some categories of registrants. See, e.g., Joost Impink, Martien Lubberink, Bart van Praag & David Veenman, *Did Accelerated Filing Requirements and SOX Section 404 Affect the Timeliness of 10-K Filings?*, 17 Rev. Acct. Stud. 227 (2012) (finding a decrease in timely Form 10-K filings only for registrants with weaknesses in internal controls following the acceleration of filing deadlines after the Sarbanes-Oxley Act).

⁴²⁶ See also *supra* notes 389–390 and preceding and accompanying text.

⁴²⁷ See Section II.E.

⁴²⁸ See *supra* note 268.

⁴²⁹ See section II.E (discussing alternative thresholds).

⁴³⁰ This information is based on primary Standard Industry Classification ("SIC") codes as reported by registrants. The SIC codes are then assigned to one of Fama-French 49 industries, a common industry classification in finance research. See Eugene F. Fama & Kenneth R. French, 49 Industry Portfolios, https://mba.tuck.dartmouth.edu/pages/faculty/ken.french/Data_Library/det_49_ind_port.html. Some registrants have missing information, thus the total in EA Table 8 is less than the total number of LAFs under the existing definition and in the total number of current LAFs that would become NAFs. For instance, SIC information is missing for BDCs (including 19 LAF BDCs, of which 13 are expected to become eligible as NAFs under the proposed amendments).

EA Table 8. Industry composition of current LAFs and potential NAFs

Industry	Number of current LAFs	Number of current LAFs to become NAF	Percent of current LAFs to become NAF
Agriculture	5	4	80%
Fabricated Products	5	4	80%
Real Estate	25	20	80%
Defense	7	5	71%
Coal	7	5	71%
Pharmaceutical Products	152	103	68%
Precious Metals	3	2	67%
Business Supplies	9	6	67%
Personal Services	22	14	64%
Recreation	10	6	60%
Printing and Publishing	5	3	60%
Banking	153	87	57%
Computer Software	159	90	57%
Entertainment	23	13	57%
Healthcare	36	19	53%
Steel Works Etc.	19	10	53%
Automobiles and Trucks	39	20	51%
Business Services	129	65	50%
Shipbuilding, Railroad Equipment	6	3	50%
Construction	34	16	47%
Wholesale	51	24	47%
Medical Equipment	66	30	45%
Consumer Goods	25	11	44%
Trading	216	93	43%
Non-Metallic and Industrial Metal Mining	14	6	43%
Restaurants, Hotels, Motels	46	19	41%
Electronic Equipment	88	36	41%
Candy & Soda	5	2	40%
Electrical Equipment	25	10	40%
Transportation	58	22	38%
Petroleum and Natural Gas	69	26	38%
Construction Materials	30	11	37%
Food Products	33	12	36%
Machinery	63	22	35%
Apparel	23	8	35%
Retail	84	29	35%
Communication	32	11	34%
Tobacco Products	3	1	33%
Aircraft	12	4	33%
Insurance	83	27	33%
Rubber and Plastic Products	10	3	30%
Chemicals	44	13	30%
Computers	26	7	27%
Measuring and Control Equipment	34	9	26%
Shipping Containers	8	2	25%

Utilities	77	14	18%
Beer & Liquor	8	1	13%
Miscellaneous	8	1	13%
Textiles	2	0	0%
TOTAL	2,091	949	45%

Some industries are relatively more commonly represented than others among the population of newly eligible NAFs, potentially as a function of the distribution of filer sizes across industries. It is possible that the proposed amendments would therefore have differential effects on various sectors, and ascertaining the effects on competition would require more precise definition of markets than provided in EA Table 8. As a caveat, the categorization of registrants by industry

codes may be imprecise because registrants are categorized by their primary business models without accounting for ancillary business. In addition, emerging and small companies may still have evolving business models so their proper categorization may be in flux. It is also possible that the industry distribution would evolve over time subsequent to the proposed amendments as a function of industry economic cycles, which affect valuations, and in turn, public float.

Subject to these same caveats, EA Table 9 provides an industry breakdown of the registrants potentially eligible for the new SNF subcategory.⁴³¹ As with newly eligible NAFs, some industries are relatively more commonly represented than others among the population of SNFs, potentially as a function of the distribution of filer sizes across industries. It is possible that the proposed extended filing deadlines afforded to SNFs would therefore have differential effects on various sectors.

⁴³¹ See section IV.B.6. Some registrants have missing information, thus the total number of SNFs

in EA Table 9 is less than the total number of SNFs (1,072) anticipated under the proposed rules.

EA Table 9. Industry composition of potential SNFs

Industry	Number of SNFs	Percent of total SNFs
Pharmaceutical Products	174	16.3%
Business Services	110	10.3%
Computer Software	88	8.2%
Trading	85	8.0%
Medical Equipment	78	7.3%
Petroleum and Natural Gas	43	4.0%
Retail	41	3.8%
Electronic Equipment	31	2.9%
Non-Metallic and Industrial Metal Mining	28	2.6%
Personal Services	25	2.3%
Wholesale	24	2.2%
Real Estate	24	2.2%
Consumer Goods	23	2.2%
Entertainment	19	1.8%
Healthcare	19	1.8%
Chemicals	19	1.8%
Precious Metals	19	1.8%
Measuring and Control Equipment	19	1.8%
Electrical Equipment	18	1.7%
Banking	18	1.7%
Communication	15	1.4%
Machinery	14	1.3%
Food Products	13	1.2%
Beer & Liquor	13	1.2%
Automobiles and Trucks	13	1.2%
Restaurants, Hotels, Motels	12	1.1%
Agriculture	9	0.8%
Recreation	8	0.7%
Transportation	8	0.7%
Apparel	7	0.7%
Construction	7	0.7%
Miscellaneous	7	0.7%
Rubber and Plastic Products	6	0.6%
Utilities	5	0.5%
Computers	5	0.5%
Construction Materials	4	0.4%
Insurance	4	0.4%
Aircraft	3	0.3%
Candy & Soda	2	0.2%
Printing and Publishing	2	0.2%
Steel Works Etc.	2	0.2%
Tobacco Products	1	0.1%
Fabricated Products	1	0.1%
Shipbuilding, Railroad Equipment	1	0.1%
Business Supplies	1	0.1%
TOTAL	1,068	100%

b. Other Commission Proposals

The Commission recently proposed to make quarterly periodic reports voluntary, irrespective of registrants' filer status.⁴³² The Semiannual Proposing Release would permit registrants to provide a single semiannual report instead of three quarterly reports each year and could potentially interact with some of the economic costs and benefits of this proposal, specifically, in the context of the filing deadline extension and scaled disclosure for quarterly periodic reports. On the one hand, the Semiannual Proposing Release could partly reduce the economic effects of this proposal. From the benefit perspective, the decrease in the required number of quarterly reports, if adopted in accordance with the Semiannual Proposing Release, would potentially decrease the projected benefits of the current proposal to newly eligible NAFs in terms of greater flexibility or compliance cost savings from the filing deadline extension⁴³³ and scaled disclosures because the accommodations would apply to only a single semiannual report and one annual report instead of three quarterly reports and one annual report. In turn, from the cost perspective, if the Semiannual Reporting proposal is adopted and filers would be required to file fewer periodic reports, and provide less information overall, it could lessen some of the economic cost of information delay and/or loss that is incremental to this proposal, which narrows the scope of certain disclosures and extends the filing deadlines for periodic reports for affected filers. However, the Semiannual Reporting Proposal would not affect those impacts of the proposed amendments that stem

from the scaling, and filing deadline extension, with respect to annual reports.

On the other hand, the economic effects of regulatory relief in the two proposals may amplify each other. From the benefit perspective, the disclosure relief accommodations in this proposal and in the Semiannual Proposing Release could complement each other by increasing the attractiveness of becoming or remaining a public company, to the extent that overall regulatory burden is a factor in these decisions.⁴³⁴ From the cost perspective, the effects of disclosure relief accommodations in this proposal and in the Semiannual Proposing Release could similarly combine to amplify information asymmetries faced by investors, who would receive less extensive, more delayed, and less frequent periodic disclosures if both proposals are adopted.

c. Auditing Industry Impact

Under the proposed amendments, fewer registrants (roughly 1,596 registrants) would be required to obtain an ICFR auditor attestation. To the extent this change impacts the scope and timing of audit procedures at newly identified NAFs, auditors could experience a decline in revenues. This effect could be amplified by the Semiannual Proposing Release that would reduce the number of quarterly reviews each fiscal year from 1 review for each of the first three fiscal quarters (3 in total) to only 1 review for the first 6 months of each fiscal year, but only for registrants that choose to file on a semiannual basis. Further, the reduction in work related to ICFR attestation could encourage larger audit firms to pursue audit engagements that they otherwise

might have forgone under the baseline, for example, because of resource constraints that are diminished with the reduction in work related to ICFR. This could result in larger audit firms out-competing smaller firms for the audits of certain new NAFs. Thus, the proposed amendments could increase concentration in the auditing industry by increasing the market share of the largest audit firms.

9. Aggregate Monetized Benefits and Costs

Throughout this economic analysis, we have estimated monetized benefits and costs per filing. In this section, we present aggregate measures of these monetized effects. These totals include only benefits and costs that are monetized in the economic analysis and thus do not encompass all of the proposed amendments' benefits and costs.

a. Annual Monetized Benefits and Costs

EA Tables 9 and 10 report the benefits and costs, respectively, that are monetized in this economic analysis, on a per-filing basis and in the aggregate across all affected filings each year. We are able to quantify the direct benefits and costs of the rule that are due to the compliance cost savings and increases, respectively. To aggregate these monetized effects we use estimates of the number of affected filings and burdens under the Paperwork Reduction Act in section V. As a caveat, these are averages, and individual registrants' costs and benefits may differ, depending on their current status and relief already available to them, the extent to which they elect to avail themselves of the proposed compliance accommodations, and their existing compliance and reporting practices and service providers and costs associated with them.

We estimate that the total aggregate annual monetized benefit is \$1,874,534,145.

⁴³² See Semiannual Proposing Release.

⁴³³ Similarly, the decrease in the required number of quarterly reports, if adopted, would potentially decrease the projected benefits of the current proposal to extend the periodic report filing deadlines for SNFs.

⁴³⁴ See discussion in section IV.A above. See also *supra* note 296 discussing how the amendments proposed under the Registered Offering Reform Proposal could also complement this proposal by increasing the attractiveness of becoming or remaining a public company.

EA Table 9. Aggregate Annual Monetized Benefits (2025 Dollars)

Form	Company Burden Decrease Per Filing ¹ (A)	Monetized Company Burden Decrease Per Filing (B) = (A) x \$616 ²	Professional Cost Decrease Per Filing ³ (C)	Annual Benefit Per Filing (D) = (B)+(C)	Estimated Number of Filings ⁴ (E)	Aggregate Annual Benefit (F) = (D)x(E)
Form 10-K	896.8	\$552,428.80	\$306,990.14	\$859,418.94	1,892	\$1,626,020,634.48
Form 10-Q	38.33	\$23,611.28	\$7,668.00	\$31,279.28	5,676	\$177,541,193.28
Form S-1	7.25	\$4,466.00	\$13,050.00	\$17,516.00	15	\$262,740.00
Form S-3	0.25	\$154.00	\$450.00	\$604.00	334	\$201,736.00
Form S-4	7.25	\$4,466.00	\$13,050.00	\$17,516.00	118	\$2,066,888.00
Form S-11	7.25	\$4,466.00	\$13,050.00	\$17,516.00	1	\$17,516.00
Form 10	9	\$5,544.00	\$16,744.50	\$22,288.50	3	\$66,865.50
Schedule 14A	28	\$17,248.00	\$3,743.55	\$20,991.55	1,703	\$35,748,609.65
	17	\$10,472.00	\$3,743.55	\$14,215.55	1,904	\$27,066,407.20
Schedule 14C	28	\$17,248.00	\$3,539.19	\$20,787.19	152	\$3,159,652.88
	17	\$10,472.00	\$3,539.19	\$14,011.19	170	\$2,381,902.30
Total						\$1,874,534,145

Notes:

¹ See section V, PRA Table 2, column “Estimated Burden Hour Increase/(Decrease) Per Affected Response”.

² The \$616 per hour rate reflects our current estimate of the blended hourly rate for lawyers (\$744), accountants and auditors (\$348), financial managers (\$731), and general and operations managers (\$666). We expect that the types of individuals, the rates for those individuals, and the proportion of each individual’s contributions would vary among registrants and could differ depending on which specific form a registrant is completing. Nonetheless, for purposes of this economic analysis, we believe the \$616 per hour rate is a reasonable estimate of the hourly cost of completing the required forms. To calculate the occupational hourly rates used in this release, the Commission uses occupational mean hourly wage data from the Occupational Employment and Wage Statistics (OEWS) program of the Bureau of Labor Statistics (BLS) for the private sector. See *Occupational Employment and Wage Statistics*, U.S. Bureau of Labor Statistics, available at <https://www.bls.gov/oes/>; see also *Standard Occupational Classification*, U.S. Bureau of Labor Statistics, available at <https://www.bls.gov/soc/> (describing occupational classification system used by BLS); Exec. Off. of the President, Off. of Mgmt. & Budget, North American Industry Classification System (2022), available at https://www.census.gov/naics/reference_files_tools/2022_NAICS_Manual.pdf (describing the industry classification system used by BLS and other agencies). The mean hourly wage for each occupation is adjusted for changes in the seasonally adjusted employment cost index for private wages and salaries between the data reference period and when the data are released by BLS. See *Employment Cost Index*, U.S. Bureau of Labor Statistics, available at <https://www.bls.gov/eci/>. The adjusted mean hourly wage is then multiplied by a factor that accounts for nonwage costs borne by employers, such as bonuses, benefits, and overhead. This factor is calculated as an average over the 10 most recently available years of data of the ratio of the Bureau of Economic Analysis’s annual gross output data for the private sector to total annual wages across all occupations for the private sector in the OEWS data. See *Gross Output by Industry*, U.S. Bureau of Economic Analysis, available at <https://www.bea.gov/data/industries/gross-output-by-industry>; *Occupational Employment and Wage Statistics*, U.S. Bureau of Labor Statistics, available at <https://www.bls.gov/oes/>. The final product is the occupational hourly rate. See generally Updated Methodology for Calculating Occupational Hourly Rates (Dec. 19, 2025), available at <https://www.sec.gov/files/method-occupational-hourly-rates.pdf>.

³ See section V, PRA Table 2, column “Estimated Professional Cost Increase/(Decrease) Per Affected Response”.⁴ See section V, PRA Table 2, column “Estimated Affected Responses”.

EA Table 10. Aggregate Annual Monetized Costs (2025 Dollars)

Form	Company Burden Increase Per Filing ¹	Monetized Company Burden Increase Per Filing (B) = (A) x \$616 ²	Professional Cost Increase Per Filing ³	Annual Cost Per Filing (D) = (B)+(C)	Estimated Number of Filings ⁴	Aggregate Annual Cost (F) = (D)x(E)
	(A)	(A) x \$616 ²	(C)	(D) = (B)+(C)	(E)	(F) = (D)x(E)
Form 10-K	3	\$1,848.00	\$0	\$1,848.00	20	\$36,960
Form 20-F	3	\$1,848.00	\$0	\$1,848.00	20	\$36,960
Total						\$73,920

Notes:

¹ See section V, PRA Table 2, column “Estimated Burden Hour Increase/(Decrease) Per Affected Response”.² See note b to EA Table 9.³ See section V, PRA Table 2, column “Estimated Professional Cost Increase/(Decrease) Per Affected Response”.⁴ See section V, PRA Table 2, column “Estimated Affected Responses”.**BILLING CODE 8011-01-C****b. Present Values and Annualized Values of Monetized Benefits and Costs**

Consistent with the requirements of Executive Order 12866, the Commission reports estimated total monetized benefits and costs for all affected entities in two additional ways specified in OMB Circular A-4.⁴³⁵ The two presentations are intended to address the fact that the various benefits and costs of the proposed amendments would not accrue at the same point in time; rather, benefits and costs that accrue sooner are generally more valuable than those that occur later in time.⁴³⁶

We report (1) the present values of expected benefits and costs that are monetized in our Economic Analysis, aggregated across all affected entities, over a 10-year time horizon, starting in 2026, as well as (2) the annualized values over the same time horizon that are derived from the present values. This time horizon represents the period over which the principal benefits and costs that are monetized in the Economic Analysis are expected to accrue.⁴³⁷ The present values and annualized values account for the timing of benefits and costs through discounting, which is a procedure that accounts for the time value of money.⁴³⁸

EA Table 11 reports the present values of the aggregate monetized benefits and costs from EA Tables 9 and 10, respectively. The analysis uses annual real discount rates of 3 percent and 7 percent over a 10-year time horizon, starting in 2026.⁴³⁹ We estimate that the present value of total monetized benefits is \$16,228,236,426 using a three percent discount rate and \$13,618,957,772 using a seven percent discount rate. We estimate that the present value of total monetized cost is \$639,941 using a three percent discount rate and \$537,047 using a seven percent discount rate.

⁴³⁵ See E.O. No. 12866 (Sept. 30, 1993), 58 FR 51735, 51741 (Oct. 4, 1993) (requiring agencies to provide an analysis of benefits, costs, and regulatory alternatives to OIRA for significant regulatory actions); OMB, Circular A-4, at 31–34, 45 (Sept. 17, 2003) (providing guidance to agencies regarding compliance with E.O. 12866); *see also* E.O. No. 14215 (Feb. 18, 2025), 90 FR 10447, 10448 (Feb. 24, 2025) (requiring independent agencies to comply with E.O. No. 12866). In addition, E.O. 14192 requires agencies to provide their best approximation of the total costs or savings associated with each new regulation or repealed regulation consistent with the analyses required by E.O. 12866. *See* E.O. No. 14192 (Jan. 31, 2025), 90 FR 9065, 9066 (Feb. 6, 2025).

⁴³⁶ *See* Circular A-4, at 32.

⁴³⁷ *See id.* at 31 (stating that “[t]he ending point should be far enough in the future to encompass all the significant benefits and costs likely to result from the rule”). For the purposes of this analysis, we assume the effective date of the proposed amendments, as well as the start year for the analysis’s time horizon, is the present year.

⁴³⁸ *See id.* at 32 (“The Rationale for Discounting”) and 45 (“Treatment of Benefits and Costs over Time”); *see also* OIRA, Regulatory Impact Analysis: A Primer, at 11 (Aug. 15, 2011), available at https://www.reginfo.gov/public/jsp/Utilities/circular-a-4_regulatory-impact-analysis-a-primer.pdf (“To provide an accurate assessment of benefits and costs that occur at different points in time or over different time horizons, an agency should use discounting. Agencies should provide benefit and

cost estimates using both 3% and 7% annual discount rates expressed as a present value as well as annualized.”); Harvey S. Rosen & Ted Gayer, Public Finance 151 (8th ed. 2008) (defining present value as “the value today of a given amount of money to be paid or received in the future”).

⁴³⁹ This approach is consistent with OMB Circular A-4. *See* Circular A-4, at 31–34 (stating that, “[f]or regulatory analysis, [agencies] should provide estimates of net benefits using both 3% and 7%” discount rates and discussing why those rates are reasonable default rates). Also, we use a mid-year discount rate. *See* OMB, Circular A-94, at 21–22 (Oct. 19, 1992) (stating that, “When costs and benefits occur in a steady stream, applying mid-year discount factors is more appropriate.”).

EA Table 11. Present Value of Aggregate Monetized Benefits and Costs over 10 years from 2026 to 2035 (2025 Dollars)

Estimated Effects ¹	3% real discount rate	7% real discount rate
Benefits	\$16,228,236,426	\$13,618,957,772
Costs	\$639,941	\$537,047

Notes:

¹ For each discount rate, the present value calculations are based on the assumption that recurring annual monetized benefits and costs from EA Tables 9 and 10, respectively, begin to accrue in the year in which affected entities first comply. We assume that monetized benefits and costs occur in a steady stream, and we use a mid-year discount rate.

EA Table 12 reports annualized aggregate monetized benefits and costs using real discount rates of three percent and seven percent over a 10-year horizon.⁴⁴⁰ The lump sum present values of aggregate monetized benefits and costs reported in EA Table 11 are converted in EA Table 12 into a constant stream of annualized benefits and costs over a 10-year time horizon,

starting in 2026.⁴⁴¹ Because the annual aggregated monetized benefits and costs reported in EA Tables 9 and 10, respectively, are identical in every year of the 10-year time horizon and because there are no initial benefits or costs at Time 0, the annualized aggregate monetized benefits and costs in EA Table 12 are the same as the annual aggregate monetized benefits and costs

in EA Tables 9 and 10, respectively.⁴⁴² We estimate that annualized total monetized benefits are \$1,874,534,145 per year using both a three percent discount rate and a seven percent discount rate. We estimate that annualized total monetized costs are \$73,960 per year using both a three percent discount rate and a seven percent discount rate.

EA Table 12. Annualized Monetized Benefits and Costs over a 10-year Time Horizon from 2026 to 2035 (2025 Dollars)

Estimated Effects ¹	3% real discount rate	7% real discount rate
Benefits	\$1,874,534,145	\$1,874,534,145
Costs	\$73,920	\$73,920

Notes:

¹ For each discount rate, the annualized values are calculated by dividing the corresponding present values in EA Table 11 by the sum of discount factors over the time horizon. The discount factor in year *t* of the time horizon is equal to $1/(1 + \text{discount rate})^{(t-0.5)}$.

C. Anticipated Effects on Efficiency, Competition, and Capital Formation

The proposed amendments and associated cost savings for affected registrants ⁴⁴³ are expected to enhance shareholder value and improve

economic efficiency. The anticipated decrease in compliance costs, as well as the reduction in indirect costs, would decrease such registrants’ operating expenses and increase their cash flows realized per dollar invested by the registrant in its business. The registrants

may choose to redeploy increased internal cash flows toward productive investment and growth opportunities, improving allocative efficiency.⁴⁴⁴ Increased profitability is also expected to increase shareholder value. Increases in shareholder value (which accrue to

⁴⁴⁰ This approach is consistent with the recommended treatment of benefits and costs over time in Circular A–4. See *id.* at 45 (“You should present annualized benefits and costs using real discount rates of 3 and 7%”).

⁴⁴¹ For each discount rate, the annualized monetized benefits (costs, respectively) in EA Table

11 represent the constant annual stream of benefits (costs, respectively) whose present value over the time horizon equates the corresponding present value in EA Table 10. See note 1, EA Table 11 for additional calculation details.

⁴⁴² The annualized benefits and costs present these values over the 10-year time horizon, starting in the present year.

⁴⁴³ See, e.g., *supra* note 334 and accompanying text.

⁴⁴⁴ See, e.g., Lewis & White (2023), *supra* note 320; Dambra & Gustafson (2021), *supra* note 333.

shareholders in those registrants) could encourage additional investor interest in such registrants, thus improving liquidity and capital formation.⁴⁴⁵

Under the proposed amendments, the information required to be provided by NAFs in their public disclosures would be reduced. Information asymmetries and agency costs generally are more prevalent where investors have reduced transparency about managerial actions or the registrant's investment opportunities.⁴⁴⁶ To the extent that investors and other market participants use the disclosures proposed to be scaled and cannot obtain comparable information from other sources (including other disclosures in periodic and current reports or third-party sources), information asymmetry between investors and company insiders (and companies) could increase. Information asymmetries limit investors' ability to value registrants' securities, decreasing the informational efficiency of prices and weakening investor protection.⁴⁴⁷ If the proposed amendments increase the level of information asymmetry or agency costs at some registrants, then investors may discount the price they are willing to pay for a registrant's shares, increasing the cost of capital for the registrant.⁴⁴⁸

⁴⁴⁵ The aggregate magnitude of the effect of gains from reduced compliance costs on shareholder value across the affected registrants is moderated by the modest share of the affected registrants as a whole in the overall market float (although this share would increase to the extent the valuation of the affected registrants grows following the amendments).

⁴⁴⁶ See, e.g., George A. Akerlof, *The Market for "Lemons": Quality Uncertainty and the Market Mechanism*, 84 Q. J. Econ. 488 (1970).

⁴⁴⁷ See, e.g., D. Diamond & Robert E. Verrecchia, *Disclosure, Liquidity, and the Cost of Capital*, 46 J. Fin. 1325 (1991); Michael Welker, *Disclosure Policy, Information Asymmetry, and Liquidity in Equity Markets*, 11 Cont. Acct. Rsch. 801 (1995); Brian J. Bushee & Christian Leuz, *Economic consequences of SEC disclosure regulation: Evidence from the OTC bulletin board*, 39 J. Acct. Econ. 233 (2005) (finding improved liquidity at companies that chose to comply with Exchange Act reporting requirements in order to remain eligible for quotation on OTCBB); Ulf Brüggemann, Aditya Kaul, Christian Leuz & Ingrid M. Werner, *The Twilight Zone: OTC Regulatory Regimes and Market Quality*, 31 Rev. Fin. Stud. 898 (2018) (finding that OTC firms subject to stricter regulatory regimes and disclosure requirements have higher market quality, higher liquidity, and lower crash risk); Goldstein et al. (2023), *supra* note 401 (finding an increase in a firm's stock liquidity, a decrease in the cost of equity capital, and an increase in the level of equity financing around EDGAR implementation, which the paper relates to a decrease in disclosure processing costs). As a caveat, the cited examples examine a variety of disclosure contexts. *But see* 2018 SRC Adopting Release, at Table 6 (looking at the original adoption of SRC status and not finding a significant effect on earnings quality or liquidity and finding a small increase in the incidence of restatements).

⁴⁴⁸ See, e.g., David Easley & Maureen O'Hara, *Information and the Cost of Capital*, 59 J. Fin. 1553

These registrants could also have more difficulty gaining investor confidence when raising new financing, thus incurring a higher cost of capital.⁴⁴⁹ This could cause these registrants to forgo valuable investment opportunities.⁴⁵⁰ A registrant in such a situation and/or other NAFs could potentially decide to voluntarily continue to provide existing disclosures.⁴⁵¹ In addition, at the market level, the use of scaled disclosure may decrease aggregate information benefits that can accrue to investors and other market participants (including peer companies, and information intermediaries that may use disclosures about other companies for valuations, research coverage, and comparing investment options).⁴⁵²

(2004); Christine A. Botosan, *Disclosure and the Cost of Capital: What Do We Know?*, 36 Acct. & Bus. Rsch. 31 (2006) (stating that greater disclosure reduces cost of capital); D. Diamond & R. Verrecchia, *Disclosure, Liquidity, and the Cost of Capital*, 46 J. Fin. 1325 (1991) (showing that revealing public information to reduce information asymmetry can reduce a firm's cost of capital by attracting increased demand from large investors due to increased liquidity of its securities); Richard Lambert, Christian Leuz & Robert E. Verrecchia, *Accounting Information, Disclosure, and the Cost of Capital*, 45 J. Acct. Rsch. 385 (2007) (showing, in a conceptual framework, that "increasing the quality of mandated disclosures should in general move the cost of capital closer to the risk-free rate" and "generally reduce the cost of capital for each firm in the economy," and further noting that "the benefits of mandatory disclosures are likely to differ across firms"). See *Accelerated Filer and Large Accelerated Filer Definitions*, Release No. 34-88365 (Mar. 12, 2020) [85 FR 17178, 17215 at note 477 (Mar. 26, 2020)]. As a caveat, while the cited examples relate to disclosure and cost of capital, they examine a variety of disclosure contexts.

⁴⁴⁹ See, e.g., survey in Paul M. Healy & Krishna Palepu, *Information Asymmetry, Corporate Disclosure, and the Capital Markets: A Review of the Empirical Disclosure*, 31 J. Acct. Econ. 405 (2001).

⁴⁵⁰ See Hayne E. Leland & David H. Pyle, *Informational Asymmetries, Financial Structure, and Financial Innovation*, 32 J. Fin. 371 (1977). See also Stewart C. Myers & Nicholas S. Majluf, *Corporate Financing and Investment Decisions When Firms Have Information that Investors Do Not Have*, 13 J. Fin. Econ. 187 (1984), showing that managers may be unwilling to fund investment projects with new equity, since the discount new investors require imposes a cost on existing shareholders.

⁴⁵¹ See section IV.B.1 and *supra* notes 389-390 and accompanying text.

⁴⁵² Several studies have shown that because the registrants, which incur the costs of disclosure, do not obtain all such benefits the disclosure provides to the markets at large, a voluntary disclosure regime may result in a suboptimally low amount of disclosure. See, e.g., Robert E. Verrecchia, *Discretionary Disclosure*, 5 J. Acct. Econ. 179 (1983); Anne Beyer, Daniel A. Cohen, Thomas Z. Lys, & Beverly R. Walthers, *The Financial Reporting Environment: Review of the Recent Literature*, 50 J. Acct. & Econ. 296 (2010); Anat R. Admati & Paul Pfleiderer, *Forcing Firms to Talk: Financial Disclosure Regulation and Externalities*, 13 Rev. Fin. Stud. 479 (2000) (showing in a theoretical framework that the equilibrium of a voluntary disclosure game is often socially inefficient in the

The scope of the proposed amendments should limit such effects, however. Together the affected registrants account for around six percent of total market public float, and those registrants would remain subject to SRC and EGC levels of disclosure. Also, to the extent that, but for the proposed amendments, some issuers would have remained private (and been subject to no, or very few, disclosure requirements), these issuers would become subject to Commission public reporting requirements under the proposed amendments.

The proposed rules are expected to increase competition by leveling the regulatory burden and improving comparability across more issuers. Currently, there are many different combinations of filer status with different regulatory burdens. For example, registrants classified as AFs or NAFs could also be SRCs, EGCs, both, or neither.⁴⁵³ Under the proposed amendments, affected issuers would only be LAFs or NAFs, where some NAFs would be SNFs. Fewer categories of filer status mean that more issuers would share the same regulatory requirements and lower regulatory burden, especially since most (roughly 80 percent) of the issuers would be NAFs. This could help promote competition by reducing the degree to which regulation may shift the competitive balance towards firms with lighter regulatory burdens. Further, a lower regulatory burden could benefit affected registrants where they compete with private companies and certain FPIs with lighter regulatory burdens.

Smaller registrants that currently benefit from scaled regulatory requirements (e.g., SRCs and EGCs) would no longer have scaled regulatory requirements compared to many other (typically larger) companies. These smaller registrants are thus expected to be subject to heightened competition. Also, the regulatory burdens on registrants with LAF filer status under the proposed amendments would remain unchanged, and higher than on other registrants. This could disadvantage them competitively and also encourage registrants to stay below the \$2 billion threshold for the LAF filer status to avoid higher costs, thus potentially distorting investment and

presence of information externalities); Jinji Hao, *Disclosure Regulation, Cost of Capital, and Firm Value*, 77 J. Acct. Econ. 101605 (2024). Agency conflicts may also affect the level of disclosure. See, e.g., S.P. Kothari, Susan Shu, & Peter Wysocki, *Do Managers Withhold Bad News?*, 47 J. Acct. Rsch. 241 (2009).

⁴⁵³ See section I.

financing incentives.⁴⁵⁴ However, LAFs are larger, more established companies that disclose more information to investors in their public disclosures. These factors may make these registrants attractive to investors as investment opportunities, which would lower their cost of capital and thereby provide them with competitive advantages.

The proposed amendments would apply to—and thus, reduce the compliance costs for—BDCs,⁴⁵⁵ but not registered closed-end funds (“CEFs”). To the extent that BDCs and some registered CEFs compete in the same markets (for the same investors, or for the same portfolio company investment opportunities), the proposed amendments, if adopted as proposed, could result in competitive advantages for BDCs (particularly, smaller BDCs) relative to comparable registered funds.

The proposed amendments would apply to domestic issuers and FPIs that file on domestic forms but not to FPIs that file on forms designated for FPIs.⁴⁵⁶ FPIs that file on FPI forms would continue to follow existing reporting requirements. To the extent that some FPIs that file on FPI forms compete in the same markets as domestic form filers but would not obtain additional relief under the proposed amendments, the proposed amendments could result in competitive disadvantages for such

FPIs. This effect is likely to be more pronounced for those FPIs filing on FPI forms that are similar in size to the domestic filers that become eligible for NAF relief under the amendments. Some FPIs that file on FPI forms such as Form 20-F and that would otherwise qualify as NAFs under the amended definition may in turn elect to file on Form 10-K to avail themselves of the NAF relief, to the extent that the compliance cost savings from NAF status outweigh the additional compliance obligations of filing on domestic forms.

The proposed amendments may also have effects on capital formation. While lower compliance costs are one of several factors in the initial public offering decision, if the proposed amendments incentivize some companies to enter, or remain in, public capital markets, they would reduce the cost of access to registered initial and follow-on offerings, improving access to capital and/or the ability to optimize the cost of capital, although the magnitude and direction of the effect is difficult to predict. To the extent the number of reporting companies grows, investors would be offered a broader array of publicly traded investment options with greater disclosure and transparency, which also tend to be more liquid (compared to exempt private securities offerings by issuers that are not

reporting companies), potentially enabling greater diversification and more efficient capital allocation within investor portfolios. The proposed amendments may have a greater impact on registrants (newly qualified NAFs) that would not qualify for SRC or EGC status under the baseline. Thus, some potential new public companies incentivized by the proposed amendments could be larger than typical initial public offering candidates, which historically have tended to be EGCs.⁴⁵⁷

D. Reasonable Alternatives

1. LAF Public Float Threshold

As an alternative, we considered raising or lowering the threshold for the definition of LAF relative to the proposed \$2 billion public float threshold. Raising (or lowering) the LAF public float threshold under this alternative, relative to the proposed threshold, would result in larger (or smaller) aggregate economic effects of the rule, including costs and benefits, compared to the proposal, in proportion to the larger (smaller) population of filers eligible for scaled disclosure and other proposed regulatory relief. EA Table 13 below provides the number of LAFs and share of public float they would represent, each as calculated under alternative thresholds.

EA Table 13. Alternative public float thresholds for eligibility for LAF status		
Threshold	Number of LAFs	Share of total market public float
\$700 million	1,665	95.2%
\$1.0 billion	1,480	94.8%
\$1.5 billion	1,285	94.1%
\$2.0 billion	1,146	93.5%
\$2.5 billion	1,030	92.7%
\$3.0 billion	944	92.1%

2. Seasoning Requirement

The proposed amendments would both amend the threshold (as discussed

above) and expand the seasoning period to qualify as an LAF from 12 months to 60 months, thus filers that exceed the \$2

billion proposed public float threshold but that have not been reporting for at least the preceding 60 calendar months

⁴⁵⁴ This is because the two subsets of registrants may share similar economic characteristics and a minimal difference in the scale of operations, but the subset of registrants just below the threshold (that would be treated as NAFs) would incur nonlinearly lower compliance costs. To the extent such registrants can allocate these compliance cost savings into growing their business, they may realize a competitive advantage. See also *supra* note 342 for discussion of such bunching.

⁴⁵⁵ See *supra* note 337.

⁴⁵⁶ Based on staff analysis of EDGAR filings from calendar year 2024, we estimate that there were 1,144 filers on Form 20-F or 40-F (including 998 filers on Form 20-F and 146 filers on Form 40-F). Under the existing definition, among those 998 Form 20-F filers, there were 293 LAFs, 193 AFs, 530 NAFs, and one filer with missing filer status information. Due to the different reporting requirements, we are not able to obtain a breakdown of filer status under the existing definition for Form 40-F filers or information on

public float of Form 20-F or 40-F filers to provide a comparable breakdown of filers that would be NAFs vs. LAFs under the amended definition as was provided for domestic filers above. Among all Form 20-F and 40-F filers, we estimate that there were 498 EGC filers. SRC relief is not applicable to Form 20-F and 40-F filers.

⁴⁵⁷ See *supra* note 229. However, as such issuers tend to be larger, the compliance cost savings from the proposed rule may be relatively less impactful for them, compared to SRCs and EGCs.

would remain as NAFs. As an alternative, we considered amending the LAF threshold without changing the seasoning requirement for LAF status. Under this alternative, the number of registrants continuing to be subject to the requirements associated with LAF reporting would increase, compared to the proposal, from approximately 1,146 (19.2 percent of all registrants) to 1,234 (20.6 percent of all registrants), since new reporting companies that experience quick increases in public float since going public would not qualify as NAFs under the alternative, whereas they would qualify as NAFs, regardless of the size of their public float, for at least 60 calendar months under the proposal. This alternative would have extended the benefits of the proposed regulatory relief to a smaller subset of filers during a crucial stage of their growth as public companies, compared to the proposal. This alternative also would have reduced the subset of filers filing scaled and/or delayed disclosures, which may have accordingly reduced the information asymmetry and costs to investors, compared to the proposal.

3. Regulatory Accommodations for NAFs

The proposed amendments extend a number of regulatory accommodations to NAFs. As an alternative, we considered providing only a subset of accommodations (for example, only disclosure accommodations, or only periodic report timing accommodations) to NAFs. This alternative would result in smaller cost savings, both for individual filers and for filers in the aggregate, and potentially smaller costs to investors and capital markets, compared to the proposal. The respective costs and benefits of the proposed accommodations are discussed in detail in section IV.B above.

The proposed amendments do not further extend periodic report filing deadlines (from current NAF deadlines) for all newly-eligible NAFs, only for SNFs. As an alternative, we considered extending the filing deadlines for all NAFs. Compared to the proposal, such an alternative would likely result in greater compliance cost savings and gains in flexibility for affected NAFs, and correspondingly, in larger costs to investors and capital markets from the changes in timing for filing of such filers' periodic reports.

4. SNFs

The proposed amendments define SNFs as NAFs with assets not exceeding \$35 million. As an alternative, we

considered other measures (such as public float or revenues), or other (lower or higher) asset thresholds for the SNF definition, as discussed in greater detail in section II.C and the accompanying table.⁴⁵⁸ Depending on whether the number of SNFs under the alternative definition is higher or lower, the number of filers that would be afforded greater flexibility in the preparation of financial statements and other disclosures required in periodic reports and the potential cost savings for such filers would be higher or lower, respectively, relative to the proposal. In turn, a potentially higher (lower) number of SNFs would result in more (fewer) registrants whose investors will face delays in the availability of periodic reports, relative to the proposal.

As another alternative, as discussed in section II.C, we could have defined SNFs as NAFs that are not registered under section 12(b) (1,256 registrants) or as NAFs that do not have a class of common equity securities listed for trading on a national securities exchange (1,490 registrants). Such alternative definitions could be less sensitive to fluctuations in a registrant's assets than the proposed definition. They also would tailor longer filing deadlines to issuers that are either traded on marketplaces where other factors already contribute to lower liquidity and market efficiency, or that are not traded on any marketplace. Compared to the proposal, the alternative definitions would provide additional time to file for unlisted registrants with somewhat larger assets but at the same time would not provide additional time to file for low-asset filers with higher valuations that attained an exchange listing.

The proposed amendments would extend the deadlines for SNFs to file their periodic reports, giving SNFs an additional 30 days to file their Form 10-Ks and an additional five days to file their Form 10-Qs. As discussed above, recently, the Commission proposed to amend the rules related to periodic reporting under the Exchange Act to allow certain reporting companies to meet their interim reporting obligations either by filing quarterly reports or semiannual reports at the election of the company.⁴⁵⁹ To the extent the amendments proposed in the Semiannual Proposing Release are not adopted as proposed, as an alternative,

⁴⁵⁸ Such alternative thresholds could also be used as the total asset threshold in the definition of a small entity (other than an investment company). See section IV.B.7.

⁴⁵⁹ See section IV.A.1.C.

we considered allowing SNFs to meet their interim reporting obligations either by filing quarterly reports or semiannual reports at the election of the company.⁴⁶⁰ This alternative would extend additional flexibility and compliance cost savings to SNFs, compared to the proposal. Conversely, a reduction in the frequency of interim reporting could result in delayed disclosure of material information, reduced comparability, and some lost information. Under this alternative, SNFs could potentially consider the tradeoffs between the cost savings of providing less frequent interim reporting and the market benefits of providing more frequent interim reporting and choose the frequency of reporting that best fits their circumstances.⁴⁶¹

E. Request for Comment

We request comments on all aspects of our economic analysis, including the potential costs and benefits of the proposed amendments and alternatives, and whether the proposed amendments, if adopted, would promote efficiency, competition, and capital formation. Commenters are requested to provide empirical data, estimation methodologies, and other factual support for their views, in particular, on the estimates of costs and benefits. In addition, we request comments on the following:

(41) Would the proposed regulatory relief reduce direct compliance costs for registrants? What would be the largest driver(s) of the reduction in compliance costs under the proposal? For example, would the proposed amendments result in a reduction of auditing costs and if so, what would the amount of cost savings be? Would the proposed regulatory relief reduce indirect costs of reporting obligations for registrants? What specific costs? What would be the effects of the proposed regulatory relief on efficiency, competition, capital formation, and investor protection? Would the affected registrants redeploy the funds freed up from compliance costs in their businesses?

(42) Would the proposed amendments and the anticipated decreases in direct and indirect cost of reporting obligations have an effect on companies' decisions to become, or remain, reporting companies? Why or why not?

⁴⁶⁰ We also considered the less flexible alternative of mandating semiannual reporting for all SNFs, but we would expect the potential costs of a mandatory alternative to be higher than the costs of an optional alternative would be. See Semiannual Proposing Release at 25009.

⁴⁶¹ See Semiannual Proposing Release for a more detailed discussion. *Id.*

Are there any modifications to the proposed amendments, or additional accommodations not currently proposed, that could help to encourage companies to enter or remain in the public markets?

(43) What would be the effects of the proposed amendments to filer status definitions on investors, market participants and other parties, including the auditing industry and the capital markets? What would be the costs to investors of the reduction in information disclosed under the proposal and in assurance with regard to ICFR of registrants that avail themselves of the proposed exemption from the auditor attestation requirement?

(44) Are registrants that would be eligible for the accommodations under the proposed amendments likely to take advantage of the accommodations, or are they likely to continue to provide existing disclosures, obtain ICFR auditor attestation, and/or comply with non-NAF filing deadlines, on a voluntary basis? What specific accommodations and why?

(45) Does the increasing complexity in financial reporting, due in part to the increasing volume of electronic data and greater reliance on IT systems, enhance the relevance of ICFR to reliable financial reporting? If so, does this trend have any impact on the costs and benefits from the proposed exclusion of NAFs from the ICFR auditor attestation requirement?

(46) Are SNFs likely to benefit from the proposed extended filing deadlines? Are there alternatives to approaching regulatory simplifications and relief for the smallest NAFs that we should consider, and what would be their benefits and costs? Are there alternative SNF definitions or thresholds we should consider? What would be the effects of the proposed extended filing deadlines on investors in SNFs, other market participants, and the capital markets,

particularly with respect to the timing of disclosure of information in connection with the proposed extension to filing deadlines?

(47) Should we consider alternative size thresholds and/or size measures for filer statuses to better tailor the disclosure requirements and regulatory relief for smaller versus larger registrants?

(48) Would the proposed amendments have significantly different economic effects for some types of issuers as compared to others? For example, would the proposed amendments have different effect on BDCs, face-amount certificate companies, etc.? Would the proposed amendments have different impacts on FPIs, and would there be potential implications for US listings?

V. Paperwork Reduction Act

A. Summary of the Collections of Information

Certain provisions of our rules and forms that would be affected by the proposed amendments contain “collection of information” requirements within the meaning of the Paperwork Reduction Act (“PRA”).⁴⁶² We are submitting the proposed amendments to the Office of Management and Budget (“OMB”) for review and approval in accordance with the PRA.⁴⁶³ The hours and costs associated with preparing, filing, and sending the forms and retaining records constitute reporting and cost burdens imposed by each collection of information. An agency may not conduct or sponsor, and a person is not required to comply with, a collection of information requirement unless it displays a currently valid OMB control number. The titles for the collections of information are:

- Form 10-K (OMB Control No. 3235–0063);

⁴⁶² 566 44 U.S.C. 3501 *et seq.*

⁴⁶³ 44 U.S.C. 3507(d) and 5 CFR 1320.11.

- Form 10-Q (OMB Control No. 3235–0070);
- Form 10 (OMB Control No. 3235–0064);
- Form S-1 (OMB Control No. 3235–0065);
- Form S-3 (OMB Control No. 3235–0073);
- Form S-4 (OMB Control No. 3235–0324);
- Form S-11 (OMB Control No. 3235–0067);
- Regulation 14A and Schedule 14A (OMB Control No. 3235–0059);
- Regulation 14C and Schedule 14C (OMB Control No. 3235–0057); and
- Form 20-F (OMB Control No. 3235–0288).

The forms and schedules listed above were adopted under the Securities Act or Exchange Act, and set forth the disclosure requirements for securities registration statements, annual and quarterly reports, and current reports, and set forth the requirements for proxy statements and information statements provided in connection with shareholder meetings and corporate actions. Responses to these collections of information are mandatory. Responses to these information collections are not kept confidential, and there is no mandatory retention period for the information disclosed.

A description of the proposed amendments, including the need for the information and its use, as well as a description of the likely respondents, can be found in section II above, and a discussion of the economic effects of the proposed amendments can be found in section IV above.

B. Estimated Paperwork Burden Effects of the Proposed Amendments

The following PRA Table 1 summarizes the estimated effects of the proposed amendments on the paperwork burdens associated with the affected forms.

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PRA Table 1. Estimated Paperwork Burden Effects of the Proposed Amendments

Proposed Amendments	Affected Forms	Estimated Effects
Extend disclosure scaling and accommodations in periodic reports to all reporting companies that are not large accelerated filers under the proposed rules	Form 10-K	Decrease of 521.8 burden hours and \$104,490.14 costs per response.
• § 210.2-02 • § 210.3-01 • § 210.3-09 • § 210.3-12 • § 210.8-01 • § 210.8-02 • § 210.8-03 • § 210.8-07 • § 210.8-08 • § 229.10 • § 229.101 • § 229.201 • § 229.302 • § 229.303 • § 229.305 • § 229.308 • § 240.402 • § 240.404	Form 10-Q	Decrease of 38.33 burden hours and \$7,668 costs per response.
	Form 10	Decrease of 9 burden hours and \$16,744.50 costs per response.
	Form S-1	Decrease of 7.25 burden hours and \$13,050 costs per response.
	Form S-3	Decrease of 0.25 burden hours and \$450 costs per response.
	Form S-4	Decrease of 7.25 burden hours and \$13,050 costs per response.
	Form S-11	Decrease of 7.25 burden hours and \$13,050 costs per response.
	Schedule 14A	Decrease in burden hours per response: • 28 hours for non-SRC/non-EGCs that will transition to NAF • 17 hours for SRC/non-EGCs that will transition to NAF; Decrease in \$3,743.55 costs per response.
	Schedule 14C	Decrease in burden hours per response: • 28 hours for non-SRC/non-EGCs that will transition to NAF • 17 hours for SRC/non-EGCs that will transition to NAF; Decrease in \$3,539.19 costs per response.
Require disclosure of material unresolved staff comments by all registrants.	Form 10-K	Increase of 3 burden hours per response.
Form 10-K, Item 1B Form 20-F, Item 4A	Form 20-F	Increase of 3 burden hours per response.
Remove applicability of ICFR auditor attestation requirement for registrants that are not large accelerated filers under the proposed rules	Form 10-K	Decrease in burden hours per response of 375 hours.
§ 229.308		Decrease in \$202,500 costs per response.

C. Incremental and Aggregate Burden and Cost Estimates

We estimate below the incremental increase and decreases and aggregate decrease in paperwork burden as a result of the proposed amendments. These estimates represent the average burden for all respondents, both large and small. In deriving our estimates, we recognize that the burdens will likely vary among individual respondents based on a number of factors in addition to the respondent's filer status, including the size and complexity of their business. These estimates include the time and the cost of preparing and reviewing disclosure, filing documents, and retaining records. We believe that some registrants will experience costs in excess of this average and some registrants will experience less than the average costs. Our methodologies for deriving these estimates are discussed below.

For purposes of the PRA, the burden is generally allocated between burden hours, which reflect the portion of the burden that is performed by a registrant internally, and costs, which typically reflect the cost of outside professionals retained by the registrant in connection with the information collection. The collection of information burden change reflected in this PRA analysis are the result of: (1) the reduction in burden from more registrants becoming eligible for disclosure scaling; and (2) the reduction in burden from more registrants no longer being covered by the ICFR auditor attestation requirement.

We note that a number of collections of information are also being amended to reflect changes to the check boxes that relate to a registrant's filer status or status as an asset-backed issuer;⁴⁶⁴

⁴⁶⁴ Specifically, this includes: Form S-1 (OMB Control No. 3235-0065); Form S-4 (OMB Control No. 3235-0324); Form S-3 (OMB Control No. 3235-0073); Form S-8 (OMB Control No. 3235-0066); Form S-11 (OMB Control No. 3235-0067); Form 10-

however, we believe the incremental burden increase associated with the added check boxes would be offset by the incremental burden decrease associated with the removed check boxes; accordingly, we are not requesting a change in our PRA inventory associated with those proposed amendments.

With respect to disclosure scaling, we considered the reduction in compliance hours and cost burden estimated for companies newly eligible for the scaling and accommodations from SRC status in connection with the PRA analysis in the 2018 SRC Adopting Release and adjusted such costs for inflation.⁴⁶⁵ We then adjusted this number to account for additional changes to the rules and forms adopted since 2018, to the extent such changes affected SRCs and/or EGCs differently than other registrants.⁴⁶⁶

With respect to the proposed amendments to Item 1B of Form 10-K and Item 4A of Form 20-F relating to disclosure of material unresolved staff comments we assume that the burden associated with Item 1B is incurred internally by the issuer. Since the requirements for disclosure of material unresolved staff comments currently only apply to LAFs and AFs, any current NAFs would, under the proposal, be newly subject to this disclosure requirement. As discussed in sections I and IV, we estimate that currently 51.9% of registrants are NAFs, or slightly more than half. Accordingly, we believe it is an appropriate

K (OMB Control No. 3235-0063); Form 10-Q (OMB Control No. 3235-0070); Form 10 (OMB Control No. 3235-0064).

⁴⁶⁵ We are adjusting the reduced costs estimate from the 2018 SRC Adopting Release by a factor of 1.5 to reflect the Commission's determination in 2022 to update for inflation the OMB cost inventory for its collections of information. *See, e.g., Listing Standards for Recovery of Erroneously Awarded Compensation*, Release No. 33-11126 (Oct. 26, 2022) [87 FR 73076 (Nov. 28, 2022)], at n. 549.

⁴⁶⁶ *See Pay Versus Performance*, Release No. 34-95607 (Aug. 25, 2022) [87 FR 55134 (Sept. 8, 2022)].

assumption that the average number of affected filings per year (*i.e.*, the number of current NAFs newly subject to the requirements that will have disclosure to provide) would be consistent with the average number of responses per year that include the disclosure for LAFs and AFs. The average number of filings that include this disclosure for the three year period we observed is 11 for Form 10-K and three for Form 20-F.⁴⁶⁷ However, recognizing that the number of annual responses that may include this disclosure could fluctuate significantly, we estimate up to 20 additional filings per year would be affected for each of Form 10-K and Form 20-F.⁴⁶⁸ We also estimate that complying with Item 1B or Item 4A requires three burden hours annually for each issuer potentially subject to the requirement.

With respect to the ICFR auditor attestation requirement, we considered the Commission's estimate in 2020 that companies no longer subject to the ICFR auditor attestation requirement would see an average per response burden reduction for Form 10-K of 375 hours and \$135,000 in costs.⁴⁶⁹ We believe these estimates reflect current practices and so we have applied them to the further reduction in the number of issuers that will be required to provide ICFR auditor attestation, and adjusted the cost burden estimate to account for inflation,⁴⁷⁰ resulting in updated professional costs of \$202,500.

The following PRA Table 2 summarizes the estimated per response burden change set out in PRA Table 1 that is attributable to the proposed rules for each affected collection of information based on the above methodologies.

⁴⁶⁷ *See supra* note 391.

⁴⁶⁸ *Id.*

⁴⁶⁹ *Accelerated Filer and Large Accelerated Filer Definitions*, Release No. 34-88365 (Mar. 12, 2020) [85 FR 17178, 17238 (Mar. 26, 2020)].

⁴⁷⁰ *See supra* note 465.

**PRA Table 2. Estimated Number of Affected Filings
and Incremental Burden and Cost Estimates**

Form	Estimated Affected Responses¹	Estimated Burden Hour Increase/(Decrease) Per Affected Response	Estimated Professional Cost Increase/(Decrease) Per Affected Response
Form 10-K	1,892 / 20	(896.8) / 3	(\$306,990.14) / n/a
Form 20-F	20	3	n/a
Form 10-Q	5,676	(38.33)	(\$7,668)
Form S-1	15	(7.25)	(\$13,050)
Form S-3	334	(0.25)	(\$450)
Form S-4	118	(7.25)	(\$13,050)
Form S-11	1	(7.25)	(\$13,050)
Form 10	3	(9)	(\$16,744.50)
Schedule 14A	1,703 / 1,904	(28) / (17)	(\$3,743.55)
Schedule 14C	152 / 170	(28) / (17)	(\$3,539.19)

¹ With the exception of the Form 10 estimate, these estimates are based on the proportion of CY 2024 filings that would have been newly affected had the proposed amendments been in effect. The Form 10 estimate is based on CY 2023 filings. Entries separated by "/" refer to the separate scenarios under that form that implicate different estimated number of affected responses.

The following PRA Table 3 summarizes the requested paperwork burden changes to existing information

collections, including the estimated

total reporting burdens and costs, under the proposed amendments.

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PRA Table 3. Requested Paperwork Burden under the Proposed Amendments¹

	Current Burden			Program Change				Requested Change in Burden	
Form	Current Annual Responses	Current Burden Hours	Current Cost Burden	Number of Estimated Affected Responses	Estimated Increase / (Decrease) in Burden Hours	Estimated (Decrease) in Professional Costs	Burden Hours	Cost Burden	
	(A)	(B)	(C)	(D)	(E)	(F)	(G) = (B) + (E)	(I) = (C) + (F)	
Form 10-K	8,292	[14,056,593]	\$[2,773,166,578]	1,892 / 20	(1,696,745.60) / 60	(\$580,825,344.88)	[12,359,787.40]	\$[2,192,341,233.20]	
Form 20-F	729	481,787	\$870,912,188	20	60	n/a	481,847	n/a	
Form 10-Q	19,419	2,624,187	\$524,837,313	5,676	(217,561.08)	(\$43,523,568)	2,406,625.92	\$481,313,745	
Form S-1	908	145,861	\$262,550,016	15	(108.75)	(\$195,750)	145,752.25	\$262,354,266	
Form S-3	1,651	187,008	\$228,232,780	334	(83.5)	(\$150,300)	186,924.5	\$228,082,480	
Form S-4	588	560,988	\$675,605,379	118	(855.5)	(\$1,539,900)	560,132.5	\$674,065,479	
Form S-11	14	12,101	\$14,790,168	1	(7.25)	(\$13,050)	12,093.75	\$14,777,118	
Form 10	104	10,821	\$12,851,488	3	(27)	(\$50,233.50)	10,794	\$12,801,254.50	
Schedule 14A	6,369	860,389	\$114,684,112	1,703 / 1,904	(80,052)	(\$13,502,984.85)	780,337	\$101,181,127.15	
Schedule 14C	569.00	63,901	\$8,520,944	152 / 170	(7,146)	(\$1,139,619.18)	56,755	\$7,381,324.82	

¹ Entries separated by “/” refer to the separate scenarios under that form that implicate different estimated numbers of affected responses.

D. Request for Comment

Pursuant to 44 U.S.C. 3506(c)(2)(B), we request comment in order to:

- Evaluate whether the proposed changes to the collections of information are necessary for the proper performance of the functions of the Commission, including whether the information will have practical utility;
- Evaluate the accuracy of our estimates of the additional burden hours that would result from adoption of the proposed amendments;
- Determine whether there are ways to enhance the quality, utility, and clarity of the information to be collected;
- Evaluate whether there are ways to minimize the burden of the collections of information on those who respond, including through the use of automated collection techniques or other forms of information technology; and
- Evaluate whether the proposed amendments would have any effects on any other collection of information not previously identified in this section.

Any member of the public may direct to us any comments concerning the accuracy of these burden estimates and any suggestions for reducing these burdens. Persons submitting comments on the collection of information requirements should direct them to the OMB Desk Officer for the U.S. Securities and Exchange Commission, *MBX.OMB.OIRA.SEC_desk_officer@omp.eop.gov*, and should send a copy to Vanessa A. Countryman, Secretary, U.S. Securities and Exchange Commission, using any of the methods in the **ADDRESSES** section, with reference to File No. S7–2026–18. Requests for materials submitted to OMB by the Commission with regard to the collection of information should be in writing, refer to File No. S7–2026–18 and be submitted to the U.S. Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549–2736. OMB is required to make a decision concerning the collections of information between 30 and 60 days after publication of this release. Consequently, a comment to OMB is best assured of having its full effect if OMB receives it within 30 days of publication.

VI. Congressional Review Act

For purposes of Subtitle E of the Small Business Regulatory Enforcement Fairness Act of 1996 (also known as the Congressional Review Act),⁴⁷¹ the Commission must seek OMB's determination as to whether a final

regulation constitutes a “major rule.” Under the Congressional Review Act, a rule is considered “major” where, if adopted, it results in or is likely to result in:

- An annual effect on the U.S. economy of \$100 million or more;
- A major increase in costs or prices for consumers or individual industries; or
- Significant adverse effects on competition, investment, or innovation.⁴⁷²

To help inform OMB's determination as to whether any final rule that results from our proposal would be a “major rule,” we solicit comment and data on:

- The potential effect on the U.S. economy on an annual basis;
- Any potential increase in costs or prices for consumers or individual industries; and
- Any potential adverse effect on competition, investment, or innovation.

Commenters are requested to provide empirical data and other factual support for their views to the extent possible.

VII. Initial Regulatory Flexibility Act Analysis

As noted above, when an agency issues a rulemaking proposal, the RFA⁴⁷³ requires the agency to prepare and make available for public comment an IRFA that describes the impact of the proposed rule on small entities.⁴⁷⁴ This IRFA relates to the proposed amendments to rules and forms described in section II above.

A. Reasons for, and Objectives of, the Proposed Action

The proposed amendments would streamline the filer status framework for Exchange Act reporting companies and extend certain accommodations and scaled disclosures to the majority of filers, with the smallest filers additionally being granted longer deadlines for their periodic reports. The proposed amendments are discussed in more detail in section II above. We discuss the economic impact and potential alternatives to the amendments in section IV, the estimated compliance costs and burdens of the amendments under the PRA in section V, and the present values and annualized values of monetized benefits and costs in section VI, above.

B. Legal Basis

The amendments contained in this release are proposed under the authority set forth in sections 6, 7, 10, 19(a), and

28 of the Securities Act, as amended, and sections 3(b), 12, 13, 14(a), 15(d), 23(a), and 36 of the Exchange Act, as amended.

C. Small Entities Subject to the Proposed Amendments

The proposed amendments to the filer status framework, including to the filer status categories and their associated disclosure requirements, would apply to registrants that are small entities, either as issuers or as investment companies. The RFA defines “small entity” to mean “small business,” “small organization,” or “small governmental jurisdiction.”⁴⁷⁵ For purposes of the Regulatory Flexibility Act, currently under our rules, an issuer, other than an investment company, is a “small business” or “small organization” if it had total assets of \$5 million or less on the last day of its most recent fiscal year and is engaged or proposing to engage in an offering of securities that does not exceed \$5 million.⁴⁷⁶ An investment company, including a BDC or face-amount certificate company that is a registrant under the Securities Act or the Exchange Act, is considered to be a small entity if it, together with other investment companies in the same group of related investment companies, has net assets of \$50 million or less as of the end of its most recent fiscal year.⁴⁷⁷ We estimate that, based on calendar year 2024 data, there were 702 issuers, seven BDCs, and one face-amount certificate company that may be considered small entities under the current rules definitions that would be subject to the proposed amendments.⁴⁷⁸

D. Projected Reporting, Recordkeeping, and Other Compliance Requirements

The proposed amendments would categorize Exchange Act reporting

⁴⁷⁵ 5 U.S.C. 601(6).

⁴⁷⁶ See 17 CFR 240.0–10(a); see also 17 CFR 230.157 (providing that an issuer, other than an investment company, is a “small business” or “small organization” if it had \$5 million or less in total assets on the last day of its most recent fiscal year).

⁴⁷⁷ 17 CFR 270.0–10(a).

⁴⁷⁸ As discussed in section II.E, *supra*, we are proposing to revise to \$35 million the current \$5 million threshold in our small business and small organization definitions for issuers for purposes of the RFA under the Securities Act and Exchange Act. The Commission also has a pending proposal addressing the definition under the Investment Company Act of small organization and small business for purposes of the RFA. See *Amendments to the “Small Business” and “Small Organization” Definitions for Investment Companies and Investment Advisers for Purposes of the Regulatory Flexibility Act*, Release No. IC–35864 (Jan. 7, 2026) [91 FR 1107 (Jan. 12, 2026)]. We encourage commenters to review that proposal to determine whether it might affect their comments on this IRFA.

⁴⁷² See 5 U.S.C. 804(2) (defining “major rule”).

⁴⁷³ 5 U.S.C. 601 *et seq.*

⁴⁷⁴ 5 U.S.C. 603(a).

⁴⁷¹ 5 U.S.C. chapter 8.

companies into LAFs and NAFs based on public float.⁴⁷⁹ We expect that all small entities would be NAFs under the proposed rules. NAFs would receive disclosure scaling and other accommodations. In addition, the proposed amendments would create a subcategory of NAFs called SNFs, based on a \$35 million asset threshold. All small entities that are currently NAFs would also qualify as SNFs.

Under the proposed rules, SNFs would have extended deadlines for filing their periodic reports. As noted in section IV above, we have found that the smallest registrants, including small entities, face more difficulty in meeting the existing periodic reporting deadlines than do other registrants. We have therefore targeted the proposed reporting deadlines extensions at the smallest registrants, including small entities. We request comment on how the proposed amendments would affect small entities.

E. Duplicative, Overlapping, or Conflicting Federal Rules

We do not expect the proposed rules, if adopted, to duplicate, overlap, or conflict with other rules.

F. Significant Alternatives

The RFA directs us to consider alternatives that would accomplish our stated objectives, while minimizing any significant adverse impact on small entities. In connection with the proposed amendments, we considered the following alternatives:

- Establishing different compliance or reporting requirements or timetables that take into account the resources available to small entities;
- Clarifying, consolidating, or simplifying compliance and reporting requirements under the rules for small entities;
- Using performance rather than design standards; and
- Exempting small entities from all or part of the requirements.

As noted, we expect that all or nearly all small entities would be NAFs under the proposed rules. Because the proposal is expected to reduce compliance burdens, with enhanced scaled disclosure and reporting accommodations being provided to the smallest registrants, small entities should largely experience only benefits from the proposed rules. Therefore, we do not anticipate that small entities would experience any significant adverse impact from the proposal.

With regard to different compliance or reporting requirements or timetables

that take into account the resources available to small entities and clarifying, consolidating, or simplifying compliance and reporting requirements under the rules for small entities, the proposal would create a sub-category of the smallest NAFs, or SNFs, comprising NAFs reporting total assets of \$35 million or less as of the end of an issuer's two most recent second fiscal quarters, that would have extended deadlines for filing their Form 10-K and Form 10-Q periodic reports.

Additionally, we considered providing the smallest registrants with alternative accommodations centered on reducing their accounting costs, such as requiring fewer years of audited financial statements. However, given the importance of audited financial statements to investor decision-making, we did not propose that change, and instead proposed the extended reporting deadline accommodation.

Because the proposed amendments extend almost all existing scaling and accommodations to registrants that would not be LAFs under the proposal, and given that the Commission has issued a separate proposal to allow reporting companies to report on a semiannual basis,⁴⁸⁰ we do not believe there are additional accommodations or exemptions that should be applied to small entities before reporting companies transition to the proposed filer status framework. Additionally, although we are proposing to eliminate the SRC filer status, this will not negatively affect small entities since, under the proposed amendments, all the same disclosure and other accommodations would be made available to small entities under NAF filer status, and additional periodic report filing deadline accommodations would be made available to small entities under the SNF status. To the extent that a small entity is currently an SRC but not an EGC, it would also benefit from the additional EGC accommodations being extended to NAFs.

We have used design standards rather than performance standards in connection with the proposed amendments to promote clarity and comparability. With regard to exempting small entities from all or part of the requirements, exempting small entities from the amendments we are proposing would not be appropriate as the amendments provide scaled disclosure and other reporting accommodations to small entities.

Request for Comment

We encourage the submission of comments with respect to any aspect of this IRFA. In particular, we request comments regarding:

- The number of small entities that may be affected by the proposed amendments;
- The existence or nature of the potential impact of the proposed amendments on small entities discussed in the analysis;
- Whether and to what extent the creation of the proposed SNF status and accompanying accommodations would benefit small entities, and whether additional accommodations should be made available to SNFs;
- Whether there are modifications to the proposed amendments that could further lower the burden on small entities; and
- How to quantify the impact of the proposed amendments.

Commenters are asked to describe the nature of any impact and provide empirical data supporting the extent of the impact. Comments will be considered in the preparation of the Final Regulatory Flexibility Analysis, if the proposed amendments are adopted, and will be placed in the same public file as comments on the proposed amendments themselves.

Statutory Authority

The rule amendments contained in this release are being proposed under the authority set forth in sections 6, 7, 10, 19(a), and 28 of the Securities Act, as amended, and sections 3(b), 12, 13, 14(a), 14A, 15(d), 23(a), and 36 of the Exchange Act, as amended.

List of Subjects in 17 CFR Parts 210, 229, 230, 232, 239, 240, and 249

Reporting and recordkeeping requirements, Securities.

Text of Proposed Amendments

For the reasons set forth in the preamble, the Commission proposes to amend Title 17, Chapter II of the Code of Federal Regulations as follows:

PART 210—FORM AND CONTENT OF AND REQUIREMENTS FOR FINANCIAL STATEMENTS, SECURITIES ACT OF 1933, SECURITIES EXCHANGE ACT OF 1934, INVESTMENT COMPANY ACT OF 1940, INVESTMENT ADVISERS ACT OF 1940, AND ENERGY POLICY AND CONSERVATION ACT OF 1975

- 1. The authority citation for part 210 continues to read as follows:

Authority: 15 U.S.C. 77f, 77g, 77j, 77s, 77z–2, 77z–3, 77aa(25), 77aa(26), 77nn(25), 77nn(26), 78c, 78j–1, 78l, 78m, 78n, 78o(d),

⁴⁷⁹ See *supra* note 25 for a definition of “public float.”

⁴⁸⁰ See *supra* note 13.

78q, 78u–5, 78w, 78ll, 78mm, 80a–8, 80a–20, 80a–29, 80a–30, 80a–31, 80a–37(a), 80b–3, 80b–11, 7202 and 7262, and sec. 102(c), Pub. L. 112–106, 126 Stat. 310 (2012), unless otherwise noted.

■ 2. Revise § 210.2–02(f)(1) to read as follows:

§ 210.2–02 Accountants' reports and attestation reports.

* * * * *

(f) *Attestation report on internal control over financial reporting.*

(1) Every registered public accounting firm that issues or prepares an accountant's report for a large accelerated filer (as defined in § 240.12b–2 of this chapter) that is included in an annual report required by section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*) containing an assessment by management of the effectiveness of the registrant's internal control over financial reporting must include an attestation report on internal control over financial reporting.

* * * * *

■ 3. Amend § 210.3–01 by revising paragraphs (e) and (i) to read as follows:

§ 210.3–01 Consolidated balance sheets.

* * * * *

(e) For filings made after the number of days specified in paragraph (i)(2) of this section, the filing must also include a balance sheet as of an interim date within the following number of days of the date of filing:

(1) 130 days for large accelerated filers (as defined in § 240.12b–2 of this chapter); and

(2) 135 days for non-accelerated filers (as defined in § 240.12b–2 of this chapter)

* * * * *

(i)

(1) For purposes of paragraphs (c) and (d) of this section, the number of days is:

(i) 60 days for large accelerated filers (as defined in § 240.12b–2 of this chapter); and

(ii) 90 days for non-accelerated filers (as defined in § 240.12b–2 of this chapter);

(2) For purposes of paragraph (e) of this section, the number of days is:

(i) 129 days subsequent to the end of the registrant's most recent fiscal year for large accelerated filers (as defined in § 240.12b–2 of this chapter); and

(ii) 134 days subsequent to the end of the registrant's most recent fiscal year for non-accelerated filers (as defined in § 240.12b–2 of this chapter).

■ 4. Revise § 210.3–02(a) to read as follows:

§ 210.3–02 Consolidated statements of comprehensive income and cash flows.

(a) Audited statements of comprehensive income and cash flows must be filed for the large accelerated filer (as defined in § 240.12b–2 of this chapter) and its subsidiaries consolidated and for its predecessors for each of the three fiscal years preceding the date of the most recent audited balance sheet being filed or such shorter period as the registrant (including predecessors) has been in existence.

* * * * *

■ 5. Revise § 210.3–09(b) to read as follows:

§ 210.3–09 Separate financial statements of subsidiaries not consolidated and 50 percent or less owned persons.

* * * * *

(b) Insofar as practicable, the separate financial statements required by this section must be as of the same dates and for the same periods as the audited consolidated financial statements required by §§ 210.3–01 and 3–02. However, these separate financial statements are required to be audited only for those fiscal years in which either the first or third condition set forth in § 210.1–02(w), substituting 20 percent for 10 percent, is met. For purposes of a filing on Form 10–K (§ 249.310 of this chapter):

(1) If the 50 percent or less owned person is not a large accelerated filer (as defined in § 240.12b–2 of this chapter), the required financial statements may be filed as an amendment to the report no more than the subsidiary's number of filing days, or no more than six months if the 50 percent or less owned person is a foreign business, after the end of the registrant's fiscal year.

(2) If the fiscal year of any 50 percent or less owned person ends no more than 60 days before the date of the registrant's filing, or if the fiscal year ends after the date of the filing, the required financial statements may be filed as an amendment to the report no more than the subsidiary's number of filing days, or no more than six months if the 50 percent or less owned person is a foreign business, after the end of such subsidiary's or person's fiscal year.

(3) The term *subsidiary's number of filing days* means:

(i) 60 days if the 50 percent or less owned person is a large accelerated filer;

(ii) 90 days if the 50 percent or less owned person is a non-accelerated filer or is a private company that would not otherwise meet the definition of a small non-accelerated filer; and

(iii) 120 days if the 50 percent or less owned person is a small non-accelerated

filer or is a private company that would otherwise meet the definition of a small non-accelerated filer.

* * * * *

■ 6. Revise § 210.3–12(g) to read as follows:

§ 210.3–12 Age of financial statements at effective date of registration statement or at mailing date of proxy statement.

* * * * *

(g)(1) For purposes of paragraph (a) of this section, the number of days is:

(i) 130 days for large accelerated filers (as defined in § 240.12b–2 of this chapter); and

(ii) 135 days for non-accelerated filers (as defined in § 240.12b–2 of this chapter).

(2) For purposes of paragraph (b) of this section, the number of days is:

(i) 60 days for large accelerated filers (as defined in § 240.12b–2 of this chapter); and

(ii) 90 days for non-accelerated filers (as defined in § 240.12b–2 of this chapter).

■ 7. Amend § 210.3–15 by removing paragraphs (a), (b), and (c), and reserving § 210.3–15.

■ 8. Revise and republish § 210.3–19 to read as follows:

§ 210.3–19 Special provisions as to business development companies and face-amount certificate companies that are non-accelerated filers.

(a) A non-accelerated filer (as defined in § 240.12b–2 of this chapter) that is a business development company or face-amount certificate company must comply with the requirements of § 210.3–02 as if it were a large accelerated filer, except that for purposes of paragraph (a) of § 210.3–02, the company may file audited statements of operations and cash flows for the company and its subsidiaries and for its predecessors for each of the two fiscal years preceding the date of the most recent audited balance sheet being filed or such shorter period as the company (including any predecessors) has been in existence.

(b) For purposes of reporting separate financial statements of subsidiaries not consolidated and 50 percent or less owned persons under § 210.3–09, a non-accelerated filer that is a business development company or face-amount certificate company may apply paragraph (b)(2) of § 210.3–09 if the fiscal year of any 50 percent or less owned person ends no more than 90 days before the date of the company's filing (or 120 days before the date of the company's filing if the company is a small non-accelerated filer, as defined in § 240.12b–2 of this chapter).

(c) Notwithstanding other requirements in Regulation S-X, time periods for a small non-accelerated filer that is a business development company or face-amount certificate company are:

(1) 140 days for purposes of paragraphs (a) and (e) of § 210.3-01 and paragraph (g)(1) of § 210.3-12;

(2) 120 days for purposes of paragraph (i)(1) of § 210.3-01 and paragraph (g)(2) of § 210.3-12; and

(3) 139 days for purposes of paragraph (i)(2) of § 210.3-01.

(d) Notwithstanding other form and content requirements in Regulation S-X, a non-accelerated filer that is a business development company or face-amount certificate company may elect to, for the first five years after an initial registration with the Commission, defer complying with any new or revised financial accounting standard until the date that a company that is not an issuer (as defined under Section 2(a) of the Sarbanes Oxley Act of 2002 (15 U.S.C. 7201(a)) is required to comply with such new or revised financial accounting standard, if such standard applies to companies that are not issuers, provided that:

(1) For a business development company or face-amount certificate company electing this accommodation for this five-year period:

(i) The company must disclose the election at the time the company files its initial registration statement and apply the election to all standards; and

(ii) The accommodation will cease on the last day of the fiscal year in which the fifth anniversary of the company's initial registration effective date occurs. The annual report of the company for that fiscal year must reflect the adoption of all new or revised financial accounting standards that are effective for issuers as of that date; and

(2) A business development company or face-amount certificate company electing not to use this accommodation must forgo this accommodation for all financial accounting standards and may not elect to rely on this accommodation in any future filings.

■ 9. Amend § 210.4-08 by removing and reserving paragraphs (b), (d), (h), (m), and (n).

■ 10. Amend § 210.5-02 by:

■ a. In paragraph 19, removing paragraph (b) and removing the paragraph (a) designation;

■ b. In paragraph 20, removing the words "indicating the current portion of deferred income taxes,";

■ c. In paragraph 22, removing paragraph (b) and removing the paragraph (a) designation; and

■ d. In paragraph 27(c), removing the words "(See also § 210.4-08(d))."

■ 11. Revise and republish § 210.8-01 through 210.8-08 and the undesignated center heading "Article 8 Financial Statements of Smaller Reporting Companies" to read as follows:

Article 8 Financial Statements of Non-Accelerated Filers

§ 210.8-01 General requirements for Article 8.

(a) Sections 210.8-01 through 210.8-08 (Article 8):

(1) May be applied to financial statements filed for non-accelerated filers, including small non-accelerated filers (as defined in § 240.12b-2 of this chapter);

(2) Are not applicable to financial statements prepared for the purposes of Item 17 or Item 18 of Form 20-F;

(3) Are not applicable to financial statements prepared for investment companies; and

(4) Financial statements of a non-accelerated filer, its predecessors or any businesses to which the registrant is a successor must be prepared in accordance with generally accepted accounting principles in the United States.

(b) Non-accelerated filers electing to prepare their financial statements with the form and content required in Article 8 need not apply the other form and content requirements in Regulation S-X with the exception of the following:

(1) The report and qualifications of the independent accountant must comply with the requirements of §§ 210.2-01 through 210.2-07 (Article 2);

(2) The description of accounting policies must comply with § 210.4-08(n);

(3) Non-accelerated filers engaged in oil and gas producing activities must follow the financial accounting and reporting standards specified in § 210.4-10 with respect to such activities;

(4) The form, order, and terminology of the financial statements must comply with the requirements of § 210.4-01(a); and

(5) Summarized financial information of subsidiaries not consolidated and 50 percent or less owned persons accounted for by the equity method by the registrant or a subsidiary of the registrant must be presented in the notes to the financial statements as required by § 210.4-08(g), substituting 20 percent for 10 percent when the criteria in § 210.1-02(w) are applied.

(c) The requirements of § 210.3-10 are applicable to financial statements for a subsidiary of a non-accelerated filer that issues securities guaranteed by the non-accelerated filer or guarantees securities

issued by the non-accelerated filer. Disclosures about guarantors and issuers of guaranteed securities registered or being registered must be presented as required by § 210.13-01.

(d) The requirements of § 210.3-16 or § 210.13-02 are applicable if a non-accelerated filer's securities registered or being registered are collateralized by the securities of the non-accelerated filer's affiliates. Section 210.13-02 must be followed unless § 210.3-16 applies. The periods presented for purposes of compliance with § 210.3-16 are those required by § 210.8-02.

(e) The Commission, where consistent with the protection of investors, may permit the omission of one or more of the financial statements or the substitution of appropriate statements of comparable character. The Commission by informal written notice may require the filing of other financial statements where necessary or appropriate.

(f) Section 210.3-06 applies to the preparation of financial statements of non-accelerated filers.

(g) For the first five years after an initial registration with the Commission, non-accelerated filers may elect to defer complying with any new or revised financial accounting standard until the date that a company that is not an issuer (as defined under Section 2(a) of the Sarbanes Oxley Act of 2002 (15 U.S.C. 7201(a)) is required to comply with such new or revised financial accounting standard, if such standard applies to companies that are not issuers. Non-accelerated filers electing this accommodation for this five-year period must disclose the election at the time the non-accelerated filer files its initial registration statement and apply the election to all standards. This accommodation will cease on the last day of the fiscal year in which the fifth anniversary of the non-accelerated filer's initial registration effective date occurs. The annual report for that fiscal year must reflect the adoption of all new or revised financial accounting standards that are effective for issuers as of that date. Non-accelerated filers electing not to use this accommodation must forgo this accommodation for all financial accounting standards and may not elect to rely on this accommodation in any future filings.

§ 210.8-02 Annual financial statements.

Non-accelerated filers (as defined in § 240.12b-2 of this chapter) must file an audited balance sheet for the registrant and its subsidiaries consolidated and for its predecessors as of the end of each of the most recent two fiscal years, or as of a date within 135 days (or 140 days if a small non-accelerated filer) if the

issuer has existed for a period of less than one fiscal year, and audited statements of comprehensive income, cash flows, and changes in stockholders' equity for each of the two fiscal years preceding the date of the most recent audited balance sheet (or such shorter period as the registrant has been in business).

§ 210.8-03 Interim financial statements.

(a) Interim financial statements must include a balance sheet as of the end of the issuer's most recent fiscal quarter, a balance sheet as of the end of the preceding fiscal year, and statements of comprehensive income and statements of cash flows for the interim period up to the date of the interim balance sheet and the comparable period of the preceding fiscal year. Interim financial statements may be unaudited; however, before filing, interim financial statements included in quarterly reports on Form 10-Q (§ 249.308(a) of this chapter) must be reviewed by an independent public accountant using applicable professional standards and procedures for conducting such reviews, as may be modified or supplemented by the Commission. If, in any filing, the issuer states that interim financial statements have been reviewed by an independent public accountant, a report of the accountant on the review must be filed with the interim financial statements.

(b) *Condensed format.* Interim financial statements may be condensed as follows:

(1) Include separate captions for each balance sheet component presented in the annual financial statements that represents 10% or more of total assets. Present cash and retained earnings regardless of relative significance to total assets. Present totals for current assets and current liabilities when a registrant presents a classified balance sheet in its annual financial statements.

(2) Include net sales or gross revenue, each cost and expense category presented in the annual financial statements that exceeds 20% of sales or gross revenues, provision for income taxes, and discontinued operations in statements of comprehensive income (or the statement of net income if comprehensive income is presented in two separate but consecutive financial statements). Substitute net interest income for sales for purposes of determining items to be disclosed for financial institutions.

(3) Include cash flows from operating, investing, and financing activities as well as cash at the beginning and end of each period and the increase or

decrease in such balance in cash flow statements.

(4) Additional line items may be presented to facilitate the usefulness of the interim financial statements, including their comparability with annual financial statements.

(5) Provide the information required by § 210.3-04 for the current and comparative year-to-date periods, with subtotals for each interim period.

(c) *Disclosure required and additional instructions as to content.*

(1) *Footnotes.* Provide footnote and other disclosures as needed for fair presentation and to ensure that the financial statements are not misleading.

(2) *Summarized financial information of subsidiaries not consolidated and 50 percent or less owned persons*

(i) Disclose the summarized statement of comprehensive income information specified in § 210.1-02(bb)(1)(ii) on an individual or group basis for each:

(A) majority-owned subsidiary not consolidated by the registrant or by a subsidiary of the registrant that meets any of the conditions specified in the definition of significant subsidiary in § 210.1-02(w), substituting 20 percent for 10 percent; and

(B) 50 percent or less owned person accounted for by the equity method by either the registrant or a subsidiary of the registrant that meets either the investment test or income test specified in the definition of significant subsidiary in § 210.1-02(w)(1), substituting 20 percent for 10 percent.

(ii) The summarized statement of comprehensive income information required by paragraph (c)(2)(i) of this section need not be provided for any unconsolidated subsidiary or person that would not be required pursuant to § 240.13a-13 or § 240.15d-13 of this chapter to file quarterly financial information with the Commission if it were a registrant.

(3) *Material accounting changes.* The registrant's independent accountant must provide a letter in the first Form 10-Q (§ 249.308a of this chapter) filed after the change indicating whether or not the change is to a preferable method.

(4) *Financial statements of and disclosures about guarantors and issuers of guaranteed securities.* The requirements of § 210.3-10 are applicable to financial statements for a subsidiary of a non-accelerated filer that issues securities guaranteed by the non-accelerated filer or guarantees securities issued by the non-accelerated filer. Present disclosures about guarantors and issuers of guaranteed securities registered or being registered as required by § 210.13-01.

(5) *Disclosures about affiliates whose securities collateralize an issuance.* Present disclosures about a non-accelerated filer's affiliates whose securities collateralize any class of securities registered or being registered and the related collateral arrangement as required by § 210.13-02.

Instruction to § 210.8-03. Where §§ 210.8-01 through 210.8-08 (Article 8 of this part) are applicable to quarterly reports on a Form 10-Q (§ 249.308a of this chapter) and the interim period is more than one quarter, statements of comprehensive income must also be provided for the most recent interim quarter and the comparable quarter of the preceding fiscal year.

§ 210.8-04 Financial statements of businesses acquired or to be acquired.

Apply § 210.3-05 substituting §§ 210.8-02 and 210.8-03, as applicable, wherever § 210.3-05 references §§ 210.3-01 and 210.3-02.

§ 210.8-05 Pro forma financial information.

(a) Pro forma financial information must be disclosed when any of the conditions in § 210.11-01 exist.

(b) The preparation, presentation, and disclosure of pro forma financial information must comply with §§ 210.11-01 through 210.11-03 (Article 11), except that the pro forma financial information may be condensed pursuant to § 210.8-03(a).

§ 210.8-06 Real estate operations acquired or to be acquired.

Apply § 210.3-14 substituting §§ 210.8-02 and 210.8-03, as applicable, wherever § 210.3-14 references §§ 210.3-01 and 210.3-02.

§ 210.8-07 [Reserved]

§ 210.8-08 Age of financial statements.

(a) At the date of filing, financial statements included in filings other than filings on Form 10-K must be not less current than the financial statements that would be required in Forms 10-K and 10-Q if such reports were required to be filed. If required financial statements are as of a date 135 days (or within 140 days for a small non-accelerated filer) or more before the date a registration statement becomes effective or proxy material is expected to be mailed, update the financial statements to include financial statements for an interim period ending within 135 days (or 140 days for a small non-accelerated filer) of the effective or expected mailing date. Interim financial statements must be prepared and presented in accordance with paragraph (b) of this section.

(b) When the anticipated effective or mailing date falls within 45 days after the end of the non-accelerated filer's fiscal year, the filing may include financial statements only as current as of the end of the third fiscal quarter; *Provided, however*, that if the audited financial statements for the recently completed fiscal year are available or become available before effectiveness or mailing, they must be included in the filing; and

(c) For interim financial statements, if the effective date or anticipated mailing date falls after 45 days but within 90 days of the end of the non-accelerated filer's fiscal year (or after 45 days but within 120 days of the end of the small non-accelerated filer's fiscal year), the non-accelerated filer (or small non-accelerated filer) is not required to provide the audited financial statements for such year end provided that the following conditions are met:

(1) All reports due have been filed;

(2) For the most recent fiscal year for which audited financial statements are not yet available, the non-accelerated filer reasonably and in good faith expects to report income from continuing operations attributable to the registrant before taxes; and

(3) For at least one of the two fiscal years immediately preceding the most recent fiscal year the non-accelerated filer reported income from continuing operations attributable to the registrant before taxes.

■ 12. Amend § 210.10–01 by:

■ a. Removing and reserving paragraph (b)(2).

■ b. Removing and reserving paragraph (b)(7).

■ 13. Amend § 210.15–01 by removing the words “smaller reporting company based on its annual revenues as of the most recently completed fiscal year for which audited financial statements are available,” and adding, in their place, the words “non-accelerated filer” in the following places:

■ a. Paragraph (b);

■ b. Paragraph (c); and

■ c. Paragraph (d).

PART 229—STANDARD INSTRUCTIONS FOR FILING FORMS UNDER SECURITIES ACT OF 1933, SECURITIES EXCHANGE ACT OF 1934 AND ENERGY POLICY AND CONSERVATION ACT OF 1975—REGULATION S–K

■ 14. The authority citation for part 229 continues to read as follows:

Authority: 15 U.S.C. 77e, 77f, 77g, 77h, 77j, 77k, 77s, 77z–2, 77z–3, 77aa(25), 77aa(26), 77ddd, 77eee, 77ggg, 77hhh, 77iii, 77jjj, 77nnn, 77sss, 78c, 78i, 78j, 78j–3, 78l, 78m,

78n, 78n–1, 78o, 78u–5, 78w, 78ll, 78 mm, 80a–8, 80a–9, 80a–20, 80a–29, 80a–30, 80a–31(c), 80a–37, 80a–38(a), 80a–39, 80b–11 and 7201 *et seq.*; 18 U.S.C. 1350; sec. 953(b), Pub. L. 111–203, 124 Stat. 1904 (2010); and sec. 102(c), Pub. L. 112–106, 126 Stat. 310 (2012).

■ 15. Amend § 229.10 to:

■ a. Add (b)(3); and

■ b. Revise (f).

The addition and revision to read as follows:

§ 229.10 (Item 10) General.

* * * * *

(b) * * *

(3) *Investor understanding.*

(i) When management chooses to include its projections in a Commission filing, the disclosures accompanying the projections should facilitate investor understanding of the basis for and limitations of projections. In this regard investors should be cautioned against attributing undue certainty to management's assessment, and the Commission believes that investors would be aided by a statement indicating management's intention regarding the furnishing of updated projections. The Commission also believes that investor understanding would be enhanced by disclosure of the assumptions which in management's opinion are most significant to the projections or are the key factors upon which the financial results of the enterprise depend and encourages disclosure of assumptions in a manner that will provide a framework for analysis of the projection.

(ii) Management also should consider whether disclosure of the accuracy or inaccuracy of previous projections would provide investors with important insights into the limitations of projections. In this regard, consideration should be given to presenting the projections in a format that will facilitate subsequent analysis of the reasons for differences between actual and forecast results. An important benefit may arise from the systematic analysis of variances between projected and actual results on a continuing basis, since such disclosure may highlight for investors the most significant risk and profit-sensitive areas in a business operation.

(iii) With respect to previously issued projections, registrants are reminded of their responsibility to make full and prompt disclosure of material facts, both favorable and unfavorable, regarding their financial condition. This responsibility may extend to situations where management knows or has reason to know that its previously disclosed projections no longer have a reasonable basis.

(iv) Since a registrant's ability to make projections with relative confidence may vary with all the facts and circumstances, the responsibility for determining whether to discontinue or to resume making projections is best left to management. However, the Commission encourages registrants not to discontinue or to resume projections in Commission filings without a reasonable basis.

* * * * *

(f) *Emerging Growth Companies.* An emerging growth company, as defined in 17 CFR 230.405 and 17 CFR 240.12b–2 of this chapter, is:

(1) Exempt from the requirement to:

(i) Provide a registered public accounting firm's attestation report on the registrant's internal control over financial reporting (§ 229.308(b) and § 210.2–02 of this chapter);

(ii) Provide pay ratio disclosure (§ 229.402(u));

(iii) Provide pay versus performance disclosure (§ 229.402(v));

(iv) Provide a compensation committee report (§ 229.407(e));

(v) Provide disclosure of payments by resource extraction issuers (§ 240.13q–1 of this chapter);

(vi) Conduct shareholder advisory votes to approve executive compensation (§ 240.14a–21(a) of this chapter);

(vii) Conduct shareholder advisory votes on frequency of say-on-pay (§ 240.14a–21(b) of this chapter); and

(viii) Conduct shareholder advisory votes on golden parachute compensation (§ 240.14a–21(c) of this chapter) and provide disclosure on golden parachute compensation (§ 229.402(t) and § 229.1011(b)).

(2) Permitted to:

(i) Provide audited statements of comprehensive income, cash flows, and changes in stockholders' equity, and management's discussion and analysis related to such statements, for each of the two fiscal years preceding the date of the most recent audited balance sheet in an initial registration statement for an offering of common equity securities (§ 229.303, § 210.3–02, and § 210.3–04 of this chapter); and

(ii) Disclose the same scaled executive compensation information as an issuer with a market value of outstanding voting and nonvoting common equity held by non-affiliates of less than \$75,000,000 (§ 229.402).

■ 16. Revise and republish § 229.101 to read as follows:

§ 229.101 (Item 101) Description of business.

(a) *General development of business.*

(1) Describe the general development of the business of the registrant, its

subsidiaries, and any predecessor(s). A registrant must describe the development of its business for the period of time that is material to an understanding of the general development of the business. In describing developments, only information material to an understanding of the general development of the business is required. If a registrant seeks to incorporate by reference a description of the development of its business in reliance on § 230.411(b) or § 240.12b-23(a) of this chapter as applicable, the registrant must provide an update to the general development of its business disclosing all of the material developments that have occurred since the most recent registration statement or report that includes a full discussion of the general development of its business. In addition, the registrant must incorporate by reference, and include one active hyperlink to one registration statement or report that includes, the full discussion of the general development of the registrant's business. If the registrant has not been in business for three years, provide the same information for predecessor(s) of the registrant if there are any. This business development description must include:

- (i) Form and year of organization.
- (ii) Any bankruptcy, receivership or similar proceeding.
- (iii) Any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.
- (iv) A brief description of the business that includes a discussion, to the extent material to an understanding of the registrant, of:
 - (A) Principal products or services and their markets;
 - (B) Distribution methods of the products or services;
 - (C) Status of any publicly announced new product or service;
 - (D) Competitive business conditions and the registrant's competitive position in the industry and methods of competition;
 - (E) Sources and availability of raw materials and the names of principal suppliers;
 - (F) Dependence on one or a few major customers;
 - (G) Patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts, including duration;
 - (H) Need for any government approval of principal products or services, and if government approval is necessary and the registrant has not yet received that approval, discuss the status of the

approval within the government approval process;

(I) Effect of existing or probable governmental regulations on the business;

(J) Costs and effects of compliance with environmental laws (Federal, State and local); and

(K) Number of total employees and number of full-time employees.

(v) The following disclosure in any registration statement filed under the Securities Act of 1933:

(A) Whether the registrant will voluntarily send an annual report to security holders if it is not required to do so and whether the report will include audited financial statements;

(B) Whether the registrant files reports with the Securities and Exchange Commission, identifying those reports and other information the registrant files with the Commission; and

(C) A statement that the Commission maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Commission, including the address of that site (<http://www.sec.gov>) and the registrant's internet address, if available.

(vi) Disclosure regarding the enforceability of civil liabilities against foreign persons if the registrant is a foreign private issuer filing a registration statement under the Securities Act. The disclosure must address the following matters:

(A) Whether or not investors may bring actions under the civil liability provisions of the U.S. Federal securities laws against the foreign private issuer, any of its officers and directors who are residents of a foreign country, any underwriters or experts named in the registration statement that are residents of a foreign country, and whether investors may enforce these civil liability provisions when the assets of the issuer or these other persons are located outside of the United States;

(B) The investor's ability to effect service of process within the United States on the foreign private issuer or any person;

(C) The investor's ability to enforce judgments obtained in U.S. courts against foreign persons based upon the civil liability provisions of the U.S. Federal securities laws;

(D) The investor's ability to enforce, in an appropriate foreign court, judgments of U.S. courts based upon the civil liability provisions of the U.S. Federal securities laws;

(E) The investor's ability to bring an original action in an appropriate foreign court to enforce liabilities against the

foreign private issuer or any person based upon the U.S. Federal securities laws; and

(F) The name of counsel if the disclosure is based on an opinion of counsel included in the prospectus and filed as an exhibit to the registration statement a signed consent of counsel to the use of its name and opinion.

(2) Registrants that are not subject to the reporting requirements of section 13(a) or 15(d) of the Exchange Act prior to the filing of a registration statement on Form S-1 (§ 239.11 of this chapter) or on Form 10 (§ 249.210 of this chapter) and that (including predecessors) have not received revenue from operations during the last three fiscal years must provide the following information:

(i) A description of the plan of operation for:

(A) The remainder of the fiscal year if the registration statement is filed prior to the end of the registrant's second fiscal quarter;

(B) The remainder of the fiscal year and for the first six months of the next fiscal year if the registration statement is filed subsequent to the end of the registrant's second fiscal quarter; or

(C) If a description of the registrant's plan of operation is not available, the reasons for its not being available.

(ii) Disclosure relating to such matters as:

(A) In the case of a registration statement on Form S-1, a statement in narrative form indicating:

(1) The registrant's opinion as to the period of time that the proceeds from the offering will satisfy cash requirements and whether in the next six months it will be necessary to raise additional funds to meet the expenditures required for operating the business of the registrant;

(2) The specific reasons for such opinion, including identifying categories of expenditures and sources of cash resources; however, amounts of expenditures and cash resources need not be provided; and

(3) If the narrative statement is based on a cash budget, furnish such budget to the Commission as supplemental information, but not as part of the registration statement;

(B) An explanation of material product research and development to be performed during the period covered in the plan;

(C) Any anticipated material acquisition of plant and equipment and the capacity thereof;

(D) Any anticipated material changes in number of employees in the various departments such as research and development, production, sales or administration; and

(E) Other material areas which may be peculiar to the registrant's business.

b. General development of business for large accelerated filers. A registrant that is a large accelerated filer, as defined in § 230.405 and 240.12b-2 of this chapter, must additionally consider:

(1) In describing the general development of the business of the registrant, its subsidiaries, and any predecessor(s) this disclosure may include, but is not limited to:

(i) Any material changes to a previously disclosed business strategy;

(ii) The nature and effects of any material bankruptcy, receivership, or any similar proceeding with respect to the registrant or any of its significant subsidiaries;

(iii) The nature and effects of any material reclassification, merger or consolidation of the registrant or any of its significant subsidiaries; and

(iv) The acquisition or disposition of any material amount of assets otherwise than in the ordinary course of business.

(2) In describing the business done and intended to be done by the registrant and its subsidiaries, this disclosure should focus on the registrant's dominant segment or each reportable segment about which financial information is presented in the financial statements. When describing each segment, only information material to an understanding of the business taken as a whole is required.

(i) Disclosure may include, but should not be limited to:

(A) Revenue-generating activities, products and/or services, and any dependence on revenue-generating activities, key products, services, product families or customers, including governmental customers;

(B) Status of development efforts for new or enhanced products, trends in market demand and competitive conditions;

(C) Resources material to a registrant's business, such as:

(1) Sources and availability of raw materials; and

(2) The duration and effect of all patents, trademarks, licenses, franchises, and concessions held;

(D) A description of any material portion of the business that may be subject to renegotiation of profits or termination of contracts or subcontracts at the election of the Government; and

(E) The extent to which the business is or may be seasonal.

(ii) Discuss the following with respect to, and to the extent material to an understanding of, the registrant's business taken as a whole, except that, if the information is material to a particular segment, additionally identify that segment.

(A) The material effects that compliance with government regulations, including environmental regulations, may have upon the capital expenditures, earnings and competitive position of the registrant and its subsidiaries, including the estimated capital expenditures for environmental control facilities for the current fiscal year and any other material subsequent period; and

(B) A description of the registrant's human capital resources, including the number of persons employed by the registrant, and any human capital measures or objectives that the registrant focuses on in managing the business (such as, depending on the nature of the registrant's business and workforce, measures or objectives that address the development, attraction and retention of personnel).

(c) *Available information.* Disclose the information in paragraphs (c)(1), (c)(2) and (c)(3) of this section in any registration statement the registrant files under the Securities Act (15 U.S.C. 77a *et seq.*), and disclose the information in paragraph (c)(3) of this section in the registrant's annual report on Form 10-K (§ 249.310 of this chapter). Further disclose the information in paragraph (c)(4) of this section if the registrant is a large accelerated filer (as defined in § 240.12b-2 of this chapter) filing an annual report on Form 10-K (§ 249.310 of this chapter):

(1) Whether the registrant files reports with the Securities and Exchange Commission. If the registrant is a reporting company, identify the reports and other information the registrant files with the Commission.

(2) State that the Commission maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Commission and state the address of that site (<https://www.sec.gov>).

(3) Disclose the registrant's internet address, if the registrant has one.

(4)

(i) Whether the registrant makes available free of charge on or through its internet website, the registrant's annual report on Form 10-K, quarterly reports on Form 10-Q (§ 249.308a of this chapter), current reports on Form 8-K (§ 249.308 of this chapter), and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act (15 U.S.C. 78m(a) or 78o(d)) as soon as reasonably practicable after the registrant electronically files such material with, or furnishes it to, the Commission;

(ii) If the registrant does not make its filings available in this manner, the reasons the registrant does not do so (including, where applicable, that the registrant does not have an internet website); and

(iii) If the registrant does not make its filings available in this manner, whether the registrant voluntarily will provide electronic or paper copies of its filings free of charge upon request.

(d) *Reports to security holders.*

Disclose the following information in any registration statement the registrant files under the Securities Act:

(1) If the Commission's proxy rules or regulations, or stock exchange requirements, do not require the registrant to send an annual report to security holders or to holders of American depository receipts, describe briefly the nature and frequency of reports that the registrant will provide to security holders. Specify whether the reports that the registrant provides will contain financial information that has been examined and reported on, with an opinion expressed "by" an independent public or certified public accountant.

(2) For a foreign private issuer, if the report will not contain financial information prepared in accordance with U.S. generally accepted accounting principles, the registrant must state whether the report will include a reconciliation of this information with U.S. generally accepted accounting principles.

Instruction 1 to Item 101: In determining what information about the segments is material to an understanding of the registrant's business taken as a whole and therefore required to be disclosed, the registrant should take into account both quantitative and qualitative factors such as the significance of the matter to the registrant (*e.g.*, whether a matter with a relatively minor impact on the registrant's business is represented by management to be important to its future profitability), the pervasiveness of the matter (*e.g.*, whether it affects or may affect numerous items in the segment information), and the impact of the matter (*e.g.*, whether it distorts the trends reflected in the segment information). Situations may arise when information should be disclosed about a segment, although the information in quantitative terms may not appear significant to the registrant's business taken as a whole.

Instruction 2 to Item 101: Base the determination of whether information about segments is required for a particular year upon an evaluation of interperiod comparability. For instance, interperiod comparability would require

a registrant to report segment information in the current period even if not material under the criteria for reportability of FASB ASC Topic 280, *Segment Reporting*, if a segment has been significant in the immediately preceding period and the registrant expects it to be significant in the future.

Instruction 3 to Item 101: The Commission, upon written request of the registrant and where consistent with the protection of investors, may permit the omission of any of the information required by this Item or the furnishing in substitution thereof of appropriate information of comparable character.

- 17. Amend § 229.201 by
- a. Revising paragraph (a)(1)(iii);
- b. Revising paragraph (e)(1); and
- c. Removing and reserving Instruction 6 to paragraph (e).

§ 229.201 (Item 201) Market price of and dividends on the registrant's common equity and related stockholder matters.

* * * * *

(a) * * *

(1) * * *

(iii) Where there is no established public trading market for a class of common equity, furnish a statement to that effect and, if applicable, state the range of high and low bid information for each full quarterly period within the two most recent fiscal years and any subsequent interim period for which financial statements are included, or are required to be included by 17 CFR 210.3–01 through 210.3–20 (Article 3 of Regulation S–X) or 17 CFR 210.8–01 through 8–08 (Article 8 of Regulation S–X), indicating the source of such quotations. Qualify reference to quotations by appropriate explanation. For purposes of this Item the existence of limited or sporadic quotations should not of itself be deemed to constitute an “established public trading market.”

* * * * *

(e) *Performance Graph.*

(1) For a registrant that is a large accelerated filer (as defined in § 230.405 and § 240.12b–2 of this chapter) or an investment company, provide a line graph comparing the yearly percentage change in the registrant's cumulative total shareholder return on a class of common stock registered under section 12 of the Exchange Act (as measured by dividing the sum of the cumulative amount of dividends for the measurement period, assuming dividend reinvestment, and the difference between the registrant's share price at the end and the beginning of the measurement period; by the share price at the beginning of the measurement period) with:

* * * * *

Instructions to Item 201(e): * * *

6. [Reserved].

* * * * *

- 18. Revise and republish § 229.302 to read as follows:

§ 229.302 (Item 302) Supplementary financial information.

When there are one or more retrospective changes to the statements of comprehensive income for any of the quarters within the two most recent fiscal years or any subsequent interim period for which financial statements are included or are required to be included by §§ 210.3–01 through 210.3–20 of this chapter (Article 3 of Regulation S–X) that individually or in the aggregate are material, a registrant that is a large accelerated filer (as defined in § 230.405 and § 240.12b–2 of this chapter), except a foreign private issuer or mutual life insurance company, must provide an explanation of the reasons for such material changes and disclose, for each affected quarterly period and the fourth quarter in the affected year, summarized financial information related to the statements of comprehensive income as specified in § 210.1–02(bb)(1)(ii) of this chapter (Rule 1–02(bb)(1)(ii) of Regulation S–X) and earnings per share reflecting such changes.

Instruction to 17 CFR 229.302: If the financial statements to which this information relates have been reported on by an accountant, appropriate professional standards and procedures, as enumerated in Auditing Standards issued by the Public Company Accounting Oversight Board, must be followed by the reporting accountant with regard to this disclosure.

- 19. Amend § 229.303 by:
- a. Revising “*Instruction to paragraph (b):* 1.”; and
- b. Revising paragraph (c).

The revisions to read as follows:

§ 229.303 (Item 303) Management's discussion and analysis of financial condition and results of operations.

* * * * *

(b) *Full fiscal years.* * * *

Instructions to paragraph (b): 1.

Generally, the discussion must cover the periods covered by the financial statements included in the filing and the registrant may use any presentation that in the registrant's judgment enhances a reader's understanding. For registrants providing financial statements covering three years in a filing, discussion about the earliest of the three years may be omitted if such discussion was already included in the registrant's prior filings on EDGAR that required disclosure in compliance with § 229.303 (Item 303 of

Regulation S–X), provided that registrants electing not to include a discussion of the earliest year must include a statement that identifies the location in the prior filing where the omitted discussion may be found.

* * * * *

(c) *Interim periods.* If interim period financial statements are included or are required to be included by 17 CFR 210.3 [Article 3 of Regulation S–X] or 17 CFR 210.8 [Article 8 of Regulation S–X], a management's discussion and analysis of the financial condition and results of operations must be provided so as to enable the reader to assess material changes in financial condition and results of operations between the periods specified in paragraphs (c)(1) and (2) of this section. The discussion and analysis must include a discussion of material changes in those items specifically listed in paragraph (b) of this section.

* * * * *

- 20. Amend § 229.305 by:

- a. Revising paragraph (a) introductory text;
- b. Revising paragraph (a)(1) introductory text;
- c. Revising paragraph (a)(2);
- d. Revising paragraph (a)(3);
- e. Revising paragraph (a)(4);
- f. Revising paragraph (b) introductory text;
- g. Revising paragraph (b)(2); and
- h. Removing and reserving paragraph (e).

The revisions to read as follows:

§ 229.305 Quantitative and qualitative disclosures about market risk.

(a) *Quantitative information about market risk.* Registrants that are large accelerated filers (as defined in § 230.405 and § 240.12b–2 of this chapter) must:

(1) Provide, in their reporting currency, quantitative information about market risk as of the end of the latest fiscal year, in accordance with one of the following three disclosure alternatives. In preparing this quantitative information, registrants must categorize market risk sensitive instruments into instruments entered into for trading purposes and instruments entered into for purposes other than trading purposes. Within both the trading and other than trading portfolios, separate quantitative information must be presented, to the extent material, for each market risk exposure category (*i.e.*, interest rate risk, foreign currency exchange rate risk, commodity price risk, and other relevant market risks, such as equity price risk). A registrant may use one of the three alternatives set forth in this

section for all of the required quantitative disclosures about market risk. A registrant also may choose, from among the three alternatives, one disclosure alternative for market risk sensitive instruments entered into for trading purposes and another disclosure alternative for market risk sensitive instruments entered into for other than trading purposes. Alternatively, a registrant may choose any disclosure alternative, from among the three alternatives, for each risk exposure category within the trading and other than trading portfolios. The three disclosure alternatives are:

* * * * *

(2) Discuss material limitations that cause the information required under paragraph (a)(1) of this Item 305 not to reflect fully the net market risk exposures of the entity. This discussion must include summarized descriptions of instruments, positions, and transactions omitted from the quantitative market risk disclosure information or the features of instruments, positions, and transactions that are included, but not reflected fully in the quantitative market risk disclosure information.

(3) Present summarized market risk information for the preceding fiscal year. In addition, registrants must discuss the reasons for material quantitative changes in market risk exposures between the current and preceding fiscal years. Information required by this paragraph (a)(3), however, is not required if disclosure is not required under paragraph (a)(1) of this Item 305 for the current fiscal year. Information required by this paragraph (a)(3) is not required for the first fiscal year end in which a registrant must present Item 305 information.

(4) If there is a change to disclosure alternatives or key model characteristics, assumptions, and parameters used in providing quantitative information about market risk (e.g., changing from tabular presentation to value at risk, changing the scope of instruments included in the model, or changing the definition of loss from fair values to earnings), and if the effects of any such change is material:

(i) Explain the reasons for the change; and

(ii) Either provide summarized comparable information, under the new disclosure method, for the year preceding the current year or, in addition to providing disclosure for the current year under the new method, provide disclosures for the current year

and preceding fiscal year under the method used in the preceding year.

* * * * *

(b) *Qualitative information about market risk.* Registrants that are large accelerated filers (as defined in § 230.405 and § 240.12b-2 of this chapter) must:

(1) To the extent material, describe:

* * * * *

(2) Present qualitative information about market risk separately for market risk sensitive instruments entered into for trading purposes and those entered into for purposes other than trading.

* * * * *

(e) [Reserved]

* * * * *

■ 21. Amend § 229.308 by:

■ a. Revising paragraph (a)(4);

■ b. Revising paragraph (b); and

■ c. Revising *Instruction to Item 308*.

§ 229.308 (Item 308) Internal control over financial reporting.

(a) * * *

(4) If the registrant is a large accelerated filer (as defined in § 240.12b-2 of this chapter), or otherwise includes in its annual report a registered public accounting firm's attestation report on internal control over financial reporting, a statement that the registered public accounting firm that audited the financial statements included in the annual report containing the disclosure required by this Item has issued an attestation report on the registrant's internal control over financial reporting.

(b) *Attestation report of the registered public accounting firm.* If the registrant is a large accelerated filer (as defined in § 240.12b-2 of this chapter), provide the registered public accounting firm's attestation report on the registrant's internal control over financial reporting in the registrant's annual report containing the disclosure required by this Item.

* * * * *

Instructions to Item 308: 1. A registrant need not comply with paragraph (a) of this Item until it either had been required to file an annual report pursuant to section 13(a) or 15(d) of the Exchange Act (15 U.S.C. 78m or 78o(d)) for the prior fiscal year or had filed an annual report with the Commission for the prior fiscal year. A registrant that does not comply must include a statement in its annual report in substantially the following form: "This annual report does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of the company's registered public accounting

firm due to a transition period established by rules of the Securities and Exchange Commission for newly public companies."

2. The registrant must maintain evidential matter, including documentation, to provide reasonable support for management's assessment of the effectiveness of the registrant's internal control over financial reporting.

■ 22. Amend § 229.402 by:

■ a. Adding paragraph (a)(7);

■ b. Removing and reserving paragraph (l);

■ c. Revising paragraph (t)(1);

■ d. Revising the *Instructions to Item 402(t)*;

■ e. Removing and reserving *Instruction 7.3 to Item 402(u) and Instruction 8 to Item 402(u)*;

■ f. Revising the introductory text to paragraph (v) and paragraph (v)(2);

■ g. Removing and reserving paragraph (v)(8); and

■ h. Revising *Instruction to paragraph (x)(2)*.

The revisions to read as follows:

§ 229.402 (Item 402) Executive compensation.

(a) *General.* * * *

(7) *Treatment of non-accelerated filers.* A non-accelerated filer (as defined in § 230.405 and § 240.12b-2 of this chapter):

(i) May provide the disclosure in paragraphs (m) through (r) in lieu of the disclosure required in paragraphs (a) through (k); and

(ii) Is exempt from providing the disclosure required in paragraphs (s) through (v).

* * * * *

(l) [Reserved]

(t) *Golden parachute compensation.*

(1) In connection with any proxy or consent solicitation material providing the disclosure required by section 14A(b)(1) of the Exchange Act (15 U.S.C. 78n-1(b)(1)) or any proxy or consent solicitation that includes disclosure under Item 14 of Schedule 14A (§ 240.14a-101 of this chapter) pursuant to Note A of Schedule 14A, with respect to each named executive officer of the acquiring company and the target company, provide the information specified in paragraphs (t)(2) and (3) of this section regarding any agreement or understanding, whether written or unwritten, between such named executive officer and the acquiring company or target company, concerning any type of compensation, whether present, deferred or contingent, that is based on or otherwise relates to an acquisition, merger, consolidation, sale or other disposition of all or

substantially all assets of the issuer, as follows: * * *

* * * * *

Instruction to Item 402(t). The obligation to provide the information in this Item 402(t) does not apply to agreements and understandings described in paragraph (t)(1) of this section with senior management of foreign private issuers, as defined in § 240.3b–4 of this chapter.

(u) *Pay ratio disclosure*—

* * * * *

Instruction 7 to Item 402(u)—

Transition periods for registrants. * * *
3. [Reserved]

Instruction 8 to Item 402(u)—

[Reserved]

* * * * *

(v) *Pay versus performance.* In connection with any proxy or information statement for which the rules of the Commission require executive compensation disclosure pursuant to this section:

* * * * *

(2) * * *

(ii) The PEO's (as defined in paragraph (a)(3) of this section) total compensation for the covered fiscal year as reported in the Summary Compensation Table pursuant to paragraph (c)(2)(x) of this section, and the average total compensation reported for the remaining named executive officers collectively reported pursuant to such applicable paragraph (column (d)). If more than one person served as the registrant's PEO during the covered fiscal year, provide the total compensation, as reported in accordance with the immediately preceding sentence, for each person who served as the PEO during that period separately in an additional column (b) for each such person.

(iii) The executive compensation actually paid to the PEO (column (c)) and the average executive compensation actually paid to the remaining named executive officers collectively (column (e)). If more than one person served as the registrant's PEO during the covered fiscal year, provide the compensation actually paid to each person who served as PEO during that period separately in an additional column (c) for each such person. For purposes of columns (c) and (e) of the table required by paragraph (v)(1) of this section, executive compensation actually paid must be the total compensation for the covered fiscal year for each named executive officer as provided in paragraph (c)(2)(x) of this section, adjusted to: * * *

* * * * *

(8) [Reserved]

* * * * *

(x) *Disclosure of the registrant's policies and practices related to the grant of certain equity awards close in time to the release of material nonpublic information.*

* * * * *

Instruction to paragraph (x)(2). A registrant that is a non-accelerated filer may limit the disclosures in the table to its PEO, the two most highly compensated executive officers other than the PEO who were serving as executive officers at the end of the last completed fiscal year, and up to two additional individuals who would have been the most highly compensated but for the fact that the individual was not serving as an executive officer at the end of the last completed fiscal year.

* * * * *

■ 23. In addition to the amendments set forth above, in 17 CFR 229.402, remove the words “smaller reporting company” and add, in their place, the words “non-accelerated filer” in the following places:

■ a. Paragraph (m)(1), (m)(2)(i), (m)(2)(ii), (m)(2)(iii), *Instruction 2 to Item 402(m)(2)*, *Instruction 2 to Item 402(m)(2)*, *402(m)(3)*, *402(m)(5)(i)*, *402(m)(5)(ii)*, *402(m)(5)(iii)*, and *402(m)(5)(v)*;

■ b. Paragraph (n)(1), *Instruction 1 to Item 402(n)(2)(v)* and *(n)(2)(vi)*, *Instruction 2 to Item 402(n)(2)(v)* and *(n)(2)(vi)*, *Instruction to Item 402(n)(2)(viii)*, (n)(2)(ix), (n)(2)(ix)(C), (n)(2)(ix)(D)(1), (n)(2)(ix)(D)(2), (n)(2)(ix)(E), (n)(2)(ix)(F), *Instruction 4 to Item 402(n)(2)(ix)*, and *Instruction 1 to Item 402(n)*;

■ c. Paragraph (p)(1) and *Instruction 3 to Item 402(p)(2)*;

■ d. Paragraph (q)(2); and

■ e. Paragraph (r)(1), (r)(2)(vii), (r)(2)(vii)(C), (r)(2)(vii)(D), (r)(2)(vii)(E), (r)(2)(vii)(F), (r)(2)(vii)(H), *Instruction to Item 402(r)(2)(vii)*.

■ 24. In addition to the amendments set forth above, in 17 CFR 229.402, remove the words “smaller reporting companies” and add, in their place, the words “non-accelerated filers” in the following places:

■ a. The heading to paragraph (m), and (m)(5);

■ b. The heading to paragraph (n), and instruction 2 to *Instructions to Item 402(n)(2)(iii)* and (iv);

■ c. The heading to paragraph (o);

■ d. The heading to paragraph (p), and instruction 3 to *Instructions to Item 402(p)(2)*;

■ e. The heading to paragraph (q); and

■ f. The heading to paragraph (r) and *Instruction to Item 402(r)(2)(vii)*.

■ 25. Revise and republish § 229.404 to read as follows:

§ 229.404 (Item 404) Transactions with related persons, promoters and certain control persons.

(a) *Transactions with related persons.* Describe any transaction, since the beginning of the registrant's last fiscal year, or any currently proposed transaction, in which the registrant was or is to be a participant and the amount involved exceeds \$120,000, and in which any related person had or will have a direct or indirect material interest.

(1) Disclose the following information regarding the transaction:

(i) The name of the related person and the basis on which the person is a related person.

(ii) The related person's interest in the transaction with the registrant, including the related person's position(s) or relationship(s) with, or ownership in, a firm, corporation, or other entity that is a party to, or has an interest in, the transaction.

(iii) The approximate dollar value of the amount involved in the transaction.

(iv) The approximate dollar value of the amount of the related person's interest in the transaction, computed without regard to the amount of profit or loss.

(v) In the case of indebtedness, disclosure of the amount involved in the transaction must include the largest aggregate amount of principal outstanding during the period for which disclosure is provided, the amount thereof outstanding as of the latest practicable date, the amount of principal paid during the periods for which disclosure is provided, the amount of interest paid during the period for which disclosure is provided, and the rate or amount of interest payable on the indebtedness.

(vi) Any other information regarding the transaction or the related person in the context of the transaction that is material to investors in light of the circumstances of the particular transaction.

(2) For the purposes of paragraph (a) of this section, the term related person means:

(i) Any person who was in any of the following categories at any time during the specified period for which disclosure under paragraph (a) of this Item is required:

(A) Any director or executive officer of the registrant;

(B) Any nominee for director, when the information called for by paragraph (a) of this Item is being presented in a proxy or information statement relating to the election of that nominee for director; or

(C) Any immediate family member of a director or executive officer of the registrant, or of any nominee for director when the information called for by paragraph (a) of this Item is being presented in a proxy or information statement relating to the election of that nominee for director, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of such director, executive officer or nominee for director, and any person (other than a tenant or employee) sharing the household of such director, executive officer or nominee for director; and

(ii) Any person who was in any of the following categories when a transaction in which such person had a direct or indirect material interest occurred or existed:

(A) A security holder covered by Item 403(a) (§ 229.403(a)); or

(B) Any immediate family member of any such security holder, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of such security holder, and any person (other than a tenant or employee) sharing the household of such security holder.

(3) For purposes of paragraph (a) of this section, a transaction includes, but is not limited to, any financial transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness) or any series of similar transactions, arrangements or relationships.

(4) The amount involved in the transaction is computed by determining the dollar value of the amount involved in the transaction in question, including:

(i) In the case of any lease or other transaction providing for periodic payments or installments, the aggregate amount of all periodic payments or installments due on or after the beginning of the registrant's last fiscal year, including any required or optional payments due during or at the conclusion of the lease or other transaction providing for periodic payments or installments; and

(ii) In the case of indebtedness, the largest aggregate amount of all indebtedness outstanding at any time since the beginning of the registrant's last fiscal year and all amounts of interest payable on it during the last fiscal year.

(5) In the case of a transaction involving indebtedness:

(i) Amounts due from the related person for purchases of goods and services subject to usual trade terms, for

ordinary business travel and expense payments and for other transactions in the ordinary course of business may be excluded from the calculation of the amount of indebtedness and need not be disclosed;

(ii) Disclosure need not be provided of any indebtedness transaction for the related persons specified in paragraph (a)(2)(ii) of this section; and

(iii) If the lender is a bank, savings and loan association, or broker-dealer extending credit under Federal Reserve Regulation T (12 CFR part 220) and the loans are not disclosed as past due, nonaccrual or troubled debt restructurings in the consolidated financial statements, disclosure under the paragraph (a) may consist of a statement, if such is the case, that the loans to such persons:

(A) Were made in the ordinary course of business;

(B) Were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with persons not related to the lender; and

(C) Did not involve more than the normal risk of collectibility or present other unfavorable features.

(6)(i) Disclosure of an employment relationship or transaction involving an executive officer and any related compensation solely resulting from that employment relationship or transaction need not be provided pursuant to this paragraph (a) if:

(A) The compensation arising from the relationship or transaction is reported pursuant to Item 402 (§ 229.402);

(B) The executive officer is not an immediate family member (as specified in Instruction 1 to paragraph (a) of this Item) and such compensation would have been reported under Item 402 (§ 229.402) as compensation earned for services to the registrant if the executive officer was a named executive officer as that term is defined in Item 402(a)(3) (§ 229.402(a)(3)), and such compensation had been approved, or recommended to the board of directors of the registrant for approval, by the compensation committee of the board of directors (or group of independent directors performing a similar function) of the registrant; or

(C) The transaction involves the recovery of erroneously awarded compensation computed as provided in 17 CFR 240.10D-1(b)(1)(iii) and the applicable listing standards for the registrant's securities, that is disclosed pursuant to Item 402(w) (§ 229.402(w)).

(ii) Disclosure of compensation to a director need not be provided pursuant to this paragraph (a) if the compensation

is reported pursuant to Item 402(k) (§ 229.402(k)).

(7) A person who has a position or relationship with a firm, corporation, or other entity that engages in a transaction with the registrant will not be deemed to have an indirect material interest within the meaning of this paragraph (a) where:

(i) The interest arises only:

(A) From such person's position as a director of another corporation or organization that is a party to the transaction; or

(B) From the direct or indirect ownership by such person and all other persons specified in Instruction 1 to paragraph (a) of this Item, in the aggregate, of less than a ten percent equity interest in another person (other than a partnership) which is a party to the transaction; or

(C) From both such position and ownership; or

(ii) The interest arises only from such person's position as a limited partner in a partnership in which the person and all other persons specified in Instruction 1 to paragraph (a) of this Item, have an interest of less than ten percent, and the person is not a general partner of and does not hold another position in the partnership.

(8) Disclosure need not be provided pursuant to paragraph (a) of this Item if:

(i) The transaction is one where the rates or charges involved in the transaction are determined by competitive bids, or the transaction involves the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority;

(ii) The transaction involves services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services; or

(iii) The interest of the related person arises solely from the ownership of a class of equity securities of the registrant and all holders of that class of equity securities of the registrant received the same benefit on a pro rata basis.

(b) *Review, approval or ratification of transactions with related persons.* A registrant that is a large accelerated filer (as defined in § 230.405 and § 240.12b-2 of this chapter) must:

(1) Describe the registrant's policies and procedures for the review, approval, or ratification of any transaction required to be reported under paragraph (a) of this Item. While the material features of such policies and procedures will vary depending on the particular circumstances, examples of such

features may include, in given cases, among other things:

(i) The types of transactions that are covered by such policies and procedures;

(ii) The standards to be applied pursuant to such policies and procedures;

(iii) The persons or groups of persons on the board of directors or otherwise who are responsible for applying such policies and procedures; and

(iv) A statement of whether such policies and procedures are in writing and, if not, how such policies and procedures are evidenced.

(2) Identify any transaction required to be reported under paragraph (a) of this Item since the beginning of the registrant's last fiscal year where such policies and procedures did not require review, approval or ratification or where such policies and procedures were not followed.

Instruction to Item 404(b). Disclosure need not be provided pursuant to this paragraph regarding any transaction that occurred at a time before the related person became one of the enumerated persons in paragraph (a)(2)(i)(A), (B), or (C) of this section if such transaction did not continue after the related person became one of such enumerated persons.

(c) *Promoters and certain control persons.*

(1) A registrant that is filing a registration statement on Form S-1 under the Securities Act (§ 239.11 of this chapter) or on Form 10 under the Exchange Act (§ 249.210 of this chapter) and that had a promoter at any time during the past five fiscal years must:

(i) State the names of the promoter(s), the nature and amount of anything of value (including money, property, contracts, options or rights of any kind) received or to be received by each promoter, directly or indirectly, from the registrant and the nature and amount of any assets, services or other consideration therefore received or to be received by the registrant; and

(ii) As to any assets acquired or to be acquired by the registrant from a promoter, state the amount at which the assets were acquired or are to be acquired and the principle followed or to be followed in determining such amount, and identify the persons making the determination and their relationship, if any, with the registrant or any promoter. If the assets were acquired by the promoter within two years prior to their transfer to the registrant, also state the cost thereof to the promoter.

(2) A registrant must provide the disclosure required by paragraphs

(c)(1)(i) and (c)(1)(ii) of this Item as to any person who acquired control of a registrant that is a shell company (as defined in § 230.405 and § 240.12b-2 of this chapter), or any person that is part of a group, consisting of two or more persons that agree to act together for the purpose of acquiring, holding, voting or disposing of equity securities of a registrant, that acquired control of a registrant that is a shell company.

Instructions to Item 404. 1. If the information called for by this Item is being presented in a registration statement filed pursuant to the Securities Act or the Exchange Act, information must be given for the periods specified in the Item and, in addition, for the two fiscal years preceding the registrant's last fiscal year, unless the information is being incorporated by reference into a registration statement on Form S-4 (17 CFR 239.25), in which case, information must be given for the periods specified in the Item.

2. A foreign private issuer will be deemed to comply with this Item if it provides the information required by Item 7.B. of Form 20-F (17 CFR 249.220f) with more detailed information provided if otherwise made publicly available or required to be disclosed by the issuer's home jurisdiction or a market in which its securities are listed or traded.

■ 26. Amend § 229.407 by:

■ a. Revising paragraph (d)(5)(i);

■ b. Revising paragraphs (e)(4) and (e)(5); and

■ c. Removing and Reserving paragraph (g).

The revisions to read as follows:

§ 229.407 (Item 407) Corporate governance.

* * * * *

(d) *Audit committee.* * * *

(5) *Audit committee financial expert.*

(i) For a registrant, except in its first annual report following the effective date of its first registration statement filed under the Securities Act (15 U.S.C. 77a *et seq.*) or Exchange Act (15 U.S.C. 78a *et seq.*):

(A) Disclose that the registrant's board of directors has determined that the registrant either:

(1) Has at least one audit committee financial expert serving on its audit committee; or

(2) Does not have an audit committee financial expert serving on its audit committee.

(B) Disclose the name of any identified audit committee financial expert and whether that person is independent, as *independence* for audit committee members is defined in the

listing standards applicable to the listed issuer.

(C) If the registrant does not have an audit committee financial expert, explain why.

Instruction to Item 407(d)(5)(i). If the registrant's board of directors has determined that the registrant has more than one audit committee financial expert serving on its audit committee, the registrant may, but is not required to, disclose the names of those additional persons. A registrant choosing to identify such persons must indicate whether they are independent pursuant to paragraph (d)(5)(i)(B) of this Item.

* * * * *

(e) *Compensation committee.* * * *

(4) Under the caption "Compensation Committee Interlocks and Insider Participation" a large accelerated filer (as defined in § 230.405 and § 240.12b-2 of this chapter) must:

(i) * * *

(C) Had any relationship requiring disclosure by the registrant under any paragraph of Item 404 (§ 229.404). In this event, the disclosure required by Item 404 (§ 229.404) must accompany such identification.

(ii) If the registrant has no compensation committee (or other board committee performing equivalent functions), identify each officer and employee of the registrant, and any former officer of the registrant, who, during the last completed fiscal year, participated in deliberations of the registrant's board of directors concerning executive officer compensation.

* * * * *

(iv) Accompany the disclosure required under paragraph (e)(4)(iii) of this section regarding a compensation committee member or other director of the registrant who also served as an executive officer of another entity with the disclosure called for by 17 CFR 229.404 with respect to that person.

Instruction to Item 407(e)(4). For purposes of paragraph (e)(4) of this section, the term *entity* must not include an entity exempt from tax under section 501(c)(3) of the Internal Revenue Code (26 U.S.C. 501(c)(3)).

(5) For a large accelerated filer (as defined in § 230.405 and § 240.12b-2 of this chapter) under the caption "Compensation Committee Report":

* * * * *

(g) [Reserved]

* * * * *

■ 27. Revise Instruction 6 of the *Instructions to Item 504* in § 229.504 to read as follows:

§ 229.504 (Item 504) Use of proceeds.

* * * * *

Instructions to Item 504: * * *

6. Where the registrant indicates that the proceeds may, or will, be used to finance acquisitions of other businesses, include the identity of such businesses, if known, or, if not known, the nature of the businesses to be sought, the status of any negotiations with respect to the acquisition, and a brief description of such business. Where, however, pro forma financial statements reflecting such acquisition are not required by §§ 210.1–01 through 210.13–02 (Regulation S–X) of this chapter, including § 210.8–05 (Rule 8–05 of Regulation S–X) of this chapter for non-accelerated filers, to be included in the registration statement, the possible terms of any transaction, the identification of the parties thereto or the nature of the business sought need not be disclosed, to the extent that the registrant reasonably determines that public disclosure of such information would jeopardize the acquisition. Where Regulation S–X, including § 210.8–04 (Rule 8–04 of Regulation S–X) of this chapter for non-accelerated filers, as applicable, would require financial statements of the business to be acquired to be included, the description of the business to be acquired must be more detailed.

* * * * *

■ 28. Amend 17 CFR 229.914 by, in paragraph (c)(2), removing the words “, earnings per share amounts, and ratio of earnings to fixed charges” and adding, in their place, “and earnings per share amounts”.

■ 29. Revise Instruction 1 of the *Instructions to Item 1011(b)* in § 229.1011 to read as follows:

§ 229.1011 (Item 1011) Additional information.

* * * * *

Instructions to Item 1011(b).

1. The obligation to provide the information in paragraph (b) of this section does not apply where the issuer whose securities are the subject of the Rule 13e–3 transaction or tender offer is a foreign private issuer, as defined in § 240.3b–4 of this chapter, or a non-accelerated filer, as defined in Rule 12b–2 of the Exchange Act (§ 240.12b–2 of this chapter).

* * * * *

PART 230—GENERAL RULES AND REGULATIONS, SECURITIES ACT OF 1933

■ 30. The authority citation for part 230 continues to read in part as follows:

Authority: 15 U.S.C. 77b, 77b note, 77c, 77d, 77f, 77g, 77h, 77j, 77r, 77s, 77z–3, 77sss, 78c, 78d, 78j, 78l, 78m, 78n, 78o, 78o–7 note, 78t, 78w, 78ll(d), 78mm, 80a–8, 80a–24, 80a–28, 80a–29, 80a–30, and 80a–37, and Pub. L. 112–106, sec. 201(a), sec. 401, 126 Stat. 313 (2012), unless otherwise noted.

* * * * *

■ 31. Amend § 230.157 by:

■ a. In paragraph (a), removing the words “were \$5 million or less and that is engaged or proposing to engage in small business financing” and adding, in their place, “were \$35 million or less”;

■ b. In paragraph (a), removing the second sentence.

■ 32. Amend § 230.405 by:

■ a. Removing the definition of *smaller reporting company*; and

■ b. Adding the definition of *Large accelerated filer*, *non-accelerated filer*, and *small non-accelerated filer*.

The addition to read as follows:

§ 230.405 Definition of terms.

Unless the context otherwise requires, all terms used in Regulation C (§§ 230.400 to 230.499), or in the forms for registration have the same meanings as in the Act and in the general rules and regulations. In addition, the following definitions apply, unless the context otherwise requires:

* * * * *

Large accelerated filer, *non-accelerated filer*, and *small non-accelerated filer*—An issuer must assess its filer status annually, as of the last day of its fiscal year, applying the following terms. This requirement and the definitions in this part do not apply to asset-backed issuers (as defined in Item 1101(b) of Regulation AB (§ 229.1101(b) of this chapter)).

(1) *Large accelerated filer*. The term *large accelerated filer* means:

(i) For an issuer that is not currently a large accelerated filer:

(A) Has been subject to the reporting requirements of section 13(a) or 15(d) of the Act (15 U.S.C. 78m or 78o(d)) for a period of at least the preceding sixty consecutive calendar months; and

(B) Had a public float of \$2 billion or more for the current and immediately prior fiscal years.

(ii) An issuer that is currently a large accelerated filer will remain a large accelerated filer until its public float is less than \$2 billion for each of two consecutive fiscal years.

(iii) Public float for purposes of this section is computed for each fiscal year by multiplying:

(1) The aggregate worldwide number of shares of the issuer’s voting and non-voting common equity held by non-affiliates as of the last day of the issuer’s second fiscal quarter; by

(2) The average price at which the common equity was last sold, or the average of the bid and asked prices of such common equity, in the principal market for such common equity, over the last ten trading days of the issuer’s second fiscal quarter.

(2) *Non-accelerated filer*. The term *non-accelerated filer* means an issuer that is not a large accelerated filer.

(3) *Small non-accelerated filer*. The term *small non-accelerated filer* means an issuer that:

(i) For an issuer that is not currently a small non-accelerated filer:

(A) Is a non-accelerated filer; and

(B) As of the end of each of its two most recent second fiscal quarters had total assets of \$35 million or less.

(ii) An issuer that is currently a small non-accelerated filer will remain a small non-accelerated filer until:

(A) It qualifies as a large accelerated filer; or

(B) Its total assets exceed \$35 million as of the end of each of its two most recent second fiscal quarters.

Note to paragraph (3): For an issuer filing an initial registration statement, a non-accelerated filer must assess total assets as of the end of the two annual periods presented in the initial registration statement.

(4) *Transition*. When an issuer qualifies for a new filer status, the requirements and accommodations of that status apply to the issuer beginning with the annual report on Form 10–K for the fiscal year in which such filer status was determined.

Instruction to Definition of “Large accelerated filer, non-accelerated filer, and small non-accelerated filer”: These definitions do not apply to a foreign private issuer that elects to comply with the rules and use the forms designated for foreign private issuers.

* * * * *

PART 232—REGULATION S–T—GENERAL RULES AND REGULATIONS FOR ELECTRONIC FILINGS

■ 33. The authority citation for part 232 continues to read in part as follows:

Authority: 15 U.S.C. 77c, 77f, 77g, 77h, 77j, 77s(a), 77z–3, 77sss(a), 78c(b), 78l, 78m, 78n, 78n–1, 78o(d), 78w(a), 78ll, 80a–6(c), 80a–8, 80a–29, 80a–30, 80a–37, 7201 *et seq.*; and 18 U.S.C. 1350, unless otherwise noted.

* * * * *

■ 34. Remove § 232.405(f).

PART 239—FORMS PRESCRIBED UNDER THE SECURITIES ACT OF 1933

■ 35. The authority citation for part 239 continues to read in part as follows:

Authority: 15 U.S.C. 77c, 77f, 77g, 77h, 77j, 77s, 77z–2, 77z–3, 77sss, 78c, 78l, 78m, 78n,

78o(d), 78o-7 note, 78u-5, 78w(a), 78ll, 78mm, 80a-2(a), 80a-3, 80a-8, 80a-9, 80a-10, 80a-13, 80a-24, 80a-26, 80a-29, 80a-30, and 80a-37; and sec. 107, Pub. L. 112-106, 126 Stat. 312, unless otherwise noted.

* * * * *

■ 36. Amend Form S-1 (referenced in § 239.11) by:

■ a. On the cover, removing the words “Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company” and adding, in their place, the words “Indicate by check mark whether the registrant is a large accelerated filer, a non-accelerated filer, a small non-accelerated filer, or an emerging growth company.”

■ b. On the cover, removing the words “See the definitions of ‘large accelerated filer,’ ‘accelerated filer,’ ‘smaller reporting company’ and ‘emerging growth company’ in Rule 12b-2 of the Exchange Act,” and adding, in their place, the words “See the definitions of ‘large accelerated filer,’ ‘non-accelerated filer,’ ‘small non-accelerated filer,’ and ‘emerging growth company’ in Rule 12b-2 of the Exchange Act.”

■ c. On the cover, removing the check box with the words “Accelerated filer” and adding, in its place, a check box with the words “Small non-accelerated filer”.

■ d. On the cover, removing the check box with the words “Smaller reporting company”.

■ e. On the cover, removing the words “If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of Securities Act.” and adding, in their place, the words “If a non-accelerated filer that is no more than five years after its initial registration, indicate by check mark if the registrant has elected to use the extended transition period for complying with certain new or revised financial accounting standards.”

■ f. In Item 11, paragraph (e), removing the words “smaller reporting company” and adding, in their place, “non-accelerated filer”.

■ g. In Item 12, paragraph (b), removing the words “smaller reporting company, as defined in Rule 405 (17 CFR 230.405)” and adding, in their place, “non-accelerated filer, as defined in 17 CFR 240.12b-2 of this chapter”.

■ h. In Item 12, paragraph (b), removing the words “smaller reporting company making this election” and adding, in their place, “non-accelerated filer making this election”.

Note: The text of Form S-1 does not, and these amendments will not, appear in the Code of Federal Regulations.

■ 37. Amend Form S-3 (referenced in § 239.13) by:

■ a. On the cover, removing the words “Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company” and adding, in their place, the words “Indicate by check mark whether the registrant is a large accelerated filer, a non-accelerated filer, a small non-accelerated filer, or an emerging growth company.”

■ b. On the cover, removing the words “See the definitions of ‘large accelerated filer,’ ‘accelerated filer,’ ‘smaller reporting company’ and ‘emerging growth company’ in Rule 12b-2 of the Exchange Act.” and adding, in their place, the words “See the definitions of ‘large accelerated filer,’ ‘non-accelerated filer,’ ‘small non-accelerated filer,’ and ‘emerging growth company’ in Rule 12b-2 of the Exchange Act.”

■ c. On the cover, removing the check box with the words “Accelerated filer” and adding, in its place, a check box with the words “Small non-accelerated filer”.

■ d. On the cover, removing the check box with the words “Smaller reporting company”.

■ e. On the cover, removing the words “If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of Securities Act.” and adding, in their place, the words “If a non-accelerated filer that is no more than five years after its initial registration, indicate by check mark if the registrant has elected to use the extended transition period for complying with certain new or revised financial accounting standards.”

■ f. In General Instruction II.C., removing the words “A smaller reporting company, defined in Rule 405 (17 CFR 230.405), that is eligible to use Form S-3 shall use the disclosure items in Regulation S-K (17 CFR 229.10 *et seq.*) with specific attention to the scaled disclosure provided for smaller reporting companies, if any. Smaller reporting companies may provide the financial information called for by Article 8 of Regulation S-X in lieu of the financial information called for by Item 11 in this Form.” and adding, in their place, “For a non-accelerated filer, defined in Rule 405 (17 CFR 230.405), that is eligible to use Form S-3 use the disclosure items in Regulation S-K (17

CFR 229.10 *et seq.*) with specific attention to the scaled disclosure provided for non-accelerated filers, if any. Non-accelerated filers may provide the financial information called for by Article 8 of Regulation S-X in lieu of the financial information called for by Item 11 in this Form.

Note: The text of Form S-3 does not, and these amendments will not, appear in the Code of Federal Regulations.

■ 38. Amend Form S-4 (referenced in § 239.25) by:

■ a. On the cover, removing the words “Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company.” and adding, in their place, “Indicate by check mark whether the registrant is a large accelerated filer, a non-accelerated filer, a small non-accelerated filer, or an emerging growth company.”

■ b. On the cover, removing the words “See the definitions of ‘large accelerated filer,’ ‘accelerated filer,’ ‘smaller reporting company’ in Rule 12b-2 of the Exchange Act.” and adding, in their place, “See the definitions of ‘large accelerated filer,’ ‘non-accelerated filer,’ ‘small non-accelerated filer,’ and ‘emerging growth company’ in Rule 12b-2 of the Exchange Act.”

■ c. On the cover, removing the check box with the words “Accelerated filer” and adding, in its place, a check box with the words “Small non-accelerated filer”.

■ d. On the cover, removing the check box with the words “Smaller reporting company”.

■ e. On the cover, removing the words “If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for company with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of Securities Act.” and adding, in their place, “If a non-accelerated filer that is no more than five years after its initial registration, indicate by check mark if the registrant has elected to use the extended transition period for complying with certain new or revised financial accounting standards.”

■ f. In General Instruction I, paragraph 1, removing the words “A smaller reporting company” and adding, in their place, “A non-accelerated filer”.

■ g. In Part I, Item 5, removing the words “A smaller reporting company” and adding, in their place, “A non-accelerated filer”.

■ h. In Part I, Item 12, paragraph (a)(3), removing the words “Smaller reporting

companies” and adding, in their place, “Non-accelerated filers”.

Note: The text of Form S-4 does not, and these amendments will not, appear in the Code of Federal Regulations.

■ 39. Amend Form S-8 (referenced in § 239.16b) by:

■ a. On the cover, removing the words “Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company” and adding, in their place, the words “Indicate by check mark whether the registrant is a large accelerated filer, a non-accelerated filer, a small non-accelerated filer, or an emerging growth company.”

■ b. On the cover, removing the words “See the definitions of ‘large accelerated filer,’ ‘accelerated filer,’ ‘smaller reporting company’ and ‘emerging growth company’ in Rule 12b-2 of the Exchange Act.” and adding, in their place, the words “See the definitions of ‘large accelerated filer,’ ‘non-accelerated filer,’ ‘small non-accelerated filer,’ and ‘emerging growth company’ in Rule 12b-2 of the Exchange Act.”

■ c. On the cover, removing the check box with the words “Accelerated filer” and adding, in its place, a check box with the words “Small non-accelerated filer”.

■ d. On the cover, removing the check box with the words “Smaller reporting company”.

■ e. On the cover, removing the words “If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of Securities Act.” and adding, in their place, the words “If a non-accelerated filer that is no more than five years after its initial registration, indicate by check mark if the registrant has elected to use the extended transition period for complying with certain new or revised financial accounting standards.”

■ f. In General Instructions B.3., removing the words “A ‘small reporting company,’ defined in § 230.405, shall refer to the disclosure items in Regulation S-K (17 CFR 229.10 *et seq.*) with specific attention to the scaled disclosure provided for smaller reporting companies, if any.” and adding, in their place, “For a ‘non-accelerated filer,’ defined in § 230.405, refer to the disclosure items in Regulation S-K (17 CFR 229.10 *et seq.*) with specific attention to the scaled disclosure provided for non-accelerated filers, if any.”

Note: The text of Form S-8 does not, and these amendments will not, appear in the Code of Federal Regulations.

■ 40. Amend Form S-11 (referenced in § 239.18) by:

■ a. On the cover, removing the words “Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company” and adding, in their place, the words “Indicate by check mark whether the registrant is a large accelerated filer, a non-accelerated filer, a small non-accelerated filer, or an emerging growth company.”

■ b. On the cover, removing the words “See the definitions of ‘large accelerated filer,’ ‘accelerated filer,’ ‘smaller reporting company’ and ‘emerging growth company’ in Rule 12b-2 of the Exchange Act.” and adding, in their place, the words “See the definitions of ‘large accelerated filer,’ ‘non-accelerated filer,’ ‘small non-accelerated filer,’ and ‘emerging growth company’ in Rule 12b-2 of the Exchange Act.”

■ c. On the cover, removing the check box with the words “Accelerated filer” and adding, in its place, a check box with the words “Small non-accelerated filer”.

■ d. On the cover, removing the check box with the words “Smaller reporting company”.

■ e. On the cover, removing the words “If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of Securities Act.” and adding, in their place, the words “If a non-accelerated filer that is no more than five years after its initial registration, indicate by check mark if the registrant has elected to use the extended transition period for complying with certain new or revised financial accounting standards.”

■ f. In Part I., Item 27, removing the words “A small reporting company” and adding, in their place, “A non-accelerated filer”.

Note: The text of Form S-11 does not, and these amendments will not, appear in the Code of Federal Regulations.

■ 41. Amend Form 1-A (referenced in § 239.90) in Part II(a)(1)(ii) by removing the words “smaller reporting companies” and adding, in their place, “non-accelerated filers”.

Note: The text of Form 1-A does not, and these amendments will not, appear in the Code of Federal Regulations.

PART 240—GENERAL RULES AND REGULATIONS, SECURITIES EXCHANGE ACT OF 1934

■ 42. The authority citation for part 240 continues to read in part as follows:

Authority: 15 U.S.C. 77c, 77d, 77g, 77j, 77s, 77z-2, 77z-3, 77eee, 77ggg, 77nnn, 77sss, 77ttt, 78c, 78c-3, 78c-5, 78d, 78e, 78f, 78g, 78i, 78j, 78j-1, 78j-4, 78k, 78k-1, 78l, 78m, 78n, 78n-1, 78o, 78o-4, 78o-10, 78p, 78q, 78q-1, 78s, 78u-5, 78w, 78x, 78dd, 78ll, 78mm, 80a-20, 80a-23, 80a-29, 80a-37, 80b-3, 80b-4, 80b-11, 1681w(a)(1), 6801-6809, 6825, 7201 *et seq.*, and 8302; 7 U.S.C. 2(c)(2)(E); 12 U.S.C. 5221(e)(3); 18 U.S.C. 1350; Pub. L. 111-203, 939A, 124 Stat. 1376 (2010); and Pub. L. 112-106, sec. 503 and 602, 126 Stat. 326 (2012), unless otherwise noted.

* * * * *

■ 43. Amend § 240.0-10 by, in paragraph (a), removing the words “\$5 million or less” and adding, in their place, “\$35 million or less”.

■ 44. Remove § 240.10A-3(a)(5).

■ 45. Revise § 240.10C-1(b)(5)(i) and (ii) to read as follows:

§ 240.10C-1 Listing standards relating to compensation committees.

* * * * *

(b) *Required standards.* * * *

(5) *General exemptions.*

(i) The national securities exchanges and national securities associations, pursuant to section 19(b) of the Act (15 U.S.C. 78s(b)) and the rules thereunder, may exempt from the requirements of this section certain categories of issuers, as the national securities exchange or national securities association determines is appropriate, taking into consideration, among other relevant factors, the potential impact of such requirements on non-accelerated filers (as defined in § 240.12b-2 of this chapter).

(ii) The requirements of this section do not apply to any controlled company or to any non-accelerated filer (as defined in § 240.12b-2 of this chapter).

* * * * *

■ 46. Amend § 240.12b-2 by:

■ a. Revising the introductory text;

■ b. Removing the definition *Accelerated filer and large accelerated filer*;

■ c. Removing the definition *Smaller reporting company*; and

■ d. Adding the definition *Large accelerated filer, non-accelerated filer, and small non-accelerated filer*.

The revision and addition to read as follows:

§ 240.12b-2 Definitions.

Unless the context otherwise requires, the following terms, when used in the rules contained in this regulation or in

Regulation 13A or 15D or in the forms for statements and reports filed pursuant to sections 12, 13 or 15(d) of the Act, have the respective meanings indicated in this rule:

* * * * *

Large accelerated filer, non-accelerated filer, and small non-accelerated filer—An issuer must assess its filer status annually, as of the last day of its fiscal year, applying the following terms. This requirement and the definitions in this part do not apply to asset-backed issuers (as defined in Item 1101(b) of Regulation AB (§ 229.1101(b) of this chapter)).

(1) *Large accelerated filer*. The term *large accelerated filer* means:

(i) For an issuer that is not currently a large accelerated filer:

(A) Has been subject to the reporting requirements of section 13(a) or 15(d) of the Act (15 U.S.C. 78m or 78o(d)) for a period of at least the preceding sixty consecutive calendar months; and

(B) Had a public float of \$2 billion or more for the current and immediately prior fiscal years.

(ii) An issuer that is currently a large accelerated filer will remain a large accelerated filer until its public float is less than \$2 billion for each of two consecutive fiscal years.

(iii) Public float for purposes of this section is computed for each fiscal year by multiplying:

(1) The aggregate worldwide number of shares of the issuer's voting and non-voting common equity held by non-affiliates as of the last day of the issuer's second fiscal quarter; by

(2) The average price at which the common equity was last sold, or the average of the bid and asked prices of such common equity, in the principal market for such common equity, over the last ten trading days of the issuer's second fiscal quarter.

(2) *Non-accelerated filer*. The term *non-accelerated filer* means an issuer that is not a large accelerated filer.

(3) *Small non-accelerated filer*. The term *small non-accelerated filer* means an issuer that:

(i) For an issuer that is not currently a small non-accelerated filer:

(A) Is a non-accelerated filer; and

(B) As of the end of each of its two most recent second fiscal quarters had total assets of \$35 million or less.

(ii) An issuer that is currently a small non-accelerated filer will remain a small non-accelerated filer until:

(A) It qualifies as a large accelerated filer; or

(B) Its total assets exceed \$35 million as of the end of each of its two most recent second fiscal quarters.

Note to paragraph (3): For an issuer filing an initial registration statement, a non-accelerated filer must assess total assets as of the end of the two annual periods presented in the initial registration statement.

(4) *Transition*. When an issuer qualifies for a new filer status, the requirements and accommodations of that status apply to the issuer beginning with the annual report on Form 10-K for the fiscal year in which such filer status was determined.

Instruction to Definition of "Large accelerated filer, non-accelerated filer, and small non-accelerated filer": These definitions do not apply to a foreign private issuer that elects to comply with the rules and use the forms designated for foreign private issuers.

* * * * *

■ 47. Revise § 240.13a–10(j) to read as follows:

§ 240.13a–10 Transition reports.

* * * * *

(j)(1) For transition reports to be filed on the form appropriate for annual reports of the issuer, the number of days is:

(i) 60 days for large accelerated filers (as defined in § 240.12b–2);

(ii) 90 days for non-accelerated filers (as defined in § 240.12b–2) and asset-backed issuers (as defined in § 229.1101(b));

(iii) 120 days for small non-accelerated filers (as defined in § 240.12b–2); and

(2) For transition reports to be filed on Form 10-Q (§ 249.308a of this chapter) the number of days is:

(i) 40 days for large accelerated filers (as defined in § 240.12b–2);

(ii) 45 days for non-accelerated filers (as defined in § 240.12b–2); and

(iii) 50 days for small non-accelerated filers (as defined in § 240.12b–2).

* * * * *

■ 48. Revise § 240.13a–13(a) to read as follows:

§ 240.13a–13 Quarterly reports on Form 10-Q (§ 249.308a of this chapter).

(a) Except as provided in paragraphs (b) and (c) of this section, every issuer that has securities registered pursuant to section 12 of the Act and is required to file annual reports pursuant to section 13 of the Act, and has filed or intends to file such reports on Form 10-K (§ 249.310 of this chapter), must file a quarterly report on Form 10-Q (§ 249.308a of this chapter) within the period specified in General Instruction A.1. to that form for each of the first three quarters of each fiscal year of the issuer, commencing with the first fiscal quarter following the most recent fiscal year for which full financial statements

were included in the registration statement, or, if the registration statement included financial statements for an interim period subsequent to the most recent fiscal year end meeting the requirements of Article 10 of Regulation S-X, or Rule 8-03 of Regulation S-X for non-accelerated filers, for the first fiscal quarter subsequent to the quarter reported upon in the registration statement. The first quarterly report of the issuer must be filed either within 45 days after the effective date of the registration statement, 50 days after the effective date of the registration statement of a small non-accelerated filer, or on or before the date on which such report would have been required to be filed if the issuer has been required to file reports on Form 10-Q as of its last fiscal quarter, whichever is later.

* * * * *

■ 49. Revise § 240.13q–1(d)(3) to read as follows:

§ 240.13q–1 Disclosure of payments made by resource extraction issuers.

* * * * *

(d) *Exemptions*—* * *

(3) *Non-accelerated filers and emerging growth companies*. An issuer that is a non-accelerated filer or an emerging growth company, each as defined under § 240.12b–2, is exempt from, and need not comply with, the requirements of this section, unless it is subject to the resource extraction payment disclosure requirements of an alternative reporting regime, which has been deemed by the Commission to require disclosure that satisfies the transparency objectives of Section 13(q) (15 U.S.C. 78m(q)), pursuant to § 240.13q–1(c).

* * * * *

■ 50. Revise § 240.14a–3(b)(1) to read as follows:

§ 240.14a–3 Information to be furnished to security holders.

* * * * *

(b) * * *

(1) The report must include, for the registrant and its subsidiaries, consolidated and audited balance sheets as of the end of the two most recent fiscal years and audited statements of income and cash flows for each of the three most recent fiscal years prepared in accordance with Regulation S-X (part 210 of this chapter), except that the provisions of Article 3 (other than §§ 210.3–03(e), 210.3–04 and 210.3–20) and Article 11 do not apply. Any financial statement schedules or exhibits or separate financial statements which may otherwise be required in filings with the Commission may be omitted. If the financial statements of

the registrant and its subsidiaries consolidated in the annual report filed or to be filed with the Commission are not required to be audited, the financial statements required by this paragraph may be unaudited. A non-accelerated filer may provide the information in Article 8 of Regulation S-X (§ 210.8 of this chapter) in lieu of the financial information required by this paragraph (b)(1).

* * * * *

- 51. Remove and reserve § 240.14a–20.
- 52. Revise and republish § 240.14a–21 to read as follows:

§ 240.14a–21 Shareholder approval of executive compensation, frequency of votes for approval of executive compensation and shareholder approval of golden parachute compensation.

(a) Not less frequently than once every three years, in a solicitation made by a registrant, other than an emerging growth company as defined in Rule 12b–2 (§ 240.12b–1), that relates to an annual or other meeting of shareholders at which directors will be elected and for which the rules of the Commission require executive compensation disclosure pursuant to Item 402 of Regulation S-K (§ 229.402 of this chapter), the registrant must include a separate resolution subject to shareholder advisory vote to approve the compensation of its named executive officers, as disclosed pursuant to Item 402 of Regulation S-K.

Instruction to paragraph (a): The registrant's resolution must indicate that the shareholder advisory vote under this subsection is to approve the compensation of the registrant's named executive officers as disclosed pursuant to Item 402 of Regulation S-K (§ 229.402 of this chapter). The following is a non-exclusive example of a resolution that would satisfy the requirements of this subsection: "RESOLVED, that the compensation paid to the company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion is hereby APPROVED."

(b) Not less frequently than once every six years, in a solicitation made by a registrant, other than an emerging growth company as defined in Rule 12b–2 (§ 240.12b–1), that relates to an annual or other meeting of shareholders at which directors will be elected and for which the rules of the Commission require executive compensation disclosure pursuant to Item 402 of Regulation S-K (§ 229.402 of this chapter), the registrant must include a separate resolution subject to

shareholder advisory vote as to whether the shareholder vote required by paragraph (a) of this section should occur every 1, 2, or 3 years.

(c) In a solicitation made by a registrant, other than an emerging growth company as defined in Rule 12b–2 (§ 240.12b–1), for a meeting of shareholders at which shareholders are asked to approve an acquisition, merger, consolidation or proposed sale or other disposition of all or substantially all the assets of the registrant, the registrant must include a separate resolution subject to shareholder advisory vote to approve any agreements or understandings and compensation disclosed pursuant to Item 402(t) of Regulation S-K (§ 229.402(t) of this chapter), unless such agreements or understandings have been subject to a shareholder advisory vote under paragraph (a) of this section. Consistent with section 14A(b) of the Exchange Act (15 U.S.C. 78n–1(b)), any agreements or understandings between an acquiring company and the named executive officers of the registrant, where the registrant is not the acquiring company, are not required to be subject to the separate shareholder advisory vote under this paragraph.

(d) Non-accelerated filers, as defined in Rule 12b–2 (§ 240.12b–2), are exempt from the requirements of this section.

Instruction 1 to § 240.14a–21: Disclosure relating to the compensation of directors required by Item 402(k) (§ 229.402(k) of this chapter) is not subject to the shareholder vote required by paragraph (a) of this section. If a registrant includes disclosure pursuant to Item 402(s) of Regulation S-K (§ 229.402(s) of this chapter) about the registrant's compensation policies and practices as they relate to risk management and risk-taking incentives, these policies and practices would not be subject to the shareholder vote required by paragraph (a) of this section. To the extent that risk considerations are a material aspect of the registrant's compensation policies or decisions for named executive officers, the registrant is required to discuss them as part of its Compensation Discussion and Analysis under § 229.402(b) of this chapter, and therefore such disclosure would be considered by shareholders when voting on executive compensation.

Instruction 2 to § 240.14a–21: If a registrant includes disclosure of golden parachute compensation arrangements pursuant to Item 402(t) (§ 229.402(t) of this chapter) in an annual meeting proxy statement, such disclosure would be subject to the shareholder advisory vote required by paragraph (a) of this section.

Instruction 3 to § 240.14a–21: A registrant that becomes a large accelerated filer as defined in in Rule 12b–2 (§ 240.12b–2) must include the separate resolutions described under § 240.14a–21(a) and § 240.14a–21(b) in connection with the first solicitation subject to § 240.14a–21(a) and § 240.14a–21(b), respectively, that the registrant conducts after becoming a large accelerated filer.

- 53. Revise § 240.15d–2(a) to read as follows:

§ 240.15d–2 Special financial report.

(a) If the registration statement under the Securities Act of 1933 did not contain certified financial statements for the registrant's last full fiscal year (or for the life of the registrant if less than a full fiscal year) preceding the fiscal year in which the registration statement became effective, the registrant must, within 90 days after the effective date of the registration statement, or within 120 days after the effective date of the registration statement of a small non-accelerated filer, file a special report furnishing certified financial statements for the last full fiscal year or other period, as the case may be, meeting the requirements of the form appropriate for annual reports of the registrant. If the registrant is a foreign private issuer as defined in § 230.405 of this chapter, then the special financial report must be filed on the appropriate form for annual reports of the registrant and be filed by the later of 90 days after the date on which the registration statement became effective, or four months following the end of the registrant's last full fiscal year.

- 54. Revise § 240.15d–10(j) to read as follows:

§ 240.15d–10 Transition reports.

* * * * *

(j) (1) For transition reports to be filed on the form appropriate for annual reports of the issuer, the number of days is:

(i) 60 days for large accelerated filers (as defined in § 240.12b–2);

(ii) 90 days for non-accelerated filers (as defined in § 240.12b–2) and asset-backed issuers (as defined in § 229.1101(b)); and

(iii) 120 days for small non-accelerated filers (as defined in § 240.12b–2); and

(2) For transition reports to be filed on Form 10–Q (§ 249.308a of this chapter) the number of days is:

(i) 40 days for large accelerated filers (as defined in § 240.12b–2);

(ii) 45 days for non-accelerated filers (as defined in § 240.12b–2); and

(iii) 50 days for small non-accelerated filers (as defined in § 240.12b-2).

* * * * *

■ 55. Revise § 240.15d-13 to read as follows:

§ 240.15d-13 Quarterly reports on Form 10-Q (§ 249.308 of this chapter).

(a) Except as provided in paragraphs (b) and (c) of this section, every issuer that has securities registered pursuant to the Securities Act and is required to file annual reports pursuant to section 15(d) of the Act on Form 10-K (§ 249.310 of this chapter) must file a quarterly report on Form 10-Q (§ 249.308 of this chapter) within the period specified in General Instruction A.1 to that form for each of the first three quarters of each fiscal year of the issuer, commencing with the first fiscal quarter following the most recent fiscal year for which full financial statements were included in the registration statement, or, if the registration statement included financial statements for an interim period after the most recent fiscal year end meeting the requirements of Article 10 of Regulation S-X, or Rule 8-03 of Regulation S-X for non-accelerated filers, for the first fiscal quarter after the quarter reported upon in the registration statement. The first quarterly report of the issuer must be filed either within 45 days after the effective date of the registration statement, 50 days after the effective date of the registration statement of a small non-accelerated filer, or on or before the date on which such report would have been required to be filed if the issuer had been required to file reports on Form 10-Q as of its last fiscal quarter, whichever is later.

(b) The provisions of this rule do not apply to the following issuers:

- (1) Investment companies required to file reports pursuant to § 270.30a-1;
- (2) Foreign private issuers required to file reports pursuant to § 240.15d-16; and
- (3) Asset-backed issuers required to file reports pursuant to § 240.15d-17.

(c) Part I of the quarterly reports on Form 10-Q need not be filed by:

- (1) Mutual life insurance companies; or
- (2) Mining companies not in the production stage but engaged primarily in the exploration for the development of mineral deposits other than oil, gas or coal, if all of the following conditions are met:

(i) The registrant has not been in production during the current fiscal year or the two years immediately prior thereto; except that being in production for an aggregate period of not more than eight months over the three-year period is not a violation of this condition.

(ii) Receipts from the sale of mineral products or from the operations of mineral producing properties by the registrant and its subsidiaries combined have not exceeded \$500,000 in any of the most recent six years and have not aggregated more than \$1,500,000 in the most recent six fiscal years.

(d) Notwithstanding the foregoing provisions of this section, the financial information required by Part I of Form 10-Q will not be deemed to be “filed” for the purpose of section 18 of the Act or otherwise subject to the liabilities of that section of the Act, but is subject to all other provisions of the Act.

PART 249—FORMS, SECURITIES EXCHANGE ACT OF 1934

■ 56. The authority citation for part 249 continues to read in part as follows:

Authority: 15 U.S.C. 78a *et seq.* and 7201 *et seq.*; 12 U.S.C. 5461 *et seq.*; 18 U.S.C. 1350; sec. 953(b) Pub. L. 111-203, 124 Stat. 1904; sec. 102(a)(3) Pub. L. 112-106, 126 Stat. 309 (2012), sec. 107 Pub. L. 112-106, 126 Stat. 313 (2012), sec. 72001 Pub. L. 114-94, 129 Stat. 1312 (2015), and secs. 2 and 3 Pub. L. 116-222, 134 Stat. 1063 (2020), unless otherwise noted.

* * * * *

■ 57. Amend Form 10 (referenced in § 249.210) by:

■ a. On the cover, removing the words “Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of ‘large accelerated filer,’ ‘accelerated filer,’ ‘smaller reporting company,’ and ‘emerging growth company’ in Rule 12b-2 of the Exchange Act.” and adding, in their place, “Indicate by check mark whether the registrant is a large accelerated filer, a non-accelerated filer, a small non-accelerated filer, an asset-backed issuer, or an emerging growth company. See the definitions of ‘large accelerated filer,’ ‘non-accelerated filer,’ ‘small non-accelerated filer,’ and ‘emerging growth company’ in Rule 12b-2 of the Exchange Act, and ‘asset-backed issuer’ in Item 1101(b) of Regulation AB.”

■ b. On the cover, removing the check box labeled “Accelerated filer” and adding, in its place, a check box labeled “Small non-accelerated filer”.

■ c. On the cover, removing the check box labeled “Smaller reporting company” and adding, in its place, a check box labeled “Asset-backed issuer”.

■ d. On the cover, removing the words “If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with

any new or revised financial accounting standards pursuant to Section 13(a) of the Exchange Act.” and adding, in their place, the words “If a non-accelerated filer that is no more than five years after its initial registration, indicate by check mark if the registrant has elected to use the extended transition period for complying with certain new or revised financial accounting standards.”

■ e. In Item 1A., removing the words “Smaller reporting company” and adding, in their place, “Non-accelerated filer”.

■ f. In Item 13., removing the words “Smaller reporting companies” and adding, in their place, “Non-accelerated filers”.

■ g. In the Signatures section, removing the words “Print the name and title of the signing officer under his signature” and adding, in their place, “Print the name and title of the signing officer under his or her signature”.

Note: The text of Form 10 does not, and these amendments will not, appear in the Code of Federal Regulations.

■ 58. Amend Form 20-F (referenced in § 249.220f) by:

■ a. On the cover, removing the words “Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of ‘large accelerated filer,’ ‘accelerated filer,’ ‘smaller reporting company,’ and ‘emerging growth company’ in Rule 12b-2 of the Exchange Act.” and adding, in their place, “Indicate by check mark whether the registrant is an emerging growth company. See the definition of ‘emerging growth company’ in Rule 12b-2 of the Exchange Act.”

■ b. On the cover, removing the check boxes for “Large accelerated filer”, “accelerated filer”, and “Non-accelerated filer”.

■ c. In General Instruction B, paragraph (f), removing the words “A foreign private issuer that is a smaller reporting company, as defined in Rule 12b-2 under the Exchange Act (17 CFR 240.12b-2), may not use the scaled disclosure requirements in Regulation S-X and Regulation S-K available to smaller reporting companies for the purposes of preparing this Form” and adding, in their place “A foreign private issuer may not use the scaled disclosure requirements in Regulation S-X and Regulation S-K available to non-accelerated filers, as defined in Rule 12b-2 under the Exchange Act (17 CFR 240.12b-2), for the purposes of preparing this Form”

■ d. In Part I, revising Item 4A.

- e. In Part I, Item 11, revising paragraph (e).
- f. In Part II, Item 15, revising paragraph (b)(4).
- g. In Part II, Item 15, revising paragraph (c).

Note: Form 20-F is attached as Appendix A to this document. Form 20-F will not appear in the Code of Federal Regulations.

- 59. Amend Form 8-K (referenced in § 249.308) by:

- a. On the cover, removing the words “If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act” and adding, in their place, the words “If a non-accelerated filer that is no more than five years after its initial registration, indicate by check mark if the registrant has elected to use the extended transition period for complying with certain new or revised financial accounting standards”.

- b. In Item 3.02(b), removing the words “smaller reporting company” and adding, in their place, “non-accelerated filer (as defined in 17 CFR 240.12b-2)”.

- c. In the Instructions to Item 3.02, removing Instruction 2.

- d. In Item 9.01(a), removing the words “smaller reporting companies” and adding, in their place, “non-accelerated filers”.

- e. In Item 9.01(b), removing the words “smaller reporting companies” and adding, in their place, “non-accelerated filers”.

Note: The text of Form 8-K does not, and these amendments will not, appear in the Code of Federal Regulations.

- 60. Revise § 249.308a to read as follows:

§ 249.308a Form 10-Q, for quarterly and transition reports under sections 13 or 15(d) of the Securities Exchange Act of 1934.

(a) Use Form 10-Q for quarterly reports under section 13 or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)), required to be filed pursuant to § 240.13a-13 or § 240.15d-13 of this chapter. A quarterly report on this form pursuant to § 240.13a-13 or § 240.15d-13 of this chapter must be filed within the following period after the end of the first three fiscal quarters of each fiscal year, but no quarterly report need be filed for the fourth quarter of any fiscal year:

- (1) 40 days after the end of the fiscal quarter for large accelerated filers (as defined in § 240.12b-2 of this chapter);
- (2) 45 days after the end of the fiscal quarter for non-accelerated filers (as

defined in § 240.12b-2 of this chapter); and

(3) 50 days after the end of the fiscal quarter for small non-accelerated filers (as defined in § 240.12b-2 of this chapter).

(b) Use Form 10-Q for transition and quarterly reports filed pursuant to § 240.13a-10 or § 240.15d-10 of this chapter. Such transition or quarterly reports must be filed in accordance with the requirements set forth in § 240.13a-10 or § 240.15d-10 of this chapter applicable when the registrant changes its fiscal year end.

- 61. Amend Form 10-Q (referenced in § 249.308a) by:

- a. Revising General Instruction A.

- b. On the cover, removing the words “Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of ‘large accelerated filer,’ ‘accelerated filer,’ ‘smaller reporting company,’ and ‘emerging growth company’ in Rule 12b-2 of the Exchange Act” and adding, in their place, “Indicate by check mark whether the registrant is a large accelerated filer, a non-accelerated filer, a small non-accelerated filer, or an emerging growth company. See the definitions of ‘large accelerated filer,’ ‘non-accelerated filer,’ ‘small non-accelerated filer,’ and ‘emerging growth company’ in Rule 12b-2 of the Exchange Act”.

- c. On the cover, removing the check box labeled “Accelerated filer” and adding, in its place, a check box labeled “Small non-accelerated filer”.

- d. On the cover, removing the check box labeled “Smaller reporting company”.

- e. On the cover, removing the words “If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to Section 13(a) of the Exchange Act.” and adding, in their place, the words “If a non-accelerated filer that is no more than five years after its initial registration, indicate by check mark if the registrant has elected to use the extended transition period for complying with certain new or revised financial accounting standards.”

- f. In Part I, Item 1, removing the words “smaller reporting company” and adding, in their place, “non-accelerated filer”.

- g. In Part II, revising Item 1A.

- h. In the Signatures section, removing the words “Print the name and title of the signing officer under his signature” and adding, in their place, “Print the

name and title of the signing officer under his or her signature”.

Note: Form 10-Q is attached as Appendix B to this document. Form 10-Q will not appear in the Code of Federal Regulations.

- 62. Revise § 249.310(a) and (b) to read as follows:

§ 249.310 Form 10-K, for annual and transition reports pursuant to sections 13 or 15(d) of the Securities Exchange Act of 1934.

(a) Use this form for annual reports pursuant to sections 13 or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) for which no other form is prescribed and for transition reports filed pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934.

(b) File annual reports on this form within the following period:

(1) 60 days after the end of the fiscal year covered by the report for large accelerated filers (as defined in § 240.12b-2 of this chapter);

(2) 90 days after the end of the fiscal year covered by the report for non-accelerated filers (as defined in § 240.12b-2 of this chapter) and asset-backed issuers (as defined in § 229.1101(b) of this chapter); and

(3) 120 days after the end of the fiscal year covered by the report for small non-accelerated filers (as defined in § 240.12b-2 of this chapter).

* * * * *

- 63. Amend Form 10-K (referenced in § 249.310) by:

- a. Revising General Instruction A.

- b. On the cover, removing the words “Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of ‘large accelerated filer,’ ‘accelerated filer,’ ‘smaller reporting company,’ and ‘emerging growth company’ in Rule 12b-2 of the Exchange Act.” and adding, in their place, “Indicate by check mark whether the registrant is a large accelerated filer, a non-accelerated filer, a small non-accelerated filer, an asset-backed issuer, or an emerging growth company. See the definitions of ‘large accelerated filer,’ ‘non-accelerated filer,’ ‘small non-accelerated filer,’ and ‘emerging growth company’ in Rule 12b-2 of the Exchange Act, and ‘asset-backed issuer’ in Item 1101(b) of Regulation AB.”

- c. On the cover, removing the check box labeled “Accelerated filer” and adding, in its place, a check box labeled “Small non-accelerated filer”.

- d. On the cover, removing the check box labeled “Smaller reporting

company” and adding, in its place, a check box labeled “Asset-backed issuer”.

■ e. On the cover, removing the words “If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to Section 13(a) of the Exchange Act.” and adding, in their place, the words “If a non-accelerated filer that is no more than five years after its initial registration, indicate by check mark if the registrant has elected to use the extended transition period for complying with certain new or revised financial accounting standards.”

■ f. In Part I, revising Item 1A.

■ g. In Part I, revising Item 1B.

■ h. In the Signatures section, removing the words “Print the name and title of each signing officer under his signature” and adding, in their place, “Print the name and title of each signing officer under his or her signature”.

Note: Form 10-K is attached as Appendix C to this document. Form 10-K will not appear in the Code of Federal Regulations.

By the Commission.

Dated: May 19, 2026.

Vanessa A. Countryman,
Secretary.

Note: The following appendices will not appear in the Code of Federal Regulations.

Appendix A—Form 20-F

Form 20-F

* * * * *

Indicate by check mark whether the registrant is an emerging growth company. See the definition “emerging growth company” in Rule 12b-2 of the Exchange Act. ☐

If an emerging growth company is no more than five years after its initial registration and prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected to use the extended transition period for complying with certain new or revised financial accounting standards. ☐

* * * * *

General Instructions

* * * * *

B. General Rules and Regulations That Apply to This Form

* * * * *

(f) A foreign private issuer may not use the scaled disclosure requirements in Regulation S-X and Regulation S-K available to non-accelerated filers, as defined in Rule 12b-2 under the Exchange Act (17 CFR 240.12b-2), for the purposes of preparing this Form.

* * * * *

Part I

* * * * *

Item 4A. Unresolved Staff Comments

In an annual report, if the registrant has received written comments from the Commission staff regarding its periodic reports under the Exchange Act not less than 180 days before the end of its fiscal year to which the annual report relates, and such comments remain unresolved, disclose the substance of any such unresolved comments that the registrant believes are material. Such disclosure may provide other information including the position of the registrant with respect to any such comment.

* * * * *

Item 11. Quantitative and Qualitative Disclosures About Market Risk

* * * * *

(e) Exemption. Registrants that would otherwise not meet the requirements to be large accelerated filers, as defined in § 230.405 of this chapter and § 240.12b-2 of this chapter, need not provide the information required by this Item 11.

* * * * *

Part II

* * * * *

Item 15. Controls and Procedures

* * * * *

(b) * * *

(4) If an issuer, other than an emerging growth company (as defined in 17 CFR 240.12b-2), had an aggregate worldwide market value of the voting and non-voting common equity held by its non-affiliates of \$75 million or more as of the last business day of the issuer's most recently completed second fiscal quarter, or otherwise includes in its annual report a registered public accounting firm's attestation report on internal control over financial reporting, a

statement that the registered public accounting firm that audited the financial statements included in the annual report containing the disclosure required by this Item has issued an attestation report on management's assessment of the issuer's internal control over financial reporting.

(c) *Attestation report of the registered public accounting firm.* If an issuer, other than an emerging growth company (as defined in 17 CFR 240.12b-2), had an aggregate worldwide market value of the voting and non-voting common equity held by its non-affiliates of \$75 million or more as of the last business day of the issuer's most recently completed second fiscal quarter, and where the Form is being used as an annual report filed under Section 13(a) or 15(d) of the Exchange Act by an issuer, other than an emerging growth company (as defined in 17 CFR 240.12b-2), provide the registered public accounting firm's attestation report on management's assessment of the issuer's internal control over financial reporting in the issuer's annual report containing the disclosure required by this Item.

* * * * *

Appendix B—Form 10-Q

Form 10-Q

General Instructions

A. Rule as to Use of Form 10-Q

■ 1. Use Form 10-Q for quarterly reports under Section 13 or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)), filed pursuant to Rule 13a-13 (17 CFR 240.13a-13) or Rule 15d-13 (17 CFR 240.15d-13). File a quarterly report on this Form pursuant to Rule 13a-13 or Rule 15d-13 within the following period after the end of each of the first three fiscal quarters of each fiscal year, but no report need be filed for the fourth quarter of any fiscal year:

a. 40 days after the end of the fiscal quarter for large accelerated filers (as defined in 17 CFR 240.12b-2);

b. 45 days after the end of the fiscal quarter for non-accelerated filers (as defined in 17 CFR 240.12b-2); and

c. 50 days after the end of the fiscal quarter for small non-accelerated filers (as defined in 17 CFR 240.12b-2).

* * * * *

BILLING CODE 8011-01-P

FORM 10-Q

(Mark One)

[] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended
or

[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _ to

Commission File Number:

(Exact name of registrant as specified in its charter)

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

(Address of principal executive offices) (Zip Code)

(Registrant’s telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months

(or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☐ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☐ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, a non-accelerated filer, a small non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "non-accelerated filer," "small non-accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Small non-accelerated filer ☐

Non-accelerated filer ☐ Emerging growth company ☐

If a non-accelerated filer that is no more than five years after its initial registration, indicate by check mark if the registrant has elected to use the extended transition period for complying with certain new or revised financial accounting standards. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☐ No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS
DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

☐ Yes ☐ No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

Provide the information required by Rule 10-01 of Regulation S-X (17 CFR Part 210). A non-accelerated filer, as defined in Rule 12b-2 (§ 240.12b-2 of this chapter) may provide the information required by Article 8-03 of Regulation S-X (§ 210.8-03 of this chapter).

* * * * *

PART II—OTHER INFORMATION

* * * * *

Item 1A. Risk Factors.

Large accelerated filers must set forth any material changes from risk factors as previously disclosed in the registrant's Form 10-K (§249.310) in response to Item 1A. to Part 1 of Form 10-K.

* * * * *

SIGNATURES*

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

(Registrant)

Date

(Signature) **

Date (Signature) **

** Print name and title of the signing officer under his or her signature.

Appendix C—Form 10-K**FORM 10-K****ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934****GENERAL INSTRUCTIONS****A. Rule as to Use of Form 10-K.**

(1) Use this form for annual reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) (the “Act”) for which no other form is prescribed and for transition reports filed pursuant to Section 13 or 15(d) of the Act.

(2) Annual reports on this Form must be filed within the following period:

(a) 60 days after the end of the fiscal year covered by the report for large accelerated filers (as defined in 17 CFR 240.12b-2):

(b) 90 days after the end of the fiscal year covered by the report for non-accelerated filers (as defined in 17 CFR 240.12b-2) and asset-backed issuers (as defined in 17 CFR 229.1101(b)); and

(c) 120 days after the end of the fiscal year covered by the report for small non-accelerated filers (as defined in 17 CFR 240.12b-2).

* * * * *

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

☐ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _ to

Commission file number

(Exact name of registrant as specified in its charter)

State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization

(Address of principal executive offices) (Zip Code)

Registrant’s telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered

Securities registered pursuant to section 12(g) of the Act:

(Title of class)

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☐ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

☐ Yes ☐ No

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☐ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

☐ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, a non-accelerated filer, a small non-accelerated filer, an asset-backed issuer, or an emerging growth company. See the definitions of “large accelerated filer,” “non-accelerated filer,” “small non-accelerated filer,” and “emerging growth company” in Rule 12b-2 of the Exchange Act, and “asset-backed issuer” in Item 1101(b) of Regulation AB.

Large accelerated filer ☐ Small non-accelerated filer ☐

Non-accelerated filer ☐ Emerging growth company ☐

Asset-backed issuer ☐

If a non-accelerated filer that is no more than five years after its initial registration, indicate by check mark if the registrant has elected to use the extended transition period for complying with certain new or revised financial accounting standards. ☐

* * * * *

PART I

[See General Instruction G(2)]

Item 1. Business.

Furnish the information required by Item 101 of Regulation S-K (§ 229.101 of this chapter) except that the discussion of the development of the registrant’s business need only include developments since the beginning of the fiscal year for which this report is filed.

Item 1A. Risk Factors.

Large accelerated filers must set forth, under the caption “Risk Factors,” where appropriate, the risk factors described in Item 105 of Regulation S-K (§ 229.105 of this chapter) applicable to the registrant. Provide any discussion of risk factors in plain English in accordance with Rule 421(d) of the Securities Act of 1933 (§ 230.421(d) of this chapter).

Item 1B. Unresolved Staff Comments.

If the registrant has received written comments from the Commission staff regarding its periodic or current reports under the Act not less than 180 days before the end of its fiscal year to which the annual report relates, and such comments remain unresolved, disclose the substance of any such unresolved comments that the registrant believes are material. Such disclosure may provide other information including the position of the registrant with respect to any such comment.

* * * * *

PART II

[See General Instruction G(2)]

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Item 8. Financial Statements and Supplementary Data.

(a) File financial statements meeting the requirements of Regulation S-X (§ 210 of this chapter), except § 210.3-05, § 210.3-14, § 210.6-11, § 210.8-04, § 210.8-05, § 210.8-06 and Article 11 thereof, and the supplementary financial information required by Item 302 of Regulation S-K (§ 229.302 of this chapter). Financial statements of the registrant and its subsidiaries consolidated (as required by Rule 14a-3(b)) must be filed under this item. Other financial statements and schedules required under Regulation S-X may be filed as “Financial Statement Schedules” pursuant to Item 15, Exhibits, Financial Statement Schedules, and Reports on Form 8-K, of this form.

(b) A non-accelerated filer may provide the information required by Article 8 of Regulation S-X in lieu of any financial statements required by Item 8(a) of this Form.

* * * * *

[FR Doc. 2026-10222 Filed 5-20-26; 8:45 am]

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