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DEPARTMENT OF AGRICULTURE

Office of the Secretary

7 CFR Part 15

[Docket No. USDA–2026–0002]

RIN 0503–AA89

Rescinding Portions of U.S. Department of Agriculture Title VI Regulations To Conform More Closely With the Department of Justice's Regulations To Implement Executive Order 14281

AGENCY: Office of the Assistant Secretary for Civil Rights, USDA.

ACTION: Final rule.

SUMMARY: By this rule, the U.S. Department of Agriculture (USDA) amends its regulations implementing Title VI of the Civil Rights Act of 1964 (7 CFR part 15) to eliminate disparate-impact liability. These amendments align USDA's regulations with the original public meaning of this statute, avoid constitutional concerns, reduce compliance costs, and serve the public interest. In addition, these revisions conform to Executive Order 14281.

DATES: Effective June 17, 2026.

FOR FURTHER INFORMATION CONTACT: Mr. Theodore Gutman, Associate Assistant Secretary for Civil Rights, USDA, 1400 Independence Avenue SW, Washington, DC 20250–1400, (202) 720–3808.

SUPPLEMENTARY INFORMATION:

I. Executive Summary

USDA is rescinding portions of its regulations promulgated pursuant to Title VI, 42 U.S.C. 2000d–1, to more closely align its regulations to Title VI, which prohibits intentionally discriminatory conduct, *see* 42 U.S.C. 2000d. There are serious statutory and constitutional concerns with the legality of USDA's Title VI regulations that go beyond intentional discrimination by prohibiting conduct that has an unintentional disparate impact. This

rule accordingly rescinds those portions of the regulations that prohibit conduct having a disparate impact, which are in considerable tension with both the statute and the Constitution and do not sufficiently serve the public interest. First, this rule rescinds the full text of 7 CFR 15.3(b)(2), which currently prohibits the utilization of “criteria or methods of administration which have the effect of subjecting individuals to discrimination because of their race, color, or national origin.” Second, this rule removes the two uses of the phrase “or effect” from 7 CFR 15.3(b)(3). Third, this rule rescinds the full text of 7 CFR 15.3(b)(6). Fourth, this rule rescinds the full text of the last two sentences of 7 CFR 15.3(c), which addresses employment practices subject to Federal financial assistance.

The rule's revisions also conform to Executive Order 14281, *Restoring Equality of Opportunity and Meritocracy*, 90 FR 17537 (Apr. 23, 2025). That Order states that “[i]t is the policy of the United States to eliminate the use of disparate-impact liability in all contexts to the maximum degree possible to avoid violating the Constitution, Federal civil rights laws, and basic American ideals.” *Id.* at 17537. Although USDA would take this action independent of Executive Order 14281, the Order supports this action.

USDA's position is also informed by recent decisions that required USDA to establish proof of intentional discrimination to justify race-based classifications in certain USDA programs. For example, in *Strickland v. Vilsack*, 736 F. Supp. 3d 469, 480–83 (N.D. Tex. 2024), a Federal court issued a preliminary nationwide injunction against USDA's use of race-based criteria in its 2022 Emergency Relief Program (ERP 2022) for failure to satisfy strict scrutiny under the Equal Protection Clause. *See also Miller v. Vilsack*, No. 4:21–cv–00595, 2021 WL 11115194 (N.D. Tex. 2021) (enjoining USDA from administering a recently enacted loan-forgiveness program under the American Rescue Plan Act of 2021, which linked certain eligibility requirements to race-based classifications, because those classifications failed to satisfy strict scrutiny).

This rule makes clear that USDA's Title VI regulations do not prohibit conduct or activities that have a

disparate impact and prohibit only intentional discrimination. Thus, USDA will not pursue Title VI disparate-impact liability against its Federal-funding recipients.

II. Discussion

A. Statutory History of Title VI

Title VI of the Civil Rights Act of 1964, as amended, provides: “No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.” 42 U.S.C. 2000d. Title VI also directs Federal departments and agencies that extend Federal financial assistance to “effectuate the provisions of” Title VI “by issuing rules, regulations, or orders of general applicability.” 42 U.S.C. 2000d–1. The section of Title VI that sets forth the prohibited conduct, 42 U.S.C. 2000d, prohibits only intentional discrimination and makes no reference to unintentional disparate effects or impact. *See Alexander v. Sandoval*, 532 U.S. 275, 280 (2001) (“[I]t is . . . beyond dispute—and no party disagrees—that [Title VI] prohibits only intentional discrimination.”). The statute does not explicitly provide any Federal department or agency with authority to prohibit conduct having an unintentional disparate impact. And despite having ample opportunities, Congress has not amended Title VI to impose disparate-impact liability. USDA's Title VI implementing regulations are codified at 7 CFR part 15.

B. Relevant Supreme Court Decisions

The Supreme Court has held that Title VI does not prohibit facially neutral policies that result in disparate outcomes when there is no discriminatory intent. Rather, it prohibits only intentional discrimination. In 1978, the Supreme Court held that Congress intended Title VI to prohibit “only those racial classifications that would violate the Equal Protection Clause” if committed by a government actor. *Regents of the Univ. of Cal. v. Bakke*, 438 U.S. 265, 287 (1978) (Powell, J., announcing the judgment of the Court); *id.* at 325, 328, 352–53 (Brennan, White, Marshall, and Blackmun, JJ., concurring in part and

dissenting in part); *see also Students for Fair Admissions, Inc. v. President & Fellows of Harvard Coll.*, 600 U.S. 181, 198 n.2 (2023) (“*SFFA*”). Shortly before *Bakke*, the Supreme Court held that the Equal Protection Clause prohibits only intentional discrimination and that “a law or other official act” that has a “racially disproportionate impact” alone does not violate that Clause. *Washington v. Davis*, 426 U.S. 229, 239 (1976); *see also Vill. of Arlington Heights v. Metro. Hous. Dev. Corp.*, 429 U.S. 252, 265 (1977) (“Proof of racially discriminatory intent or purpose is required to show a violation of the Equal Protection Clause.”). Taken together, these Supreme Court cases establish that Title VI’s statutory prohibition, like the Equal Protection Clause, extends only to intentional discrimination.

In 2001, the Supreme Court, in *Alexander v. Sandoval*, reaffirmed that settled understanding. 532 U.S. at 280 (“[I]t is . . . beyond dispute . . . that [Title VI] prohibits only intentional discrimination.”). In *Sandoval*, the Supreme Court held that private plaintiffs lacked a private right of action to enforce “disparate-impact regulations” of the Department of Justice (DOJ). *Id.* at 285–87. The Supreme Court had previously found a private cause of action to enforce Title VI’s bar on intentional discrimination, *id.* at 279–80, but that conclusion did not extend to enforcing DOJ’s “disparate-impact regulations.” *Id.* at 285. As the Supreme Court explained, it was “clear” that “the disparate-impact regulations do not simply apply” the statutory prohibition, as the regulations “forbid conduct that [Title VI] permits,” so it was equally “clear that the private right of action to enforce [Title VI] does not include a private right to enforce these regulations.” *Id.* Although the Supreme Court in *Sandoval* “assume[d],” without deciding, that DOJ’s disparate-impact regulations were valid, the Court explained that the regulations were in “considerable tension” with the Supreme Court’s Title VI precedents. Similarly, the regulations did not “authoritatively” construe Title VI because the regulations “forbid conduct”—namely, policies that unintentionally result in a disparate impact—that Title VI “permits.” *Id.* at 281–82, 284–85; *see also id.* at 286 n.6 (“[Title VI] permits the very behavior that the regulations forbid.”).

Finally, in 2024, the Supreme Court overruled *Chevron U.S.A. Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837 (1984). *See Loper Bright Enters. v. Raimondo*, 603 U.S. 369, 409–12 (2024). In reaching that

result, the Supreme Court made clear that “statutes . . . have a single, best meaning” that is “‘fixed at the time of enactment.’” *Id.* at 400 (quoting *Wis. Cent. Ltd. v. United States*, 585 U.S. 274, 284 (2018)). Thus, Title VI’s bar on discrimination can have only one meaning. And under Supreme Court precedent, the single, best meaning of Title VI is that it “prohibits only intentional discrimination” and “permits” facially neutral policies that result in disparate outcomes so long as there is no discriminatory intent. *Sandoval*, 532 U.S. at 280, 286 n.6.

C. Executive Order 14281

On April 23, 2025, the President issued Executive Order 14281. This Order restated the “bedrock principle of the United States . . . that all citizens are treated equally under the law.” 90 FR at 17537. The Order explained that this “principle guarantees equality of opportunity, not equal outcomes,” and “promises that people are treated as individuals, not components of a particular race or group.” *Id.*

That Order also explained that disparate-impact liability “endangers this foundational principle.” *Id.* Disparate-impact liability, the Order reasoned, “all but requires individuals and businesses to consider race and engage in racial balancing to avoid potentially crippling legal liability.” *Id.* As the Order explained, disparate-impact liability “not only undermines our national values, but also runs contrary to equal protection under the law and, therefore, violates our Constitution.” *Id.*

The Order relayed that because of these problems, “[i]t is the policy of the United States to eliminate the use of disparate-impact liability in all contexts to the maximum degree possible to avoid violating the Constitution, Federal civil rights laws, and basic American ideals.” *Id.* Accordingly, this rule revises USDA’s currently existing Title VI regulations, consistent with the Order’s policy and purpose.

Even in the absence of Executive Order 14281, USDA would have taken steps to adopt the policy to eliminate the use of disparate-impact liability under Title VI. USDA believes that all citizens should be treated equally under the law, and that USDA, through its funding programs and other activities, should promote equality of opportunity, not equal outcomes. Doing so encourages meritocracy and treatment of individuals as individuals—principles that are at the foundation of American democracy. Imposing disparate-impact liability endangers these policy objectives, and USDA accordingly has

concluded that it is appropriate to amend its regulations to rescind provisions concerning disparate impact. Disparate-impact liability also raises serious constitutional concerns, is in considerable tension with the original public meaning of Title VI, creates confusion, increases the costs of compliance, and does not serve the public interest. After considering the relevant issues and factors and weighing the relevant considerations, USDA concludes that these reasons together support eliminating disparate-impact liability from USDA’s Title VI regulations. In any event, USDA concludes that each reason is a separate and independent basis for eliminating disparate-impact liability from USDA’s Title VI regulations.

D. Need for Rulemaking

USDA’s regulation at 7 CFR 15.3, entitled “Discrimination prohibited,” contains several provisions that go beyond the statutory text and constitutional requirements by prohibiting facially neutral policies that have a disparate impact and in some instances encourage or even require unlawful discrimination labeled as “affirmative action.” Section 15.3(b)(2) is the current regulation’s general disparate-impact prohibition, which states that a “recipient . . . may not . . . utilize criteria or methods of administration which have the effect of subjecting individuals to discrimination because of their race, color, or national origin.” 7 CFR 15.3(b)(2).

Beyond that general prohibition, section 15.3(b)(3) addresses a Federal-funding recipient’s selection of the site or location of facilities and includes two references to “effect” that extend the scope of prohibited conduct to include conduct with unintentional disparate impact. Section 15.3(b)(6) concerns the use of “affirmative action,” and provides that funding recipients may (and sometimes must) use race, color, or national origin to overcome unintentional disparate “effects.” But this provision does not expressly specify that the funding recipient must narrowly tailor such use nor that this use must serve a compelling governmental interest, as is required to satisfy strict scrutiny. Finally, section 15.3(c) addresses prohibited discriminatory employment practices and extends beyond intentional discrimination to prohibiting conduct that “tends” to have a discriminatory effect.

There are serious statutory and constitutional concerns with the legality of the USDA’s Title VI disparate-impact regulations. USDA also has serious

policy concerns with its current disparate-impact regulations because they create confusion, undermine public confidence in the nation's civil rights laws and the rule of law, and produce burdensome litigation and compliance costs.

1. Serious Legal Concerns

There are serious statutory concerns as to whether Title VI authorizes the disparate-impact provisions of the current regulations. As the Supreme Court has made clear, Title VI prohibits “only intentional discrimination” and “permits” facially neutral policies that result in disparate outcomes when there is no discriminatory intent. *Sandoval*, 532 U.S. at 280, 286 n.6. That is the “single, best meaning” of Title VI. *Loper Bright*, 603 U.S. at 400. *Sandoval* calls into serious doubt the legality of USDA’s “disparate-impact regulations.” *Sandoval*, 532 U.S. at 281–82, 284–85 (noting that DOJ’s regulations, which USDA’s regulations mirror, were in “considerable tension” with the Supreme Court’s Title VI precedents); see also *id.* at 286 n.6 (“[Title VI] permits the very behavior that the regulations forbid.”). Although *Sandoval* resolved only the question of private enforceability, subsequent cases such as *Loper Bright* have made clear that USDA cannot extend Title VI beyond its original public meaning. See 603 U.S. at 412–13 (holding that “courts must . . . ensur[e] that [an] agency acts within” its statutory authority). And even in the absence of Supreme Court precedent, USDA would have concluded that the best reading of Title VI is that it prohibits only intentional discrimination.

Title VI authorizes agencies to promulgate regulations “to effectuate” the statute’s prohibition of intentional discrimination. 42 U.S.C. 2000d–1. The current regulations’ extension of prohibited conduct to include conduct with an unintentional disparate impact reaches a vastly broader scope than the statute itself. This scope is too broad to be considered a simple prophylactic measure aimed at preventing intentional discrimination. See *Sandoval*, 532 U.S. at 286 n.6 (“[Title VI] permits the very behavior that the regulations forbid.”). Thus, USDA’s disparate-impact regulations do not “effectuate” Title VI. 42 U.S.C. 2000d–1.

There are also serious concerns about whether USDA’s Title VI regulations pass constitutional muster under the Equal Protection Clause. As the Supreme Court recently held in *SFFA*, “the Equal Protection Clause . . . applies without regard to any differences of race, of color, or of

nationality—it is universal in its application” and the “guarantee of equal protection cannot mean one thing when applied to one individual and something else when applied to a person of another color.” 600 U.S. at 206 (internal quotation marks omitted) (first quoting *Yick Wo v. Hopkins*, 118 U.S. 356, 369 (1886); and then quoting *Bakke*, 438 U.S. at 289–90 (Powell, J.)). Despite the promises of the Equal Protection Clause, a funding recipient’s risk of disparate-impact liability under USDA’s regulations is triggered by unintentional disparate outcomes, which the recipient may not even know about without investigation. To evaluate and avoid this risk, the funding recipient must incur investigatory costs, such as conducting an impact analysis, and is coerced to proactively consider race, color, and national origin, and potentially use it to change the unintended disparate outcomes.

In short, disparate-impact liability encourages and, in some cases, requires covered entities to engage in the intentional use of race and racial balancing to eliminate those disparate outcomes by treating certain racial groups differently from others—the exact conduct the Equal Protection Clause forbids. See *id.* The serious constitutional concerns raised by these perverse incentives further confirm that the best reading of Title VI is that it prohibits only intentional discrimination and does not authorize USDA to impose disparate-impact liability. See *Edward J. DeBartolo Corp. v. Fla. Gulf Coast Bldg. & Constr. Trades Council*, 485 U.S. 568, 575 (1988) (“[W]here an otherwise acceptable construction of a statute would raise serious constitutional problems, the Court will construe the statute to avoid such problems unless such construction is plainly contrary to the intent of Congress.” (citing *NLRB v. Catholic Bishop of Chi.*, 440 U.S. 490, 499–501, 504 (1979))).

This encouraged or coerced use of race, color, or national origin violates the Equal Protection Clause unless it survives review under the “daunting” strict-scrutiny standard. *SFFA*, 600 U.S. at 206; see also *Free Speech Coal., Inc. v. Paxton*, 145 S. Ct. 2291, 2310 (2025) (“Strict scrutiny—which requires a restriction to be the least restrictive means of achieving a compelling governmental interest—is ‘the most demanding test known to constitutional law.’” (quoting *City of Boerne v. Flores*, 521 U.S. 507, 534 (1997))). The use of race, color, or national origin necessitated by the disparate-impact provisions runs into serious issues with the requirement of narrow tailoring to

achieve a compelling interest. *SFFA*, 600 U.S. at 206–07.

Similarly, the “affirmative action” provision authorizes and sometimes requires the intentional use of race without requiring that this intentional use be narrowly tailored to serve a recognized compelling interest. Instead, it encourages intentional racial balancing “to overcome the effects of” unintended racial disparities. 7 CFR 15.3(b)(6). Thus, for substantially the same reasons as above, the “affirmative action” provision raises serious constitutional concerns.

As summarized above, there are serious statutory and constitutional concerns with USDA’s disparate-impact regulations. But even if the regulations were legal, USDA finds that eliminating the potential constitutional concerns addressed above would independently justify the amendment of the regulations. Cf. *U.S. Tel. Ass’n v. FCC*, 188 F.3d 521, 528 (D.C. Cir. 1999) (concluding it was not “arbitrary and capricious” to adopt a certain policy in order to “avoid[] raising a non-trivial constitutional question”). And even if the regulations did not raise serious constitutional concerns, USDA finds that eliminating the costs and confusion caused by the mismatch between the statute and the disparate-impact regulations would independently justify the repeal of the regulations.

2. Serious Policy Concerns

USDA also has serious policy concerns with the imposition of disparate-impact liability. While USDA expresses its policy concerns with disparate-impact liability independent of Executive Order 14281, that Order sets forth many valid policy concerns with disparate-impact liability. As noted in section 1 of the Order, “On a practical level, disparate-impact liability has hindered businesses from making hiring and other employment decisions based on merit and skill, their needs, or the needs of their customers because of the specter that such a process might lead to disparate outcomes, and thus disparate-impact lawsuits. This has made it difficult, and in some cases impossible, for employers to use bona fide job-oriented evaluations when recruiting, which prevents job seekers from being paired with jobs to which their skills are most suited—in other words, it deprives them of opportunities for success.” 90 FR at 17537. Moreover, the legal concerns identified above have caused uncertainty and confusion for Federal-funding recipients as to whether and when they need to comply with the disparate-impact regulations and when they can or must consider race, color,

and national origin. As explained above, *Sandoval* casts substantial doubt on the validity of the disparate-impact regulations that many Federal departments and agencies have promulgated pursuant to Title VI, including USDA's regulations. 532 U.S. at 280–82.

Additionally in practice, and as explained above, disparate-impact liability leads covered entities to engage in racial balancing even as Title VI forbids intentional racial discrimination. This tension tends to create confusion and undermine public confidence in the nation's civil rights laws and in the rule of law itself, as the law seems to both forbid and require the same conduct.

These problems are amplified by the arbitrary nature of the racial and ethnic categories typically used to measure disparate effects, which, by virtue of their arbitrariness, typically lack a meaningful connection to a compelling interest. *See, e.g., SFFA*, 600 U.S. at 216–17 (explaining that the “[racial] categories” utilized by Harvard and University of North Carolina were “themselves imprecise in many ways” and “the use of these opaque racial categories undermine[d], instead of promote[d], [their] goals”). This confusion undermines the law's ability to teach principles of nondiscrimination and is evident in specific grant proposals awarded by USDA in past years explicitly targeting certain racial groups.

For example, in February 2025, USDA terminated a financial assistance award that encouraged and promoted agriculture practices that focused on racial equity. Specifically, under the award, preference for educational and agricultural distribution opportunities was given based on race (see Award NR223A750001G001, *USAspending.gov*). And in April 2025, USDA terminated a financial assistance award that focused on increasing resources and opportunities for locally grown food available to families and entrepreneurs of a specific race. One objective of the award was to provide several thousands of dollars' worth of fresh produce for free to families of a specific race (see Award NR225F48XXXXG004, *USAspending.gov*).

USDA believes that these policy concerns independently justify repealing certain parts of its regulation to cure this confusion, remove the incentive for covered entities to engage in racial balancing, and maintain clarity and public confidence in the nation's civil rights laws.

USDA has considered the view that looking at disparate effects can sometimes be useful in uncovering or deterring subtle intentional discrimination or intentional indifference to unnecessary and arbitrary barriers. But that view's alleged benefits are outweighed by the other issues and factors USDA has considered. And in any event, the concern is mitigated by the fact that eliminating disparate-impact liability does not preclude the use of data on disparate outcomes to help prove intentional discrimination. Indeed, under USDA's Title VI regulations, which the current changes do not alter, “recipients should have available for the Agency racial and ethnic data showing the extent to which members of minority groups are beneficiaries of federally assisted programs.” 7 CFR 15.3(b). Both USDA and private litigants rely on such data as a potential indicator of intentional discrimination. This use of statistical disparity to help establish, as an evidentiary matter, liability for intentional discrimination materially differs from using it to impose liability for an unintentional disparate impact.

USDA has also considered an alternative that would preserve disparate-impact liability only for certain Federally assisted programs. After evaluation, USDA determined that applying disparate-impact standards to only a subset of programs would create arbitrary distinctions not grounded in Title VI. Such an approach would lead to inconsistent application of nondiscrimination obligations, create confusion for recipients that operate across multiple program areas, and generate uneven compliance burdens. It would also fail to resolve the statutory and constitutional concerns identified by the Supreme Court, as noted within the revised rule.

Any version of imposing liability for unintentional discrimination is inconsistent with Title VI's original public meaning. Regardless, even a modified version of disparate-impact liability would not eliminate USDA's serious legal and policy concerns. USDA determines that any benefits from alternative versions of disparate-impact liability are outweighed by USDA's legal and policy concerns. And even if possible, developing such a rule would not solve the confusion or rule-of-law concerns expressed above, nor reduce the compliance and litigation costs that covered entities face. USDA believes that the better course is to avoid the complexities, costs, and litigation associated with this alternative, even if eliminating disparate-impact liability

would ultimately leave some problems unaddressed and others inadequately addressed.

USDA has additionally considered the potential reliance interests of funding recipients and others on the disparate-impact regulations. *Sandoval*, however, cast serious doubt on the continuing viability of all Federal Title VI disparate-impact regulations more than 20 years ago. At least since then, USDA's enforcement of its Title VI disparate-impact regulations has been minimal and sporadic. And Executive Order 14281 also directed all agencies to “deprioritize enforcement of all statutes and regulations to the extent they include disparate-impact liability,” including USDA's Title VI disparate-impact regulations. 90 FR at 17538. USDA accordingly believes that any reliance interests should be minimal and do not outweigh USDA's legal and other policy concerns. Further, each of USDA's concerns, whether considered cumulatively or separately, outweighs any reliance interests.

USDA notes that *Sandoval* has also led to a divergence between Title VI enforcement by private plaintiffs and enforcement by Federal departments and agencies. After *Sandoval*, private plaintiffs can enforce only Title VI's statutory prohibition on intentional discrimination, while USDA could continue to pursue disparate-impact liability. Repealing the disparate-impact regulations would eliminate this incongruent enforcement.

Overall, after considering the relevant issues and factors and weighing the relevant considerations, USDA finds that, regardless of the legality of USDA's disparate-impact regulations, the above summarized policy concerns, when viewed separately or cumulatively, independently justify the repeal of its disparate-impact regulations.

III. USDA's Regulatory Amendments

USDA is amending its regulations in 7 CFR part 15 to align with the statutory text. This rule's regulatory changes address the concerns that the Supreme Court raised in *Sandoval* and the other legal and policy concerns discussed above, harmonize the implementing regulations with Title VI, promote consistent enforcement among private plaintiffs and USDA, and provide much needed clarity to the courts and USDA Federal-funding recipients and beneficiaries.

For the reasons summarized above, USDA amends the following provisions in its Title VI implementing regulation that explain the particular types of discrimination prohibited, located at 7 CFR 15.3.

Table Summarizing Amendments

The table below indicates the exact wording changes. For each section

indicated in the left column, the text shown in the middle column is removed

and the text shown in the right column is added:

Section	Remove	Add
15.3(b)(2)	Full text of paragraph: “(2) A recipient . . . or national origin.”	“[Reserved]”
15.3(b)(3)	“or effect” from both places	
15.3(b)(6)	Full text of paragraph (6), subparts (i) and (ii)	
15.3(c)	“Where a primary objective of the . . . which supersedes it.”	

*B. Section-by-Section Analysis**Section 15.3(b)(2)*

Section 15.3(b)(2) is the general prohibition of conduct having an unintentional disparate impact. It expands prohibited conduct from purposeful discrimination to impose liability on Federal-funding recipients who “utilize criteria or methods of administration which have the effect of subjecting individuals to discrimination.” Because section 15.3(b)(2)’s only purpose is to prohibit disparate-impact discrimination, this rule deletes this paragraph in its entirety. It thus amends the regulations to conform to Title VI and to address the legal and policy considerations and determinations described in this document. The rule replaces paragraph (b)(2) with a placeholder to maintain the numbering accuracy of previous citations and other references to parts of this section.

Section 15.3(b)(3)

Section 15.3(b)(3) addresses a Federal-funding recipient’s or applicant’s selection of the site or location of facilities. It provides that a funding recipient may not make selections with the “purpose or effect” of discriminating, or “with the purpose or effect of defeating or substantially impairing the accomplishment of the objectives of” Title VI or USDA’s implementing regulations. The paragraph’s two references to “effect” extend its scope to conduct having an unintentional disparate impact. This rule deletes both “or effect” references to conform paragraph (b)(3) more closely Title VI and to address the legal and policy considerations and determinations described in this document.

Section 15.3(b)(6)

Section 15.3(b)(6) deals with “affirmative action.” Paragraph (b)(6)(ii) authorizes affirmative action even in the absence of a finding of prior discrimination in a program “to overcome the effects of conditions which resulted in limiting participation by persons of a particular race, color, or

national origin.” This provision points not to intentional discrimination, but rather to the unintentional “effects of conditions.” It consequently encourages intentional racial classifications, racial preferences, and other race-based actions without specifying the compelling governmental interest and narrow tailoring that the Equal Protection Clause demands. This section has long been unlawful under the Equal Protection Clause.

Paragraph (b)(6)(i) requires that a recipient “must take affirmative action to overcome the effects of prior discrimination” if, in “administering a program,” the funding “recipient has previously discriminated against persons on the ground of race, color, or national origin.” This provision goes beyond the Equal Protection Clause, which permits in limited circumstances but does not mandate a government to take narrowly tailored action to remedy the effects of its identified past discrimination. *See, e.g., Bakke*, 438 U.S. at 307 (Powell, J.). Moreover, even putting aside the mandatory language, this provision does not expressly require narrow tailoring to counter the particular past discrimination, but rather simply “affirmative action to overcome the effects of prior discrimination.” 7 CFR 15.3(b)(6). This provision accordingly promotes potentially illegal race, color, and national origin discrimination. Moreover, in some instances, it may even coerce recipients to consider and use race preferences when the recipient does not want to. This is contrary to USDA’s goal of promoting and defending a culture of nondiscrimination and is destructive to the public’s understanding of and faith in the nation’s civil rights laws. This rule, therefore, removes paragraph (b)(6).

Section 15.3(c)

Section 15.3(c) addresses prohibited discriminatory employment practices. The first two sentences of paragraph (c) prohibit intentionally discriminatory employment practices in a program when a primary objective of the Federal

financial assistance the program receives is to provide employment. The final two sentences of paragraph (c) extend the prohibition on discrimination to employment practices of the funding recipient even “[w]here a primary objective of the Federal financial assistance is not to provide employment” if discrimination in the non-funded employment practices “tends, on the grounds of race, color, or national origin, to exclude individuals from participation in, to deny them the benefits of, or to subject them to discrimination under any program or activity of the applicant or recipient to which these regulations apply.” This sentence prohibits not only intentional discrimination but extends the prohibition to conduct that “tends” to have a discriminatory effect.

Moreover, USDA notes that paragraph (c)’s extension to employment practices where the Federal funding’s primary objective is not to provide employment conflicts with the statutory limitation found in 42 U.S.C. 2000d-3. That section states that “[n]othing contained in [Title VI] shall be construed to authorize action under [Title VI] by any department or agency with respect to any employment practice of any employer, employment agency, or labor organization except where a primary objective of the Federal financial assistance is to provide employment.” 42 U.S.C. 2000d-3; *see also Johnson v. Transp. Agency, Santa Clara Cnty.*, 480 U.S. 616, 627–28 n.6 (1987) (citing the statutory limitation and noting Congress’s intent that Title VI not “impinge” on Title VII, which prohibits discriminatory employment practices). The rule deletes the last two sentences of paragraph (c) to amend the regulation so that it more closely adheres to Title VI and to address the legal and policy considerations and determinations described in this document.

IV. Severability

USDA’s position is that each of the amendments serve a vital, related, but distinct purpose. USDA also confirms that each of the amendments is intended to operate independently of each other

and that the potential invalidity of one amendment should not affect the other amendments. USDA would adopt any of the amendments independently of the invalidity of a separate amendment.

V. Regulatory Certifications

Administrative Procedure Act

USDA issues this final rule without prior public notice and comment or a delayed effective date. This action is taken pursuant to the Administrative Procedure Act's exception for rules "relating to agency management or personnel or to public property, loans, grants, benefits, or contracts." 5 U.S.C. 553(a)(2).

Title VI concerns non-discrimination conditions on the receipt of Federal financial assistance, and more particularly to the receipt of Federal "[g]rants and loans," "property," "personnel" and "[a]ny Federal agreement, arrangement, or other contract which has as one of its purposes the provision of assistance." 28 CFR 42.102(c); *see also* 28 CFR 42.105 (requiring funding recipient sign contractual assurance of compliance with Title VI); *Cummings v. Premier Rehab Keller, P.L.L.C.*, 596 U.S. 212, 217–18 (2022) (observing that Congress enacted Title VI "[p]ursuant to its authority to 'fix the terms on which it shall disburse federal money'" (internal citation omitted)). *Cf. Education Programs or Activities Receiving or Benefitting from Federal Financial Assistance*, 82 FR 46655, 46655 (Oct. 6, 2017) (invoking the section 553(a)(2) exception to amend Title IX regulations to "promote consistency in the enforcement of Title IX for [the Department of Agriculture] financial assistance recipients"); *Preserving Community and Neighborhood Choice*, 85 FR 47899 (Aug. 7, 2020) (invoking the exception to repeal Housing and Urban Development rule regarding Federal grantees); *Participation by Minority Business Enterprise in Department of Transportation Programs*, 53 FR 18285 (May 23, 1988) (invoking the exception to expand coverage of Department of Transportation regulation regarding Federal Aviation Administration's airport financial assistance program); *Nondiscrimination on the Basis of Handicap in Federally Assisted Programs—Suspension of Guidelines with Respect to Mass Transportation*, 46 FR 40687 (Aug. 11, 1981) (invoking the exception to suspend Department of Justice guidelines regarding prohibiting disability discrimination in transportation programs and activities receiving Federal financial assistance).

Furthermore, applying the section 553(a)(2) exception is consistent with the Office of Management and Budget's (OMB) definition of "Federal financial assistance" under 2 CFR 200.1. That definition categorizes assistance in substantially overlapping categories as the APA exception for rules relating to public property, loans, grants, benefits, or contracts. Because the forms of assistance administered by USDA fall under these categories, USDA issues this final rule without prior public notice and comment or delayed effective date under 5 U.S.C. 553(a)(2).

Executive Orders 12866 and 13563 (Regulatory Review)

USDA has determined that its final rulemaking is a "significant regulatory action" under section 3(f) of Executive Order 12866, 58 FR 51735, 51738 (Sep. 30, 1993), but not an "economically significant" under section 3(f)(1). This rule has been submitted to the Office of Management and Budget (OMB) for review and aligns with the principles of Executive Orders 12866 and 13563, which direct agencies to assess costs and benefits and select approaches that maximize net benefits, acknowledging that some values are difficult to quantify.

This regulation has been drafted and reviewed in accordance with Executive Order 12866 section 1(b), *id.* at 51735, and in accordance with Executive Order 13563 section 1(b), 76 FR 3821, 3821 (Jan. 18, 2011), which supplements and reaffirms the principles of Executive Order 12866. These Executive Orders direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits. 58 FR at 51735; 76 FR at 3821. Executive Order 13563 also recognizes that some benefits and costs are difficult to quantify and provides that, where appropriate and permitted by law, agencies may consider and discuss qualitatively values that are difficult or impossible to quantify. *Id.*

The rule is intended to conform regulations to Executive Order 14281, address concerns regarding USDA's Title VI regulations raised by the Supreme Court in *Sandoval*, harmonize the scope of conduct prohibited by Title VI, promote enforcement consistency, and provide clarity to courts and funding recipients regarding the scope of USDA's Title VI regulations. In short, this rule is necessary to conform USDA's regulation to existing statutory law, as interpreted by the Supreme Court.

Data limitations make the costs and benefits of the rule difficult to quantify. Although it does not represent the monetary impact of the rule, USDA issued approximately 4,707 separate awards totaling approximately \$22,028,005,953.56 over the past four years. USDA does not track which of its investigations and compliance reviews involve solely allegations of disparate-impact discrimination. For enforcement actions that relate to both intentional discrimination and conduct having an unintentional disparate impact, USDA does not track and cannot reliably quantify the costs attributable to the disparate-impact portions of the enforcement actions. That the existence of a disparate impact is sometimes a factor that may be considered in determining whether discrimination is intentional further impedes monetizing costs and benefits. Therefore, the overall cost effect on USDA is difficult to quantify. USDA is unable to quantify how funding recipients will respond to the regulatory changes. But the deregulatory action should result in greater flexibility and lower compliance costs for recipients.

Qualitatively, the deregulatory action per Executive Order 13563 reduces uncertainty in Title VI interpretation, reduces the requirements that may be enforced by USDA, and brings USDA's regulation in line with the law.

USDA recognizes that a funding recipient may receive Federal funds from sources other than USDA. USDA does not envision that this rule will appreciably increase administrative or compliance costs for funding recipients who must also adhere to the regulations of another department or agency. This deregulatory action does not create any new obligations for funding recipients. On the contrary, by eliminating disparate-impact liability from the regulation, the rule eliminates a source of regulatory confusion, narrows the conduct prohibited, and thus lessens the costs of compliance and potential liability. Moreover, recipients who receive funds for the same program or activity from more than one Federal entity already enter into separate contractual assurances with each funding entity. *See, e.g.*, 7 CFR 15.4. These contractual assurances already impose varying requirements that each Federal funding source deems necessary. Funding recipients will continue to be held to the most stringent contractual assurance and regulation.

Based on the analysis of the practical qualitative costs and benefits noted above, USDA that this rule is consistent with the principles of Executive Orders 12866 and 13563, including the

requirements that, to the extent permitted by law, USDA adopt a regulation only upon a reasoned determination that its benefits justify its costs and choose a regulatory approach that maximizes net benefits. *See* 58 FR at 51735; 76 FR at 3821.

Executive Order 14192 (Unleashing Prosperity Through Deregulation)

Executive Order 14192 requires an agency, unless prohibited by law, to identify at least 10 existing regulations to be repealed when the agency publicly proposes for notice and comment or otherwise promulgates a new regulation. 90 FR 9065 (Jan. 31, 2025). In furtherance of this requirement, section 3(c) of the Order requires that “any new incremental costs associated with new regulations shall, to the extent permitted by law, be offset by the elimination of existing costs associated with at least 10 prior regulations.” *Id.* This rule eliminates unnecessary regulation by revising the USDA’s current Title VI regulations to remove provisions extending prohibited conduct to include conduct having an unintentional disparate impact—thereby aligning the scope of these regulations with the governing statute. Accordingly, USDA expects this rule to be a deregulatory action under Executive Order 14192.

Executive Order 14294 (Fighting Overcriminalization in Federal Regulations)

Executive Order 14294 requires agencies promulgating regulations with criminal regulatory offenses to explicitly describe the conduct subject to criminal enforcement, the authorizing statutes, and the *mens rea* standard applicable to each element. 90 FR 20363 (May 9, 2025). This final rule does not impose any criminal regulatory penalties and is therefore exempt from the requirements of Executive Order 14294.

Executive Order 13132 (Federalism)

This rule will not have a substantial, direct effect on the relationship between the national government and the States, on the distribution of power and responsibilities among various levels of government, or on States’ policymaking discretion. States that choose to participate in USDA programs and receive Federal financial assistance from USDA do so voluntarily and agree to comply with relevant statutory requirements as a condition of receiving such funding. This rule does not subject States or other funding recipients to new obligations. In accordance with section 6 of Executive Order 13132, 64 FR 43255, 43257–58 (Aug. 4, 1999), USDA has determined that these

amendments do not have sufficient federalism implications to warrant the preparation of a federalism summary impact statement.

Executive Order 12988 (Civil Justice Reform)

This rule meets the applicable standards set forth in sections 3(a) and (b)(2) of Executive Order 12988 to specify provisions in clear language. *See* 61 FR 4729. Pursuant to section 3(b)(1)(I) of the Executive Order, nothing in this final rule (or in any administrative policy, directive, ruling, notice, guideline, guidance, or writing) relating to USDA programs is intended to create any legal or procedural rights enforceable against the United States.

Executive Order 12250

Pursuant to section 1–202 of Executive Order 12250, DOJ has the responsibility to “review . . . proposed rules . . . of the Executive agencies” implementing nondiscrimination statutes such as Title VI in order to identify those which are inadequate, unclear or unnecessarily inconsistent.” Additionally, section 1–101 of Executive Order 12250 delegated the President’s responsibility to approve Title VI regulations to the Attorney General. *See* 42 U.S.C. 2000d–1. DOJ has reviewed and approved this rule.

Regulatory Flexibility Act

This rule does not require a regulatory flexibility analysis under the Regulatory Flexibility Act (RFA), 5 U.S.C. 603, 604, because, for the reasons described above, no notice of proposed rulemaking is required under 5 U.S.C. 553. *See Or. Trollers Ass’n v. Gutierrez*, 452 F.3d 1104, 1123–24 (9th Cir. 2006) (noting that the RFA does not apply when an agency validly invokes an exception to the public comment requirements of 5 U.S.C. 553).

Further, USDA has reviewed this rule in accordance with the RFA and certifies that this rule will not have a significant economic impact on a substantial number of small entities. The rule amends and clarifies existing regulations that are required by Title VI. The rule merely brings USDA into compliance with the Equal Protection Clause and harmonizes the scope of its regulations to conform with the scope of Title VI, which does not prohibit unintentional disparate impact. All Federal-funding recipients have been bound by the existing standards that will remain in place after this rule since their initial promulgation.

Unfunded Mandates Reform Act of 1995

The Unfunded Mandates Reform Act of 1995 (UMRA), 2 U.S.C. 1501 *et seq.*, excludes from its coverage any Federal regulation that “establishes or enforces any statutory rights that prohibit discrimination on the basis of race, color, religion, sex, national origin, age, handicap, or disability.” 2 U.S.C. 1503(2). Accordingly, this USDA rulemaking is not subject to the provisions of the UMRA.

Congressional Review Act

The Office of Information and Regulatory Affairs has determined that this rule is not a “major rule” as defined by the Congressional Review Act, 5 U.S.C. 804(2).

Paperwork Reduction Act of 1995

This rule does not impose any new or additional reporting or recordkeeping requirements under the Paperwork Reduction Act of 1995, 44 U.S.C. 3501 *et seq.*

List of Subjects in 7 CFR Part 15

Aged, Civil rights, Religious discrimination, Sex discrimination.

Accordingly, for the reasons stated in the preamble, USDA amends 7 CFR part 15 as follows:

PART 15—NONDISCRIMINATION

■ 1. The authority citation for part 15 continues to read as follows:

Authority: 5 U.S.C. 301; 29 U.S.C. 794.

- 2. Amend § 15.3 by:
 - a. Removing and reserving paragraph (b)(2);
 - b. Revising paragraph (b)(3);
 - c. Removing paragraph (b)(6); and
 - d. Revising paragraph (c).

The revisions read as follows:

§ 15.3 Discrimination prohibited.

* * * * *

(b) * * *

(3) In determining the site or location of facilities, an applicant or recipient may not make selections with the purpose of excluding individuals from, denying them the benefits of, or subjecting them to discrimination under any of its programs or activities to which the regulations in this part apply, on the grounds of race, color, or national origin; or with the purpose of defeating or substantially impairing the accomplishment of the objectives of the Act and the regulations in this part.

* * * * *

(c) *Employment practices.* Where a primary objective of the Federal financial assistance to a program to which the regulations in this part apply

is to provide employment, a recipient may not, directly or through contractual or other arrangements, subject an individual to discrimination on the ground of race, color, or national origin in its employment practices under the program including recruitment or recruitment advertising, employment, layoff or termination, upgrading, demotion, or transfer, rates of pay or other forms of compensation, and use of facilities. This paragraph (c) applies to programs where a primary objective of the Federal financial assistance is:

- (1) To reduce unemployment;
- (2) To assist individuals in meeting expenses incident to the commencement or continuation of their education or training; or
- (3) To provide work experience which contributes to education or training.

* * * * *

Stephen Vaden,

Deputy Secretary, U.S. Department of Agriculture.

[FR Doc. 2026–12139 Filed 6–16–26; 8:45 am]

BILLING CODE 3410-9R-P

CONSUMER FINANCIAL PROTECTION BUREAU

12 CFR Part 1002

Equal Credit Opportunity (Regulation B); Special Purpose Credit Programs; Rescission

AGENCY: Consumer Financial Protection Bureau.

ACTION: Advisory opinion; rescission.

SUMMARY: The Consumer Financial Protection Bureau (Bureau) is rescinding an advisory opinion issued in December 2020 regarding Regulation B, which implements the Equal Credit Opportunity Act (ECOA), as it applies to certain aspects of special purpose credit programs designed and implemented by for-profit organizations to meet special social needs.

DATES: The advisory opinion is rescinded on June 17, 2026.

FOR FURTHER INFORMATION CONTACT: Dave Gettler, Paralegal Specialist, Office of Regulations, at 202–435–7700 or <https://reginquiries.consumerfinance.gov/>. If you require this document in an alternative electronic format, please contact CFPB_Accessibility@cfpb.gov.

SUPPLEMENTARY INFORMATION: The Consumer Financial Protection Bureau (Bureau) is charged with administering the Equal Credit Opportunity Act

(ECOA or the Act).¹ ECOA prohibits discrimination by a creditor in any aspect of a credit transaction, on the basis of race, color, religion, national origin, sex, marital status, age, an applicant's receipt of public assistance, or the good faith exercise of an applicant's rights under the Consumer Credit Protection Act.² At the same time, ECOA also states that it is not a violation of the Act for a creditor to refuse to extend credit offered pursuant to any special purpose credit program (SPCP) offered by a profit-making organization to meet special social needs which meets standards prescribed in regulations by the Bureau if such refusal is required by or made pursuant to such program.³ On December 21, 2020, the Bureau issued an advisory opinion entitled "Equal Credit Opportunity (Regulation B); Special Purpose Credit Programs" (the advisory opinion) to address regulatory uncertainty regarding Regulation B, which implements ECOA, as it applies to certain aspects of SPCPs designed and implemented by for-profit organizations to meet special social needs.⁴

The advisory opinion purported to address regulatory uncertainty regarding Regulation B as it applies to certain aspects of SPCPs designed and implemented by for-profit organizations to meet special social needs. Specifically, the advisory opinion clarified the content that a for-profit organization must include in a written plan that establishes and administers an SPCP under Regulation B. In addition, the advisory opinion clarified the type of research and data that may be appropriate to inform a for-profit organization's determination that an SPCP is needed to benefit a certain class of persons.

In April 2026, the Bureau issued a final rule amending provisions related to, *inter alia*, SPCPs under Regulation B.⁵ The advisory opinion, however, contains statements that conflict with these recent amendments to Regulation B. As one example, the advisory opinion states that all program participants in an SPCP offered or participated in by a for-profit organization may be required "to share one or more common characteristics (for example, *race, national origin, or sex*)";⁶ the April 2026 final rule, however, prohibits any

SPCP offered or participated in by a for-profit organization from using the common characteristic of race, color, national origin, or sex, or any combination thereof, as a factor in determining eligibility for the program. In addition, the advisory opinion addresses SPCP provisions under Regulation B that have since been amended, rendering those discussions out-of-date or, at best, incomplete. The Bureau now hereby rescinds the advisory opinion. This rescission is intended to avoid any confusion about the appropriate standards and related conditions for SPCPs offered or participated in by for-profit organizations.

I. ECOA and Regulation B

ECOA makes it unlawful for any creditor to discriminate against any applicant, with respect to any aspect of a credit transaction, on the basis of race, color, religion, national origin, sex, marital status, age, an applicant's receipt of public assistance, or the good faith exercise of an applicant's rights under the Consumer Credit Protection Act.⁷ At the same time, ECOA also states that it is not a violation of the Act for a creditor to refuse to extend credit offered pursuant to "any [SPCP] offered by a profit-making organization to meet special social needs *which meets standards prescribed in regulations by the Bureau*" if such refusal is required by or made pursuant to such program.⁸ ECOA also authorizes the Bureau to write regulations to carry out ECOA's purposes.⁹

In April 2026, the Bureau exercised these authorities by revising the standards for SPCPs under Regulation B to align them with ECOA, including its express statutory purpose, and to prevent unlawful discrimination. Specifically, the Bureau determined that any SPCP that bases eligibility on protected class membership inherently discriminates against ineligible individuals in violation of ECOA, unless the SPCP's use of the otherwise prohibited basis is necessary to overcome a demonstrated inability to access credit that is specifically based on those same characteristics. Finding no evidence (submitted by commenters or otherwise) that SPCPs based on race, color, national origin, or sex remain

⁷ 15 U.S.C. 1691(a).

⁸ 15 U.S.C. 1691(c)(3) (emphasis added).

⁹ 15 U.S.C. 1691b(a). ECOA's express purpose is "to require that financial institutions and other firms engaged in the extension of credit make that credit equally available to all credit-worthy customers without regard to [prohibited bases]." Public Law 93–495, tit. V, sec. 502, 88 Stat. 1521 (1974).

¹ 15 U.S.C. 1691b(a).

² 15 U.S.C. 1691.

³ 15 U.S.C. 1691(c)(3).

⁴ The Bureau published the advisory opinion in the **Federal Register**, 86 FR 3762 (Jan. 15, 2021).

⁵ 91 FR 21620 (Apr. 22, 2026).

⁶ 86 FR 3762 at 3764 (emphasis added).

necessary to serve the narrow original purpose of ECOA's SPCP provisions, the Bureau determined that it is no longer appropriate, necessary, or proper for the SPCP standards in Regulation B to permit such programs to use the common characteristics of race, color, national origin, or sex as eligibility criteria.¹⁰ The Bureau also noted, as discussed below, the constitutional concerns that arise from authorizing such programs.¹¹ Accordingly, the Bureau amended Regulation B by adding new prohibitions, which bar an SPCP offered or participated in by a for-profit organization from using the common characteristic of race, color, national origin, or sex, or any combination thereof, as a factor in determining eligibility for the program.

Independent of and in addition to the above-described prohibitions, the Bureau also determined that additional conditions for SPCPs offered or participated in by for-profit organizations are necessary and appropriate. Specifically, the Bureau amended the SPCP standards to require any such program to be predicated on formal (and regulatorily required) evidence and documentation by the creditor that it is the fact of protected class membership that is causing program participants to be unable to obtain credit. Accordingly, a for-profit organization offering an SPCP must establish and administer the program to extend credit to a class of persons to whom, under the organization's actual credit standards, the organization would actually deny credit in the absence of the SPCP.

The Bureau has determined that the advisory opinion should be rescinded, as it is now outdated and inconsistent with the recent amendments to Regulation B. First, the advisory opinion discusses provisions related to SPCPs that have been modified by the recent amendments to Regulation B. For instance, the recent amendments to the SPCP provisions of Regulation B added new requirements to the written plan requirement that for-profit organizations offering or participating in an SPCP must satisfy. The advisory opinion, of course, does not address these new requirements. Thus, the advisory opinion is no longer current.

Second, the advisory opinion also contains several statements that are inconsistent with these recent amendments to Regulation B's SPCP provisions. For instance, the advisory opinion restated the now-superseded provisions of Regulation B that said all

program participants in an SPCP may be required to share common characteristics such as race, national origin, or sex (so long as the program is not intended to evade the requirements of the ECOA or Regulation B).¹² As explained above, however, recent amendments to Regulation B prohibit an SPCP offered or participated in by a for-profit organization from using the common characteristic of race, color, national origin, or sex, or any combination thereof, as a factor in determining eligibility for the program.

Moreover, in discussing the determination of need for an SPCP offered or participated in by a for-profit organization, the advisory opinion stated that the for-profit organization must be able to show a connection between the research or data informing its analysis and the fact that, under the organization's customary standards of creditworthiness, a class of persons *probably* would not receive credit or would receive it on less favorable terms than are ordinarily available to other applicants applying to the organization for a similar type and amount of credit.¹³ But the recent changes to Regulation B make clear that any SPCP offered by a for-profit organization must be established and administered to extend credit to a class of persons who actually (in lieu of "probably") would not receive such credit. Given these and other inconsistencies, the Bureau has determined that it is appropriate and necessary to rescind the advisory opinion to avoid confusion about the appropriate standards and related conditions for SPCPs offered or participated in by for-profit organizations.

Additionally, in its recent Regulation B Final Rule, the Bureau noted the serious constitutional concerns raised by SPCPs, to the extent they are read as authorizing discrimination on the bases of race, color, sex, or national origin.¹⁴ Unambiguously, the Constitution forbids the government from establishing programs that would discriminate in this fashion on the basis of race or color¹⁵ and sharply limits the circumstances in which government distinctions may be made as to sex or national origin. The advisory opinion not only implicates the overall constitutional propriety of SPCPs limited on such bases, but involves the government in expressly encouraging

private actors to create those very programs.¹⁶ Courts have long held that action by a private party can be attributed to the government when the government "provides significant encouragement" for the action.¹⁷ This concern is especially acute when "the State has significantly involved itself with invidious discriminations," such as those based on race.¹⁸ The Bureau acknowledges the serious constitutional concerns raised by both the underlying SPCP provisions, as they were implemented at the time of the advisory opinion, and with the advisory opinion itself. As with the recent amendment of Regulation B, the Bureau believes that the rescission of the advisory opinion is both necessary and appropriate to avoid these potential constitutional challenges.

II. Regulatory Matters

This rescission is issued under the Bureau's authority to provide guidance regarding ECOA and Regulation B, including under section 1022(b)(1) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, which authorizes guidance as may be necessary or appropriate to enable the CFPB to administer and carry out the purposes and objectives of Federal consumer financial laws.¹⁹ This rescission does not have the force or effect of law, and it has no legally binding effect, including on persons or entities outside the Federal Government.

The Office of Information and Regulatory Affairs (OIRA) within the Office of Management and Budget (OMB) has determined that this action is not a "significant regulatory action" under E.O. 12866.

Pursuant to subtitle E of the Small Business Regulatory Enforcement Fairness Act of 1996, also known as the Congressional Review Act (CRA),²⁰ the CFPB will submit a report containing this rescission and other required information to the United States Senate, the United States House of Representatives, and the Comptroller General of the United States prior to this issuance's effective date. OIRA has determined that this rescission is not a "major rule" within the meaning of the relevant sections of the CRA.

The CFPB has determined that this rescission does not contain any new or substantively revised information

¹⁶ 86 FR 3762 at 3763.

¹⁷ See *San Francisco Arts & Athletics, Inc. v. U.S. Olympic Committee*, 483 U.S. 522, 546 (1987); see also *Reitman v. Mulkey*, 387 U.S. 369 (1967).

¹⁸ *Reitman*, 387 U.S. at 380.

¹⁹ 12 U.S.C. 5512(b)(1).

²⁰ 5 U.S.C. 801 *et seq.*

¹⁰ 91 FR 21620 at 21652.

¹¹ *Id.* at 21653.

¹² 86 FR 3762 at 3764.

¹³ 86 FR 3762 at 3766.

¹⁴ 91 FR 21620 at 21653.

¹⁵ *Students for Fair Admissions, Inc. v. President and Fellows of Harvard College*, 600 U.S. 181, 206–07 (2023).

collection requirements that would require approval by OMB under the Paperwork Reduction Act.²¹

Russell Vought,

Acting Director, Consumer Financial Protection Bureau.

[FR Doc. 2026–12149 Filed 6–16–26; 8:45 am]

BILLING CODE 4810–AM–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

21 CFR Part 876

[Docket No. FDA–2026–N–6536]

Medical Devices; Gastroenterology-Urology Devices; Classification of the Ingestible Gastrointestinal Blood Detection Capsule

AGENCY: Food and Drug Administration, HHS.

ACTION: Final amendment; final order.

SUMMARY: The Food and Drug Administration (FDA) is classifying the ingestible gastrointestinal blood detection capsule into class II (special controls). The special controls that apply to the device type are identified in this order and will be part of the codified language for classification of the ingestible gastrointestinal blood detection capsule. We are taking this action because we have determined that classifying the device into class II will provide a reasonable assurance of safety and effectiveness of the device. We believe this action will also enhance patients' access to beneficial innovative devices, in part by reducing regulatory burdens.

DATES: This order is effective June 17, 2026. The classification was applicable on February 24, 2023.

FOR FURTHER INFORMATION CONTACT: Sivakami Venkatachalam, Center for Devices and Radiological Health, Food and Drug Administration, 10903 New Hampshire Ave., Bldg. 66, Rm. 2676, Silver Spring, MD 20993–0002, 301–796–9103, Sivakami.Venkatachalam@fda.hhs.gov.

SUPPLEMENTARY INFORMATION:

I. Background

Upon request, FDA (the Agency or we) has classified the ingestible gastrointestinal blood detection capsule into class II (special controls), which we have determined will provide a reasonable assurance of safety and

effectiveness of the device. In addition, we believe this action will enhance patients' access to beneficial innovation, in part by reducing regulatory burdens by placing the device into a lower device class than the automatic class III assignment.

The automatic assignment of class III occurs by operation of law and without any action by FDA, regardless of the level of risk posed by the new device. Any device that was not in commercial distribution before May 28, 1976, is automatically classified into, and remains within, class III and requires premarket approval unless and until FDA takes an action to classify or reclassify the device (21 U.S.C. 360c(f)(1)). We refer to these devices as “postamendments devices” because they were not in commercial distribution prior to the date of enactment of the Medical Device Amendments of 1976, which amended the Federal Food, Drug, and Cosmetic Act (FD&C Act).

FDA may take a variety of actions in appropriate circumstances to classify or reclassify a device into class I or II. We may issue an order finding a new device to be substantially equivalent under section 513(i) of the FD&C Act (21 U.S.C. 360c(i)) to a predicate device that does not require premarket approval. We determine whether a new device is substantially equivalent to a predicate device by means of the procedures for premarket notification under section 510(k) of the FD&C Act (21 U.S.C. 360(k)) and part 807 (21 CFR part 807).

FDA may also classify a device through “De Novo” classification, a common name for the process authorized under section 513(f)(2) of the FD&C Act (see also part 860, subpart D (21 CFR part 860, subpart D)). Section 207 of the Food and Drug Administration Modernization Act of 1997 (Pub. L. 105–115) established the first procedure for De Novo classification. Section 607 of the Food and Drug Administration Safety and Innovation Act (Pub. L. 112–144) modified the De Novo classification process by adding a second procedure. A device sponsor may utilize either procedure for De Novo classification.

Under the first procedure, the person submits a premarket notification (510(k)) for a device that has not previously been classified. After receiving an order from FDA classifying the device into class III under section 513(f)(1) of the FD&C Act, the person then requests a classification under section 513(f)(2).

Under the second procedure, rather than first submitting a 510(k) and then a request for classification, if the person

determines that there is no legally marketed device upon which to base a determination of substantial equivalence, that person requests a classification under section 513(f)(2) of the FD&C Act.

Under either procedure for De Novo classification, FDA is required to classify the device by written order within 120 days. The classification will be according to the criteria under section 513(a)(1) of the FD&C Act. Although the device was automatically placed within class III, the De Novo classification is considered to be the initial classification of the device.

We believe this De Novo classification will enhance patients' access to beneficial innovation, in part by reducing regulatory burdens. When FDA classifies a device into class I or II via the De Novo process, the device can serve as a predicate for future devices of that type, including for 510(k)s (see section 513(f)(2)(B)(i) of the FD&C Act). As a result, other device sponsors do not have to submit a De Novo request or premarket approval application to market a substantially equivalent device (see section 513(i) of the FD&C Act, defining “substantial equivalence”). Instead, sponsors can use the less burdensome 510(k) process, when necessary, to market their device.

II. De Novo Classification

On September 29, 2022, FDA received EnteraSense Ltd.'s request for De Novo classification of the Pill Sense System. FDA reviewed the request in order to classify the device under the criteria for classification set forth in section 513(a)(1) of the FD&C Act.

We classify devices into class II if general controls by themselves are insufficient to provide reasonable assurance of safety and effectiveness of the device, but there is sufficient information to establish special controls that, in combination with the general controls, provide reasonable assurance of the safety and effectiveness of the device for its intended use (see section 513(a)(1)(B) of the FD&C Act). After review of the information submitted in the request, we determined that the device can be classified into class II with the establishment of special controls. FDA has determined that these special controls, in addition to the general controls, will provide reasonable assurance of the safety and effectiveness of the device.

Therefore, on February 24, 2023, FDA issued an order to the requester classifying the device into class II. In this final order, FDA is codifying the classification of the device by adding 21

²¹ 44 U.S.C. 3501 *et seq.*

CFR 876.1390.¹ We have named the generic type of device “ingestible gastrointestinal blood detection capsule,” and it is identified as a prescription device that uses

spectrophotometry (light absorption technology) to detect the presence or absence of blood in the gastrointestinal tract.

FDA has identified the risks to health associated with this type of device and the measures required to mitigate these risks in table 1.

TABLE 1—RISKS TO HEALTH AND MITIGATION MEASURES FOR INGESTIBLE GASTROINTESTINAL BLOOD DETECTION CAPSULE

Identified risks to health	Mitigation measures
Adverse tissue reaction	Biocompatibility evaluation.
Failure to accurately detect blood leading to misdiagnosis or delayed diagnosis.	Clinical performance testing; Non-clinical performance testing; Software validation, verification, and hazard analysis; and Labeling.
Infection	Non-clinical performance testing; Shelf life and package integrity testing; and Labeling.
Device failure/malfunction leading to injury	Electrical, thermal, and mechanical safety testing; Software validation, verification, and hazard analysis; Usability testing; Non-clinical performance testing; Shelf life testing; and Labeling.
Device failure to function as intended due to interference with other devices (e.g., interference with data acquisition).	Electromagnetic compatibility testing; and Labeling.
Failure to excrete the capsule leading to injury	Clinical performance testing; and Labeling.

FDA has determined that special controls, in combination with the general controls, address these risks to health and provide reasonable assurance of safety and effectiveness of the device. For a device to fall within this classification, and thus avoid automatic classification in class III, it would have to comply with the special controls named in this final order. The necessary special controls appear in the regulation codified by this final order.

At the time of classification, ingestible gastrointestinal blood detection capsules are for prescription use only. Prescription devices are exempt from the requirement for adequate directions for use for the layperson under section 502(f)(1) of the FD&C Act (21 U.S.C. 352(f)(1)) and 21 CFR 801.5, as long as the conditions of 21 CFR 801.109 are met.

Under the FD&C Act, submission of a premarket notification under section 510(k) is required to reasonably assure the safety and effectiveness of class II devices unless FDA determines that the device type should be exempt under section 510(m) of the FD&C Act. At this time FDA has not made this determination for ingestible gastrointestinal blood detection capsules. This device is therefore subject to premarket notification requirements under section 510(k) of the FD&C Act.

III. Analysis of Environmental Impact

The Agency has determined under 21 CFR 25.34(b) that this action is of a type that does not normally have a

significant effect on the human environment. Therefore, neither an environmental assessment nor an environmental impact statement is required.

IV. Paperwork Reduction Act of 1995

This final order establishes special controls that refer to previously approved collections of information found in other FDA regulations and guidance. These collections of information are subject to review by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3521). The collections of information in part 860, subpart D, regarding De Novo classification have been approved under OMB control number 0910–0844; the collections of information in 21 CFR part 814, subparts A through E, regarding premarket approval have been approved under OMB control number 0910–0231; the collections of information in part 807, subpart E, regarding premarket notification submissions have been approved under OMB control number 0910–0120; the collections of information in 21 CFR part 820 regarding quality management system regulation have been approved under OMB control number 0910–0073; and the collections of information in 21 CFR part 801 regarding labeling have been approved under OMB control number 0910–0485.

List of Subjects in 21 CFR Part 876

Medical devices.

Therefore, under the Federal Food, Drug, and Cosmetic Act and under authority delegated to the Commissioner of Food and Drugs, 21 CFR part 876 is amended as follows:

PART 876—GASTROENTEROLOGY-UROLOGY DEVICES

■ 1. The authority citation for part 876 continues to read as follows:

Authority: 21 U.S.C. 351, 360, 360c, 360e, 360j, 360l, 371.

■ 2. Add § 876.1390 to subpart B to read as follows:

§ 876.1390 Ingestible gastrointestinal blood detection capsule.

(a) *Identification.* An ingestible gastrointestinal blood detection capsule device is a prescription device that uses spectrophotometry (light absorption technology) to detect the presence or absence of blood in the gastrointestinal tract.

(b) *Classification.* Class II (special controls). The special controls for this device are:

(1) Clinical performance testing must demonstrate the device performs as intended under anticipated conditions of use. Testing must evaluate:

(i) Detection of presence or absence of blood when compared to endoscopic procedures used to detect upper gastrointestinal bleeding;

(ii) Capsule excretion and recovery; and

(iii) All adverse events.

(2) Non-clinical performance testing must demonstrate the device performs as intended under anticipated

¹ FDA notes that the **ACTION** caption for this final order is styled as “Final amendment; final order,” rather than “Final order.” Beginning in December 2019, this editorial change was made to indicate

that the document “amends” the Code of Federal Regulations. The change was made in accordance with the Office of Federal Register’s (OFR) interpretations of the Federal Register Act (44

U.S.C. chapter 15), its implementing regulations (1 CFR 5.9 and parts 21 and 22), and the Document Drafting Handbook.

conditions of use. The following performance characteristics must be tested:

- (i) Dimensional testing must verify device dimensions;
 - (ii) Performance testing must verify functional aspects of the device design;
 - (iii) Battery life testing must be performed to demonstrate the capsule's operating time is not constrained by the battery capacity;
 - (iv) Leak testing must verify device integrity under worst-case clinical conditions;
 - (v) Bite testing must demonstrate that the device can withstand bite forces;
 - (vi) pH resistance testing must evaluate integrity of the capsule when exposed to a physiological relevant range of pH values;
 - (vii) Control and monitoring of capsule bioburden must demonstrate the device does not pose an infection risk; and
 - (viii) Blood detection testing must demonstrate that the device can detect different forms of blood seen under anticipated conditions of use.
- (3) Software validation, verification, and hazard analysis must be performed.
- (4) Electrical safety, thermal safety, mechanical safety, and electromagnetic compatibility testing must be performed.
- (5) Usability assessment must demonstrate that the intended user(s) can safely and correctly use the device.
- (6) The patient-contacting components of the device must be demonstrated to be biocompatible.
- (7) Performance testing must support the shelf life of the device by demonstrating continued package integrity and device functionality over the identified shelf life.
- (8) Physician labeling must include:
- (i) A detailed summary of the clinical testing pertinent to use of the device, including information on effectiveness and device- and procedure-related complications;
 - (ii) Warning that the device is not a standalone diagnostic device and does not replace clinical decision making; and
 - (iii) A shelf life.
- (9) Patient labeling must include:
- (i) An explanation of the device and the mechanism of operation;
 - (ii) The patient preparation procedure;
 - (iii) A brief summary of the clinical study; and

(iv) A summary of the device- and procedure-related complications pertinent to use of the device.

Grace R. Graham,

Deputy Commissioner for Policy, Legislation, and International Affairs.

[FR Doc. 2026-12165 Filed 6-16-26; 8:45 am]

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

21 CFR Part 892

[Docket No. FDA-2026-N-6535]

Medical Devices; Radiology Devices; Classification of the Radiological Machine Learning-Based Quantitative Imaging Software With Predetermined Change Control Plan

AGENCY: Food and Drug Administration, HHS.

ACTION: Final amendment; final order.

SUMMARY: The Food and Drug Administration (FDA) is classifying the radiological machine learning-based quantitative imaging software with predetermined change control plan into class II (special controls). The special controls that apply to the device type are identified in this order and will be part of the codified language for classification of the radiological machine learning-based quantitative imaging software with predetermined change control plan. We are taking this action because we have determined that classifying the device into class II will provide a reasonable assurance of safety and effectiveness of the device. We believe this action will also enhance patients' access to beneficial innovative devices, in part by reducing regulatory burdens.

DATES: This order is effective June 17, 2026. The classification was applicable on February 24, 2023.

FOR FURTHER INFORMATION CONTACT: Jessica Lamb, Center for Devices and Radiological Health, Food and Drug Administration, 10903 New Hampshire Ave., Bldg. 66, Rm. 3672, Silver Spring, MD 20993-0002, 301-796-6167, Jessica.Lamb@fda.hhs.gov.

SUPPLEMENTARY INFORMATION:

I. Background

Upon request, FDA (the Agency or we) has classified the radiological machine learning-based quantitative imaging software with predetermined change control plan into class II (special controls), which we have determined

will provide a reasonable assurance of safety and effectiveness of the device. In addition, we believe this action will enhance patients' access to beneficial innovation, in part by reducing regulatory burdens by placing the device into a lower device class than the automatic class III assignment.

The automatic assignment of class III occurs by operation of law and without any action by FDA, regardless of the level of risk posed by the new device. Any device that was not in commercial distribution before May 28, 1976, is automatically classified into, and remains within, class III and requires premarket approval unless and until FDA takes an action to classify or reclassify the device (21 U.S.C. 360c(f)(1)). We refer to these devices as "postamendments devices" because they were not in commercial distribution prior to the date of enactment of the Medical Device Amendments of 1976, which amended the Federal Food, Drug, and Cosmetic Act (FD&C Act).

FDA may take a variety of actions in appropriate circumstances to classify or reclassify a device into class I or II. We may issue an order finding a new device to be substantially equivalent under section 513(i) of the FD&C Act (21 U.S.C. 360c(i)) to a predicate device that does not require premarket approval. We determine whether a new device is substantially equivalent to a predicate device by means of the procedures for premarket notification under section 510(k) of the FD&C Act (21 U.S.C. 360(k)) and part 807 (21 CFR part 807).

FDA may also classify a device through "De Novo" classification, a common name for the process authorized under section 513(f)(2) of the FD&C Act (see also part 860, subpart D (21 CFR part 860, subpart D)). Section 207 of the Food and Drug Administration Modernization Act of 1997 (Pub. L. 105-115) established the first procedure for De Novo classification. Section 607 of the Food and Drug Administration Safety and Innovation Act (Pub. L. 112-144) modified the De Novo classification process by adding a second procedure. A device sponsor may utilize either procedure for De Novo classification.

Under the first procedure, the person submits a premarket notification (510(k)) for a device that has not previously been classified. After receiving an order from FDA classifying the device into class III under section 513(f)(1) of the FD&C Act, the person then requests a classification under section 513(f)(2).

Under the second procedure, rather than first submitting a 510(k) and then

a request for classification, if the person determines that there is no legally marketed device upon which to base a determination of substantial equivalence, that person requests a classification under section 513(f)(2) of the FD&C Act.

Under either procedure for De Novo classification, FDA is required to classify the device by written order within 120 days. The classification will be according to the criteria under section 513(a)(1) of the FD&C Act. Although the device was automatically placed within class III, the De Novo classification is considered to be the initial classification of the device.

We believe this De Novo classification will enhance patients' access to beneficial innovation, in part by reducing regulatory burdens. When FDA classifies a device into class I or II via the De Novo process, the device can serve as a predicate for future devices of that type, including for 510(k)s (see section 513(f)(2)(B)(i) of the FD&C Act). As a result, other device sponsors do not have to submit a De Novo request or premarket approval application to market a substantially equivalent device

(see section 513(i) of the FD&C Act, defining "substantial equivalence"). Instead, sponsors can use the less burdensome 510(k) process, when necessary, to market their device.

II. De Novo Classification

On September 28, 2022, FDA received Caption Health, Inc.'s request for De Novo classification of the Caption Interpretation Automated Ejection Fraction Software device. FDA reviewed the request in order to classify the device under the criteria for classification set forth in section 513(a)(1) of the FD&C Act.

We classify devices into class II if general controls by themselves are insufficient to provide reasonable assurance of safety and effectiveness of the device, but there is sufficient information to establish special controls that, in combination with the general controls, provide reasonable assurance of the safety and effectiveness of the device for its intended use (see section 513(a)(1)(B) of the FD&C Act). After review of the information submitted in the request, we determined that the device can be classified into class II with the establishment of special

controls. FDA has determined that these special controls, in addition to the general controls, will provide reasonable assurance of the safety and effectiveness of the device.

Therefore, on February 24, 2023, FDA issued an order to the requester classifying the device into class II. In this final order, FDA is codifying the classification of the device by adding 21 CFR 892.2055.¹ We have named the generic type of device "radiological machine learning-based quantitative imaging software with predetermined change control plan," and it is identified as a software-only device which employs machine learning algorithms on radiological images to provide quantitative imaging outputs. The device includes functions to support outputs such as view selection, segmentation and landmarking. The design specifications include planned modifications that may be made to the device consistent with an established predetermined change control plan.

FDA has identified the risks to health associated with this type of device and the measures required to mitigate these risks in table 1.

TABLE 1—RISKS TO HEALTH AND MITIGATION MEASURES FOR RADIOLOGICAL MACHINE LEARNING-BASED QUANTITATIVE IMAGING SOFTWARE WITH PREDETERMINED CHANGE CONTROL PLAN

Identified risks to health	Mitigation measures
Inaccurate device output leading to patient receiving incomplete or sub-optimal treatment/diagnosis. Implementation of modifications agreed in the authorized predetermined change control plan (PCCP) leads to algorithm producing inaccurate output, including: • Performance related to existing specifications at the time of clearance. • Performance related to planned additional device capabilities and associated specifications. Misunderstanding of changes to the device input criteria, output performance, or other aspects of the design as changes are implemented under the PCCP, leading to misuse and incorrect treatment/diagnosis.	Design verification and validation activities identified in special control (1); and Certain labeling information identified in special control (4). Special controls (2)–(3) and 4(vii); and Certain activities identified in special controls (1). Special control (2)–(3); and Labeling information identified in special control (4)(vii).

FDA has determined that special controls, in combination with the general controls, address these risks to health and provide reasonable assurance of safety and effectiveness of the device. For a device to fall within this classification, and thus avoid automatic classification in class III, it would have to comply with the special controls named in this final order. The necessary special controls appear in the regulation codified by this final order.

Under the FD&C Act, submission of a premarket notification under section 510(k) is required to reasonably assure the safety and effectiveness of class II devices unless FDA determines that the device type should be exempt under section 510(m) of the FD&C Act. At this time FDA has not made this determination for radiological machine learning-based quantitative imaging software with predetermined change control plan. This device is therefore subject to premarket notification

requirements under section 510(k) of the FD&C Act.

III. Analysis of Environmental Impact

The Agency has determined under 21 CFR 25.34(b) that this action is of a type that does not normally have a significant effect on the human environment. Therefore, neither an environmental assessment nor an environmental impact statement is required.

¹ FDA notes that the **ACTION** caption for this final order is styled as "Final amendment; final order," rather than "Final order." Beginning in December 2019, this editorial change was made to indicate

that the document "amends" the Code of Federal Regulations. The change was made in accordance with the Office of Federal Register's (OFR) interpretations of the Federal Register Act (44

U.S.C. chapter 15), its implementing regulations (1 CFR 5.9 and parts 21 and 22), and the Document Drafting Handbook.

IV. Paperwork Reduction Act of 1995

This final order establishes special controls that refer to previously approved collections of information found in other FDA regulations and guidance. These collections of information are subject to review by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3521). The collections of information in part 860, subpart D, regarding De Novo classification have been approved under OMB control number 0910–0844; the collections of information in 21 CFR part 814, subparts A through E, regarding premarket approval have been approved under OMB control number 0910–0231; the collections of information in part 807, subpart E, regarding premarket notification submissions have been approved under OMB control number 0910–0120; the collections of information in 21 CFR part 820 regarding quality management system regulation have been approved under OMB control number 0910–0073; and the collections of information in 21 CFR part 801 regarding labeling have been approved under OMB control number 0910–0485.

List of Subjects in 21 CFR Part 892

Medical devices, Radiation protection, X-rays.

Therefore, under the Federal Food, Drug, and Cosmetic Act and under authority delegated to the Commissioner of Food and Drugs, 21 CFR part 892 is amended as follows:

PART 892—RADIOLOGY DEVICES

■ 1. The authority citation for part 892 continues to read as follows:

Authority: 21 U.S.C. 351, 360, 360c, 360e, 360j, 360l, 371.

■ 2. Add § 892.2055 to subpart B to read as follows:

§ 892.2055 Radiological machine learning-based quantitative imaging software with predetermined change control plan.

(a) *Identification.* A radiological machine learning based quantitative imaging software with predetermined change control plan is a software-only device which employs machine learning algorithms on radiological images to provide quantitative imaging outputs. The device includes functions to support outputs such as view selection, segmentation and landmarking. The design specifications include planned modifications that may be made to the device consistent with an established predetermined change control plan.

(b) *Classification.* Class II (special controls). The special controls for this device are:

(1) Design verification and validation must include:

(i) A detailed description of the image postprocessing algorithms, including a detailed description of the algorithm inputs and outputs, each major component or block, and algorithm limitations.

(ii) Detailed description of training data including detailed annotation methods and important cohorts (e.g., subsets defined by patient demographics, clinically relevant confounders, and subsets defined by image acquisition characteristics).

(iii) Performance testing protocols and results that demonstrate that the underlying algorithms function as intended. The performance assessment must be based on objective performance measures (e.g., error metrics, Bland-Altman plots, dice similarity coefficient, Hausdorff distance, sensitivity, specificity, predictive value). The test dataset must be independent from data used in training/development and contain sufficient numbers of cases from important cohorts (e.g., subsets defined by clinically relevant confounders, effect modifiers, concomitant diseases, and subsets defined by image acquisition characteristics) such that the performance estimates and confidence intervals of the device for these individual subsets can be characterized for the intended use population and imaging equipment.

(iv) Software verification, validation, and hazard analysis.

(2) As part of the design verification and validation activities, you must document the planned device modifications of the quantitative imaging software, and the associated methodology for the development, verification, and validation of modifications made consistent with the performance requirements in the plan.

(3) As part of the risk management activities, you must identify and assess the risks of the planned modification(s) and identify corresponding risk mitigations.

(4) Labeling must include:

(i) A detailed description of the patient population for which the device was validated;

(ii) A description of the intended user and expertise needed for safe use of the device;

(iii) A detailed description of the device inputs and outputs;

(iv) A detailed description of compatible imaging hardware and imaging protocols;

(v) A detailed summary of the current performance of the device and a summary of the performance testing conducted to support safe and effective use of the device including test methods, dataset characteristics (including demographics), testing environment, results (with confidence intervals), and a summary of sub-analyses on case distributions stratified by relevant confounders;

(vi) A description of situations in which the device may fail or may not operate at its expected performance level (e.g., poor image quality or for certain subpopulations), as applicable; and

(vii) Labeling related to the predetermined change control plan (PCCP), including:

(A) A statement that the device has a PCCP;

(B) A description of modification(s) implemented for quantitative imaging and supporting algorithms, including a summary of current performance, associated inputs, validation requirements, and related evidence; and

(C) A version history, a description of how device modification(s) will be implemented, and a description of how users will be informed of device modification(s) made in accordance with the PCCP.

Grace R. Graham,

Deputy Commissioner for Policy, Legislation, and International Affairs.

[FR Doc. 2026–12166 Filed 6–16–26; 8:45 am]

BILLING CODE 4164–01–P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 100

[Docket Number USCG–2025–1120]

RIN 1625–AA08

Special Local Regulation; 4th of July Fireworks, East River and Upper New York Bay, Manhattan, Queens, and Brooklyn, NY

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 East River and Upper New York Bay, in New York Harbor, NY. The SLR is needed to provide for the safety of life on these highly congested waterways immediately before, during,

and after a 4th of July fireworks display. The rule controls vessel movement, creates spectator zones, establishes an exclusion zone near launch sites and prohibits entry into moving protection zones around transiting fireworks barges unless specifically authorized by the Captain of the Port, Sector New York, or their designated representative.

DATES: This rule is effective from 4 p.m. on July 4, 2026, through 11:30 p.m. on July 5, 2026. It will only be enforced from 4:00 p.m. until 11:30 p.m. on July 4, 2026, unless the event is delayed because of weather conditions, in which case it will be subject to enforcement during those same hours on July 5, 2026.

ADDRESSES: To view available documents go to <https://www.regulations.gov> and search for USCG–2025–1120.

FOR FURTHER INFORMATION CONTACT: If you have questions about this rule, contact MST1 Scott Baumgartner, Sector New York Waterways Management Division, U.S. Coast Guard; telephone 718–801–2932, or email Scott.A.Baumgartner@uscg.mil.

SUPPLEMENTARY INFORMATION:

I. Table of Abbreviations

CFR Code of Federal Regulations
COTP Captain of the Port, Sector New York
DHS Department of Homeland Security
FR Federal Register
NPRM Notice of proposed rulemaking
§ Section
SLR Special Local Regulation
U.S.C. United States Code
VHF FM Very High Frequency Modulated
Radio Transmission

II. Background and Authority

Macy's has hosted an annual 4th of July fireworks display in varying locations in New York Harbor since 1976. The display typically involves multiple barges concurrently launching fireworks as part of a nationally recognized celebration that draws significant audiences on land, on water, and via national television broadcasts. In 2022, the Coast Guard established a permanent special local regulation (SLR) for the event, codified at 33 CFR 100.110. This SLR was established to address the safety hazards of a barge-based fireworks display located near Roosevelt Island on the East River and the resulting congestion of spectator vessels in the adjacent waters. However, the number of fireworks barges used in the display, the location of launch sites, and the scale of the event have changed each year since the SLR was established.

On October 23, 2025, the Coast Guard received an Application for Marine Event, under 33 CFR 100.15, in which

Macy's proposed to launch fireworks from multiple locations in a significantly larger event in 2026 than in past years. On January 16, 2026, Macy's updated their fireworks launch location to include five barges on the East River south of Roosevelt Island, NY, three barges on the East River southwest of the Brooklyn Bridge, near Manhattan, NY, and one land-based location on the deck of the Brooklyn Bridge over the East River.

On April 6, 2026, the Coast Guard published in the **Federal Register** a notice of proposed rulemaking (NPRM) titled "Special Local Regulation; 4th of July Fireworks, East River and Upper New York Bay, Manhattan, Queens, and Brooklyn, NY" (91 FR 17170) based on the proposed fireworks event of this scale and at these planned fireworks launch locations. The Coast Guard explained why the Macy's fireworks display NPRM was issued and invited comments on the proposed regulatory actions related to this event.

In that NPRM, the Coast Guard also discussed that this year's Macy's fireworks display will take place concurrently with an International Naval Review and Sail 4th 250 event in New York Harbor. A temporary final rule for these events was published in the **Federal Register** on May 18, 2026, titled "Special Local Regulation, Temporary Anchorage Ground Suspension, and Security Zones: Sail 4th 250, International Naval Review 250; Port of New York and New Jersey" (91 FR 28407). Any waterway restrictions established as a result of that temporary final rule will also apply during the Macy's fireworks display.

On May 1, 2026, Macy's informed the Coast Guard that they would no longer be launching fireworks from any of the five barges planned near Roosevelt Island. Instead, Macy's would be reducing the overall footprint of the fireworks display to a single launch area near the Brooklyn Bridge. However, the details regarding the number and positions of individual launch locations, and the types and sizes of fireworks to be used in those locations were not available before the comment period for the NPRM ended on May 6, 2026. On May 14, 2026, Macy's confirmed the fireworks show would use four barges in the East River between the Brooklyn Bridge and Governors Island along with a single land-based launch location spanning major portions of the Brooklyn Bridge. Unfortunately, it was impracticable to reopen the comment period on the proposed rule at that time to provide notice of these changes, given that the final rule would have to be in effect by July 4, 2026.

Hazards from fireworks displays include those resulting from the potential for the accidental discharge of fireworks, and those resulting from the potential for being hit by dangerous projectiles, including falling hot embers or other debris. The COTP has therefore determined that these potential hazards are a safety concern for anyone within exclusionary area ECHO ("E").

The COTP is establishing this rule under the authority of 46 U.S.C. 70041 to ensure the safety of participants, spectators, non-participants, and other transiting vessels by establishing multiple zones for viewing the event and ensuring a safe distance from the fireworks launch sites. The regulatory text appears at the end of this document.

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** because it is impracticable to do so within the time remaining between now and July 4, 2026, when the rule must be in effect to protect personnel, vessels, and the marine environment.

III. Discussion of Comments, Changes, and the Rule

Discussion of Comments

During the comment period that ended on May 6, 2026, we received four comments.

Two comments supported the proposed rule for its potential to enhance public health and safety by restricting access to those waters potentially impacted by hazards associated with fireworks displays and by establishing spectator areas to reduce the risk of vessel collisions. These comments also recommended the Coast Guard expand the rule to address environmental and health concerns associated with fireworks displays including impacts on ambient air quality and ambient noise levels. While the Coast Guard acknowledges these concerns, regulating public health impacts to air quality from fireworks displays and noise levels of fireworks displays are outside the scope of this rulemaking and beyond the Coast Guard's regulatory authority.

One comment had multiple recommendations to improve overall safety on the water for the event. First, among these was a recommendation to establish a harbor-wide no wake zone with no exceptions for ferries. The second recommendation was to have sufficient assets available and ready to respond to vessel operators not following regulations established to

promote safe boating. The third recommendation was to eliminate “passenger-for-hire” operations not operating in compliance with existing regulation and eliminate “bareboat” or “demise” chartering during this event. The Coast Guard acknowledges the commenter’s concerns regarding vessel congestion, hazardous wakes, and operators not in compliance with existing regulations. However, establishing a harbor-wide No-Wake Zone would extend the geographic scope of this rulemaking beyond the rule’s focus on addressing safety issues arising from the fireworks display, which will only affect portions of the East River and Upper Bay in the vicinity of Governors Island.

Within the areas regulated by this rulemaking, Coast Guard Navigation rules codified in 33 CFR part 83 will continue to apply at all times. These rules provide that every vessel shall at all times proceed at a safe speed so that it can take proper and effective action to avoid collision and be stopped within a distance appropriate to the prevailing circumstances and conditions, including visibility and traffic density. Additionally, we are requiring that vessels must operate at the minimum speed necessary to maintain safe course while crossing through area ECHO (“E”) and comply with all directions that may be provided by the Coast Guard COTP or their designated representative. To that end, there will be a mix of Official Patrol Vessels from the Coast Guard and assisting Federal, State, and local law enforcement agencies patrolling the waterways to respond to threats to safety and security.

Altering or suspending passenger-for-hire regulations is outside the scope of this regulatory action. Therefore, this rulemaking does not change any existing rules for vessel inspections, bareboat and demise chartering, charter agreements, or mariner licensing. Existing federal regulations regarding illegal passenger vessel operations remain strictly in effect and will be

enforced under their respective statutory authorities.

The fourth comment was from the Staten Island Ferry-NYC DOT. They expressed concern regarding potential vessel congestion near ferry terminals, specifically Whitehall Terminal within Spectator Area FOXTROT (“F”), prior to the activation of the regulated areas. The commenter requested on-water law enforcement assets to manage early-arriving spectator traffic and prevent loitering vessels from impeding the safe maneuvering of ferries making their final approaches and departures.

The Coast Guard acknowledges the critical nature of these municipal ferry operations and the necessity of maintaining clear navigable waters around the terminals. To mitigate congestion and ensure the safe transit of the ferries, the regulatory text stipulates that Spectator Area FOXTROT (“F”) will not officially open to spectator vessels until 8:00 p.m. This timeline was deliberately established to ensure ferry operators can safely complete their scheduled runs into and out of the regulated areas before spectator vessels are authorized to congregate. Additionally, this rulemaking includes a provision requiring that vessels must depart Spectator Area FOXTROT (“F”) without delay following the conclusion of the fireworks display. This requirement ensures the waterways are swiftly cleared so that municipal ferry operations can resume their mandated schedules without delay. While the establishment of Spectator Area FOXTROT (“F”) does not occur until 8:00 p.m., the navigation rules codified in 33 CFR part 83 will continue to apply at all times. To support these provisions, the Coast Guard and assisting partner agency on-water assets will be actively patrolling the harbor prior to the 8:00 p.m. opening of Spectator Area FOXTROT (“F”), during the event, and immediately following the display to prevent unauthorized loitering, enforce the designated timelines, and safeguard commercial ferry transit.

Discussion of Changes to the Rule

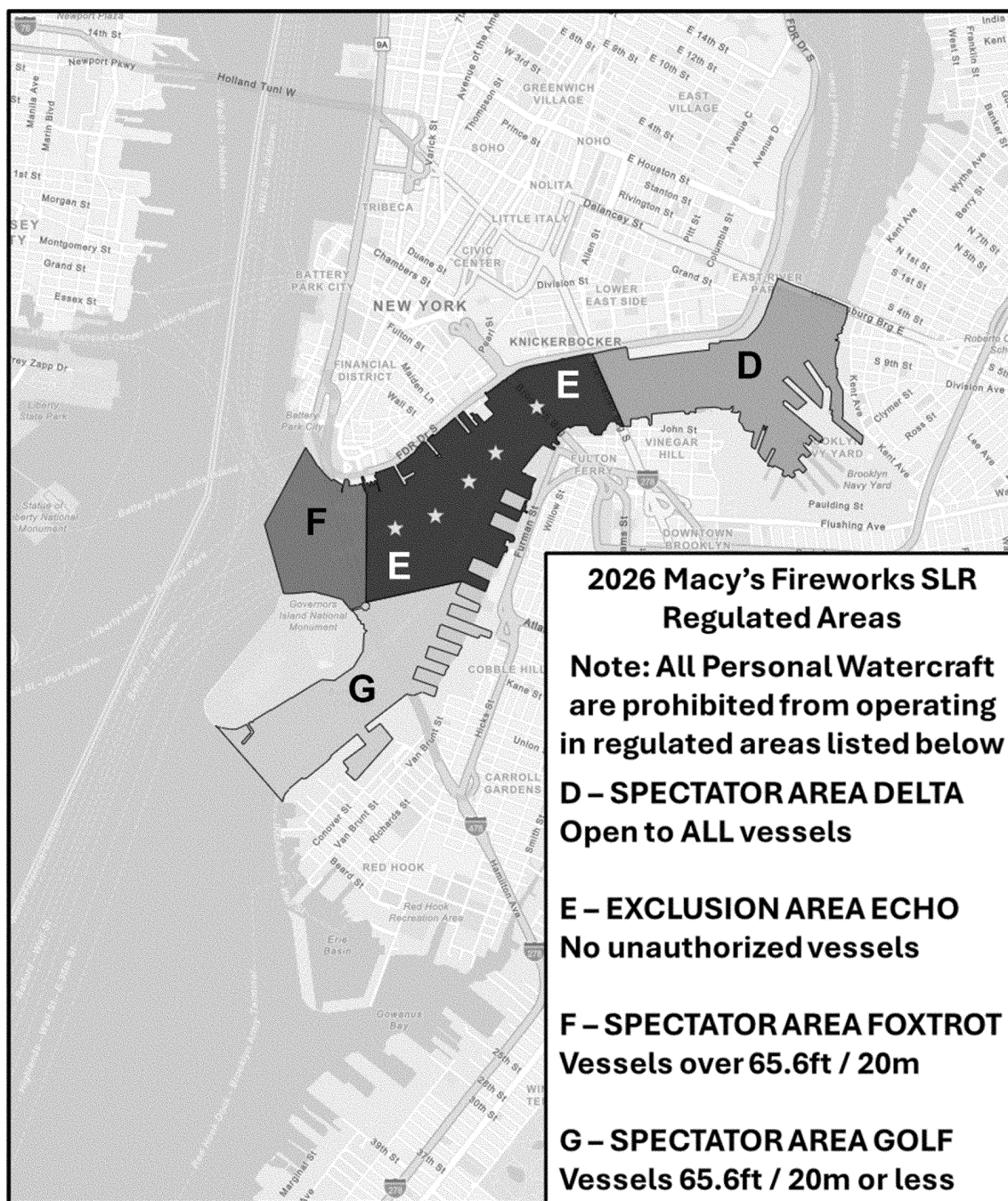
While there are no changes to the regulatory text based on the comments received, there are changes to the rule that was previously proposed. The changes to the fireworks launch locations made by the event sponsor on May 14, 2026, has made Spectator Areas ALPHA (“A”) and BRAVO (“B”) and Exclusion Area CHARLIE (“C”) unnecessary. Additionally, the northern extent of Spectator Area DELTA (“D”) was reduced in size and now terminates at the Williamsburg Bridge on the Manhattan and Brooklyn sides of the East River as the portions of the East River north of the bridge are not expected to have significant spectator traffic for a single fireworks launch area between the Brooklyn Bridge and Governors Island. The enforcement period of this rulemaking was extended to begin at 4:00 p.m. instead of 5:30 p.m. to match the updated movement schedule of the fireworks barges from their staging area to their launch locations. Exclusion Area ECHO (“E”) and Spectator Areas FOXTROT (“F”) and GOLF (“G”) are unchanged from the proposed rulemaking. Also, there were no changes to the sizes of vessels allowed in the spectator areas in this rulemaking.

Discussion of the Rule

This rule establishes a special local regulation from 4:00 p.m. on July 4, 2026, until 11:30 p.m. on July 5, 2026. It will only be enforced from 4:00 p.m. until 11:30 p.m. on July 4, 2026, unless the event is delayed because of weather conditions, in which case it will be subject to enforcement during those same hours on July 5, 2026. The duration of the enforcement times is intended to ensure the safety of vessels, participants, spectators and non-participants, and other vessels transiting the area immediately before, during, and after the fireworks display.

BILLING CODE 9110-04-P

(Figure 1: Chartlet Showing the Area and Layout of the Special Local Regulation)



BILLING CODE 9110-04-C

When large numbers of vessels operate in close proximity to one another, the potential for other hazards, such as collisions and allisions with persons, vessels, and infrastructure increases. The COTP has determined the high volume of commercial and recreational vessels expected to be operating in close proximity to one another in addition to the hazard areas

around the fireworks displays warrant additional regulation to ensure the safety of participant and non-participant vessels. This rule also prohibits the operation of all personal watercraft within the regulated areas during the enforcement period of the rule. Due to their high speed and maneuverability, coupled with a history of incursions into exclusion zones within New York harbor, personal watercraft pose a

significant safety risk in congested waterways and are considered a risk to the safety and security of this event.

The Navigation Rules, 33 CFR part 83, which are now in force, will continue to apply at all times within the regulated areas. The Coast Guard will provide notice of the special local regulation by Local Notice to Mariners, Broadcast Notice to Mariners, and on-scene designated representatives. The

regulatory text we are enforcing appears at the end of this document.

IV. Regulatory Analyses

The Coast Guard developed this rule after considering numerous statutes and Executive Orders related to rulemaking. The Coast Guard's analyses based on a number of these statutes and Executive orders are summarized below.

A. Impact on Small Entities

The Regulatory Flexibility Act of 1980 (RFA), 5 U.S.C. 601–612, as amended, requires Federal agencies to consider the potential impact of regulations on small entities during rulemaking. The term “small entities” comprises small businesses, not-for-profit organizations that are independently owned and operated and are not dominant in their fields, and governmental jurisdictions with populations of less than 50,000. Section 605 of the RFA allows an agency to certify a rule, in lieu of preparing an analysis, if the rulemaking is not expected to have a significant economic impact on a substantial number of small entities.

The Coast Guard certifies that, although some small entities may intend to transit through the regulated area established under this special local regulation, this rule will not have a significant economic impact on a substantial number of small entities. Vessel traffic will be able to safely transit around this regulated area using the Hudson River and Harlem River. Additionally, vessel traffic will only be restricted in the regulated area for approximately seven and a half hours on either July 4, 2026, or July 5, 2026. Finally, the Coast Guard will make advance public notification through a Broadcast Notice to Mariners (BNM) via VHF FM marine channel 16, a Local Notice to Mariners (LNM), a Marine Safety Information Bulletin (MSIB), and/or a Coast Guard Advisory Notice (CGAN) which will allow small entities to adjust their transit plans and operations. The rule also allows vessels to request permission to enter the regulated area from the COTP.

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).

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. A Record of Environmental Consideration supporting this determination is available in the docket.

List of Subjects in 33 CFR Part 100

Marine safety, Navigation (water), Reporting and recordkeeping requirements, 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.T0199–1120 to read as follows:

§ 100.T0199–1120 Special regulated area; 4th of July Fireworks, East River and Upper New York Bay, Manhattan, Queens, and Brooklyn, NY

(a) *Regulated areas.* The regulations in this section apply to the following areas:

(1) *Spectator Area DELTA (“D”):* All waters of the East River bounded by a line connecting the following points: starting at 40°42′52.75″ N, 073°58′30.37″ W (near Williamsburg Bridge, Manhattan); thence to 40°42′45.84″ N, 073°58′07.63″ W (near Williamsburg Bridge, Brooklyn); thence to 40°42′16.42″ N, 073°59′20.13″ W (near Manhattan Bridge; Brooklyn); thence to 40°42′34.43″ N, 073°59′30.24″ W (near Manhattan Bridge; Manhattan), then along the shore back to the point of origin.

(2) *Exclusion Area ECHO (“E”):* All navigable waters of the East River bounded by a line connecting the following points: starting at 40°42′34.43″ N, 073°59′30.24″ W (near Manhattan Bridge; Manhattan); thence to 40°42′16.42″ N, 073°59′20.13″ W (near Manhattan Bridge; Brooklyn); thence along shore to 40°41′38.59″ N, 074°00′12.43″ W (near Pier 6, Brooklyn); thence to 40°41′33.44″ N, 074°00′43.56″ W (near the Hugh Carey Tunnel Ventilator Building, Governors Island); thence to 40°42′00.15″ N, 074°00′43.06″ W (near the Whitehall Ferry Terminal, Manhattan); then along shore back to the point of origin.

(3) *Spectator Area FOXTROT (“F”):* All navigable waters of New York Harbor bounded by a line connecting the following points: starting at 40°42′00.15″ N, 074°00′43.06″ W (near the Whitehall Ferry Terminal, Manhattan); thence to 40°41′33.44″ N, 074°00′43.56″ W (near the Hugh Carey Tunnel Ventilator Building, Governors Island); thence along shore to 40°41′35.48″ N, 074°01′10.57″ W (near Castle Williams, Governors Island); thence to 40°41′52.28″ N, 074°01′16.13″ W (near Deep Water Channel Lighted Buoy “1”); thence to 40°42′11.45″ N, 074°01′03.02″ W (near Castle Clinton, Manhattan); then along shore back to the point of origin.

(4) *Spectator Area GOLF (“G”):* All navigable waters of New York Harbor bounded by a line connecting the

following points: starting at 40°41'33.44" N, 074°00'43.56" W (near the Hugh Carey Tunnel Ventilator Building, Governors Island); thence to 40°41'38.59" N, 074°00'12.43" W (near Pier 6, Brooklyn); thence along shore to 40°40'44.32" N, 074°01'10.24" W (near Brooklyn Cruise Terminal, Brooklyn); thence to 40°41'03.13" N, 074°01'32.08" W (near the southern tip of Governors Island); then along shore back to the point of origin.

(5) *Moving Protection Zone*: A moving protection zone on all navigable waters within a 50-yard radius of the participating barges while they are loaded with explosive material will be enforced from the point of departure within the COTP New York zone until placement at the intended destination. The point of departure will be determined prior to enforcement of the moving protection zone, and the details will be released through a Broadcast Notice to Mariners.

(6) These coordinates are based on the World Geodetic System (WGS 84)/North American Datum 83 (NAD 83).

(b) *Definitions*. As used in this section—

(1) *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 New York (COTP) in the enforcement of the regulated areas in this section.

(2) *Official Patrol Vessel* means any Coast Guard, Coast Guard Auxiliary, Federal, State or local law enforcement vessel assigned or approved by the COTP to assist in the enforcement of the regulated areas in this section.

(3) *Participant* means all persons and vessels registered with the event sponsor as a participant in the event.

(4) *Personal watercraft* means any vessel propelled by a water-jet pump or other machinery as its primary source of motive power and designed to be operated by a person sitting, standing, or kneeling on the vessel, rather than sitting or standing within the vessel's hull.

(5) *Non-participant* means a person or vessel, including a spectator or spectator vessel, not registered with the event sponsor as participants or official patrol vessels.

(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, except as provided in paragraph (c)(2), unless authorized by the COTP or their designated representative.

(2) All vessels that are authorized by the COTP or a designated representative to enter the regulated areas established by this section must adhere to the following restrictions:

(i) Spectator Area DELTA ("D") is open to all vessels. Vessels desiring to use area DELTA ("D") may begin entering the designated spectator area at 8:00 p.m.

(ii) All non-participant vessels are prohibited from entering Exclusion Area ECHO ("E") without permission from the COTP or their designated representative after 7:30 p.m. All vessels authorized to transit by the COTP or their designated representative must pass as close to the pierhead as safely possible and must transit through the area no later than 8:00 p.m. Vessels must operate at the minimum speed necessary to maintain safe course while crossing through area ECHO ("E") and comply with all directions that may be provided by the Coast Guard.

(iii) Spectator Area FOXTROT ("F") is limited to vessels over 65.6 feet (20 meters) in length. Vessels desiring to use area FOXTROT ("F") may begin entering the designated spectator area at 8:00 p.m. and must be in a holding position no later than 9:00 p.m. Vessels must depart Spectator Area FOXTROT ("F") without delay following the conclusion of the fireworks display.

(iv) Spectator Area Golf ("G") is limited to vessels less than or equal to 65.6 feet (20 meters) in length. Vessels desiring to use Spectator Area GOLF ("G") may enter the area starting at 8:00 p.m.

(3) During periods of enforcement all persons and vessels in the regulated areas must comply with all lawful orders and directions from the Coast Guard Patrol Commander, COTP, or their designated representative.

(4) During periods of enforcement, the COTP or their designated representative may restrict the number of vessels allowed within the regulated area to prevent overcrowding and ensure safe navigation. Once the COTP or their designated representative determines that the regulated area has reached a safe capacity, no additional vessels will be allowed to enter unless specifically authorized by the COTP or their designated representative.

(5) The operation of personal watercraft is prohibited in any regulated areas.

(6) Vessel operators desiring to enter or operate within the regulated areas outside the restrictions identified in (c)(2) of this section should contact the Coast Guard Patrol Commander, COTP, or their designated representative at

844-NYC-USCG or on VHF 16 to obtain permission.

(7) Non-participant and Spectator Vessels must not anchor, block, loiter or impede the transit of event participants or official patrol vessels in the regulated areas during the enforcement period and times unless authorized by the COTP or their designated representative.

(d) *Enforcement periods*. (1) This section is in effect from 4 p.m. July 4, 2026, to 11:30 p.m. July 5, 2026. It will only be subject to enforcement, however, from 4 p.m. through 11:30 p.m. on Saturday, July 4, 2026, unless the event is delayed because of weather conditions, in which case it may be subject to enforcement of those same hours on July 5, 2026.

(2) The COTP will provide advance notice of the enforcement period for the regulated areas as well as any changes to the enforcement times of the regulated area through local notice to mariners, broadcast notice to mariners, and through on-scene notice by the COTP's designated representative or official patrol vessels.

Jonathan Andrechik,

Captain, U.S. Coast Guard, Captain of the Port, Sector New York.

[FR Doc. 2026-12169 Filed 6-16-26; 8:45 am]

BILLING CODE 9110-04-P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 100

[Docket Number USCG-2026-0274]

RIN 1625-AA08

Special Local Regulation; Marine Events Within the Captain of the Port Zone Columbia River

AGENCY: Coast Guard, Department of Homeland Security.

ACTION: Final rule.

SUMMARY: The Coast Guard is establishing minor changes to Special Local Regulations (SLRs) for certain navigable waters of the Columbia River. The SLRs are needed to protect personnel, vessels, and the marine environment from potential hazards from the associated marine events. This regulation prohibits persons and vessels from entering the regulated area unless specifically authorized by the Captain of the Port Columbia River or their designated representative.

DATES: This rule is effective July 17, 2026.

ADDRESSES: To view available documents go to <https://www.regulations.gov> and search for USCG–2026–0274.

FOR FURTHER INFORMATION CONTACT: If you have questions about this proposed rule, contact LCDR Jesse Wallace, Sector Columbia River Waterways Management Division, U.S. Coast Guard; telephone 503–572–3524, or email SCRWWM@uscg.mil.

SUPPLEMENTARY INFORMATION:

I. Table of Abbreviations

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

II. Background and Authority

On January 15, 2026, United States Coast Guard (USCG) Sector Columbia River Waterways Management personnel conducted public outreach to all marine event organizers of events included in the established SLRs within the Columbia River Captain of the Port (COTP) Zone to confirm if the information contained within the “Date,” “Event,” “Sponsor,” and “Location” in Table 1 of 33 CFR 100.1302 was accurate. “The Big Float, group inner-tube float” event is being removed from the regulations due to its extended period of inactivity. The sponsors from the following events requested changes to Table 1: Richland Regatta Hydroplane Races, Columbia Crossing Swim, Spring Testing Hydroplane Races, Kennewick Hydroplane Races, and the Columbia River Cross Channel Swim (formerly known as the “Roy Webster Cross Channel Swim”). On May 5, 2026, the Coast Guard published a notice of proposed rulemaking (NPRM) titled Special Local Regulation; Marine Events Within the Captain of the Port Zone Columbia River (USCG–2026–0274). In that NPRM, we stated why we issued the NPRM and invited comments on our proposed regulatory action related to these changes pertaining to the SLRs and applicable marine events.

The Captain of the Port (COTP) Columbia River is issuing these SLRs under the authority in 46 U.S.C. 70041. Hazards from these events still include high-speed craft, which can cause collisions and create dangerous wakes; for the swim events, participants crossing the river are exposed to strong currents and potential vessel traffic. The COTP Columbia River has determined that potential hazards associated with

these events still exist and are a safety concern for anyone within the established regulated area. Therefore, the COTP is proposing this rule under the authority in 46 U.S.C. 70051 and 70124, which is needed to protect personnel, vessels, and the marine environment in the navigable waters within the regulated area.

Because of the hazards associated with this event, 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** because it is impracticable and contrary to the public interest. We must establish these SLRs by June 27, 2026, to protect personnel, vessels, and the marine environment.

III. Discussion of Comments and the Rule

During the comment period that ended on May 19, 2026, we received no comments. There are no changes in the regulatory text of this rule from the proposed rule in the NPRM.

This rule establishes SLRs for all applicable marine events outlined in Table 1 of 33 CFR 100.1302. The SLRs will cover all navigable waters within the defined regulated area of each marine event. 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. Amend § 100.1302 by revising Table 1 as follows:

§ 100.1302 Special Local Regulations; Marine Events within the Captain of the Port Zone Columbia River.

* * * * *

TABLE 1

[All coordinates listed in the table reference Datum NAD 1983]

No.	Date	Event	Sponsor	Location
1	First or second week-end in June.	Rose Fest Dragon Boat Races.	Portland-Kaohsiung Sister Association.	Portland, OR. Regulated area includes all waters of the Willamette River shore to shore, bordered on the north by the Hawthorne Bridge, and on the south by the Marquam Bridge.
2	One day in May or June.	Spring Testing Hydroplane races.	Tri-Cities Water Folies Association.	Kennewick, WA. Regulated area includes all navigable waters within the Columbia River in the vicinity of Columbia Park, commencing 75 yards east (downriver) of the Interstate 395 Bridge and continuing upriver approximately 2.0 miles and terminating at the northern end of Wade Island.
3	One weekend in June	Richland Regatta Hydroplane races.	Northwest Power Boat Association.	Richland, WA. Regulated area includes all navigable waters of the Columbia River in the vicinity of Howard Amon Park, between River Miles 337 and 338.
4	Last Tuesday through Sunday in July.	Kennewick Hydroplane Races.	Tri-Cities Water Folies Association.	Kennewick, WA. Regulated area includes all navigable waters within the Columbia River in the vicinity of Columbia Park, commencing 75 yards east (downriver) of the Interstate 395 Bridge and continuing upriver approximately 2.0 miles and terminating at the northern end of Wade Island.
5	Second Saturday in August.	Swim the Snake	Blue Mountain Resource Conservation and Development.	Perry, WA. Regulated area includes all navigable waters, bank-to-bank of the Snake River, 500 yards upstream and 500 yards downstream from the Washington State Highway 261 Bridge at the approximate position of 46°35'23" N; 118°13'10" W.
6	One day in August or September.	Columbia River Cross Channel Swim.	Hood River County Chamber of Commerce.	Cascade Locks, OR. Regulated area includes all waters of the Columbia River between River Mile 149–150.
7	First or second week-end in September.	Portland Dragon Boat Races.	DragonSports USA ...	Portland, OR. Regulated area includes the western side of the Willamette River extending from Tom McCall Waterfront Park between the Hawthorne and Marquam Bridges, Portland, OR: Line one starting at 45–30'49" N/122–40'24" W then heading east to 45–30'49" N/122–40'22" W then heading south to 45–30'29" N/122–40'08" W then heading west to 45–30'26" N/122–40'14" W then heading north ending at 45–30'49" N/122–40'24" W.
8	One day in September.	Columbia Crossing Swim.	3 Rivers Road Runners.	Pasco, WA. Regulated area includes all navigable waters, bank-to-bank of the Columbia River in Pasco, Washington, between river mile 332 and river mile 335.

Arex B. Avanni,

Rear Admiral, U.S. Coast Guard, Commander, Coast Guard District Northwest.

[FR Doc. 2026–12170 Filed 6–16–26; 8:45 am]

BILLING CODE 9110–04–P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Parts 100 and 165

[Docket Number USCG–2025–0245]

2025 Quarterly Listings; Fourth Quarter; Safety Zones, Security Zones, and Special Local Regulations

AGENCY: Coast Guard, DHS.

ACTION: Notification of expired temporary rules issued.

SUMMARY: This document provides notification of substantive rules issued by the Coast Guard that were made temporarily effective but expired before they could be published in the **Federal**

Register. This document lists temporary safety zones, security zones, and special local regulations, all of limited duration and for which timely publication in the **Federal Register** was not possible. This document also announces notifications of enforcement for existing reoccurring regulations that we issued but were unable to be published before the enforcement period ended.

DATES: This document lists temporary Coast Guard rules and notifications of enforcement that became effective, primarily between October 2025 and December 2025, and expired before they could be published in the **Federal Register**.

ADDRESSES: Temporary rules listed in this document may be viewed online, under their respective docket numbers, using the Federal eRulemaking Portal at <http://www.regulations.gov>.

FOR FURTHER INFORMATION CONTACT: For questions on this document contact Ambar Ali, Office of Regulations and Administrative Law, email HQS-SMB-

CG-LRA-Admin@uscg.mil, telephone (202) 372–3862.

SUPPLEMENTARY INFORMATION: Coast Guard District Commanders and Captains of the Port (COTP) must be immediately responsive to the safety and security needs within their jurisdiction; therefore, District Commanders and COTPs have been delegated the authority to issue certain local regulations. *Safety zones* may be established for safety or environmental purposes. A safety zone may be stationary and described by fixed limits or it may be described as a zone around a vessel in motion. *Security zones* limit access to prevent injury or damage to vessels, ports, or waterfront facilities. *Special local regulations* are issued to enhance the safety of participants and spectators at regattas and other marine events.

Timely publication of these rules in the **Federal Register** may be precluded when a rule responds to an emergency, or when an event occurs without sufficient advance notice. The affected

public is, however, informed of these rules through Local Notices to Mariners, press releases, and other means. Moreover, actual notification is provided by Coast Guard patrol vessels enforcing the restrictions imposed by the rule. Timely publication of notifications of enforcement of reoccurring regulations may be precluded when the event occurs with short notice or other agency procedural restraints.

Because **Federal Register** publication was not possible before the end of the effective period, mariners would have been notified of the contents of these safety zones, security zones, special local regulations, regulated navigation

areas or drawbridge operation regulations by Coast Guard officials on-scene prior to any enforcement action. However, the Coast Guard, by law, must publish in the **Federal Register** notice of substantive rules adopted. To meet this obligation without imposing undue expense on the public, the Coast Guard periodically publishes a list of these temporary safety zones, security zones, special local regulations, regulated navigation areas and drawbridge operation regulations. Permanent rules are not included in this list because they are published in their entirety in the **Federal Register**. Temporary rules are also published in their entirety if

sufficient time is available to do so before they are placed in effect or terminated. In some of our reoccurring regulations, we say we will publish a notice of enforcement as one of the means of notifying the public. We use this notification to announce those notifications of enforcement that we issued and will post them to their dockets.

The following unpublished rules were placed in effect temporarily during the period between October 2025 and December 2025. To view copies of these rules, visit www.regulations.gov and search by the docket number indicated in the following table.

Docket number	Type	Location	Effective date
USCG-2025-0674 ..	Special Local Regulation (Part 100)	Wildwood, NJ	9/5/2025
USCG-2025-0705 ..	Special Local Regulation (Part 100)	Ocean City, NJ	9/14/2025
USCG-2025-0907 ..	Safety Zones (Parts 147 and 165)	South Padre Island, TX	10/3/2025
USCG-2025-0814 ..	Special Local Regulation (Part 100)	Philadelphia, PA	10/3/2025
USCG-2025-0934 ..	Safety Zones (Parts 147 and 165)	Panama City, FL	10/3/2025
USCG-2025-0901 ..	Special Local Regulation (Part 100)	Milwaukee, WI	10/4/2025
USCG-2025-0931 ..	Security Zone (Part 165)	Norfolk, VA	10/5/2025
USCG-2025-0679 ..	Safety Zones (Parts 147 and 165)	Pittsburgh, PA	10/6/2025
USCG-2025-0851 ..	Security Zone (Part 165)	Philadelphia, PA	10/9/2025
USCG-2025-0972 ..	Safety Zones (Parts 147 and 165)	Port O'Connor, TX	10/10/2025
USCG-2025-0860 ..	Special Local Regulation (Part 100)	Englewood, FL	10/11/2025
USCG-2025-0929 ..	Safety Zones (Parts 147 and 165)	Culebra, Puerto Rico	10/12/2025
USCG-2025-0908 ..	Safety Zones (Parts 147 and 165)	Boca Chica Beach, TX	10/13/2025
USCG-2025-0867 ..	Safety Zones (Parts 147 and 165)	Mount Pleasant, SC	10/14/2025
USCG-2025-0989 ..	Safety Zones (Parts 147 and 165)	Philadelphia, PA	10/15/2025
USCG-2025-0783 ..	Safety Zones (Parts 147 and 165)	Baltimore, MD	10/15/2025
USCG-2025-0015 ..	Security Zone (Part 165)	New Orleans, LA	10/17/2025
USCG-2025-0970 ..	Security Zone (Part 165)	Oceanside, CA	10/17/2025
USCG-2025-0869 ..	Safety Zones (Parts 147 and 165)	New Bedford, MA	10/18/2025
USCG-2025-0676 ..	Safety Zones (Parts 147 and 165)	Jacksonville Beach, FL	10/22/2025
USCG-2025-0920 ..	Safety Zones (Parts 147 and 165)	St. Petersburg, FL	10/24/2025
USCG-2025-0968 ..	Safety Zones (Parts 147 and 165)	Chesapeake, VA	10/25/2025
USCG-2025-0977 ..	Safety Zones (Parts 147 and 165)	Corpus Christi, TX	10/26/2025
USCG-2025-0928 ..	Safety Zones (Parts 147 and 165)	Port Canaveral, FL	10/28/2025
USCG-2025-0925 ..	Safety Zones (Parts 147 and 165)	Chicago, IL	10/30/2025
USCG-2025-0926 ..	Safety Zones (Parts 147 and 165)	Chicago, IL	10/30/2025
USCG-2025-0921 ..	Safety Zones (Parts 147 and 165)	St. Petersburg, FL	10/31/2025
USCG-2025-0930 ..	Special Local Regulation (Part 100)	Ponce, Puerto Rico	11/1/2025
USCG-2025-1041 ..	Safety Zones (Parts 147 and 165)	Golden Meadow, LA	11/4/2025
USCG-2025-0845 ..	Safety Zones (Parts 147 and 165)	Key West, FL	11/4/2025
USCG-2025-0709 ..	Safety Zones (Parts 147 and 165)	Miami, FL	11/6/2025
USCG-2025-0992 ..	Special Local Regulation (Part 100)	Augusta, GA	11/8/2025
USCG-2025-0853 ..	Special Local Regulation (Part 100)	St Croix, USVI	11/09/2025
USCG-2025-0123 ..	Safety Zones (Parts 147 and 165)	Honolulu, HI	11/10/2025
USCG-2025-0726 ..	Safety Zones (Parts 147 and 165)	Los Angeles, CA	11/22/2025
USCG-2025-1030 ..	Safety Zones (Parts 147 and 165)	Chicago, IL	11/22/2025
USCG-2025-1068 ..	Safety Zones (Parts 147 and 165)	Wilmington, DE	11/26/2025
USCG-2025-1061 ..	Safety Zones (Parts 147 and 165)	Brownsville, TX	11/26/2025
USCG-2025-0995 ..	Special Local Regulation (Part 100)	Savannah, GA	11/29/2025
USCG-2025-0991 ..	Safety Zones (Parts 147 and 165)	Richland, WA	12/5/2025
USCG-2025-1051 ..	Safety Zones (Parts 147 and 165)	South Padre Island, TX	12/6/2025
USCG-2025-0932 ..	Safety Zones (Parts 147 and 165)	Huron, OH	12/6/2025
USCG-2025-1059 ..	Safety Zones (Parts 147 and 165)	Chesapeake, VA	12/6/2025
USCG-2025-1101 ..	Safety Zones (Parts 147 and 165)	Nashville, TN	12/11/2025
USCG-2025-1115 ..	Safety Zones (Parts 147 and 165)	Key Largo, FL	12/11/2025
USCG-2025-0848 ..	Special Local Regulation (Part 100)	Miami, FL	12/13/2025
USCG-2025-1103 ..	Special Local Regulation (Part 100)	Lake Havasu City, AZ	12/13/2025
USCG-2025-1114 ..	Safety Zones (Parts 147 and 165)	South Padre Island, TX	12/31/2025
USCG-2025-1095 ..	Safety Zones (Parts 147 and 165)	New Orleans, LA	12/31/2025

Authority: This document is issued under the authority of 5 U.S.C. 552(a).

Michael T. Cunningham,
Chief, Office of Regulations and
Administrative Law, United States Coast
Guard.

[FR Doc. 2026–12183 Filed 6–16–26; 8:45 am]

BILLING CODE P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Parts 100 and 165

[Docket Number USCG–2025–0245]

2025 Quarterly Listings; Third Quarter; Safety Zones, Security Zones, and Special Local Regulations

AGENCY: Coast Guard, DHS.

ACTION: Notification of expired
temporary rules issued.

SUMMARY: This document provides notification of substantive rules issued by the Coast Guard that were made temporarily effective but expired before they could be published in the **Federal Register**. This document lists temporary safety zones, security zones, and special local regulations, all of limited duration and for which timely publication in the **Federal Register** was not possible. This document also announces notifications of enforcement for existing reoccurring regulations that we issued but were unable to be published before the enforcement period ended.

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notifications of enforcement of reoccurring regulations may be precluded when the event occurs with short notice or other agency procedural restraints.

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Docket number	Type	Location	Effective date
USCG–2025–0590 ..	Safety Zones (Parts 147 and 165)	Milwaukee, WI	7/3/2025
USCG–2025–0481 ..	Safety Zones (Parts 147 and 165)	Lower Township, NJ	7/3/2025
USCG–2025–0035 ..	Safety Zones (Parts 147 and 165)	Gallipolis, OH	7/3/2025
USCG–2025–0535 ..	Safety Zones (Parts 147 and 165)	Apra Harbor, GU	7/4/2025
USCG–2025–0520 ..	Safety Zones (Parts 147 and 165)	Philadelphia, PA	7/4/2025
USCG–2025–0533 ..	Safety Zones (Parts 147 and 165)	Lewes, DE	7/4/2025
USCG–2025–0524 ..	Safety Zones (Parts 147 and 165)	Avalon, NJ	7/4/2025
USCG–2025–0526 ..	Safety Zones (Parts 147 and 165)	Beach Haven, NJ	7/4/2025
USCG–2025–0486 ..	Safety Zones (Parts 147 and 165)	Key West, FL	7/4/2025
USCG–2025–0537 ..	Safety Zones (Parts 147 and 165)	Marathon, FL	7/4/2025
USCG–2025–0551 ..	Safety Zones (Parts 147 and 165)	Northern California and Lake Tahoe Area	7/4/2025
USCG–2025–0381 ..	Safety Zones (Parts 147 and 165)	Santa Catalina Island, CA	7/5/2025
USCG–2025–0541 ..	Safety Zones (Parts 147 and 165)	Conneaut, OH	7/5/2025
USCG–2025–0557 ..	Safety Zones (Parts 147 and 165)	Beachwood, NJ	7/5/2025
USCG–2025–0454 ..	Safety Zones (Parts 147 and 165)	Cocoa Beach, FL	7/11/2025
USCG–2025–0565 ..	Safety Zones (Parts 147 and 165)	Nashville, TN	7/13/2025
USCG–2025–0665 ..	Security Zone (Part 165)	Pittsburgh, PA	7/15/2025
USCG–2025–0663 ..	Safety Zones (Parts 147 and 165)	Rumson, NJ	7/15/2025
USCG–2025–0583 ..	Special Local Regulation (Part 100)	Chestertown, MD	7/18/2025
USCG–2025–0479 ..	Security Zone (Part 165)	Palm Beach, FL	7/19/2025
USCG–2025–0230 ..	Safety Zones (Parts 147 and 165)	Mukilteo, WA	7/20/2025

Docket number	Type	Location	Effective date
USCG-2025-0673 ..	Safety Zones (Parts 147 and 165)	Lake Charles, LA	7/25/2025
USCG-2025-0691 ..	Safety Zones (Parts 147 and 165)	Irrigon, OR	7/26/2025
USCG-2025-0032 ..	Safety Zones (Parts 147 and 165)	Miami Beach, FL	7/29/2025
USCG-2025-0700 ..	Safety Zones (Parts 147 and 165)	Corpus Christi, TX	7/29/2025
USCG-2025-0666 ..	Safety Zones (Parts 147 and 165)	Milwaukee, WI	7/31/2025
USCG-2025-0187 ..	Safety Zones (Parts 147 and 165)	Savannah, GA	8/1/2025
USCG-2025-0699 ..	Safety Zones (Parts 147 and 165)	Michigan City, IN	8/2/2025
USCG-2025-0702 ..	Safety Zones (Parts 147 and 165)	Concord, CA	8/3/2025
USCG-2025-0723 ..	Security Zone (Part 165)	Corpus Christi, TX	8/4/2025
USCG-2025-0708 ..	Safety Zones (Parts 147 and 165)	Chicago, IL	8/7/2025
USCG-2025-0720 ..	Safety Zones (Parts 147 and 165)	Portlake, MI	8/8/2025
USCG-2025-0738 ..	Special Local Regulation (Part 100)	Hessel, MI	8/9/2025
USCG-2025-0662 ..	Special Local Regulation (Part 100)	Atlantic City, NJ	8/9/2025
USCG-2025-0729 ..	Safety Zones (Parts 147 and 165)	Chicago, IL	8/9/2025
USCG-2025-0355 ..	Safety Zones (Parts 147 and 165)	Cincinnati, OH	8/9/2025
USCG-2025-0774 ..	Safety Zones (Parts 147 and 165)	Chicago, IL	8/11/2025
USCG-2025-0121 ..	Safety Zones (Parts 147 and 165)	Honolulu, HI	8/18/2025
USCG-2025-0717 ..	Safety Zones (Parts 147 and 165)	San Francisco, CA	8/23/2025
USCG-2025-0719 ..	Safety Zones (Parts 147 and 165)	Chicago, IL	8/23/2025
USCG-2025-0722 ..	Safety Zones (Parts 147 and 165)	Boca Chica Beach, TX	8/24/2025
USCG-2025-0562 ..	Special Local Regulation (Part 100)	Cincinnati, OH	8/24/2025
USCG-2025-0794 ..	Safety Zones (Parts 147 and 165)	Chicago, IL	8/25/2025
USCG-2025-0812 ..	Security Zone (Part 165)	Philadelphia, PA	8/26/2025
USCG-2025-0837 ..	Safety Zones (Parts 147 and 165)	Nashville, TN	8/28/2025
USCG-2025-0836 ..	Security Zone (Part 165)	Nashville, TN	8/29/2025
USCG-2025-0430 ..	Special Local Regulation (Part 100)	New Martinsville, WV	8/30/2025
USCG-2025-0807 ..	Special Local Regulation (Part 100)	Coxsackie, NY	8/31/2025
USCG-2025-0846 ..	Safety Zones (Parts 147 and 165)	Nashville, TN	9/5/2025
USCG-2025-0792 ..	Safety Zones (Parts 147 and 165)	Chelsea, MA	9/6/2025
USCG-2025-0775 ..	Safety Zones (Parts 147 and 165)	Narragansett, RI	9/6/2025
USCG-2025-0772 ..	Safety Zones (Parts 147 and 165)	New London, CT	9/6/2025
USCG-2025-0834 ..	Safety Zones (Parts 147 and 165)	Mortlake, MI	9/6/2025
USCG-2025-0730 ..	Safety Zones (Parts 147 and 165)	Chicago, IL	9/6/2025
USCG-2025-0725 ..	Safety Zones (Parts 147 and 165)	Long Beach, CA	9/9/2025
USCG-2025-0854 ..	Security Zone (Part 165)	New York, NY	9/11/2025
USCG-2025-0765 ..	Safety Zones (Parts 147 and 165)	Port Los Angeles-Long Beach	9/12/2025
USCG-2025-0655 ..	Safety Zones (Parts 147 and 165)	Islamorada, FL	9/13/2025
USCG-2025-0843 ..	Safety Zones (Parts 147 and 165)	Frankfort, MI	9/14/2025
USCG-2025-0231 ..	Safety Zones (Parts 147 and 165)	Bremerton, WA	9/18/2025
USCG-2025-0288 ..	Special Local Regulation (Part 100)	San Diego, CA	9/21/2025
USCG-2025-0835 ..	Safety Zones (Parts 147 and 165)	Chicago, IL	9/21/2025
USCG-2025-0863 ..	Safety Zones (Parts 147 and 165)	Vancouver, WA	9/24/2025
USCG-2025-0033 ..	Safety Zones (Parts 147 and 165)	Ft. Pierce, FL	9/24/2025
USCG-2025-0904 ..	Safety Zones (Parts 147 and 165)	Nashville, TN	9/25/2025
USCG-2025-0905 ..	Safety Zones (Parts 147 and 165)	Nashville, TN	9/26/2025
USCG-2025-0844 ..	Safety Zones (Parts 147 and 165)	Nashville, TN	9/27/2025
USCG-2025-0897 ..	Special Local Regulation (Part 100)	Manasquan, NJ	9/28/2025
USCG-2025-0795 ..	Safety Zones (Parts 147 and 165)	Lakeside, OH	9/30/2025

This document is issued under the authority of 5 U.S.C. 552(a).

Michael T. Cunningham,

Chief, Office of Regulations and Administrative Law, United States Coast Guard.

[FR Doc. 2026-12182 Filed 6-16-26; 8:45 am]

BILLING CODE P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 110

[Docket Number USCG-2025-0806]

RIN 1625-AA01

Anchorage Grounds; Columbia River, Longview, Oregon and Washington

AGENCY: Coast Guard, Department of Homeland Security.

ACTION: Final rule.

SUMMARY: The Coast Guard is modifying the Longview anchorage by reducing its size to allow completion of the Longview Channel realignment project.

This action is necessary to provide commercial vessels with the space needed to safely transit the navigational channel by maximizing the available height clearance of the Lewis and Clark bridge in Longview, WA.

DATES: This rule is effective July 17, 2026.

ADDRESSES: To view available documents go to <https://www.regulations.gov> and search for USCG-2025-0806.

FOR FURTHER INFORMATION CONTACT: If you have questions about this rule, contact Lieutenant Commander Jesse Wallace, Sector Columbia River Waterways Management Division, U.S. Coast Guard, 503-572-3524, email SCRWWM@uscg.mil.

SUPPLEMENTARY INFORMATION:**I. Table of Abbreviations**

CFR Code of Federal Regulations
COTP Captain of the Port
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 is reducing the Longview anchorage to accommodate the Longview Channel realignment in the Columbia River, initiated by the U.S. Army Corps of Engineers. The U.S. Army Corps of Engineers has completed a thorough Longview Channel realignment assessment project. This project was initiated to realign the channel to allow commercial vessels to safely navigate under the Longview bridge at its maximum clearance. This realignment requires the Longview anchorage to be modified, reducing its total area. On January 26, 2026, the Coast Guard published a notice of proposed rulemaking (NPRM) titled Anchorage Grounds; Columbia River, Longview, Oregon and Washington (91 FR 3094). In that NPRM, we stated why we issued the NPRM and invited comments on our proposed regulatory action related to this anchorage ground.

The Coast Guard is issuing this rulemaking under authorities in 33 U.S.C. 2071; 46 U.S.C. 70006 and 70034; 33 CFR 1.05–1; and Department of Homeland Security Delegation No. 00170.1, Revision No. 01.4.

III. Discussion of Comments and the Rule

During the comment period that ended on February 25, 2026, we received three comments. The comments received were generally supportive of the rule change. There are no changes in the regulatory text of this rule from the proposed rule in the NPRM. This rule reduces the Longview anchorage to accommodate the Longview Channel realignment in the Columbia River to allow commercial vessels to safely navigate under the Longview bridge at its maximum clearance.

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 Act of 1980, 5 U.S.C. 601–612, as amended,

requires Federal agencies to consider the potential impact of regulations on small entities during rulemaking. The term “small entities” comprises small businesses, not-for-profit organizations that are independently owned and operated and are not dominant in their fields, and governmental jurisdictions with populations of less than 50,000. Section 605 of the RFA allows an agency to certify a rule, in lieu of preparing an analysis, if the rulemaking is not expected to have a significant economic impact on a substantial number of small entities.

The Coast Guard certifies under 5 U.S.C. 605(b) that this rule will not have a significant economic impact on a substantial number of small entities for the following reasons. Vessels will be able to safely navigate the channel while retaining the ability anchor in the modified anchorage ground.

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).

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 an anchorage ground. It is categorically excluded from further review under paragraph L59(b) of Appendix A, Table 1 of DHS Instruction Manual 023–01–001–01, Rev. 1. A Record of Environmental Consideration supporting this determination is available in the docket.

List of Subjects in 33 CFR Part 165

Anchorage grounds.

For the reasons discussed in the preamble, the Coast Guard is proposing to amend 33 CFR part 110 as follows:

PART 110—ANCHORAGE REGULATIONS

■ 1. The authority citation for part 110 continues to read as follows:

Authority: 33 U.S.C. 2071; 46 U.S.C. 70006, 70034; 33 CFR 1.05–1; Department of Homeland Security Delegation No. 00170.1, Revision No. 01.4.

■ 2. Revise 33 CFR 110.228(a)(3) to read as follows:

§ 110.228 Columbia River, Oregon and Washington.

(a) * * *

(3) *Longview Anchorage.* An area enclosed by a line connecting the following points:

Latitude (N)	Longitude (W)
46°06′28.69″	122°57′38.33″
46°06′41.71″	122°58′01.25″
46°07′22.55″	122°59′00.81″
46°07′36.21″	122°59′19.29″
46°07′28.44″	122°59′31.18″
46°07′14.77″	122°59′12.70″
46°06′52.52″	122°58′42.62″
46°06′36.96″	122°58′16.72″
46°06′28.87″	122°58′00.09″
46°06′22.44″	122°57′43.27″

* * * * *

Arex B. Avanni,
Rear Admiral, U.S. Coast Guard, Commander,
Coast Guard District Northwest.

[FR Doc. 2026–12172 Filed 6–16–26; 8:45 am]

BILLING CODE 9110–04–P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 165

[Docket Number USCG–2026–0212]

RIN 1625–AA87

Security Zone; FIFA World Cup and Fan Fest 2026, Bayfront Park, Miami, FL

AGENCY: Coast Guard, Department of Homeland Security.

ACTION: Temporary final rule.

SUMMARY: The Coast Guard is establishing a temporary security zone for certain navigable waters of Biscayne Bay in connection with the 2026 Miami FIFA World Cup and the World Cup Fan Fest events in Miami, Florida. This security zone is necessary to safeguard official parties, VIP's and other participants ("attendees") attending the Miami 2026 FIFA World Cup and the World Cup Fan Fest because the ease of waterfront access to the various venues hosting the World Cup events presents a security concern for all attendees. This rulemaking prohibits anchoring or remaining within the security zone during enforcement periods unless specifically authorized by the Captain of the Port (COTP), Sector Miami or their designated representative.

DATES: This rule is effective without actual notice from June 17, 2026, through July 5, 2026. For the purposes of enforcement, actual notice will be used from June 13, 2026, until June 17, 2026.

ADDRESSES: To view available documents go to <https://www.regulations.gov> and search for USCG–2026–0212.

FOR FURTHER INFORMATION CONTACT: If you have questions about this rule, contact LT Guerschom Etienne, Sector Miami Waterways Management Division, U.S. Coast Guard; telephone 305–535–4317, or email Guerschom.Etienne@uscg.mil.

SUPPLEMENTARY INFORMATION:

I. Table of Abbreviations

CFR Code of Federal Regulations
COTP Captain of the Port

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 City of Miami will be hosting the 2026 FIFA World Cup and the World Cup Fan Fest from June 13 through July 5, 2026, at Bayfront Park, Miami, FL. The Coast Guard anticipates these various events will draw large crowds of people, executives, official parties, etc. and present a security concern since the venues may be accessed from or are in close proximity to the waterfront, Biscayne Bay. The COTP has determined the ease of waterfront access to the various venues hosting the World Cup events presents a security concern for attendees. On April 16, 2026, the Coast Guard published a notice of proposed rulemaking (NPRM) titled Security Zone; FIFA World Cup and Fan Fest 2026, Bayfront Park, Miami, FL.¹ In that NPRM, we stated why we issued the NPRM and invited comments on our proposed regulatory action related to this security zone.

Under the authority in 46 U.S.C. 70051 and 70124, the COTP has determined that this rule is necessary to protect attendees from terrorism, sabotage, or other subversive acts. No vessel or person will be permitted to enter the security zone without obtaining permission from the COTP or their designated representative.

Under 5 U.S.C. 553(d)(3), the Coast Guard also finds that good cause exists for making this rule effective less than 30 days after publication in the **Federal Register**. Delaying the effective date of this rule would be impracticable because immediate action to restrict vessel traffic is needed to protect life, property and the environment, and delaying the effective date would frustrate the security zone's intended objectives of mitigating potential terrorist acts and enhancing public and maritime safety and security when the event takes place.

III. Discussion of Comments and the Rule

During the comment period that ended on May 18, 2026, we received one comment that agrees to the necessity of the security zone with minor concern to local businesses inside the zone.

The impacts of this security zone are expected to be limited to small passenger vessels and small business entities operating near Bayside. The

restriction applies only within the designated geographic boundaries of the security zone. The Coast Guard anticipates that the rule will not result in significant operational constraints because alternative transit routes around Biscayne Bay remain available, preserving access and facilitating the continuation of commercial activities.

There are no changes in the regulatory text of this rule from the proposed rule in the NPRM.

This rule establishes a security zone from 6 a.m. on June 13, 2026, through 6:00 a.m. on July 5, 2026. The security zone covers all navigable waters of Biscayne Bay from approximately Port Boulevard south ending before the Miami River Entrance. No vessel or person is permitted to enter the security 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 Act of 1980 (RFA), 5 U.S.C. 601–612, as amended, requires Federal agencies to consider the potential impact of regulations on small entities during rulemaking. The term "small entities" comprises small businesses, not-for-profit organizations that are independently owned and operated and are not dominant in their fields, and governmental jurisdictions with populations of less than 50,000. Section 605 of the RFA allows an agency to certify a rule, in lieu of preparing an analysis, if the rulemaking is not expected to have a significant economic impact on a substantial number of small entities.

The Coast Guard certifies that, although some small entities may intend to transit the security zone above, this rule will not have a significant economic impact on a substantial number of small entities. Vessel traffic will be able to safely transit around this security zone. This security zone will only impact a small area of Biscayne Bay near Bayfront Park in the Port of Miami for approximately 24 days. In addition, the Coast Guard will issue a Broadcast Notice to Mariners via VHF FM marine channel 16, which will allow small entities to adjust their transit plans. Coast Guard patrol boats and local law enforcement assets will also be on scene with flashing energized

¹ 91 FR 20392.

blue lights when the security zone is in effect.

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 security zone. It is categorically excluded from further review under paragraph L60(a) of Appendix A, Table 1 of DHS Instruction Manual 023–01–001–01, Rev. 1. A Record of Environmental Consideration supporting this determination is available in the docket.

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.T07–0212 to read as follows:

§ 165.T07–0212 Security Zone; Bayfront Park, Miami, FL.

(a) *Location.* The following area is a security zone: All waters of Biscayne Bay, from surface to bottom, encompassed by a line connecting the following points beginning at 25°46′43.32″ N, 080°10′59.88″ W, thence to 25°46′36.39″ N, 080°10′55.56″ W, thence to 25°46′29.63″ N, 080°10′55.56″ W, thence to 25°46′17.75″ N, 080°11′05.65″ W, and along the shoreline back to the beginning 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 Captain of the Port Sector Miami (COTP) in the enforcement of the security zone.

(c) *Regulations.* (1) Under the general security zone regulations in subpart D of this part, you may not enter the security 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 (305) 535–4472. Vessels in the area transiting around the

security 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 section will be enforced from 6 a.m. on June 13, 2026, through 6 a.m. on July 5, 2026. Coast Guard patrol boats and local law enforcement assets will also be on scene with flashing energized blue lights indicating when the security zone is in effect.

F.J. Florio,

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

[FR Doc. 2026–12168 Filed 6–16–26; 8:45 am]

BILLING CODE 9110–04–P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 165

[Docket Number USCG–2026–0635]

RIN 1625–AA00

Safety Zone; Ohio River Mile Marker 0–0.5, Allegheny River Mile Marker 0–0.5, Monongahela River Mile Marker 0–0.5, Pittsburgh, PA

AGENCY: Coast Guard, Department of Homeland Security.

ACTION: Temporary final rule.

SUMMARY: The Coast Guard is establishing a temporary safety zone on June 27, 2026, on the Allegheny River Mile Marker 0 to Mile Marker 0.5, the Ohio River Mile Marker 0 to Mile Marker 0.5 and the Monongahela River Mile Marker 0 to Mile Marker 0.5. This safety zone is necessary to provide for the safety of life on the navigable waters during a drone display. Entry of vessels or persons into this zone is prohibited unless specifically authorized by the Captain of the Port Pittsburgh, or a designated representative.

DATES: This rule is effective from 9:30 p.m. through 10:30 p.m. on June 27, 2026.

ADDRESSES: To view available documents go to <https://www.regulations.gov> and search for USCG–2026–0635.

FOR FURTHER INFORMATION CONTACT: If you have questions about this rule, contact Petty Officer First Class Brett Lanzel, Marine Safety Unit Pittsburgh, U.S. Coast Guard, at telephone 206–815–6624, email Brett.J.Lanzel@uscg.mil.

SUPPLEMENTARY INFORMATION:

I. Table of Abbreviations

CFR Code of Federal Regulations
 COTP Captain of the Port
 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 received notification of a drone display near the Point of Pittsburgh, near Pittsburgh, PA. Hazards associated with this display include potential falling debris, low flying objects, and high concentration of spectators. The Captain of the Port (COTP) Pittsburgh has determined that potential hazards associated with this drone display are a safety concern for anyone within the waters of the Allegheny River Mile Marker 0 to Mile Marker 0.5, the Ohio River Mile Marker 0 to Mile Marker 0.5 and the Monongahela River Mile Marker 0 to Mile Marker 0.5. Therefore, the COTP is issuing this rule under the authority in 46 U.S.C. 70034, which is needed to protect personnel, vessels, and the marine environment in the navigable waters within the safety zone.

Because of these potential hazards, 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 June 1, 2026, but we must establish this safety zone by June 27, 2026, to protect personnel, vessels, and the marine environment. Therefore, we do not have enough time to solicit and respond to comments.

For the same reason, 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 safety zone from 9:30 p.m. until 10:30 p.m. on June 27, 2026. The safety zone will cover all navigable waters on the Allegheny River Mile Marker 0 to Mile Marker 0.5, the Ohio River Mile Marker 0 to Mile Marker 0.5 and the Monongahela River Mile Marker 0 to Mile Marker 0.5. The duration of the zone is intended to protect personnel, vessels, and the marine environment in these navigable waters during a dronedisplay. No vessel or person will be permitted to enter the safety zone without obtaining permission from the COTP or a designated representative. To seek

permission to enter, contact the COTP or designated representative via VHF-FM channel 16, or through Marine Safety Unit Pittsburgh at 412-670-4288. Persons and vessels permitted to enter the safety zone must comply with all lawful orders or directions issued by the COTP or designated representative. The COTP or a designated representative will inform the public of the effective period for the safety zone as well as any changes in the dates and times of enforcement through Local Notice to Mariners (LNMs), Broadcast Notice to Mariners (BNMs), and/or Marine Safety Information Bulletins (MSIBs), as appropriate. Port.

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(a) of Appendix A, Table 1 of DHS Instruction Manual 023-01-001-01, Rev. 1. A Record of Environmental Consideration supporting this determination is available in the docket.

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.T08-0635 to read as follows:

§ 165.T08–0635 Safety Zone; Ohio River Mile Marker 0–0.5, Allegheny River Mile Marker 0–0.5, Monongahela River Mile Marker 0–0.5, Pittsburgh, PA.

(a) *Location.* The following area is a safety zone: All navigable waters of the Allegheny River Mile Marker 0 to Mile Marker 0.5, the Ohio River Mile Marker 0 to Mile Marker 0.5 and the Monongahela River Mile Marker 0 to Mile Marker 0.5

(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 Pittsburgh (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 through Marine Safety Unit Pittsburgh at 412–670–4288. 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 section will be enforced from 9:30 p.m. to 10:30 p.m. on June 27, 2026.

Justin R. Jolley,

Commander, U.S. Coast Guard, Captain of the Port, MSU Pittsburgh.

[FR Doc. 2026–12203 Filed 6–16–26; 8:45 am]

BILLING CODE 9110–04–P

POSTAL SERVICE

39 CFR Part 111

Priority Mail Express and Priority Mail Open and Distribute Parcel Mailings Discontinued

AGENCY: Postal Service.

ACTION: Final rule.

SUMMARY: The Postal Service is amending *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM®) in various sections to discontinue the mailing of parcels with Priority Mail Express® and Priority Mail® Open and Distribute service.

DATES: *Effective Date:* January 17, 2027.

FOR FURTHER INFORMATION CONTACT:

Catherine Knox at (202) 268–5636 or Garry Rodriguez at (202) 268–7281.

SUPPLEMENTARY INFORMATION: On March 19, 2026, the Postal Service published a notice of proposed rulemaking (91 FR 13263–13266) to discontinue the mailing of parcels with Priority Mail Express and Priority Mail Open and Distribute service. In response to the proposed rule, the Postal Service received one formal comment. The comment and response are as follows:

Comment: The commenter believed that the proposed changes should be subject to numerous laws and related guidance, including 39 U.S.C. 3622, 3642, the Paperwork Reduction Act, and Regulatory Flexibility Act.

Response: For a variety of legal reasons, these laws, and by extension any related guidance, do not apply to the Postal Service or this rulemaking.

The Postal Service has determined it will discontinue the mailing of parcels using Priority Mail Express and Priority Mail Open and Distribute as a published service. Priority Mail Express and Priority Mail Open and Distribute service will continue to provide an option for mailers who want to expedite letter or flat mailings to destination postal facilities. However, the Postal Service is revising this final rule to be effective January 17, 2027, rather than the proposed effective date of July 12, 2026.

As an alternative for parcel mailers, Priority Mail Express and Priority Mail Open and Distribute service will be made available to mailers through a negotiated service agreement (NSA).

The Postal Service adopts the described changes to *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM), incorporated by reference in the *Code of Federal Regulations*. We will publish an appropriate amendment to 39 CFR part 111 to reflect these changes.

List of Subjects in 39 CFR Part 111

Administrative practice and procedure, Postal Service.

Accordingly, the Postal Service amends *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM), incorporated by reference in the Code of Federal Regulations as follows (see 39 CFR 111.1):

PART 111—[AMENDED]

■ 1. The authority citation for 39 CFR part 111 continues to read as follows:

Authority: 5 U.S.C. 552(a); 13 U.S.C. 301–307; 18 U.S.C. 1692–1737; 39 U.S.C. 101, 401–404, 414, 416, 3001–3018, 3201–3220, 3401–3406, 3621, 3622, 3626, 3629, 3631–3633, 3641, 3681–3685, and 5001.

■ 2. Revise *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM) as follows:

Mailing Standards of the United States Postal Service, Domestic Mail Manual (DMM)

* * * * *

200 Commercial Letters, Cards, Flats, and Parcels

* * * * *

204 Barcode Standards

* * * * *

3.0 Standards for Barcoded Tray Labels, Sack Labels, and Container Labels

* * * * *

3.2.4 3-Digit Content Identifier Numbers

* * * * *

Exhibit 3.2.4 3-Digit Content Identifier Numbers

CLASS AND MAILING CIN
HUMAN-READABLE CONTENT LINE

* * * * *

Priority Mail Open and Distribute

* * * * *

[Delete the “*Parcels, all classes*” line item under the “*Priority Mail Open and Distribute*” section.]

[Delete the “*All other Classes, Parcels*” section in its entirety.]

* * * * *

240 Commercial Mail USPS Marketing Mail

* * * * *

245 Mail Preparation

* * * * *

12.0 Preparing Customized MarketMail

* * * * *

12.6 Containerizing and Labeling

Prepare and label containers as follows:

* * * * *

[Revise the text of item b to read as follows:]

b. Priority Mail Express and Priority Mail Open and Distribute shipments must be prepared in USPS-provided Priority Mail Express or Priority Mail containers (envelopes or tray boxes) or in mailer-supplied containers, labeled under 705.18.5.

* * * * *

246 Enter and Deposit

* * * * *

2.5 Verification**2.5.1 Mail Separation and Presentation**

[Revise the first sentence of 2.5.1 to read as follows:]

Destination entry mail must be presented and verified under a PVDS system (705.17.0), presented for acceptance at a BMEU located at a destination postal facility; or for letter and flat priced pieces presented for acceptance at an origin DMU or BMEU, and then prepared under Priority Mail Express Open and Distribute or Priority Mail Open and Distribute standards (705.18.0). * * *

* * * * *

250 Commercial Mail Parcel Select**253 Prices and Eligibility**

* * * * *

4.0 Price Eligibility for Parcel Select**4.1 Destination Entry Price Eligibility**

* * * * *

4.1.2 Basic Standards

For Parcel Select destination entry, pieces must meet the applicable standards in 255.4.0 and the following criteria:

* * * * *

[Revise the text of item d to read as follows:]

d. Pieces must be deposited at a destination SCF, or destination delivery unit, as applicable for the price claimed.

* * * * *

256 Enter and Deposit

* * * * *

2.0 Deposit

* * * * *

2.5 Mail Separation and Presentation of Destination Entry Mailings

[Revise the first sentence of 2.5 to read as follows:]

Destination entry mail must be presented and verified under a PVDS system (705.17.0), presented for acceptance at a BMEU located at a destination postal facility; or presented for acceptance at an origin DMU or BMEU. * * *

* * * * *

260 Commercial Mail Bound Printed Matter

* * * * *

266 Enter and Deposit

* * * * *

3.7 Verification**3.7.1 Mail Separation and Presentation**

[Revise the first sentence of 3.7.1 to read as follows:]

Destination entry mail must be presented and verified under a PVDS or USPS Ship system (see 705.17.0 or 705.2.6), presented for acceptance at a BMEU located at a destination postal facility; or for flat priced pieces presented for acceptance at an origin DMU or BMEU, and then prepared under Priority Mail Express Open and Distribute or Priority Mail Open and Distribute standards (705.18.0). * * *

* * * * *

700 Special Standards

* * * * *

705 Advanced Preparation and Special Postage Payment Systems

* * * * *

18.0 Priority Mail Express Open and Distribute and Priority Mail Open and Distribute**18.1 Prices and Fees****18.1.1 Basis of Price**

The basis of price for Priority Mail Express and Priority Mail Open and Distribute is as follows:

* * * * *

[Revise the text of item b to read as follows:]

b. Priority Mail commercial tray box postage is based on the tray box and zone. Do not apply Priority Mail dimensional weight pricing or Periodicals container prices to the external container. The maximum weight for each container is 70 pounds.

[Delete item c in its entirety.]

18.1.2 Zone Prices

[Revise the text of 18.1.2 to read as follows:]

For Priority Mail Express Open and Distribute postage, compute zone prices from the accepting Post Office to the destination facility for the container (not the destination Post Office for the enclosed mail).

* * * * *

18.1.5 Payment Method

Postage payment methods are as follows:

* * * * *

[Revise the second sentence of item b to read as follows:]

b. * * * Priority Mail Express postage must be affixed to the Open and Distribute tray box or part of the address label.

[Revise the second sentence of item c to read as follows:]

c. * * * Priority Mail postage must be affixed to the Open and Distribute tray box or part of the address label.

18.1.6 Postage Statement for Enclosed Mail

The following apply:

[Revise the text of item a to read as follows:]

a. The mailer must provide the correct postage statement for the enclosed mail.

b. If the enclosed mail is zone-priced, the mailer must provide one of the following:

[Revise the text of items b1 and b2 to read as follows:]

1. Documentation that details the pieces and postage, by zone for each Priority Mail Express Open and Distribute shipment destination; or

2. A separate postage statement for each Priority Mail Express Open and Distribute shipment destination.

* * * * *

[Revise the text of item d to read as follows:]

d. A postage statement is not required for the Priority Mail Express or Priority Mail portion of the Open and Distribute shipment.

* * * * *

18.2 Basic Standards**18.2.1 Description of Priority Mail Express Open and Distribute and Priority Mail Open and Distribute**

[Revise the first sentence of 18.2.1 to read as follows:]

Priority Mail Express Open and Distribute and Priority Mail Open and Distribute provide alternatives for mailers who want to expedite mailings of letter-size or flat-size pieces of other classes of mail to destination postal facilities, including as a means of eligibility for destination entry prices for the applicable classes and shapes of mail. * * *

18.2.2 Content Standards

* * * Additional standards for the enclosed mail are as follows:

[Revise the text of item a to read as follows:]

a. Mail enclosed in a Priority Mail Express Open-and-Distribute container may only add the extra services described in 18.3.2. Mail enclosed in a Priority Mail Open-and-Distribute container may only add the extra services described in 18.4.2.

* * * * *

18.3 Additional Standards for Priority Mail Express Open and Distribute

* * * * *

18.3.2 Extra Services

[Revise the introductory text of 18.3.2 to read as follows:]

No extra services are available for Priority Mail Express Open and Distribute containers. Only the following extra services may be added for the enclosed mail:

* * * * *

[Revise the text of item b to read as follows:]

b. Priority Mail letters and flats may be sent with Certified Mail service.

[Delete items c and d in their entirety.]

18.4 Additional Standards for Priority Mail Open and Distribute

* * * * *

18.4.2 Extra Services

[Revise the last sentence in the introductory text of 18.4.2 to read as follows:]

* * * First-Class Mail pieces may be sent with Certified Mail service.

[Delete items a, b, and c, in their entirety.]

18.5 Preparation**18.5.1 Containers for Expedited Transport**

Acceptable containers for expedited transport are as follows:

[Revise the text of items a and b to read as follows:]

a. A Priority Mail Express Open and Distribute shipment must be contained in a USPS-provided Priority Mail Express Open and Distribute tray box (Tags are not required for tray boxes; only the 4x6 address label should be applied), except as provided in 18.5.1c and 18.5.1d. Blue Label 257S or blue Label 257S-EVS (USPS Ship) may be affixed to containers used for Priority Mail Express Open and Distribute shipments prepared under 18.5.1c or 18.5.1d destined to a DDU or DS&DC.

b. A Priority Mail Open and Distribute shipment must be contained in a USPS-provided Priority Mail Open and Distribute tray box (Tags are not required for tray boxes, only the 4x6 address label should be applied), except as provided in 18.5.1c and 18.5.1d. Pink Label 190S or pink Label 190S-EVS (USPS Ship) may be affixed to containers used for Priority Mail Open and Distribute shipments prepared under 18.5.1c or 18.5.1d destined to a DDU or DS&DC.

* * * * *

[Revise the text of item d to read as follows:]

d. Customized MarketMail (CMM) pieces may be contained in USPS-provided Priority Mail Express or Priority Mail envelopes and boxes or in

any properly labeled acceptable container supplied by the mailer.

[Revise the heading and introductory text of 18.5.2 to read as follows:]

18.5.2 Priority Mail Express and Priority Mail Tray Labels

Labels for Priority Mail Express Open and Distribute trays and similar containers must be barcoded and meet the requirements in 204.3.0. Tray boxes, other containers used for Priority Mail Open and Distribute shipments must bear a barcoded tray label that includes the appropriate CIN code that best describes the class and processing category of the contents of the shipment. When no specific CIN code accurately describes all of these elements, the “165” generic code must be used. It is recommended that all PMEOD and PMOD shipments bear Intelligent Mail tray barcodes prepared under 204.3.3. Although mailers may affix tray labels on either end of a tray box (or similar container), to the right of the hand-hold cutout, the recommended placement is on the end of the tray box nearest to the EMOD or PMOD address label. All lines of information must be completely visible when inserted into the label holder. Label trays as follows:

a. Line 1 (destination line) provides information on the destination entry office where the enclosed mail is to be distributed.

* * * * *

[Revise the text of item a2 to read as follows:]

2. For SCF/LPC/RPDC distribution, use the destination in L005, Column B for letters or L016 for flats.

[Delete items a3 through a5 in their entirety.]

* * * * *

[Delete 18.5.3 and 18.5.4 in their entirety and renumber 18.5.5 through 18.5.13 as 18.5.3 through 18.5.11.]

* * * * *

18.5.4 Address Labels

[Revise the text of renumbered 18.5.4 to read as follows:]

USPS-provided containers and envelopes and mailer-supplied containers used for Priority Mail Express Open and Distribute or Priority Mail Open and Distribute must bear an address label that states “OPEN AND DISTRIBUTE AT:” followed by the facility name. Find the facility name and other information for addressing the labels, according to the type of facility, in 18.5.6 and 18.5.7.

* * * * *

18.5.5 Address Label Service Barcode Requirement

[Revise the text of renumbered 18.5.5 to read as follows:]

An electronic service barcode must include an Intelligent Mail package barcode (IMpb) and Intelligent Mail matrix barcode (IMmb) symbology for Priority Mail Express Open and Distribute, and the IMpb and IMmb symbology for Priority Mail Open and Distribute in the address label. Mailers must prepare address labels using the formats in 18.5.6 and 18.5.7. Priority Mail Express Open and Distribute IMpb and IMmb labels must include service-type code “723.” For Priority Mail Open and Distribute, the IMpb and IMmb must include service-type code “123.” The human-readable text “USPS SCAN ON ARRIVAL” must appear above the IMpb barcode. USPS certification is required from the National Customer Support Center (NCSC) for each printer used to print barcoded open and distribute address labels, except for barcodes created using USPS webtools. NCSC contact information, formatting specifications for barcodes and electronic files, and certification are included in Publication 199, available on PostalPro at postalpro.usps.com. Mailers may use the following options available to create a label with a service barcode for Priority Mail Express Open and Distribute and Priority Mail Open and Distribute address labels:

* * * * *

[Revise the text of item b to read as follows:]

b. Register and integrate USPS API platform, for Priority Mail Open and Distribute using their own developers.

* * * * *

[Revise the heading and text of renumbered 18.5.7 to read as follows:]

18.5.7 SCF/LPC/RPDC Address Labels

For the SCF/LPC/RPDC address label:

a. Use “SCF/LPC/RPDC” followed by the facility name, state, and National Air and Surface System (NASS) Code in the “Drop Entry Point View” file on the USPS FAST website, <https://fast.usps.com>. (Click on “Reports,” then “Mail Direction Search,” and then “Drop Entry Point View” in the drop-down menu of “Report View.”)

b. Directly below the SCF/LPC/RPDC facility name, specify the class and processing category of the enclosed mail.

c. See Exhibit Exhibit 18.5.7 for an example of an SCF address label.

[Revise the heading of renumbered Exhibit 18.5.7 to read as follows:]

Exhibit 18.5.7 SCF/LPC/RPDC Address Label

* * * * *

[Revise the SCF Delivery Address on the label to read as follows:]
SCF Dulles VA 201

* * * * *

[Delete renumbered 18.5.8 through 18.5.10 and renumber 18.5.11 as 18.5.8.]

* * * * *

18.5.8 Markings on Enclosed Mail

[Revise the last sentence of renumbered 18.5.8 to read as follows:]

* * * When an optional marking is used, the type size of the required price marking (see 202 for letters and flats) must be at least 8 points.

18.6 Enter and Deposit

* * * * *

[Delete 18.6.3 in its entirety.]

* * * * *

Daria Valan,

Attorney, Ethics and Legal Compliance.

[FR Doc. 2026–12190 Filed 6–16–26; 8:45 am]

BILLING CODE 7710–12–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES**Administration for Children and Families****45 CFR Parts 211 and 212**

RIN 0970–AD40

Reducing Bureaucracy and Burden for Human Services and Emergency Response Programs—Repatriation Program

AGENCY: Office of Human Services Emergency Preparedness and Response (OHSEPR), Administration for Children and Families (ACF), Department of Health and Human Services (HHS).

ACTION: Final rule.

SUMMARY: This final rule amends the Care and Treatment of Mentally Ill Nationals of the United States, Returned from Foreign Countries regulations and the Assistance for United States Citizens Returned from Foreign Countries regulations to eliminate unnecessary or obsolete regulations.

DATES: This rule is effective August 17, 2026.

FOR FURTHER INFORMATION CONTACT: Adam N. Jones, Deputy Chief of Staff, Immediate Office of the Assistant Secretary, Administration for Children and Families, Department of Health and Human Services, Washington, DC 202–417–0115 or Deregulation@acf.hhs.gov.

A plain language summary of this final rule is posted at <https://www.regulations.gov>.

SUPPLEMENTARY INFORMATION:**I. Statutory Authority**

This final rule is being issued under the authority granted to the Secretary of Health and Human Services by 74 Stat. 308–310 (24 U.S.C. 321–329) and Sections 1102 and 1113 of the Social Security Act (42 U.S.C. 1302, 42 U.S.C. 1313).

II. Background

45 CFR part 211, “Care and Treatment of Mentally Ill Nationals of the United States, Returned from Foreign Countries” is a comprehensive regulatory framework established under the 74 Stat. 308–310, 24 U.S.C 321–329. Originally published on July 19, 1974, Part 211 establishes uniform procedures for program applications, including requirements addressing eligibility, procedures for the care and treatment of mentally ill repatriates, and general administrative standards. 45 CFR part 212, “Assistance for United States Citizens Returned from Foreign Countries” is a set of regulations established under the authority of the Social Security Act (42 U.S.C. 1302, 42 U.S.C. 1313) that was designed to implement 42 U.S.C. 1313 by providing more detailed requirements for temporary assistance to United States (U.S.) Citizen repatriates and their dependents.

III. Executive Summary

This final rule rescinds multiple regulations that are either unnecessary or wholly obsolete. The regulations removed and reserved by this final rule can be categorized into three groups: those that are duplicative, those that are better suited as a different type of sub-regulatory format, and those that are obsolete.

Duplicative regulations are those that carry no impact as the authority and requirements stated in the regulation exist or are stated elsewhere such as in statute, which would make these existing regulations otherwise unnecessary.

The regulations that are better suited to a different format, *i.e.* as a sub-regulatory document, are those that generally read like a Frequently Asked Questions document or are overly prescriptive and carry technical details that belong in programmatic instruction. ACF is rescinding this category of regulations to allow for publication in a more appropriate format following the effective date of this final rule.

The final category are those regulations that are obsolete or outdated. This includes regulations that refer to grant programs that are no longer funded, practices that are no longer followed, or are otherwise no longer relevant.

Effective Date

This final rule will become effective 60 days from the date of its publication.

Severability

The provisions of this final rule are intended to be severable, such that, in the event a court were to invalidate any particular provision or deem it to be unenforceable, the remaining provisions would continue to be valid. None of the provisions in the final rule contained herein are central to an overall intent of the final rule, nor are any provisions dependent on the validity of other, separate provisions.

IV. Discussion of Changes

HHS published a notice of proposed rulemaking (NPRM) in the **Federal Register** on March 27, 2026, (91 FR 14797) proposing revisions to both 45 CFR 211 and 45 CFR 212. HHS provided a 30-day comment period during which interested parties could submit comments in writing electronically through [Regulations.gov](https://www.regulations.gov) or via email to the Immediate Office of the Assistant Secretary.

During the 30-day comment period, HHS received 3 comments from individual members of the public. Of the comments received, all 3 were posted on www.regulations.gov. Of the 3 comments posted on www.regulations.gov, all 3 comments were unique and none were duplicative. At the conclusion of the public comment period, HHS analyzed the content of the comments to inform the development of the final rule. All comments were reviewed to determine each commenter’s support or opposition towards the policies proposed in the NPRM.

Public comments reflected various opinions of the commenters, with two commenters expressing support for the proposed rescissions, and one opposing them. All comments were reviewed and informed the Department’s consideration of the final rule.

The preamble in this final rule discusses the changes to current regulations. Where language of the previous regulations remain unchanged, the preamble explanation and interpretation of that language published with all prior final rules are also retained, unless specifically modified in the preamble to this rule.

(See 39 FR 26546, July 19, 1974; 53 FR 36580, Sept. 21, 1988).

V. General Comments and Cross-Cutting Issues

This final rule includes the removal of multiple sections of regulations relating to 45 CFR part 211 and 212. HHS received and reviewed comments on the proposed changes. Following review of all comments, HHS has maintained all proposed changes from the NPRM. Specific comments are discussed below.

Most of the individual commenters expressed overall support for the proposed rescissions, noting that the proposals would remove repetitive or outdated regulations, while still encouraging HHS maintain appropriate accountability and ensure that requirements are still available and accessible to the general public. One individual, who wrote that they were only making a comment as part of a class assignment, expressed overall opposition to the NPRM and was concerned that removing duplicative regulations could produce confusion to the general public and reduce visibility.

HHS acknowledges concerns raised by the commenter who opposed the NPRM but moves forward with rescinding the sections as proposed. HHS contends that this final rule does not reduce visibility or enforcement of regulations, but rather enhances clarity on unique and current requirements that are still binding. HHS will continue to provide information to interested parties on what laws and regulations are still in effect to the extent that questions arise.

VI. Section-by-Section Discussion of Comments and Regulatory Provisions

HHS did not receive comments about changes proposed to specific subparts of the regulation. Below, HHS identifies each subpart and states the rationale for the final rule.

45 CFR Part 211 Care and Treatment of Mentally Ill Nationals of the United States, Returned From Foreign Countries

§ 211.1 General Definitions

This Section defines the terms used in this Part. This Section is repealed due to the fact that many of the terms that are defined are duplicated in 24 U.S.C. 321 “Definitions.” There were a few regulatory definitions that were not defined in statute, but those terms were either commonly defined and did not need to be further defined or were utilized only in Sections that are also repealed by this final rule.

§ 211.2 General

This Section specifies that ACF will consult with appropriate agencies to ensure that any aid that is provided is provided by the right organization. This provision is removed as the text of the regulation is merely rephrasing and restating the language found in the statute that authorizes the creation of the regulation, 24 U.S.C. 321–329. Thus, as the authority to consult with appropriate agencies as well as the other statements described in this Section are already found in statute, this Section is unnecessary and duplicative, and therefore removed by this final rule.

§ 211.4 Notification to Legal Guardian, Spouse, Next of Kin, or Interested Persons

This Section specifies that ACF will notify the next of kin and legal guardians when repatriates with mental health needs arrive in the United States or are transferred between states. This provision is removed as the requirement for notifying the next of kin and legal guardian still applies irrespective of this rule. The rescission of this rule will not hinder the ability for next of kin and legal guardians to be notified of the repatriation of their relatives. As such, this rule is unnecessary and thus is repealed.

§ 211.5 Action Under State Law; Appointment of Guardian

This Section details that ACF will follow state law on how to plan and provide for proper care and treatment of an individual who is unable to give consent, either because they are a minor or due to their mental state. The regulation states that ACF will follow state law, the rescission of this regulation does not impact the necessity to follow state law. In other words, by repealing this Section, state law and the status quo will still be followed. As such, this Section is unnecessary and is repealed.

§ 211.7 Transfer and Release of Eligible Person

This Section lists the conditions under which an eligible repatriate will be transferred and released into the care of a relative. Furthermore, this Section details that if an individual is unable to be released to a relative, that the individual may be released to the appropriate state health authority. This Section is removed as the language and authorization are found to be duplicated in 24 U.S.C. 323 “Transfer and release to State of residence or legal domicile.” As the regulation simply mirrors the statute, it is unnecessary and duplicative and thus repealed.

§ 211.8 Continuing Hospitalization

This Section details the appropriate arrangements for placement and treatment of an eligible individual needing continued care in furtherance of the regulations found in § 211.7. Much like § 211.7, this Section is also found to be duplicative of statutory language found at 24 U.S.C. 324 “Care and treatment of eligible persons until transfer and release.” As this Section also mirrors statute, the language found in regulation is duplicative and therefore not needed. Thus, this final rule repeals this Section.

§ 211.9 Examination and Reexamination

This Section details the frequency by which an examination must be conducted on any individual admitted to a hospital pursuant to Part 211. The language requiring that patients be examined no more than five days after their admission and every six months thereafter is a copy of the requirements found at 24 U.S.C. 325 “Examination of persons admitted.” As this is a duplication of existing requirements, this Section is not necessary and is repealed.

§ 211.10 Termination of Hospitalization

This Section details that the process for discharge or conditional release of a patient must comply with state laws as well as the requirement to notify the committing court of the release. § 211.10(a) requires the hospital to release an individual from care if they are determined to not or no longer require hospitalization, pursuant to state laws and regulations. Thus, this component of the rule requires hospitals to follow existing laws, which they would be required to do irrespective of this regulation. As such, this first component of this Section is unnecessary as it does not carry any requirement that is not found in state specific statutes and is repealed.

§ 211.10(b) deals with mandating the notification to the committing court duplicates federal law in 24 U.S.C. 327 “Notification to committing court of discharge or conditional release.” As this is purely duplicative, this regulation is not needed, and the repeal will not produce any policy change. Therefore, this final rule repeals this Section.

§ 211.11 Request for Release From Hospitalization

This Section describes the process that must be followed when a patient or their next of kin or legal guardian requests a release from hospitalization.

This process is described in complete detail already at 24 U.S.C. 326 “Release of patient.” As the regulation merely restates the statutory language, it is duplicative and thus unnecessary. The repeal of this Section will not change policy for those requesting a release from hospitalization.

§ 211.12 Federal Payments

This Section details the requirement that an agreement must be established between an Administrator and a hospital as to how a hospital or agency will be paid for services. This Section is not needed as this describes an outdated approach which predated government-wide regulations at 2 CFR part 200 which describe payment methods, allowable costs, and financial management requirements. As this Section is outdated, it is repealed to provide clarity to the public.

§ 211.13 Financial Responsibility of the Eligible Person; Collections, Compromise, or Waiver of Payment

Section 211.13 details the financial responsibility for the eligible person. This Section is repealed as it is duplicated in statutory language found at 24 U.S.C. 328 “Payment for care and treatment.” As the requirements for who is liable and what waiver authority of costs exist is stated in both statute and in regulations, the regulations are not needed and are repealed.

§ 211.14 Disclosure of Information

This part details the protections against the disclosure of information regarding individuals receiving care. This Section is repealed as this information is covered by other Federal laws and regulations including, but not limited to, the Privacy Act of 1974 (5 U.S.C. 552a) and the Health Insurance Portability and Accountability Act of 1996 (HIPAA) Privacy Rule (45 CFR part 160 and subparts A and E of part 164). The HIPAA Privacy Rule prohibits the disclosure of protected health information without an individual’s authorization unless permitted or required by the Privacy Rule. These protections exist for the same information under 45 CFR 211.14. As both regulations, and statute to a stronger degree, protect patient data and information, the regulation is duplicative and unnecessary. This repeal does not change policy with respect to disclosure of patient information.

§ 211.15 Nondiscrimination

This Section details the prohibition of discrimination based on various characteristics, which is duplicative of

federal law found at 42 U.S.C. 2000d (Title VI). The rescission of this part is due to the existence of other protections against discrimination which cover the topics discussed in this Part. As such, this repeal is not intended to, nor will it enable, the discrimination of any individual based on the characteristics described therein.

45 CFR Part 212 Assistance for United States Citizens Returned From Foreign Countries

Much like Sections of Part 211 removed by this final rule, Part 212 mirrors existing statutory language. The entire Part rephrases and repeats the authorizing statute, 42 U.S.C. 1313 “Assistance for United States citizens returned from foreign countries.” As the regulation is a duplication without providing significant additional clarifying language or detail, 45 CFR 212 is unnecessary and repealed in its entirety.

VII. Regulatory Process Matters

Paperwork Reduction Act

Under the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*, as amended) (PRA), all Departments are required to submit to the Office of Management and Budget (OMB) for review and approval any reporting or recordkeeping requirements inherent in a proposed or final rule. This final rule does not contain any information requiring OMB approval under the PRA and, therefore, will not create any new paperwork burdens or modify existing burdens subject to OMB review.

Executive Order 13132

Executive Order 13132 requires federal agencies to consult with State and local government officials if they develop regulatory policies with federalism implications. Federalism is rooted in the belief that issues that are not national in scope or significance are most appropriately addressed by the level of government close to the people. This final rule would not have substantial direct impact on the States, on the relationship between the federal government and the States, or on the distribution of power and responsibilities among the various levels of government. This final rule would not pre-empt State law. The changes made in this final are removing unnecessary and obsolete regulations from the Office of Human Services Emergency Preparedness and Response Repatriation Program rules. Therefore, in accordance with Section 6 of Executive Order 13132, it is determined that this action does not have sufficient

federalism implications to warrant the preparation of a federalism summary impact statement.

Assessment of Federal Regulations and Policies on Families

Assessment of Federal Regulations and Policies on Families Section 654 of the Treasury and General Government Appropriations Act of 1999 (Pub. L. 105–277) requires federal agencies to determine whether a policy or regulation may negatively affect family well-being. If the agency determines a policy or regulation negatively affects family well-being, then the agency must prepare an impact assessment addressing seven criteria specified in the law. HHS determined it is not necessary to prepare a family policymaking assessment because the actions made by this final rule will not have any impact on the autonomy or integrity of the family as an institution.

VIII. Regulatory Impact Analysis

We have examined the impacts of the final rule under Executive Order 12866, Executive Order 13563, Executive Order 14192, the Regulatory Flexibility Act (5 U.S.C. 601–612), and the Unfunded Mandates Reform Act of 1995 (Pub. L. 104–4).

Executive Orders 12866 and 13563 direct us to assess all benefits and costs of available regulatory alternatives and, when regulation is necessary, to select regulatory approaches that maximize net benefits. Rules are “significant” under Executive Order 12866 Section 3(f)(1) if they “have an annual effect on the economy of \$100 million or more; or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local or tribal governments or communities.” Executive Order 14192 requires that any new incremental costs associated with significant new regulations “shall, to the extent permitted by law, be offset by the elimination of existing costs associated with at least ten prior regulations.” The Office of Information and Regulatory Affairs (OIRA) has determined that this final rule is not a significant action under Executive Order 12866 Section 3(f).

The Regulatory Flexibility Act (RFA) requires agencies to consider the impact of their regulations on small entities. Because this is simply repealing obsolete and unnecessary language, we certify that the final rule would not have a significant economic impact on a substantial number of small entities.

The Unfunded Mandates Reform Act of 1995 (UMRA) generally requires that

each agency conduct a cost-benefit analysis; identify and consider a reasonable number of regulatory alternatives; and select the least costly, most cost effective, or least burdensome alternative that achieves the objectives of the rule before promulgating any proposed or final rule that includes a Federal mandate that may result in expenditures of more than \$100 million (adjusted for inflation) in at least one year by State, local, and tribal governments, in the aggregate, or by the private sector. Each agency issuing a rule with relevant effects over that threshold must also seek input from State, local, and tribal governments. The current threshold after adjustment for inflation is \$193 million, using the most current (2025) Implicit Price Deflator for the Gross Domestic Product. This final rule would not result in an expenditure in any year that meets or exceeds this amount.

IX. Tribal Consultation Statement

Executive Order 13175, *Consultation and Coordination with Indian Tribal Governments*, requires agencies to consult with Indian Tribes when regulations 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.” Similarly, ACF’s Tribal Consultation Policy says that consultation is triggered for any legislative proposal, new rule adoption, or other policy change that significantly affects Tribes, meaning there exists a reasonable presumption that it has or may have substantial direct effects on one or more Indian Tribes, on the relationship between the Federal Government and Indian tribes, on the amount or duration of ACF program funding, on the delivery of ACF programs or services to one or more Indian Tribes, or on the distribution of power and responsibilities between the Federal Government and Indian Tribes. However, as this is a deregulatory action, per OMB M–25–36, *Streamlining the Review of Deregulatory Actions*, this action presumptively does not trigger the Tribal Consultation requirements of Executive Order 13175 nor does it meet ACF’s standard for consultation.

List of Subjects

45 CFR Part 211

Grant programs—social programs, Health care, Mental health programs, Public assistance programs.

45 CFR Part 212

Grant programs—social programs, Public assistance programs.

For the reasons set forth in the preamble, ACF amends 45 CFR subtitle B, chapter II, as follows:

PART 211—CARE AND TREATMENT OF MENTALLY ILL NATIONALS OF THE UNITED STATES, RETURNED FROM FOREIGN COUNTRIES

■ 1. The authority citation for part 211 continues to read as follows:

Authority: Secs. 1–11, 74 Stat. 308–310; 24 U.S.C. 321–329.

§§ 211.1, 211.2, 211.4, 211.5, 211.7, 211.8, 211.9, 211.10, 211.11, 211.12, 211.13, 211.14, and 211.15 [Removed and Reserved]

■ 2. Sections 211.1, 211.2, 211.4, 211.5, 211.7, 211.8, 211.9, 211.10, 211.11, 211.12, 211.13, 211.14, and 211.15 are removed and reserved.

PART 212 [REMOVED AND RESERVED]

■ 3. Under the authority of 24 U.S.C. 321–329 and 42 U.S.C. 1302 and 1313, remove and reserve part 212.

Robert F. Kennedy, Jr.,

Secretary, Department of Health and Human Services.

[FR Doc. 2026–12189 Filed 6–16–26; 8:45 am]

BILLING CODE 4184–PL–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

50 CFR Part 622

[Docket No. 260611–0142]

RIN 0648–BN84

Reef Fish Fishery of the Gulf of America; Shallow-Water Grouper Management Measures

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Final rule.

SUMMARY: NMFS issues regulations to implement management measures described in a framework action under the Fishery Management Plan for the Reef Fish Resources of the Gulf (FMP), as prepared by the Gulf Council (Council). This final rule modifies the Gulf of America (Gulf) Other Shallow-Water Grouper (SWG) complex catch limits and sets a recreational fixed-closed season for Gulf Other SWG. The

purpose of this final rule is to reduce harvest of Gulf scamp and yellowmouth grouper while the Council develops Amendment 58A to the FMP (Amendment 58A), which considers additional Other SWG management measures.

DATES: This final rule is effective January 1, 2027.

ADDRESSES: Electronic copies of the framework action, which includes an environmental assessment, a Regulatory Flexibility Act analysis, and a regulatory impact review, may be obtained from the Southeast Regional Office website at: <https://www.fisheries.noaa.gov/action/modifications-other-shallow-water-grouper-complex-management-measures>.

FOR FURTHER INFORMATION CONTACT: Dan Luers, telephone: 727–824–5305, or email: daniel.luers@noaa.gov.

SUPPLEMENTARY INFORMATION: The Gulf reef fish fishery, which includes the Other SWG complex (composed of scamp, yellowmouth grouper, black grouper, and yellowfin grouper), is managed under the FMP. The FMP was prepared by NMFS and the Council, 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).

All catch limits in this final rule are in pounds (lb) gutted weight.

Background

The Magnuson-Stevens Act requires NMFS and the regional fishery management councils to prevent overfishing and achieve, on a continuing basis, the optimum yield from federally managed fish stocks. These mandates are intended to ensure fishery resources are managed for the greatest overall benefit to the nation, particularly with respect to providing food production and recreational opportunities, and to protect marine ecosystems.

This action is taken under the statutory authority of the Magnuson-Stevens Act section 303(a)(1) as necessary and appropriate for the conservation and management of the fishery to prevent overfishing and to promote the long-term health and stability of the fishery, and section 303(b)(2)(A), which allows for the designations of periods when fishing is not permitted. On March 18, 2026, NMFS published a proposed rule for the framework action and requested public comment (91 FR 12989).

Scamp, yellowmouth grouper, black grouper, and yellowfin grouper were

assigned to the Other SWG complex in the Generic Annual Catch Limits (ACL) and Accountability Measures (AM) Amendment (Generic ACL/AM Amendment) (76 FR 82044, December 29, 2011). These species were grouped together for management based on their similar fishery characteristics, such as habitat preference and harvest methods. The Other SWG stock complex ACL is set equal to the complex acceptable biological catch (ABC) which is currently 710,000 lb (322,051 kilograms (kg)) (50 CFR 622.41(c)(3)).

Commercial harvest of Other SWG species has been managed under the Grouper-Tilefish Individual Fishing Quota (IFQ) program since 2010 (74 FR 44732, August 31, 2009). The Generic ACL/AM Amendment apportioned the commercial sector a specified amount of the stock complex ACL based on historical harvest to allow the commercial sector to continue to operate under the IFQ program. The current commercial ACL is 547,000 lb (248,115 kg) and the commercial annual catch target (ACT, or quota) is 525,000 lb (238,136 kg), which is 4 percent below the commercial ACL. The buffer between the commercial quota and the commercial ACL was put in place to account for scientific uncertainty with the level of discards and allow for the IFQ flexibility measures under which some species in the Deep-water Grouper complex can be landed under the Other SWG quota. The Other SWG commercial quota has never been exceeded under the IFQ program.

Recreational fishing for Other SWG species occurs throughout the Gulf except for black grouper, which more commonly occurs in the southeastern Gulf off Florida. There is no defined ACL for the recreational sector for the Other SWG complex. In defining the commercial apportionment, the Generic ACL/AM Amendment recognized that the difference between the stock complex ACL and the commercial ACL would allow for recreational harvest consistent with the historical levels. However, in recent years, recreational landings comprise an increasing proportion of overall landings for this complex. The recreational AM is linked to the stock complex ACL, and states that in the year following an overage of the stock complex ACL, recreational fishing will close when the stock complex ACL is projected to be reached. Because total landings have never reached the Other SWG stock complex ACL, the recreational AM has never been triggered. However, because the AM is based on reaching the stock complex ACL and the IFQ system allows commercial landings to occur

year-round, this recreational AM may not effectively constrain harvest to the stock complex ACL if catch limits are reduced, as will occur under this final rule.

Until recently, no peer-reviewed stock assessment was available to inform stock status determinations for any Other SWG species. In 2022, the Southeast Data, Assessment, and Review 68 (SEDAR 68) assessed scamp and yellowmouth grouper together and indicated that harvest must be reduced. The Council's Scientific and Statistical Committee (SSC) accepted SEDAR 68 as consistent with the best scientific information available and recommended updated status determination criteria and catch levels for these two stocks. Black grouper and yellowfin grouper stocks could not be assessed due to a lack of the data necessary to accurately assess population metrics of these species in the Gulf.

In response to the SSC recommendations for scamp and yellowmouth grouper, the Council initiated work on Amendment 58A, which considers dissolving the Other SWG complex and creating two new complexes, one for scamp and yellowmouth grouper and another for black grouper and yellowfin grouper, and setting catch limits for these new complexes. Amendment 58A also considers changes to the commercial IFQ program to reflect the two new complexes as well as other management measures. In recognition of the complexity of Amendment 58A and the additional time required for its development and implementation, the Council developed the current framework action to reduce harvest of scamp and yellowmouth grouper, consistent with the SSC recommendations, until Amendment 58A can be completed. The Council had been scheduled to approve Amendment 58A at its January 2026 meeting but decided to delay action pending the results of the Marine Recreational Information Program-Fishing Effort Survey pilot study, which may better inform the catch level recommendations in the amendment. Information on this study can be found at: <https://www.fisheries.noaa.gov/recreational-fishing-data/fishing-effort-survey-research-and-improvements>.

This final rule reduces the current Gulf Other SWG complex ABC and stock complex ACL by 54.7 percent, which is based on the results of SEDAR 68 and the SSC's original catch limit recommendations. The SSC reviewed updated SEDAR 68 projections information in May 2025 and provided new, slightly lower catch limit

recommendations that are addressed in Amendment 58A. Those recommendations could not be incorporated into the current action because of the need to finalize the framework action at the June 2025 Council meeting. This final rule also implements a recreational fixed-closed season that is based on the predicted number of days needed to harvest the portion of the stock complex ACL available to the recreational sector (the difference between the stock complex ACL and commercial ACL). Currently, the Other SWG recreational season is open year-round, except for a SWG closure that is in place from February 1 through March 31 inshore of the 20-fathom rhumb line (50 CFR 622.34(d)). The measures in this final rule are expected to reduce recreational harvest and reduce the likelihood of overfishing of scamp and yellowmouth grouper while additional management measures in response to SEDAR 68 are developed in Amendment 58A.

Management Measures Contained in This Final Rule

This final rule revises the stock complex and commercial ACL and quota (ACT) and sets a recreational fixed closed season for the Other SWG complex.

ACLs and ACT

Based on the results of SEDAR 68, and as described in the framework action, this final rule reduces the stock complex ACL from 710,000 lb (322,051 kg) to 322,000 lb (146,057 kg), the commercial ACL from 547,000 lb (248,115 kg) to 255,000 lb (115,666 kg), and the commercial quota from 525,000 lb (238,136 kg) to 245,000 lb (111,130 kg). The commercial ACL and quota are rounded down to the nearest thousand lb from those presented in the framework action. This is done under the IFQ program to ensure that when allocation is distributed, the distributed allocation does not exceed the commercial quota. Without rounding, the distributed allocation could exceed the commercial quota based on how IFQ share percentages are calculated and the allocation is distributed.

NMFS expects the catch limit reductions to result in reduced harvest and mortality of scamp and yellowmouth grouper, which would not occur under the *status quo* catch limits. Although commercial landings have never exceeded the new commercial quota and are expected to remain below the new quota in future years, these catch limits, when combined with the new recreational fixed-closed season, are expected to reduce mortality of

scamp and yellowmouth grouper while the Council and NMFS work to implement Amendment 58A.

Recreational Fixed Closed Season

For the Other SWG complex, there is no recreational seasonal closure currently in place. This final rule implements a recreational fixed closed season of January 1 through June 30, each year, resulting in an open season from July 1 through December 31, each year. During the new recreational closed season, the recreational harvest of Other SWG would be prohibited and the bag and possession limits for Other SWG in or from Gulf Federal waters would be zero.

NMFS expects the recreational fixed-closed season to reduce the recreational harvest of Other SWG consistent with the reduction in the stock complex ACL. The framework action describes the method used to determine the closed season, which is based on a July 1 opening date and the predicted number of fishing days the recreational sector would need to harvest the amount of the stock complex ACL not allocated to the commercial IFQ program. NMFS is implementing the July 1 open date as recommended by the Council to provide some access during the summer, but prevent harvest in June when historical landings have been the greatest and prevent overlap with the start of the Federal for-hire red snapper season when angler effort is very high. NMFS expects the fixed-closed season to result in substantially reduced effort and harvest by the recreational sector, which would help reduce the likelihood of overfishing scamp and yellowmouth grouper.

Effective Date of This Final Rule

The effective date for this final rule is January 1, 2027, to align with the annual distribution of allocation under the Grouper-Tilefish IFQ program. In the Grouper-Tilefish IFQ program, NMFS is not able to reduce commercial quota (allocation) once it has already been distributed for a fishing year. In anticipation of the reduction of the Other SWG commercial quota in this final rule, NMFS issued a temporary rule to withhold a portion of the commercial allocation of the Other SWG complex effective on January 1, 2026 (90 FR 60016, December 23, 2025). However, because NMFS was not able to have this final rule effective by June 1, 2026, NMFS was required to distribute the withheld Other SWG allocation back to the shareholders for the 2026 fishing year. Therefore, NMFS cannot implement the commercial quota reduction in 2026. To implement the

commercial and recreational measures in this final rule at the same time all of the measures will be effective January 1, 2027.

Comments and Responses

NMFS received comments from 10 separate submitters in response to the proposed rule. Of the individual comments included by these submitters, most were in favor of the management measures contained in this final rule. NMFS thanks those in favor of the proposed rule for their comments. Several comments were outside the scope of the proposed rule and are not responded to in this final rule. These included recommendations to create more artificial reefs for reef fish spawning and habitat, reduce shark populations to allow reef fish populations to thrive, and that it is inhumane to harm fish for harvest.

Specific comments relevant to the proposed rule are summarized below and followed by NMFS' respective responses. There have been no changes to the proposed rule as a result of public comments.

Comment 1: Scamp and the rest of the species included in the Other SWG complex are plentiful. Populations go up and down naturally, and management decisions to reduce harvest are not necessary.

Response: NMFS disagrees that the Other SWG catch limit reductions are not necessary. Scamp may be plentiful in some areas, and natural fluctuations in fish populations do occur. However, scamp and the other species in the Other SWG complex are managed Gulf-wide and the most recent stock assessment (SEDAR 68) indicated that harvest of scamp and yellowmouth grouper must be reduced. The Council's SSC accepted SEDAR 68 as consistent with the best scientific information available and recommended reduced catch levels for these two stocks. The reduction of the Other SWG catch limits, in combination with the implementation of the recreational fixed closed season, is expected to reduce mortality of these species, which is necessary to prevent overfishing and promote the long-term health of the stock.

Comment 2: The recreational fixed closed season being implemented in this final rule is too long in duration and is not fair to recreational fishermen. The recreational bag limit could be reduced to extend the recreational open season.

Response: The length of the recreational fixed-closed season implemented through this final rule is based on projections of how long it would take the recreational sector to

harvest their portion of the reduced stock complex ACL. The recreational fixed-closed season of January 1 through June 30, each year, was selected so that fishermen could have the longest contiguous open season possible, while maintaining harvest at levels below the reduced stock complex ACL. In addition to the closure period being implemented in this final rule, the framework action included alternatives that would have opened the season on June 1 through the rest of the fishing year and that would have closed harvest just during the summer months (June through August). Allowing harvest in June, when co-occurring species (e.g., red snapper) harvest is very high, was projected to result in comparatively high harvest levels of scamp and yellowmouth grouper and, therefore, fewer months in which the season would be open. Closing harvest for the summer months would have resulted in the same number of projected fishing days as opening on July 1 but would prevent harvest during the most popular months of the year. The July 1 season opening date will provide access during the summer while preventing harvest in June, when historical landings have been the greatest, and is expected to allow for the maximum number of fishing days while constraining harvest to the Other SWG recreational ACL.

NMFS and the Council did not consider, and the framework action did not analyze, alternatives that would have linked the length of the recreational closed season to a revised recreational bag limit. Therefore, it is unclear whether reducing the current bag limit for the groupers included in the Other SWG complex, which is 4 fish per person per day, would allow for a longer open season. NMFS and the Council may consider modifying the bag limit in the future if analyses indicate that a lower bag limit would allow for more fishing days.

Classification

Pursuant to section 304(b)(3) of the Magnuson-Stevens Act, the NMFS Assistant Administrator has determined that this final rule is consistent with the framework action, the FMP, other provisions of the Magnuson-Stevens Act, and other applicable law.

This final rule has been determined to be not significant for purposes of Executive Order 12866. This final rule is not an Executive Order 14192 regulatory action because this action is not significant under Executive Order 12866.

NMFS has determined that this action would 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; therefore, consultation with Tribal officials under Executive Order 13175 is not required, and the requirements of section (5)(b) and (c) of Executive Order 13175 also do not apply. A Tribal summary impact statement under section (5)(b)(2)(B) and (c)(2) of Executive Order 13175 is not required and has not been prepared.

The Magnuson-Stevens Act provides the statutory basis for this final rule. No duplicative, overlapping, or conflicting Federal rules have been identified. A description of this final rule, why it is being implemented, and the purpose of this final rule are contained in the **SUMMARY** and **SUPPLEMENTARY INFORMATION** sections of this final rule.

This final rule contains no information collection requirements under the Paperwork Reduction Act of 1995.

The Chief Counsel for Regulation of the Department of Commerce certified to the Chief Counsel for Advocacy of the Small Business Administration during the proposed rule stage that this action would not have a significant economic impact on a substantial number of small entities. The factual basis for the certification was published in the proposed rule and is not repeated here. No comments were received regarding this certification. As a result, a final regulatory flexibility analysis is not required and none was prepared.

List of Subjects in 50 CFR Part 622

Commercial, Fisheries, Fishing, Gulf, Recreational, Reef fish.

Authority: 16 U.S.C. 1801 *et seq.*
Dated: June 12, 2026.
Samuel D. Rauch III,
Deputy Assistant Administrator for Regulatory Programs, National Marine Fisheries Service.

For the reasons set out in the preamble, NMFS amends 50 CFR part 622 as follows:

PART 622—FISHERIES OF THE CARIBBEAN, GULF OF AMERICA, AND SOUTH ATLANTIC

■ 1. The authority citation for part 622 continues to read as follows:

Authority: 16 U.S.C. 1801 *et seq.*

■ 2. In § 622.34, add paragraph (h) to read as follows:

§ 622.34 Seasonal and area closures designed to protect Gulf reef fish.

* * * * *

(h) *Seasonal closure of the recreational sector for Other shallow-water grouper (Other SWG) combined (including black grouper, scamp, yellowfin grouper, and yellowmouth grouper).* The recreational sector for Other SWG in or from the Gulf EEZ is closed from January 1 through June 30, each year. During the closure, the bag and possession limits for Other SWG in or from the Gulf EEZ are zero.

■ 3. In § 622.39, revise paragraph (a)(1)(iii)(A) to read as follows:

§ 622.39 Quotas.

* * * * *

- (a) * * *
- (1) * * *
- (iii) * * *

(A) *Other SWG combined.* 245,000 lb (111,130 kg).

* * * * *

■ 4. In § 622.41, revise paragraph (c) to read as follows:

§ 622.41 Annual catch limits (ACLs), annual catch targets (ACTs), and accountability measures (AMs).

* * * * *

(c) *Other shallow-water grouper (Other SWG) combined (including black grouper, scamp, yellowfin grouper, and yellowmouth grouper)*—(1) *Commercial sector.* The IFQ program for groupers and tilefishes in the Gulf of America serves as the accountability measure for commercial Other SWG. The commercial ACT for Other SWG is equal to the applicable quota specified in § 622.39(a)(1)(iii)(A). The commercial ACL for Other SWG is 255,000 lb (115,666 kg), gutted weight.

(2) *Recreational sector.* If the sum of the commercial and recreational landings, as estimated by the SRD, exceeds the stock complex ACL specified in paragraph (c)(3) of this section, then during the following fishing year, if the sum of the commercial and recreational landings reaches or is projected to reach the applicable ACL specified in paragraph (c)(3) of this section, the AA will file a notification with the Office of the Federal Register to close the recreational sector for the remainder of that fishing year.

(3) *Stock complex ACL.* The stock complex ACL for Other SWG is 322,000 lb (146,057 kg), gutted weight.

* * * * *

[FR Doc. 2026–12175 Filed 6–16–26; 8:45 am]

BILLING CODE 3510–22–P

Proposed Rules

Federal Register

Vol. 91, No. 116

Wednesday, June 17, 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.

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 71

[Docket No. FAA-2026-6370; Airspace
Docket No. 26-AEA-9]

RIN 2120-AA66

Amendment of Class E Airspace Over Staunton, VA

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: This action proposes to amend Class E airspace over Staunton, VA. This action would expand that portion of the Staunton, VA Class E5 airspace extending to the northwest of Bridgewater Air Park from “within 1.5 miles either side of the 338° bearing from the airport extending from the 8.3-mile radius to 10 miles northwest of the airport” to “within 3.2 miles each side of the 329° bearing from the airport extending from the 8.3-mile radius to 15.2 miles northwest of the airport.”

This modification is necessary to contain Instrument Flight Rules (IFR) operations utilizing new special instrument approach procedures at Bridgewater Air Park. This action also proposes to update the geographic coordinates for Bridgewater Air Park, Bridgewater, VA in the Staunton, VA Class E5 airspace legal description.

DATES: Comments must be received on or before August 3, 2026.

ADDRESSES: Send comments identified by FAA Docket No. FAA-2026-6370 and Airspace Docket No. 26-AEA-9 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:* Docket Operations, M-30; U.S. Department of Transportation, 1200 New Jersey Avenue SE, Room W58-213, West Building, 5th Floor, Washington, DC 20590-0001.

* *Hand Delivery or Courier:* Take comments to Docket Operations in Room W58-213 of the West Building, 5th Floor at 1200 New Jersey Avenue SE, Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except for 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 W58-213 of the West Building, 5th Floor at 1200 New Jersey Avenue SE, Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except for 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, Policy Directorate, Federal Aviation Administration, 600 Independence Avenue SW, Washington DC 20597; Telephone: (202) 267-8783.

FOR FURTHER INFORMATION CONTACT: Marc Ellerbee, Operations Support Group, Eastern Service Center, Federal Aviation Administration, 1701 Columbia Avenue, College Park, GA 30337; Telephone: (404) 305-5589.

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 amend Class E airspace in Staunton, VA.

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 receives 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 edits, including any personal information the commenter provides, to www.regulations.gov, as described in the system of records notice (DOT/ALL-14 FDMS), 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 Operations office (see **ADDRESSES** section for address, phone number, and hours of operations). An informal docket may also be examined during regular business hours at the office of the Eastern Service Center, Federal Aviation Administration, Room 210, 1701 Columbia Ave., College Park, GA 30337.

Incorporation by Reference

Class E airspace designations are 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 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

This action proposes to amend 14 CFR part 71 by modifying Class E airspace over Staunton, VA. New special instrument approach procedures have been developed for Bridgewater Air Park, Bridgewater, VA. These new procedures include a new RNAV (GPS) approach to runway 15 at Bridgewater Air Park. A modification to the portion of the Staunton, VA Class E5 airspace serving Bridgewater Air Park is necessary to appropriately contain IFR operations at Bridgewater Air Park. This modification would expand that portion of the Staunton, VA Class E5 airspace extending to the northwest of Bridgewater Air Park from “within 1.5 miles either side of the 338° bearing from the airport extending from the 8.3-mile radius to 10 miles northwest of the airport” to “within 3.2 miles each side of the 329° bearing from the airport extending from the 8.3-mile radius to 15.2 miles northwest of the airport.” This modification would expand the Class E airspace to encompass IFR operations for both the new RNAV runway 15 approach and the existing RNAV runway 15 approach, which will remain in service. This action also proposes to update the geographic coordinates in the Staunton, VA Class E5 airspace legal description for Bridgewater Air Park from (Lat. 38°22′00″ N, long. 78°57′37″ W) to (Lat. 38°21′55″ N, long. 78°57′32″ W), which is five seconds of latitude and five seconds of longitude.

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, “Rulemaking and Guidance Procedure” (March 10, 2025); and (3) is expected to result in, at most, de minimis costs from compliance with applicable operating requirements or minor flight rerouting for operators choosing to navigate around the controlled airspace. Since these proposed amendments are routine and the expected impact to operators is de minimis, the FAA certifies 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.

Lists 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 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:

6005 Class E Airspace Areas Extending Upward From 700 Feet or More Above the Surface of the Earth

* * * * *

AEA VA E5 Staunton, VA [Amended]

Shenandoah Valley Regional Airport, VA (Lat. 38°15′50″ N, long. 78°53′47″ W)
Bridgewater Air Park, VA (Lat. 38°21′55″ N, long. 78°57′32″ W)

That airspace extending upward from 700 feet above the surface within a 7.6-mile radius of the Shenandoah Valley Regional Airport, and within 4 miles each side of the 218° bearing from the airport extending from the 7.6-mile radius to 16.4 miles southwest

of the airport, and within 4 miles each side of the 038° bearing from the airport extending from the 7.6-mile radius to 13.5 miles northeast of the airport, and within a 8.3-mile radius of the Bridgewater Air Park, and within 3.2 miles each side of the 329° bearing from the airport extending from the 8.3-mile radius to 15.2 miles northwest of the airport.

* * * * *

Issued in College Park, Georgia, on June 15, 2026.

Patrick Young,

*Acting Manager, Tactical Operations Team,
Eastern Service Center, Air Traffic
Organization.*

[FR Doc. 2026–12171 Filed 6–16–26; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF THE TREASURY

31 CFR Part 1

Proposed Rule for Privacy Act Exemptions

AGENCY: Departmental Offices, Department of the Treasury.

ACTION: Proposed rule.

SUMMARY: In accordance with the Privacy Act of 1974, as amended (Privacy Act), the Department of the Treasury (Treasury) gives notice of a proposed exemption for a new system of records entitled “Department of the Treasury, Treasury .032—Federal Program Waste, Fraud, and Abuse Tip Intake and Referral Records” from certain provisions of the Privacy Act. This system of records is being established to support the receipt, maintenance, review, triage, and referral of tips, complaints, allegations, leads, supporting information, and related correspondence concerning suspected waste, fraud, abuse, improper payments, misuse of Federal funds, or other misconduct affecting Federal programs. The exemption is intended to protect investigatory material compiled for law enforcement purposes.

DATES: Written comments must be received by July 17, 2026.

ADDRESSES: Comments may be submitted by any of the following methods:

- **Federal E-rulemaking Portal:** <https://www.regulations.gov>, duckett number NPRM—TREAS—DO–2026–0464. Follow the instructions for submitting comments. Electronic submission of comments allows the commenter maximum time to prepare and submit a comment and ensures timely receipt.
- **Mail:** U.S. Department of the Treasury, Attention: Ryan Law, Deputy Assistant Secretary for Privacy,

Transparency, and Records, 1500 Suite #8100, JBAB, 250 Murray Lane SW, BLDG 410/Door 123, Washington, DC 20222.

Treasury encourages comments to be submitted via <https://www.regulations.gov>. All comments submitted, including attachments and other supporting material, will be made public, including any personally identifiable or confidential business information that is included in the comment. Therefore, commenters should submit only information that they wish to make publicly available. Commenters who wish to remain anonymous should not include identifying information in their comments.

FOR FURTHER INFORMATION CONTACT: For general questions and questions regarding privacy issues, please contact: Ryan Law, Deputy Assistant Secretary for Privacy, Transparency, and Records, Department of the Treasury, 1500 Suite #8100, JBAB, 250 Murray Lane SW, BLDG 410/Door 123, Washington, DC 20222; telephone: (202) 622-5710.

SUPPLEMENTARY INFORMATION:

Background

Treasury is establishing the “Department of the Treasury, Treasury .032—Federal Program Waste, Fraud, and Abuse Tip Intake and Referral Records” system of records to support the receipt and appropriate referral of information from the public via www.fraud.gov regarding suspected waste, fraud, abuse, improper payments, misuse of Federal funds, or other misconduct affecting Federal programs.

Executive Order 14249, “Protecting America’s Bank Account Against Fraud, Waste, and Abuse,” states that it is the policy of the United States to defend against financial fraud and improper payments and directs Treasury-related activity to support fraud prevention and payment integrity. Executive Order 14395, “Establishing the Task Force To Eliminate Fraud,” directs a comprehensive national strategy to stop fraud, waste, and abuse in Federal benefit programs and includes Treasury, the Department of Justice, inspectors general, and other agencies in coordinated anti-fraud work.

Treasury intends to receive and maintain tips, complaints, allegations, referrals, supporting information, and related correspondence submitted by members of the public, Federal agencies, law enforcement entities, contractors, and grant recipients concerning suspected fraud, waste, abuse, improper payments, misuse of Federal funds, and related misconduct

affecting Federal programs. Treasury will review, assess, validate, categorize, de-duplicate, triage, and refer such information to appropriate Federal agencies, Offices of Inspector General, law enforcement agencies, or other authorized entities in support of fraud detection, investigative, enforcement, and recovery activities. Treasury’s review and referral activities are intended to facilitate the coordination and referral of matters that may warrant further review, investigation, enforcement action, or recovery efforts by authorized governmental entities.

To the extent that records maintained within this system constitute investigatory material compiled for law enforcement purposes, including information supporting investigative, enforcement, and fraud-detection activities conducted by authorized agencies, such records may be exempt from certain provisions of the Privacy Act pursuant to 5 U.S.C. 552a(k)(2).

In a notice published elsewhere in the **Federal Register**, Treasury is proposing to establish a system of records for information collected and maintained in connection with Federal Program Waste, Fraud, and Abuse Tip Intake and Referral Records.

Privacy Act

Treasury is hereby giving notice of a proposed rule to exempt the Federal Program Waste, Fraud, and Abuse Tip Intake and Referral Records system from certain provisions of the Privacy Act pursuant to 5 U.S.C. 552a(k)(2) and the authority vested in the Secretary of the Treasury by 31 CFR 1.23(c).

Under 5 U.S.C. 552a(k)(2), the head of a Federal agency may promulgate rules to exempt a system of records from certain provisions of 5 U.S.C. 552a if the system of records contains investigatory material compiled for law enforcement purposes that are not within the scope of subsection (j)(2) of the Privacy Act (which applies to agencies and components thereof that perform as their principal function any activity pertaining to the enforcement of criminal laws).

To the extent that this system of records contains investigatory materials compiled for law enforcement purposes protected by 5 U.S.C. 552a(k)(2), Treasury proposes to exempt the following system of records from various provisions of the Privacy Act:

Treasury .032—Federal Program Waste, Fraud, and Abuse Tip Intake and Referral Records.

Under 5 U.S.C. 552a(k)(2), Treasury proposes that certain records in the above-referenced system of records be exempt from 5 U.S.C. 552a(c)(3), (d),

(e)(1), (e)(4)(G), (H), and (I), and (f) of the Privacy Act. See 31 CFR 1.36.

The following are the reasons why investigatory materials contained in the above-referenced system of records may be exempted from various provisions of the Privacy Act pursuant to 5 U.S.C. 552a(k)(2).

(1) 5 U.S.C. 552a(c)(3) requires an agency to make any accounting of disclosures of records required by 5 U.S.C. 552a(c)(1) available to the individual named in the record upon his or her request. Exemption from this requirement is appropriate because release of the accounting of disclosures could alert individuals that they are the subject of a tip, complaint, allegation, referral, inquiry, or law enforcement-related review or analysis. Disclosure of the accounting could reveal the existence, scope, nature, or status of an inquiry or referral and could impede law enforcement or program-integrity efforts by allowing individuals to evade detection, influence witnesses, alter conduct, destroy evidence, fabricate information, or otherwise interfere with lawful investigative, enforcement, or recovery activities.

(2) 5 U.S.C. 552a(d) grants individuals access to records containing information about them and permits them to request amendment of records pertaining to them. Exemption from these requirements is appropriate because access to or amendment of records contained in this system could reveal the existence, nature, scope, or status of investigatory or law enforcement-related materials and could interfere with ongoing or prospective investigations, activities, recovery efforts, or other law enforcement purposes. Providing access or permitting amendment could enable subjects of tips or investigations to avoid detection, intimidate or influence witnesses, destroy evidence, conceal assets, coordinate testimony, or otherwise impede lawful activities. In addition, investigatory material may include information obtained from third parties or other agencies, the disclosure of which could compromise confidentiality, investigative techniques, or sensitive law enforcement information.

(3) 5 U.S.C. 552a(e)(1) requires an agency to maintain only such information about an individual as is relevant and necessary to accomplish a purpose required by statute or executive order. Exemption from this requirement is appropriate because, during the receipt, assessment, triage, referral, and review of tips and allegations, Treasury may obtain information whose relevance or accuracy is not immediately apparent. In the interests of

effective fraud prevention, payment integrity, law enforcement coordination and program-integrity activities, it is appropriate to retain information that may aid in identifying patterns, relationships, schemes, trends, or other indicators relevant to suspected waste, fraud, abuse, improper payments, or related misconduct.

(4) 5 U.S.C. 552a(e)(4)(G), (H), and (I) and 5 U.S.C. 552a(f) require an agency to publish procedures whereby individuals can determine whether a system contains records pertaining to them, gain access to such records, contest their contents, and identify categories of sources of records in the system. Exemption from these requirements is appropriate because this system is exempt from the access and amendment provisions of subsection (d). Publication of such procedures could undermine the purpose of the exemption by revealing investigatory interests, law enforcement-sensitive information, or the existence of ongoing referral or investigatory activities.

Any records from another Treasury system of records or another Executive Branch agency's system of records for which an exemption is claimed under 5 U.S.C. 552a(j) or (k) that may also be included in this system of records retain the same exempt status as such records have in the system for which the exemption is claimed.

Regulatory Analysis

This proposed rule is not a "significant regulatory action" under Executive Order 12866.

Pursuant to the requirements of the Regulatory Flexibility Act (RFA), 5 U.S.C. 601 *et seq.*, it is hereby certified that this proposed rule will not have a significant economic impact on a substantial number of small entities. This proposed rule, issued pursuant to 5 U.S.C. 552a(k)(2), is to exempt certain information maintained by Treasury in the above-referenced system of records from certain provisions of the Privacy Act. Small entities, as defined in the RFA, are not provided rights under the Privacy Act and are outside the scope of this regulation.

List of Subjects

31 CFR Part 1

- Courts
- Freedom of Information
- Government Employees
- Privacy

For the reasons stated in the preamble, part 1 of title 31 of the Code of Federal Regulations is proposed to be amended as follows:

PART 1—DISCLOSURE OF RECORDS

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

Authority: 5 U.S.C. 301, 552, 552a, 553; 31 U.S.C. 301, 321; 31 U.S.C. 3717.

■ 2. Amend § 1.36 by adding, in alphanumeric order, an entry for "Treasury .032—Federal Program Waste, Fraud, and Abuse Tip Intake and Referral Records" in table 1 to paragraph (c)(1)(i) to read as follows:

§ 1.36 Systems exempt in whole or in part from provisions of the Privacy Act and this part.

(c) * * *
(1) * * *
(i) * * *

No. Name of System

Treasury .032 Federal Program Waste, Fraud, and Abuse Tip Intake and Referral Records.

Ryan Law,

Deputy Assistant Secretary for Privacy, Transparency, and Records.

[FR Doc. 2026–12148 Filed 6–16–26; 8:45 am]

BILLING CODE 4810-AK-P

FEDERAL COMMUNICATIONS COMMISSION

47 CFR Part 64

[WC Docket Nos. 23–62, 12–375; DA 26–567; FR ID 351146]

Wireline Competition Bureau and Office of Economics and Analytics Seek Comment on Proposed 2026 Mandatory Data Collection for Incarcerated People's Communications Services

AGENCY: Federal Communications Commission.

ACTION: Proposed rule.

SUMMARY: In this document, the Wireline Competition Bureau (WCB) and the Office of Economics and Analytics (OEA) of the Federal Communications Commission (Commission) seek comment on the contours and specific requirements of the proposed 2026 Mandatory Data Collection for incarcerated people's communications services (IPCS). Consistent with the Commission's direction, in this document, we seek comment on proposals to modify the Commission's previous data collection to obtain data and information necessary for the Commission to set permanent rate caps for audio and video ICPS and, to the extent practicable, lessen the reporting burdens on ICPS providers.

DATES: Comments are due on or before July 17, 2026. Reply comments are due on or before August 3, 2026.

ADDRESSES: Pursuant to §§ 1.415 and 1.419 of the Commission's rules, 47 CFR 1.415, 1.419, interested parties may file comments and reply comments on or before the dates indicated in the **DATES** section of this document. All filings must refer to WC Docket Nos. 23–62 and 12–375. Comments may be filed using the Commission's Electronic Comment Filing System (ECFS).

- **Electronic Filers:** Comments may be filed electronically using the internet by accessing the ECFS: <https://www.fcc.gov/ecfs>. See *Electronic Filing of Documents in Rulemaking Proceedings*, 63 FR 24121 (1998).

- **Paper Filers:** Parties who choose to file by paper must file an original and one copy of each filing.

- Filings can be sent by hand or messenger delivery, by commercial courier, or by the U.S. Postal Service. All filings must be addressed to the Secretary, Federal Communications Commission.

- Hand-delivered or messenger-delivered paper filings for the Commission's Secretary are accepted between 8:00 a.m. and 4:00 p.m. by the FCC's mailing contractor at 9050 Junction Drive, Annapolis Junction, MD 20701. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes and boxes must be disposed of before entering the building.

- Commercial courier deliveries (any deliveries not by the U.S. Postal Service) must be sent to 9050 Junction Drive, Annapolis Junction, MD 20701.

- Filings sent by U.S. Postal Service First-Class Mail, Priority Mail, and Priority Mail Express must be sent to 45 L Street NE, Washington, DC 20554.

- **People with Disabilities:** To request materials in accessible formats for people with disabilities (braille, large print, electronic files, audio format), send an email to fcc504@fcc.gov or call the Consumer & Governmental Affairs Bureau at 202–418–0530.

FOR FURTHER INFORMATION CONTACT: Wireline Competition Bureau, Pricing Policy Division, at IPCS@fcc.gov.

SUPPLEMENTARY INFORMATION: This is a summary of the Commission's document (Public Notice), in WC Docket Nos. 23–62 and 12–375, DA 26–567, released on June 8, 2026. The full text of this document is available on the Commission's Electronic Comment Filing System (ECFS) website at www.fcc.gov/ecfs. The full text of this document is also available at the following internet address at [https://](https://www.fcc.gov/ecfs)

docs.fcc.gov/public/attachments/DA-26-567A1.pdf.

Paperwork Reduction Act: This document contains proposed new or revised information collection requirements. The Commission, as part of its continuing effort to reduce paperwork burdens, invites the general public and the Office of Management and Budget (OMB) to comment on the information collection requirements contained in this document, as required by the Paperwork Reduction Act of 1995, Public Law 104–13. In addition, pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107–198, see 44 U.S.C. 3506(c)(4), we seek specific comment on how we might further reduce the information collection burden for small business concerns with fewer than 25 employees.

Providing Accountability Through Transparency Act. Consistent with the Providing Accountability Through Transparency Act, Public Law 118–9, a summary of this Public Notice will be available on <https://www.fcc.gov/proposed-rulemakings>.

Synopsis

I. Introduction

By this Public Notice, the Wireline Competition Bureau (WCB) and the Office of Economics and Analytics (OEA) (collectively, WCB/OEA) seek comment on the contours and specific requirements of the proposed 2026 Mandatory Data Collection for incarcerated people’s communications services (IPCS). In the *2025 IPCS Order*, the Commission reaffirmed the prior delegation of authority in the *2024 IPCS Order* to WCB/OEA to conduct an additional IPCS data collection. In the *2025 IPCS Order*, the Commission directed WCB/OEA to “make any appropriate modifications to the structure of the collection and the template and instructions for the collection necessary to provide the Commission an objective basis to establish permanent IPCS rate caps” consistent with section 276 of the Communications Act of 1934, as amended (the Communications Act) and the Martha Wright-Reed Act.

Consistent with the Commission’s direction, in this Public Notice we seek comment on proposals to modify the Commission’s previous data collection to obtain data and information necessary for the Commission to set permanent audio and video IPCS rate caps and, to the extent practicable, lessen the reporting burdens on IPCS providers. In particular, we seek comment on ways to streamline reporting requirements, refine data

categories, and eliminate unnecessary or duplicative data fields, while preserving the Commission’s ability to obtain sufficiently detailed and reliable information for ratemaking.

In seeking comment on our proposals for the 2026 Mandatory Data Collection, we do not seek additional comment on the questions and other issues previously raised in the *2025 IPCS Notice*. Thus, comments in response to this Public Notice need not include advocacy regarding issues raised in the *2025 IPCS Notice*.

II. Proposed Data Collection

A. Streamlining the Data Collection

Pursuant to our delegated authority, we propose updated instructions, templates, and a certification form for the proposed 2026 Mandatory Data Collection. The proposed instructions and templates are posted on the Commission’s website. The templates consist of a Word document and Excel spreadsheets. We refer to these respective templates as the Word template and the Excel template. We seek comment on all aspects of the proposed data collection. Does it seek all the information the Commission will need to establish a compensation plan ensuring that IPCS rates and charges are just and reasonable and that IPCS providers are fairly compensated as required by section 276 of the Communications Act and the Martha Wright-Reed Act? If not, what steps should we take to improve the proposed documents?

We seek comment on retaining the overall structure of the 2023 Mandatory Data Collection, while streamlining and reducing reporting burdens. Commenters to the *2025 IPCS Notice* recommend that the Commission “simplify cost reporting and reject the view of many advocates that creating ever more disaggregated cost categories will improve data quality.” Securus explains that “[t]he purpose of a mandatory data collection for ratemaking should focus on data that will be used and pertinent to that function, and the Commission should avoid mission creep in the collection to gather extraneous and tangential information.” Securus additionally suggests that “the mandatory data collection has been expanded to collect increasingly granular data for the purpose of better ‘understanding’ the IPCS industry, although this information never appears to be used by the Commission.”

In response to these concerns, we propose to reduce arguably unnecessary complexity in our data collection. Are

there aspects of the collection that are unlikely to yield meaningful benefits for ratemaking, and should they be eliminated? First, given that the Commission no longer allows separate charges for ancillary services, and has instead included those costs in its rate caps, we propose to eliminate the separate collection of data on ancillary service costs, but to retain and refine reporting of the costs and demand for IPCS-related payment processing services to enable the Commission to evaluate and address certain providers’ assertions regarding the appropriate recovery of such costs, including a recommendation by ViaPath that the Commission consider allowing “IPCS providers to impose a specific percentage for payment card processing, such as 3% or 4% of the payment amount.” We propose to eliminate most site commission reporting given the Commission’s prohibition on the payment of such commissions. We also propose to simplify the reporting of minutes of use and other operational data by eliminating the requirement that providers specify the jurisdictional nature of their traffic, and to remove reporting requirements for non-IPCS affiliates of IPCS providers. Additionally, we propose to no longer require providers to allocate company-wide costs to certain service categories, including ancillary services. Finally, we propose to no longer seek data from providers on the costs facilities incur in making IPCS available to their populations. We seek comment on this approach, and whether these efforts to streamline the collection will strike the right balance between appropriately simplifying reporting burdens and ensuring the Commission continues to have access to the data necessary for ratemaking purposes. Are there other reporting requirements remaining in the proposed instructions and templates that we should consider removing? If so, what are those requirements and why? Are there modifications that would facilitate smaller providers’ compliance with the proposed collection that would still allow the Commission to set generally applicable rate caps? Do commenters believe the Commission should retain any of the proposed streamlined data requests? If so, which ones and why?

B. Targeted Modifications

Beyond proposing to eliminate certain broader reporting categories, we seek comment on eliminating or significantly reducing other aspects of the previous data collection, particularly aspects that did not yield significant usable data for ratesetting purposes. For example, we

seek comment on eliminating a series of optional reporting categories for which the Commission received little data in the 2023 Mandatory Data Collection and that significantly streamline our instructions, including: the option to report separate audio and video ancillary services data; the option to report separate interstate/international and intrastate IPCS allocations and adjustments, and the option to report and support an alternative Weighted Average Cost of Capital. Additionally, we also seek comment on removing requirements to report geographic coordinates for each facility, as those requirements were arguably redundant of facility street addresses and, as we have previously noted, “[c]ollecting this granular information once . . . eliminates the need to repeatedly enter such detailed information” and reduces respondents’ burden. Similarly, we propose not to seek certain facility-specific customer demand data that the Commission previously sought in the 2023 Mandatory Data Collection. This includes declining to require reporting concerning the total number of IPCS accounts opened, the total number of IPCS accounts closed, the optional reporting of total admissions, and the optional reporting of weekly turnover rate, in addition to streamlined requests for IPCS-related Payment Processing data and IPCS Billed Revenues data. Are there other targeted reporting requirements remaining in the proposed instructions and templates that we should consider removing? If so, what are those requirements and why?

Reporting Period. We seek comment on limiting the reporting period for the forthcoming data collection to calendar year 2025 data. The Commission took a similar approach in the 2023 Mandatory Data Collection, which limited the scope of the data collection to calendar year 2022 data on the theory that those data would “provide the most pertinent and the best indicator of relevant costs.” We believe the same to be true here and seek comment on this view. Does our proposed approach properly balance the need for the Commission to obtain relevant cost data for purposes of setting permanent IPCS rate caps against the burdens providers would encounter in reporting information for years prior to 2025? Why or why not?

Definitions. The proposed instructions omit certain terms the Commission previously defined in the 2023 Mandatory Data Collection, and contain some proposed revised definitions reflecting our efforts to streamline the data collection effort. For example, we have removed twenty definitions that were included in the

2023 Mandatory Data Collection instructions. We seek comment on these proposed definitions. Are they sufficiently clear? If not, how should they be modified? Are there any terms that should be added to the proposed instructions that would assist filers in furnishing the Commission with the relevant data? If so, what are they and how should they be defined? Should any proposed definitions be removed?

Cost Categories and Allocation.

Consistent with the approach taken in the 2023 Mandatory Data Collection, we seek comment on requiring providers to report information at the company-wide and facility levels and by various categories of investments and expenses. We seek comment on requiring IPCS providers to report total company investments, capital expenses, operating expenses, and revenues. We also seek comment on requiring providers to allocate their data among certain service categories. In particular, we propose to require providers to allocate investments and expenses among audio IPCS, video IPCS, safety and security measures, IPCS-related payment processing services, and other products and services. This would be a significant reduction in service categories from the 2023 Mandatory Data Collection, which required providers to allocate their data across ten categories of service.

Our proposed cost allocation instructions largely mirror the instructions from the 2023 Mandatory Data Collection. What refinements, if any, should we make to our proposed cost allocation methodology? Are the cost allocation procedures set forth in the proposed instructions sufficient to enable IPCS providers to allocate costs down to the facility level and, if not, what additional procedures should we require? Is there an alternative methodology that would better ensure that providers allocate their costs in a manner consistent with how they are incurred? If so, what is that methodology and why would it produce more accurate results than the proposed method? For example, the proposed data collection continues to direct providers to allocate their costs between IPCS and other products and services. Would seeking more targeted usage data for tablets simplify the Commission’s efforts to distinguish between IPCS uses and non-IPCS uses? For example, one provider has encouraged us to collect “total minutes [of use] on tablets” including minutes used for “unregulated services (paid content, messaging, etc.)” as a method to allocate tablet costs between regulated and non-regulated uses. Also, are there

alternative cost allocation methodologies that would be more conducive for smaller providers, given their claims of less detailed internal accounting processes, that would still enable the Commission to calculate generally applicable cost-based rate caps? Would the benefits of an alternative methodology justify the costs?

We seek comment on several recommendations Securus makes regarding cost reporting and allocation. Broadly, Securus argues that “the cost categories in previous data collections bear little to no resemblance to how providers account for and track costs in the real world.” In particular, Securus argues that the different cost categories the Commission uses “require[] providers to undergo hugely expensive and time-consuming artificial cost allocation exercises” while the Commission “makes no use of the vast majority of those categories when finalizing rate cap calculations.” Securus therefore recommends consolidating cost categories for capital assets, capital expenses, and operating expenses. With regard to capital assets, Securus notes that the Commission “requires providers to allocate gross investment and accumulated depreciation/amortization for each facility across seven different capital assets.” Securus recommends removal of these capital asset subcategories and suggests we instead allow providers to “report a single ‘Gross Investment’ and ‘Accumulated Depreciation/Amortization’ total.” For the same reasons, Securus also recommends consolidating “capital expenses into a single yearly depreciation/amortization expense.” Finally, with regard to operating expenses, Securus again recommends allowing providers to “report a single operating expense total” to reduce reporting burdens. We invite comment on these proposals. Securus argues that “[n]one of the consolidations proposed diminish the accuracy of reported data” and that by simplifying reporting requirements, “data quality likely would improve as providers need only report asset and expense totals much more readily available from their internal accounting processes and will result in more consistent aggregate totals as the variation between providers in intra-category allocations would no longer be a source of potential reporting differences.” Do commenters agree? Why or why not? We request that commenters include specific edits to the draft template documents to reflect proposed changes.

Ancillary Service Charges and IPCS-Related Payment Processing Services.

Since the Commission's rules prohibit ancillary service charges, we propose to eliminate reporting for the categories of ancillary services previously included in the 2023 Mandatory Data Collection and instead propose to require providers to report company-wide data regarding IPCS-related payment processing services, which we propose to define to mean "any service, including fraud detection, provided by a Third Party to process a Customer's financial transaction for which the Provider pays a fee." We also propose that this term include fees associated with chargeback amounts but exclude the chargeback amounts themselves in order to identify the fees providers incur to process financial transactions. In addition, the draft instructions propose steps for providers to follow in allocating IPCS-related payment processing services. We seek comment on this approach and, in particular, on our proposed definition and the relevant cost allocation instructions.

We also propose new Word template questions regarding IPCS-related payment processing services, including requiring providers to identify the third party payment processors used and the total amount paid to each. We seek comment on these proposed questions. Are there other questions we should ask to help the Commission understand how providers incur costs in processing financial transactions using third parties? If so, what questions do commenters suggest? We note that in proposing revisions to the reporting of ancillary service charges in the 2026 Mandatory Data Collection, we make no findings regarding the broader issue on which the Commission sought comment in the 2025 *IPCS Notice* as to whether certain ancillary service charges should be reinstated or whether the current prohibition on ancillary service charges should be retained.

IPCS Provider Payments to Correctional Facilities for Used and Useful IPCS Costs. To assist the Commission in determining how to structure possible rate additives to account for used and useful correctional facility costs, we seek comment on requiring IPCS providers to report their payments to correctional facilities. In the 2024 *IPCS Order*, the Commission permitted IPCS providers to negotiate reimbursement of such costs with correctional facilities. As part of the interim reforms adopted in the 2025 *IPCS Order*, the Commission adopted an interim facility cost rate additive of up to \$0.02 per minute to account for the used and useful costs correctional facilities incur in allowing access to IPCS. This interim additive currently

applies to all facility types and size tiers. In the 2025 *IPCS Notice*, the Commission sought comment on how it should structure permanent rate additives to account for correctional facility costs, including whether to adopt additives that vary by correctional facility size. To assist in the Commission's consideration of this issue, we seek comment on requiring IPCS providers to report total monetary and total in-kind payments to correctional facilities for used and useful IPCS costs paid during the reporting period. We seek comment on this approach and whether and how the resulting data will assist the Commission in considering rate additives to account for used and useful correctional facility costs. In particular, we seek comment on what, if any, additional information the Commission should collect to verify that the reported costs are for used and useful costs. Are there other data the Commission should collect that would assist it in determining how to structure possible, permanent rate additives and that would reasonably be in the possession of IPCS providers? If so, what are those data and how should the Commission collect them?

Safety and Security Measures. We seek comment on using a measure-based approach to reporting safety and security measures that allows for the collection of more granular data, consistent with the 2025 *IPCS Order*, while giving providers the flexibility to report their safety and security measures as they offer them rather than requiring them to allocate the costs of those measures to predetermined categories. In the 2023 Mandatory Data Collection, the Commission collected category-based information concerning safety and security services offered by IPCS providers to facilitate the Commission's consideration of safety and security measures. The Commission structured reporting of safety and security expenses by requiring providers to allocate their expenses across seven different cost categories. This approach produced imperfect data for purposes of ratemaking for at least two reasons. First, as the Commission acknowledged, "the categories of safety and security costs in the 2023 Mandatory Data Collection [were] imprecise." This meant that safety and security costs "could be allocated among different security categories or functions in many ways." Second, and relatedly, providers' allocations of their safety and security costs were "at times inexact among these categories."

Notwithstanding these imperfections, in the 2024 *IPCS Order*, the Commission

evaluated the seven categories "based on the nature of the preponderance of tasks or functions within each category," and excluded five of the seven categories of safety and security costs from its ratemaking calculations. The record developed following the 2024 *IPCS Order* showed that the Commission's treatment of safety and security costs had "unintended consequences" on "providers, correctional facilities, and ultimately consumers." Upon reevaluation, the Commission found that "[t]he data collection results fell short of capturing the manner in which individual safety and security measures were used in the provision of IPCS" and further explained that "the method of data collection and providers' allocations in response to the collection, together impaired the Commission's ability to assess the effect of excluding certain safety and security costs." For these reasons, in the 2025 *IPCS Order* the Commission took the interim step of reincorporating the five excluded cost categories into the lower bounds of the zones of reasonableness and calculating new interim audio and video IPCS rate caps accordingly. In the 2025 *IPCS Notice*, the Commission sought comment on "the relevant safety and security data and information necessary to set permanent IPCS audio and video rate caps," and whether the categories used previously should be adjusted. The Commission noted that "more specific, discrete, and granular cost data and operational information would assist the Commission in more reliably analyzing the costs and uses of reported safety and security measures."

Considering the foregoing and the language of the Martha Wright-Reed Act, we seek comment on requiring providers to take a measure-based approach to reporting their safety and security measures. Specifically, we seek comment on requiring providers to identify each discrete safety and security measure they offer, attribute that measure to one or more of the Commission's seven safety and security measure categories, and to allocate investments and expenses for that measure among audio IPCS, video IPCS, and other products and services. In the Word template, we seek comment on requiring providers to identify and describe each measure and optionally describe their allocation approach.

We believe that this approach would offer several benefits over the Commission's prior approach and seek comment on these views. First, we believe this approach would significantly reduce reporting burdens, particularly for smaller providers,

because providers would not be required to allocate costs by category or by facility. Second, we believe this approach would afford IPCS providers greater flexibility in reporting their safety and security measures as they are actually offered rather than forcing providers to allocate their costs according to the categories the Commission used previously. Under this approach, providers would need only associate each safety and security measure they offer with the relevant Commission category or categories, which we believe appropriately recognizes the fact that certain safety and security measures can be attributed to more than one category. Therefore, we believe the focus on “specific safety and security functionalities” will “better capture provider cost allocation.” And third, we believe, consistent with the *2025 IPCS Order*, that the measure-based approach would provide more granular data to better inform the Commission’s determination of rate caps, because providers would be reporting on each safety and security measure they offer, rather than subsuming their measure-based data under the Commission’s categories as was done in the 2023 Mandatory Data Collection. We invite comment on these views. Would a measure-based approach produce sufficient data to enable the Commission to establish permanent audio and video IPCS rates? Why or why not? Is there an alternative approach we should consider that would yield the granular data the Commission indicated was necessary in the *2025 IPCS Order*? If so, what is that approach?

Some commenters ask the Commission to revise its approach to collecting safety and security cost data by eliminating the categories the Commission previously established altogether. We seek comment on whether the Commission should do so. However, we also note the measure-based approach we seek comment on above maintains the categories the Commission used previously but repurposes and deemphasizes them. The categories no longer form the basis of the cost allocation for safety and security measures. Providers need not allocate their costs according to the categories, which commenters have criticized. Instead, providers would allocate investments and expenses for each safety and security measure they offer to audio IPCS, video IPCS, and other products and services. We believe that the use of the Commission’s categories in this way alleviates, to a large extent, commenter concerns about

the viability of the Commission’s previous categorical approach while still providing the Commission with less burdensome category-based data to consider safety and security costs to enable comparisons to previously collected data. We seek comment on this view. Worth Rises suggests that discarding the Commission’s prior approach to the collection of safety and security costs is “flatly contrary to the Martha Wright-Reed Act.” They suggest that “[a]s a matter of law, the Martha Wright-Reed Act *requires* separate consideration of safety and security costs.” We seek comment on this argument, including whether collecting measure-based safety and security cost data satisfies the Martha Wright-Reed Act.

Finally, we seek comment on other alternative recommendations for the collection of even more granular data on safety and security costs than we propose above. Worth Rises argues that “the Commission should continue to use the top-level framework embodied in the seven categories used in the 2023 mandatory data collection, with the addition of more granular sub-categories that will allow the Commission to distinguish among various security and surveillance services for purposes of rate-setting.” And the Wright Petitioners make various recommendations regarding the collection of safety and security cost data. For example, they recommend that the Commission standardize the allocation of safety and security costs across services, including by requiring providers to identify, for each category, “the underlying activities supported and the percentage of those costs attributable to audio IPCS, video IPCS, and non-IPCS services, and law enforcement.” They also recommend supplementing narrative reporting “with targeted documentation and verification requirements.” We seek comment on these proposals.

Site Commissions. We propose to significantly reduce reporting of site commission data given the Commission’s prohibition on the payment of site commissions associated with IPCS, which became effective industry-wide pursuant to the *2025 IPCS Order* as of April 6, 2026. Specifically, we propose to eliminate separate reporting for most 2025 site commissions at the company-wide level and the facility-specific level and to eliminate the need to distinguish between fixed and variable site commissions. As Securus notes, “[t]here is no longer a need to list site commission payments as those are now prohibited.” We tentatively agree and seek comment on this belief. However,

we propose to require reporting of certain 2025 site commission information to ensure that the Commission can properly isolate those costs in its ratemaking calculations given the recently effective prohibition on the payment of site commissions associated with IPCS. Thus, we propose to require providers to report total IPCS- and non-IPCS-related site commissions, including total IPCS-related monetary site commissions and total IPCS-related in-kind site commissions. We seek comment on this approach. Are there specific changes we should consider for site commission data that would further reduce reporting burdens for providers while at the same time ensuring that these costs can be properly excluded from the Commission’s ratemaking calculations going forward? If so, what changes do commenters suggest and why?

We seek comment on other aspects of the proposed 2026 Mandatory Data Collection. Beyond the proposed modifications previously discussed, the attached instructions and reporting templates propose other modifications of the data collection that are not specifically addressed below. We seek comment on all aspects of the proposed instructions and reporting templates, including proposals that we do not specifically identify in this Public Notice, and the benefits and burdens thereof.

C. Reporting Template

As with the 2023 Mandatory Data Collection, we propose to require providers to submit the requisite data using reporting templates, to be filed through the Commission’s Electronic Comment Filing System (ECFS). Do commenters suggest alternative reporting or submission methods? The proposed templates consist of a Word document (Appendix A to the instructions) for responses requiring narrative information and Excel spreadsheets (Appendix B to the instructions) for responses that require numeric or other information. We seek suggestions for improvements we can make to the templates beyond those previously discussed. Is there an alternative template organization that would reduce any perceived burdens, without compromising the reliability and accuracy of the data we are able to collect? Are there other organizational or substantive improvements we can make to the reporting templates? Do any questions require clarification?

D. Timeframe for Provider Responses to the Data Collection

We propose to require providers to submit data collection responses within 90 days of the release of an order on delegated authority adopting the collection. The delegation of authority in the *2024 IPCS Order*, reaffirmed by the Commission in the *2025 IPCS Order*, directed WCB/OEA to determine the timing of the data collection, “provided that such collection shall be conducted as soon as practicable.” As the Commission said, “[g]iven the time that has elapsed since the most recent mandatory data collection, the evolution of the market in the interim, and the importance of establishing permanent IPCS rate caps,” we find that requiring IPCS providers to submit data collection responses within 90 days of the release of an order approving the collection would not be unduly burdensome, particularly considering our proposals to streamline and simplify certain reporting requirements. Additionally, providers have been on notice since the adoption of the *2025 IPCS Order* that there would be another mandatory data collection and should be generally familiar with what that entails, particularly given our use of the 2023 Mandatory Data Collection structure as the basis for this collection. Do commenters agree with this timeframe? Would it afford providers sufficient time to prepare and submit their responses while also allowing the Commission to timely analyze the data and inform its ratemaking and policy decisions within a reasonable timeframe? Why or why not? Should we instead consider a shorter, or longer, timeframe for providers to respond to the data collection? If so, what timeframe do commenters propose and why?

III. Procedural Matters

Comments and reply comments must include a short and concise summary of the substantive arguments raised in the pleading. Comments and reply comments must also comply with § 1.49 and all other applicable sections of the Commission’s rules. We direct all interested parties to include the name of the filing party and the date of the filing on each page of their comments and reply comments. All parties are encouraged to use a table of contents, regardless of the length of their submission. We also strongly encourage parties to track the organization set forth in this Public Notice to facilitate our internal review process.

Ex Parte Presentations. This proceeding shall be treated as a “permit-but-disclose” proceeding in accordance

with the Commission’s *ex parte* rules. Persons making *ex parte* presentations must file a copy of any written presentation or a memorandum summarizing any oral presentation within two business days after the presentation (unless a different deadline applicable to the Sunshine period applies). Persons making oral *ex parte* presentations are reminded that memoranda summarizing the presentation must (1) list all persons attending or otherwise participating in the meeting at which the *ex parte* presentation was made, and (2) summarize all data presented and arguments made during the presentation. If the presentation consisted in whole or in part of the presentation of data or arguments already reflected in the presenter’s written comments, memoranda, or other filings in the proceeding, the presenter may provide citations to such data or arguments in the prior comments, memoranda, or other filings (specifying the relevant page and/or paragraph numbers where such data or arguments can be found) in lieu of summarizing them in the memorandum. Documents shown or given to Commission staff during *ex parte* meetings are deemed to be written *ex parte* presentations and must be filed consistent with § 1.1206(b) of the Commission’s rules. Participants in this proceeding should familiarize themselves with the Commission’s *ex parte* rules.

Supplemental Initial Regulatory Flexibility Analysis. As required by the Regulatory Flexibility Act, we have prepared a Supplemental Initial Regulatory Flexibility Analysis (Supplemental IRFA) of the possible significant economic impact on small entities by the policies and rules proposed in the Public Notice. The Supplemental IRFA is set forth in section IV below. The Commission requests written public comments on the Supplemental IRFA. Comments must be identified as responses to the Supplemental IRFA and must be filed by the deadlines for comments provided in this Public Notice. The Commission will send a copy of this Public Notice, including the Supplemental IRFA, to the Chief Counsel for Advocacy of the Small Business Administration. In addition, summaries of this Public Notice and the Supplemental IRFA will be published in the **Federal Register**.

Initial Paperwork Reduction Act Analysis. The Public Notice, and the attached instructions and templates, contain new or modified information collection requirements subject to the Paperwork Reduction Act of 1995 (PRA), Public Law 104–13. It will be

submitted to the OMB for review under section 3507(d) of the PRA. The OMB, the general public, and other federal agencies are invited to comment on the new or modified information collection requirements contained in this proceeding. Contemporaneously with the publication of this Public Notice in the **Federal Register**, we will publish a notice in the **Federal Register** seeking comment pursuant to the PRA on the information collection requirements for the proposed 2026 Mandatory Data Collection. We will consider comments submitted in response to both **Federal Register** notices in finalizing this information collection for submission to OMB. In addition, we note that pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107–198; *see* 44 U.S.C. 3506(4), we seek comment on how the Commission will further reduce the information collection burden for small business concerns with fewer than 25 employees.

IV. Supplemental Regulatory Flexibility Analysis

As required by the Regulatory Flexibility Act of 1980, as amended (RFA), the Wireline Competition Bureau (WCB) and the Office of Economics and Analytics (OEA) (collectively, WCB/OEA) have prepared this Supplemental Initial Regulatory Flexibility Analysis (Supplemental IRFA) of the policies and rules proposed in the Public Notice assessing the possible significant economic impact on a substantial number of small entities. We request written public comments on this Supplemental IRFA. Comments must be identified as responses to the Supplemental IRFA and must be filed by the deadlines for comments specified on the first page of the Public Notice. The Commission will send a copy of the Public Notice, including this Supplemental IRFA, to the Chief Counsel for the Small Business Administration (SBA) Office of Advocacy. In addition, the Public Notice and Supplemental IRFA (or summaries thereof) will be published in the **Federal Register**.

A. Need for, and Objectives of, the Proposed Rules

In this Public Notice, WCB/OEA seek comment on the contours and specific requirements of the proposed 2026 Mandatory Data Collection for incarcerated people’s communications services (IPCS). In issuing this Public Notice, we act pursuant to the Commission’s delegation of authority in the *2024 IPCS Order*, which the Commission reaffirmed in the *2025 IPCS Order*, to conduct an additional

IPCS data collection. In the *2025 IPCS Order*, the Commission directed WCB/OEA to “make any appropriate modifications to the structure of the collection and the template and instructions for the collection necessary to provide the Commission an objective basis to establish permanent IPCS rate caps” consistent with section 276 of the Communications Act of 1934, as amended (the Communications Act) and the Martha Wright-Reed Act.

Pursuant to our delegated authority, WCB/OEA have drafted instructions, templates, and a certification form for the proposed 2026 Mandatory Data Collection and are issuing this Public Notice to seek comment on all aspects of these proposed documents.

B. Legal Basis

The proposed action is authorized pursuant to sections 1, 2, 4(i)–(j), 5(c), 201(b), 218, 220, 225, 255, 276, 403, and

716 of the Communications Act of 1934, as amended, 47 U.S.C. 151, 152, 154(i)–(j), 155(c), 201(b), 218, 220, 225, 255, 276, 403, and 617, and the Martha Wright-Reed Act, Public Law 117–338, 136 Stat. 6156 (2022).

C. Description and Estimate of the Number of Small Entities to Which the Proposed Rules Will Apply

Our actions, over time, may affect small entities that are not easily categorized at present. We therefore describe three broad groups of small entities that could be directly affected by our actions. In general, a small business is an independent business having fewer than 500 employees. These types of small businesses represent 99.9% of all businesses in the United States, which translates to 34.75 million businesses. Next, “small organizations” are not-for-profit enterprises that are independently owned and operated and

not dominant in their field. While we do not have data regarding the number of non-profits that meet that criteria, over 99 percent of nonprofits have fewer than 500 employees. Finally, “small governmental jurisdictions” are defined as cities, counties, towns, townships, villages, school districts, or special districts with populations of less than fifty thousand. Based on the 2022 U.S. Census of Governments data, we estimate that at least 48,724 out of 90,835 local government jurisdictions have a population of less than 50,000.

This Public Notice will apply to small entities in the industries identified in the chart below by their six-digit North American Industry Classification System (NAICS) codes and corresponding SBA size standard. Where available, we also provide additional information regarding the number of potentially affected entities in the industries identified below.

TABLE 1—2022 U.S. CENSUS BUREAU DATA BY NAICS CODE

Regulated industry (footnotes specify potentially affected entities within a regulated industry where applicable)	NAICS code	SBA size standard	Total firms	Total small firms	Small firms (%)
Wired Telecommunications Carriers	517111	1,500 employees ...	3,403	3,027	88.95
Wireless Telecommunications Carriers (except Satellite).	517112	1,500 employees ...	1,184	1,081	91.30
Telecommunications Resellers	517121	1,500 employees ...	955	847	88.69
All Other Telecommunications	517810	\$40 million	1,673	1,007	60.19

TABLE 2—TELECOMMUNICATIONS SERVICE PROVIDER DATA

2024 Universal service monitoring report telecommunications service provider data (data as of December 2023)	SBA size standard (1,500 Employees)		
	Total # FCC Form 499A filers	Small firms	Small entities (%)
Competitive Local Exchange Carriers (CLECs)	3,729	3,576	95.90
Incumbent Local Exchange Carriers (Incumbent LECs)	1,175	917	78.04
Interexchange Carriers (IXCs)	113	95	84.07
Local Exchange Carriers (LECs)	4,904	4,493	91.62
Local Resellers	222	217	97.75
Other Toll Carriers	74	71	95.95
Payphone Service Providers	28	24	85.71
Toll Resellers	411	398	96.84
Telecommunications Resellers	633	615	97.16
Wired Telecommunications Carriers	4,682	4,276	91.33
Wireless Telecommunications Carriers (except Satellite)	585	498	85.13

D. Description of Economic Impact and Projected Reporting, Recordkeeping, and Other Compliance Requirements for Small Entities

The RFA directs agencies to describe the economic impact of proposed rules on small entities, as well as projected reporting, recordkeeping and other compliance requirements, including an estimate of the classes of small entities which will be subject to the

requirements and the type of professional skills necessary for preparation of the report or record.

The Public Notice seeks comment on the specifics of the proposed 2026 Mandatory Data Collection to ensure that the Commission receives the data it needs to set permanent IPCS audio and video rate caps. The proposed 2026 Mandatory Data Collection would require IPCS providers to submit, among other things, data and other information

on operations, company and contract information, information about facilities served, revenues, cost allocations, IPCS-related payment processing services, and other information required by the proposed instructions, templates, and certification. The proposed 2026 Mandatory Data Collection may require entities, including small entities and IPCS providers of all sizes, currently subject to our IPCS rules to be subject to modified or new reporting or other

compliance obligations. In assessing the cost of compliance for small entities and for IPCS providers of all sizes, WCB/OEA are not in a position at this time to determine whether the proposed 2026 Mandatory Data Collection will impose any significant costs for compliance in general, or to quantify those costs. We anticipate that the information we receive in comments will help the Commission identify and evaluate relevant compliance matters for small entities, including compliance costs and other burdens that may result from the proposals and inquiries we make in the Public Notice.

E. Discussion of Significant Alternatives Considered That Minimize the Significant Economic Impact on Small Entities

The RFA directs agencies to provide a description of any significant alternatives to the proposed rules that would accomplish the stated objectives of applicable statutes, and minimize any significant economic impact on small entities. The discussion is required to include alternatives such as: “(1) the establishment of differing compliance or reporting requirements or timetables that take into account the resources available to small entities; (2) the clarification, consolidation, or simplification of compliance and reporting requirements under the rule for such small entities; (3) the use of performance rather than design standards; and (4) an exemption from coverage of the rule, or any part thereof, for such small entities.”

The proposed 2026 Mandatory Data Collection is a one-time request and does not impose a recurring obligation on providers. Because the Commission’s 2025 *IPCS Order* requires all IPCS providers to comply with the 2026 Mandatory Data Collection, the collection will affect smaller as well as larger IPCS providers. WCB/OEA have taken steps to ensure that the data collection template is competitively neutral and not unduly burdensome for any set of providers. For example, in the Public Notice, WCB/OEA propose to collect data for a single calendar year instead of multiple years. WCB/OEA also propose to eliminate or streamline various reporting requirements that had been required in previous data collections. Additionally, WCB/OEA seek comment on whether there are additional ways to minimize the burdens of the data collection on providers while ensuring that the Commission obtains the data needed to meet its goals.

WCB/OEA will consider the economic impact on small entities, as identified in

comments filed in response to the Public Notice and this Supplemental IRFA, in reaching final conclusions and finalizing the instructions, templates, and certification form for the proposed 2026 Mandatory Data Collection.

F. Federal Rules That May Duplicate, Overlap, or Conflict With the Proposed Rules

None.

V. Proposed 2026 Mandatory Data Collection Instructions, Templates, and Certification Form

The instructions, template, and certification form for the proposed 2026 Mandatory Data Collection are available through this link: <https://www.fcc.gov/sites/default/files/2026IPCS%20MDC%20proposedInstructions.docx>.

Federal Communications Commission.

Lynne Engledow,

Chief, Pricing Policy Division, Wireline Competition Bureau.

[FR Doc. 2026–12234 Filed 6–16–26; 8:45 am]

BILLING CODE 6712–01–P

GENERAL SERVICES ADMINISTRATION

48 CFR Parts 539 and 552

[Notice–MVAC–2026–01; Docket No. 2026–0331; Sequence No. 1]

General Services Acquisition Regulation; Acquisition of Information and Communication Technology; Notice of Listening Sessions and Request for Comments

AGENCY: Office of Acquisition Policy, General Services Administration (GSA).

ACTION: Proposal; request for comments.

SUMMARY: The General Services Administration (GSA) is seeking public comment on the draft of a new General Services Administration Acquisition Regulation (GSAR) clause regarding basic safeguarding of data within Large Language Model Artificial Intelligence Systems (LLMs). Due to the complexity of the issue, GSA is publishing this notification and draft clause to gather feedback from stakeholders before taking future action (e.g., deviation and/or formal rulemaking).

DATES:

Comment due date: Interested parties should submit written comments as noted below on or before August 3, 2026, to be considered in the formation of the final GSAR clause.

Public listening session date: GSA plans to hold a public listening session on Tuesday, July 14, 2026. For

additional information see section D of the **SUPPLEMENTARY INFORMATION**.

ADDRESSES: GSA invites interested persons to submit comments on this notification via the Federal eRulemaking portal at <https://www.regulations.gov>. This website provides the ability to type short comments directly into the comment field or attach a file for lengthier comments. Submit comments by searching for “Notice–MVAC–2026–01” and follow the instructions on the site. Please include your name, company name (if any), and “Notice–MVAC–2026–01” on your attached document. To confirm receipt of your comment(s), please check www.regulations.gov, approximately two-to-three days after submission to verify posting.

If your comment cannot be submitted using <https://www.regulations.gov>, call or email the points of contact in the **FOR FURTHER INFORMATION CONTACT** section of this document for alternate instructions.

Please note that all public comments received are subject to the Freedom of Information Act and will be posted in their entirety, including any personal and/or business confidential information provided. Do not include any information you would not like to be made publicly available. All statements received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. You should submit only information that you wish to make available publicly.

Public Listening Session

The Listening Session will be held from 11 a.m. to 2 p.m. ET, at The George Washington Law School, Room Lerner 201, 2000 H Street NW, 20052. For additional information see section D of the **SUPPLEMENTARY INFORMATION**.

FOR FURTHER INFORMATION CONTACT: For questions about this request for comments, please contact Ms. Johnie McDowell at 202–718–6112 or via email at gsarpolicy@gsa.gov. For questions about the listening session, please email frederick.landry@gsa.gov.

SUPPLEMENTARY INFORMATION:

A. Background

The rapid advancement and adoption of Large Language Model Artificial Intelligence (LLM) systems present both unprecedented opportunities and significant challenges for Federal agencies. As GSA establishes contracts for these technologies, ensuring the integrity, security, and appropriate handling of Government Data is paramount. This notification introduces a new GSAR clause, 552.239–7001,

“Basic Safeguarding of Data within Large Language Model Artificial Intelligence Systems (LLMs),” to address these critical concerns. This clause may be used in GSA’s Government-wide contracts (e.g., Federal Supply Schedule, GWACs, and OASIS+).

This clause is developed in response to the growing use of LLMs across Government and the need for a standardized approach to data protection, intellectual property, and ethical AI development when LLM’s are used to process Government data. It is informed by principles outlined in Executive Orders (e.g., Executive Order 14110, *Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence* and OMB Memorandums (e.g., OMB memorandum M–25–22, *Driving Efficient Acquisition of Artificial Intelligence in Government*, and comments received on the first draft of this clause. The first draft was issued through GSA Interact on January 12, 2026 (https://buy.gsa.gov/interact/community/6/activity-feed/post/4d70761f-60f8-4eb0-8119-052ec4c7c9b3/Advanced_Note_for_MAS_Refresh_31_and_Upcoming_Mass_Modification).

The updated draft of the clause can be found below.

B. Discussion of Proposed Changes

GSA proposes to add GSAR clause 552.239–7001 to establish comprehensive requirements for the basic safeguarding of Government Data within LLM systems when they process Government data. The clause reflects substantial revisions from the January 12, 2026, version and reflects GSA’s understanding of comments and concerns on that version.

Key Changes

In addition to other updates, GSA implemented the following changes as a response to industry comments:

Scope

- Clarified the scope of the clause by:
 - Changing the name of the clause to “Basic Safeguarding of Data within Large Language Model Artificial Intelligence Systems (LLMs)”.
 - Clarifying that the clause only applies when LLMs process Government data.
 - Adding exceptions.
 - Establishing a new section entitled “Applicability and Flowdown” (paragraph (a)). This section clarifies when the clause applies (when Government Data is processed by an LLM) and when it does not (LLMs embedded in common commercial

products or when LLM functionality is incidental).

- The clause is updated to establish common roles involved with various functions within the LLM supply chain (i.e., LLM Developers, LLM System Operators, LLM System Integrators, and LLM Service Providers) and mandates the flowdown of specific paragraphs/requirements within the basic clause to any subcontractor or service provider functioning within common applicable roles. The goal is to ensure data safeguarding responsibilities are extended appropriately throughout the complex ecosystem of LLM development and deployment.

Definitions

Expanded and clarified definitions as follows:

- *Contractor*: Clarified the term for both prime contractors and subcontractors in the context of required flowdown requirements.
- *Data, Data Inputs, Data Outputs, Government Data*: Clarified the scope for what constitutes Government information within the LLM context, including user prompts, queries, generated responses, and derived data.
- Established definitions for LLM System Integrator, LLM System Operator, LLM Developer, LLM Service Provider, Background Data, and Material Change.

Contractor Responsibilities

- Clarified requirements for contractor responsibilities, government data use and handling, licensing requirements, and compliance requirements.

Compliance, Reporting, and Documentation

- Identified the contractor and flowdown roles regarding compliance, reporting and documentation including timeframes.

Change Notification

- The term “change management” was changed to “Change Notification” (paragraph “i” of the clause) to better describe the requirement. Clarifying language was added to ensure that contractors know what, when, and how to notify GSA of changes to the LLM.

Unbiased AI Principles

- The draft provides more context to the application of “unbiased AI principles” (paragraph “j” of the clause).

C. Specific Questions for Comment

To understand the scope of the impact of this clause and how this impact could

be affected in subsequent actions (e.g., deviation and/or rulemaking), GSA welcomes input on the following questions in addition to all other comments you want GSA to consider:

1. Does the change in clause prescription adequately address previous concerns about the broadness of the scope of the clause?
2. Are the requirements such as Government data ownership and protection and contractor accountability clearly defined?
3. Are the roles and responsibilities of the contractor, LLM Developer, LLM System Operator, LLM System Integrator, and LLM Service Provider clearly defined and flowdown paragraphs accurately presented?
4. Do you understand how to implement the flowdown clauses?
5. Does the clause adequately address risks related to foreign ownership or control of LLMs, where changes to the LLM could covertly affect Government Data, outputs, or decisions without changing the contracting entity?

Format of Responses

When submitting comments, please identify the specific page number, section, and paragraph (e.g., page 5, (c)(1)(i), flowdown clause number, etc). For each entry, include any administrative burdens, reasons for disagreement or support, and suggested language. Additionally, where applicable, please provide citations and sources that support your recommendations.

For ease of reading and standardization, the use of a spreadsheet to format (e.g., company name, identify specific paragraph, copy of exact language in dispute, suggested language, comment, citation, if any) is encouraged. If commenters identify benefits, costs, burdens, loopholes, or shortcomings of particular options for implementing the clause, GSA requests that commenters provide data and evidence to support the comments.

D. Listening Session Registration

Industry partners wishing to attend in-person or virtually must register. Registration will close on Friday, July 3, 2026. In-person attendance space is limited and will be on a first-come, first-served basis. Once the maximum in-person attendance registration has been reached, all other registrants will be registered for virtual attendance. Registrants who would like to present information on topics must register in advance and registration will close on Friday, July 3, 2026.

GSA invites a wide range of perspectives to discuss how we can

improve the draft clause. We want to hear about its strengths, potential weaknesses, and practical ways to make it more effective.

Industry partners and the public are asked to only register to speak to one of these categories:

- Government Data Ownership and Protection Requirements
- Prime Contractor Requirements
- Clause Flowdown Requirements
- Other Clause Requirements

To register for the Listening Session in person or virtually, visit: https://gsa.zoomgov.com/webinar/register/4917809414710/WN_2L3o5vduRBOpdur9ub_-0A. Registration will close on Friday, July 3, 2026.

After registering, to request to speak on one of the previously listed categories, do so at <https://forms.gle/1Whv75hUG38ZWtfD7>. This registration will close on Friday, July 3, 2026. Members of the press, in addition to registering for this event, must RSVP to press@gsa.gov no later than Friday, July 3, 2026.

List of Subjects

48 CFR Part 539

Computer technology, Government procurement.

48 CFR Part 552

Government procurement, Reporting and recordkeeping requirements.

Nicholas West,

Director, Office of GSA Acquisition Policy, Integrity & Workforce, Office of Government-wide Policy, Office of Acquisition Policy.

For the reasons set out in the preamble, GSA proposes to amend 48 CFR chapter 5 as follows:

- 1. Add part 539 to read as follows:

PART 539—ACQUISITION OF INFORMATION AND COMMUNICATION TECHNOLOGY

Sec.

539.71 Solicitation provisions and contract clauses.

539.72 [Reserved]

Authority: 40 U.S.C. 121(c).

539.71 Solicitation provisions and contract clauses.

(a) *Basic Safeguarding of Data Within Large Language Model Artificial Intelligence Systems (LLMs)*. The contracting officer must insert the clause at 552.239–7001, *Basic Safeguarding of Data Within Large Language Model Artificial Intelligence Systems*, in solicitations and contracts, including those for commercial products and services, when

Government data will be processed by a LLM.

(b) *Exceptions*. The clause does not apply when—

(1) The LLM is embedded in a common commercial product, such as a word processor or map navigation system (see section 7223(4)(B) of Pub. L. 117–263); or

(2) The LLM functionality is incidental to the primary purpose of the core requirement being procured.

539.72 [Reserved]

PART 552—SOLICITATION PROVISIONS AND CONTRACT CLAUSES

- 2. The authority citation for part 552 continues to read as follows:

Authority: 40 U.S.C. 121(c).

- 3. Add 552.239–7001 to read as follows:

552.239–7001 Basic Safeguarding of Data Within Large Language Model Artificial Intelligence Systems.

As prescribed in 539.71, insert the following clause:

552.239–7001 Basic Safeguarding of Data Within Large Language Model Artificial Intelligence Systems (XXX 2026) (GSAR Deviation)

(a) *Applicability and Flowdown*.

(1) *Applicability*.

(i) This clause applies only when Government Data will be processed by a Large Language Model Artificial Intelligence System (LLM).

(ii) This clause does not apply when—

(A) The LLM is embedded in a common commercial product, such as a word processor or map navigation system (see Section 7223(4)(B) of Public Law 117–263);

(B) The LLM functionality is incidental to the primary purpose of the core requirement being procured.

(2) *Flowdown Requirements*. The Contractor must extend (flowdown) the specific paragraphs of the base clause to any subcontractor or service provider (referred to as “Contractor” in each flowdown supplemental clause) functioning in the applicable roles, as defined in the flowdown supplemental clauses. Where a single entity performs multiple roles, multiple flowdown supplemental clauses should be used:

(i) 552.239–7001–1 LLM Developer Flowdown Requirements (DATE);

(ii) 552.239–7001–2 LLM System Operator Flowdown Requirements (DATE);

(iii) 552.239–7001–3 LLM System Integrator Flowdown Requirements (DATE);

(iv) 552.239–7001–4 LLM Service Provider Flowdown Requirements (DATE).

(b) *Definitions*. As used in this clause—

Background Data means any pre-existing proprietary content, reference materials, knowledge bases, or other intellectual property owned or controlled by the Contractor that may be referenced, retrieved, augmented, or otherwise incorporated into the LLM’s processing or outputs through any enrichment mechanism, including but not limited to retrieval processes, vector stores, embeddings, knowledge graphs, plugins, tool calls, agent actions, or similar mechanisms.

Contractor means the entity that enters into the direct contract with GSA responsible for implementation of this clause (*i.e.*, prime contractor) or, for the purposes of each flowdown supplemental clause, the subcontractor or service provider functioning in the applicable role.

Custom Development means any design of or modifications, customizations, configurations, or enhancements to LLMs or associated implementations or workflows, and any related work product or deliverables, in each case developed specifically for the Government under this contract or task/delivery order, including any modifications, customizations, configurations, or enhancements to LLMs as a result of model training or fine-tuning. Custom Development excludes any background intellectual property (*e.g.*, the underlying supporting services, default configurations, and/or mechanisms) existing prior to entry into this contract or developed independently by the Contractor.

Data has the same meaning as defined in 44 U.S.C. 3502(16) and must, without limiting the generality of the foregoing, specifically include Data Inputs and Data Outputs.

Data Inputs means all data, information, personally identifiable information (PII), or content submitted to the LLM and related operational systems by, or created for, the Government, including but not limited to user prompts, queries, instructions, system prompts, source data, documents, knowledge bases, Government email addresses, user account information, and any other information or content submitted to the LLM and related operational systems by or on behalf of the Government. This definition specifically excludes any background intellectual property or information existing prior to entry into this contract or task/delivery order or

developed independently by such Contractor.

Data Outputs means all data, information, PII, any improvements, enhancements, corrections, annotations, or other modifications made to Data Inputs, or content generated by the LLM in the performance of this contract, including but not limited to responses, results, analyses, anonymized data, derivative data, metadata, logs, synthetic data, and any other output or action produced by the LLM, regardless of whether such output incorporates or is derived from Background Data. This definition specifically excludes technical system-level data that contains no Government information or Government usage context, such as performance metrics, token counts, and processing times.

Government means any entity authorized to obtain procurement services through GSA pursuant to 40 U.S.C. § 501, 502.

Government Data means Data Inputs and Data Outputs.

Information system means a discrete set of information resources organized for the collection, processing, maintenance, use, sharing, dissemination, or disposition of information (44 U.S.C. 3502(8)).

Large Language Model Artificial Intelligence System (LLM) means a generative artificial intelligence model trained on vast, diverse datasets that enable the model to generate natural-language responses to user prompts (Ref. Executive Order 14319 Section 2). LLM includes the integrated technical and operational environment in which the model is configured, deployed, operated, monitored, or made available for the processing of Government Data, including the model, hosting and access infrastructure, system prompts, configurations, knowledge bases, retrieval mechanisms, Application Programming Interfaces (APIs), user interfaces, guardrails, monitoring systems, and associated workflows.

LLM Developer means the party that performs LLM Development Tasks (as defined in NIST AI RMF 1.0, Appendix A as “AI Development Tasks”) by designing, developing, training, fine-tuning, calibrating, testing, publishing, licensing, or otherwise making available an LLM, including model weights, interfaces, model cards, safety documentation, or conditional usage restrictions. LLM Developer maps primarily to the “AI Development” actor category in NIST AI RMF 1.0, Appendix A.

LLM Service Provider means the party that performs LLM Deployment and Operation & Monitoring (as defined in

NIST AI RMF 1.0, Appendix A as “AI Deployment and Operation & Monitoring”) tasks by providing an LLM-enabled application, product, service, workflow, API, user interface, or business capability to Customers or End Users, and controlling the manner in which the service is presented, accessed, administered, supported, or used within that application or workflow. LLM Service Provider maps primarily to the “AI Deployment” and “Operation and Monitoring” actor categories in NIST AI RMF 1.0, Appendix A.

LLM System Integrator means the party that performs LLM Design and LLM Deployment (as defined in NIST AI RMF 1.0, Appendix A as “AI Design” and “AI Deployment”, respectively) tasks by selecting, configuring, adapting, or materially controlling how an LLM System performs in a specific deployment or use case, including by selecting models, setting system prompts, prompt templates, Retrieval-Augmented Generation (RAG) sources, fine-tuning data, tools, plugins, agents, guardrails, filters, evaluation criteria, human-review thresholds, or output constraints. LLM System Integrator maps primarily to the “AI Design” and “AI Deployment” actor categories in NIST AI RMF 1.0, Appendix A, and includes parties NIST identifies as “system integrators.”

LLM System Operator means the party that performs LLM Deployment and Operation & Monitoring (as defined in NIST AI RMF 1.0, Appendix A as “AI Deployment and Operation & Monitoring”) tasks by hosting, serving, operating, or providing access to an LLM or LLM System, including through cloud infrastructure, model endpoints, runtime environments, API availability, capacity management, logging, retention, and runtime security. LLM System Operator maps primarily to the “AI Deployment” and “Operation and Monitoring” actor categories in NIST AI RMF 1.0, Appendix A, and may also be a “Third-party entity” where it provides such services for another organization.

Material Change means any modification that could affect the trustworthiness, security, or operational integrity of the performance of the contract, especially as they pertain to the processing and protection of Government Data and the contractors involved in that process.

Personally Identifiable Information (PII) has the same meaning as defined in OMB Circular No. A–130.

(c) *Order of Precedence.* For purposes of the order of precedence in GSAR clause 552.212–4, this clause is incorporated into the “schedule of

supplies/services”. This clause establishes specific requirements that take precedence over conflicting provisions in the Contractor’s policies, requirements, terms, conditions, or commercial agreements.

(d) *Contractor Responsibility for LLM.* The Contractor must:

(1) Exercise due diligence in selecting and overseeing the LLM’s Developer(s), System Operator(s), System Integrator(s), and Service Provider(s).

(2) Notify the Contracting Officer, within 72 hours, of any known non-adherence to this clause.

(3) Demonstrate compliance. The Contractor may satisfy due diligence by relying on:

(i) Flowdown of applicable requirements of this clause to LLM’s Developer(s), System Operator(s), System Integrator(s), and Service Provider(s); or

(ii) Obtaining attestation, from an individual with appropriate authority representing the LLM’s Developer(s), System Operator(s), System Integrator(s), and Service Provider(s), that requirements have been implemented.

(e) *Intellectual Property Rights.*

(1) *Rights in Government Data.*

(i) The Government retains full ownership of, and will own, all Government Data and Custom Developments. The Contractor does not have any rights to use Government Data or Custom Developments provided to the Contractor other than those described in paragraph (e)(1)(iii).

(ii) Only LLM Developers, LLM System Operators, LLM System Integrators, and LLM Service Providers may receive and process Government Data.

(iii) The Contractor is granted a limited, revocable, non-exclusive, non-transferable, worldwide, fully paid-up, royalty-free right and license to copy, store, transmit, modify, display, and use Government Data and Custom Developments for the duration of each individual awarded contract or task/delivery order solely for the following permitted purposes:

(A) Performing the specific requirements;

(B) Providing technical support and maintenance as required; and

(C) Providing such other uses as may be expressly authorized in writing by the Contracting Officer.

(iv) To the extent the Contractor obtains any intellectual property rights in Government Data, or any improvements, enhancements, feedback, or derivative works thereof, the Contractor assigns and transfers all such

rights to the Government effective immediately upon creation.

(v) The Contractor retains ownership of the underlying LLM, base models, and Background Data in its original form.

(2) *License Grant to Government.* The Contractor grants to the Government an irrevocable, royalty-free, non-exclusive license to use the LLM for the duration of the work defined in the contract or task/delivery order. This license is strictly limited to the specific purposes and scope of work defined within the contract or task/delivery order, and is restricted to the commercially available features, Background Data, and functionality of the LLM as described in and necessary to fulfill this contract or task/delivery order and its accompanying documentation, unless specified otherwise. This license includes the right to:

(i) Operate and access the LLM through agreed-upon methods;

(ii) Allow authorized Government personnel and contractors to use the LLM; and

(iii) Integrate the LLM with Government systems as necessary.

(3) *Prohibited Uses of Government Data. Use of Government data is limited per paragraph (e)(1)(iii).* Other uses of Government data are prohibited. Examples of prohibited use of Government Data includes:

(i) Training, fine-tuning, or otherwise improving an LLM, including those operated by third parties, or to develop or improve the LLM(s) for any other customers or any commercial or non-commercial purposes.

(ii) Using Government Data to inform the Contractor's advertising, marketing, sales, monetization, strategy, operations, or other business decisions, or to provide to other Government or non-Government entities.

(iii) Retaining, accessing, or using beyond the scope and duration expressly permitted in the contract.

(iv) Processing or storing Government Data with, or transferring Government Data to, any party not authorized under this contract or task/delivery order or without appropriate extension (flowdown) of applicable requirements.

(v) Selling or licensing Government Data to any party.

(4) *Government Data Handling and Processing Requirements.* Unless otherwise expressly authorized by the Contracting Officer:

(i) The Contractor must implement reasonable technical, administrative, physical, and organizational safeguards to protect Government Data from loss, damage, destruction, unauthorized alteration, or corruption, and prevent its

unauthorized, accidental, or unlawful access, disclosure, use, or processing;

(ii) The Contractor must implement Data Handling Procedures that restrict human access to Government Data. These protocols must be implemented at the contract level and customization at the individual contract or task/delivery order level. Automated processing systems and operational controls that prevent human personnel from the Contractor or any Third-party entity from viewing, accessing, or reviewing Government Data during normal operations include:

(A) Automated data ingestion, processing, and response generation without human content review;

(B) Technical access controls that prevent personnel from viewing Government Data;

(C) Encrypted data transmission and processing that renders Government Data unreadable to human personnel;

(D) Administrative and technical safeguards that allow system operation, monitoring, and maintenance without exposing Government Data content; and

(E) Audit logging systems that track data processing activities without capturing or displaying actual Government Data.

(iii) The Contractor must ensure Government Data is stored or processed only when reasonably necessary for the performance of the contract;

(iv) The Contractor must provide tools that enable the Government to maintain detailed records of all processing activities involving Government Data;

(v) The Contractor must comply with the following Data localization requirements, including but not limited to:

(A) Not removing or allowing removal of any such Government Data from the agreed-upon premises or FedRAMP-authorized services, without express written consent from the Contracting Officer; and

(B) Not transmitting, storing, taking, or accessing such Government Data, or allowing such Government Data to be transmitted, stored, taken, or accessed by any means outside of the agreed-upon premises or authorized services, without express written consent from the Contracting Officer.

(vi) The Contractor must implement and maintain appropriate technical and organizational measures to ensure that all such Government Data is logically segregated from the Data of any non-Government customer or client, and is not commingled with Data of other customers or clients and provides adequate defense in depth through access controls, policy enforcement points, labeling, and/or encryption

mechanisms and must perform continuous monitoring to protect against unauthorized access by external and internal threat actors, third parties, or disclosure resulting from human or machine error. Logical segregation does not require physical or dedicated instances within contractor-hosted or controlled systems, continuing compliance with the specified FedRAMP authorization level is deemed to satisfy these requirements by achieving equivalent security and separation.

(vii) Upon completion, termination or expiration of the contract or task/delivery order, unless otherwise directed in writing by the Contracting Officer, the Contractor must securely and permanently delete all such Government Data and any Custom Developments from the LLM and all its other systems and all copies, backups and derivatives thereof, and certify deletion to the Contracting Officer in writing.

(viii) *Custom Developments and Model Rights.* If there is a requirement for custom developments, the Contractor must:

(A) Dedicate the Custom Developments, including any customized or enhanced models resulting from such Custom Developments, to the Government's exclusive use;

(B) Treat such Custom Developments, custom models, and all associated Data as the Government's confidential information; and

(C) Not use, reproduce, or derive benefit from such Custom Developments or custom models for any other purpose, or for the benefit of any other party, without express written authorization from the Contracting Officer.

(ix) *Feedback.* The Government retains ownership of all feedback provided by the Government to the Contractor with respect to the LLM or Custom Developments, regardless of whether such feedback is generated by Government personnel, the Contractor, or through automated processes. If feedback includes Government Data and Government confidential information, that feedback may not be used for system improvement purposes or any other purposes (except solely in the performance of this contract).

(f) *Contractor Obligations for Compliance, Reporting, and Documentation.* The Contractor must:

(1) Disclose all LLMs used or made available in performance of this contract or a task/delivery order. Disclose all entities filling the roles defined by the flowdown supplemental clauses. Disclosures are due to the Contracting

Officer or ordering Contracting Officer by the date specified in the contract or task/delivery order. If no date is specified, disclosures are due within 120 days after commencing work under the contract or task/delivery order.

(2) Maximize the use of LLMs that meet the following criteria:

(i) Controlling Entity & Jurisdiction: Each LLM is developed, managed, and operated by an entity that is incorporated in the United States (U.S.) and is subject to U.S. law and jurisdiction.

(ii) Protection Against Foreign Compulsion:

(A) Each LLM's performance, operations, or protections cannot be controlled by a foreign Government.

(B) No foreign Government or entity can compel disclosure of Government Data, or operational details that could compromise each LLM's integrity or security.

(C) Each LLM, and any components performing core model, data storage or processing, output generation, or security functions, are prohibited from being developed, managed, or operated by entities subject to the direction, influence, or control of adversary foreign governments (see 15 CFR 791.4).

(iii) Component Flexibility & Risk Mitigation: Incidental foreign-developed components (*e.g.*, open-source components, published research), ancillary Third-party services, or globally operated infrastructure dependencies are permissible, provided:

(A) They do not introduce security risks or foreign control that would violate criteria (f)(2)(i) or (f)(2)(ii).

(B) The systems storing or processing Government Data satisfy applicable Federal security requirements, including those for data residency and isolation.

(C) A risk-based approach is applied, focusing on objective criteria such as ownership, control, hosting, and security posture.

(3) Disclose whether the LLM has been modified or configured to comply with any non-U.S. federal government statutes, regulations, or policies no later than thirty (30) days after award to the Contracting Officer, unless otherwise stated in the solicitation, contract, or task/delivery order.

(4) Provide a means for the Government to implement human oversight, intervention, and traceability. If the LLM uses intermediary processing such as reasoning, retrieval, or agentic processes, the LLM must summarize intermediary steps from data input to data output, and make this information accessible through data output, audit trail, and as applicable the user

interface. At minimum, the LLM must include:

(i) Summarized intermediate processing actions and decision points;

(ii) Model routing decisions with accompanying rationale; and

(iii) Data retrieval methods employed (*e.g.*, Retrieval-Augmented Generation (RAG), web search), including complete source attribution with direct links and relevant excerpts from materials used in response generation.

(5) Notify the Contracting Officer and any Government provided point of contacts as soon as possible but not longer than within 72 hours of the discovery of any incident (as defined by the Federal Information Security Modernization Act of 2014 in 44 U.S.C. 3552(b)(2)) affecting any contractors, including Third-party entities, handling Government Data and provide daily status updates to all points of contact until resolved.

(i) Such notification must include, to the extent known at the time:

(A) Nature and scope of the incident;

(B) Data potentially affected;

(C) Immediate remediation steps taken;

(D) Timeline for full resolution; and

(E) Measures to prevent recurrence.

(ii) Where FedRAMP incident communication and response procedures conflict with contractual requirements, the FedRAMP procedures take priority if the system is required to be FedRAMP Authorized.

(iii) The Contractor must preserve all relevant logs, forensic images, and incident artifacts for a minimum of 90 calendar days from a security incident involving Government Data to support follow-on investigation activity by law enforcement entities.

(iv) The Contractor must also complete the CISA incident reporting form (<https://myservices.cisa.gov/irf>).

(6) Establish feedback mechanisms (consistent with OMB M-25-21 and successor requirements) allowing the Government to:

(i) Provide performance feedback and improvement requests through formal channels;

(ii) Request system modifications or enhancements; and

(iii) Report operational concerns without requiring incident classification.

(7) Provide, upon Government request, and under appropriate confidentiality protections, existing commercial documentation or disclosures sufficient to demonstrate compliance, including but not limited to:

(i) Verification of compliance with this clause and the contract;

(ii) List of entities involved in performance of this contract or task/delivery order, the entities' role(s), as defined by the flowdown supplemental clauses, which requirements of this clause are applicable to each entity, and the entities' approach to addressing the requirements in this clause;

(iii) LLM decision-making processes, logic, and operational parameters;

(iv) LLM Developers, general model characteristics, intended use, limitations, and risk considerations to enable informed and responsible use by the Government. The contractor is not required to disclose proprietary source code, model weights, or trade secrets.

(v) System documentation consistent with NIST AI Risk Management Framework guidelines, Unbiased AI Principles, and LLM Transparency requirements such as system cards or equivalent documentation.

(vi) *Transparency & Auditability*: The Contractor must provide commercially available means for the Government to implement appropriate human oversight, intervention, and traceability for the contracted use case, and to understand the role of various components in generating responses, to the extent commercially available and technically feasible;

(vii) Privacy controls effectiveness and PII processing prohibition compliance;

(viii) Testing methodologies used to detect and mitigate noncompliance with the unbiased AI principles described in paragraph (j)(1);

(ix) Known biases (including commercial, political, or personal considerations, advertising, endorsements, or fraudulent/corrupt interests), limitations, truthfulness concerns, and performance metrics;

(x) Influence, direction, or control of an adversary foreign governments (see 15 CFR 791.4);

(xi) FedRAMP authorization packages, continuous monitoring data, and assessment artifacts necessary to issue or maintain an authorization to operate, consistent with 44 U.S.C. 3609(a)(8) and OMB M-24-15 and successor requirements; and

(xii) Any other information necessary for the Government to monitor and evaluate the LLM's performance, risks, and effectiveness and to complete an LLM Impact Assessment required by OMB M-25-21 and successor requirements.

(g) *Privacy and Confidentiality Protections*.

(1) To the extent the Contractor has available tools, they must provide tools to enable the Government to implement appropriate Government-configurable

controls, including but not limited to automated detection mechanisms and clear user notifications to manage, prevent, and reject the entry or persistence of PII within the LLM.

(2) The Government, absent specific legal requirements, will not disclose confidential documentation or information provided by the Contractor.

(h) *Data Portability and Interoperability.* The Contractor must:

(1) Provide and ensure that LLM services support the export of Government Data (including but not limited to: user-generated content, interaction history, uploaded content and media, and knowledge bases) in open or standard machine-readable formats, together with sufficient associated metadata and schema information necessary for the Government to retrieve, use, or migrate Government Data to another service.

(2) Provide and support documented APIs sufficient for Government integration and data export to the extent the service uses APIs.

(3) Not impose proprietary formats, technical restrictions, additional costs, or additional licensing conditions that materially impair the Government's ability to retrieve, use, or migrate Government Data to another service.

(4) Provide tooling or interfaces to facilitate migration of Government Data and Custom Developments in a secure manner.

(i) *Change Notification.*

(1) Advance Notice of Material Changes. The Contractor must provide written notice to the Contracting Officer at least thirty (30) calendar days prior to any planned material change affecting the services provided under this contract, including:

(i) Adding, replacing, or materially changing any LLMs, LLM's Developer(s), System Operator(s), System Integrator(s), or Service Provider(s);

(ii) Changes to the services handling Government Data, including discontinuation or material reduction of data protection controls applied to Government Data, or change in FedRAMP Authorization Status; or

(iii) Any modification, configuration, or training change to the LLM made to comply with any non-U.S. government statute, regulation, or policy.

(2) Model Version Changes. The Contractor must use reasonable efforts to provide the Government with concurrent access to any successor LLM, and associated documentation, for a minimum evaluation period of thirty (30) calendar days for major versions, and fifteen (15) calendar days for minor versions, prior to discontinuing or

replacing any LLM in use under this contract.

(3) Safety and Performance Degradation. The Contractor must notify the Contracting Officer within seven (7) calendar days of identifying any change that materially increases output bias; decreases safety guardrails or behavioral constraints; or degrades performance or truthfulness of outputs. The notification must describe the change, its purpose, the evaluation approach used and any new limitations, trade-offs, or potential negative impacts identified.

(4) Emergency and Unplanned Changes. If the Contractor implements a change without providing sufficient advance notice, or if a change is necessitated by a security or service emergency, the Contractor must:

(i) Notify the Contracting Officer as soon as practicable upon learning of the change; and

(ii) Describe any remediation or rollback actions available.

(5) *Notification:* All notifications under paragraph (i) must include, to the extent known at the time of notification:

(i) Description of change;

(ii) Affected roles, services, systems, and Government Data;

(iii) Any limitations, trade-offs, or negative impacts;

(iv) Evaluation approach used to assess the change;

(v) Any remediations or rollback actions; and

(vi) Confirmation of applicable requirements of this clause have been flowed down appropriately.

(j) *Performance, Evaluation, and Remediation.*

(1) *Unbiased AI principles.* The Contractor must ensure the LLM is developed and monitored in accordance with the following unbiased AI principles:

(i) The LLM must be truthful in responding to user prompts seeking factual information or analysis. The LLM must prioritize historical accuracy, scientific inquiry, and objectivity and must acknowledge uncertainty where reliable information is incomplete or contradictory.

(ii) The LLM must be a neutral, nonpartisan tool that does not manipulate responses in favor of ideological dogmas. The Contractor must not intentionally introduce or embed partisan or ideological judgments into the LLM's Data Outputs through methods such as training data selection, fine-tuning, Retrieval-Augmented Generation (RAG) references, system prompts, or other configuration methods.

(iii) The Contractor must implement continuous improvement processes to

enhance detection and mitigation of performance, trustworthiness, bias, and/or systems generating illegal or prohibited content, including regular evaluation of system outputs (excluding Data Outputs) against verified factual sources.

(2) *Government Evaluation Rights and Remediation.*

(i) The Government reserves the right to conduct automated assessments of the LLM, as deployed and configured for government users, at any time using its own benchmarks. These evaluations may assess bias, truthfulness, safety, unsolicited ideological content, and other factors determined by the Government in order to facilitate evaluations.

(ii) The Contractor must provide tools and interfaces that enable the Government to run its benchmarks in an automated fashion to test the production LLM and identify any material gaps.

(iii) The Government may provide such results to the Contractor to support remediation efforts.

(iv) All benchmarks, test data, and methodologies developed or used by the Government for such assessments are considered Government Data. The Government is under no obligation to disclose or provide access to the underlying data, methodologies, or systems, with the exception of data or methodologies used as the basis for an adverse action under paragraph (j)(3)(ii).

(3) *Non-Compliance.*

(i) The Government retains the right to suspend use of the LLM until performance issues are satisfactorily addressed;

(ii) The Contractor is liable for reasonable decommissioning costs if the Contracting Officer terminates this contract or task/delivery order for cause for failure to remediate after receiving specific written notice of non-compliance from the Contracting Officer with the Unbiased AI Principles described in paragraph (j)(1).

(A) Decommissioning cost liability are not to exceed ____ [Contracting Officer to insert a percentage] at a percentage of contract value; and

(B) The Government must disclose information, under appropriate confidentiality protections, to enable the Contractor to understand the basis for the Government's determination and take reasonable remediation actions.

(end of clause)

■ 4. Add 552.239-7001-1 to read as follows:

552.239-7001-1 LLM Developer Flowdown Requirements.

As prescribed in 552.239-7001(a)(2), use the clause at 552.239-7001-1, LLM

Developer Flowdown Requirements (DATE), to extend (flowdown) these requirements to a LLM Developer (*e.g.*, model architecture, training, weights, model cards, safety documentation, base capabilities, acceptable use policies, base safety filters), as defined in clause 552.239–7001(b).

Basic Safeguarding of the Data Within Large Language Model Artificial Intelligence Systems—LLM Developer Flow-Down Requirements (DATE)

- (a) Applicability
 - (b) Definitions
 - (e) Intellectual Property Rights
 - (f) Contractor Obligations for Compliance, Reporting, and Documentation
 - (g) Privacy and Confidentiality Protections
 - (i) Change Notification
 - (j) Performance, Evaluation, and Remediation
- (end of clause)

■ 5. Add 552.239–7001–2 to read as follows:

552.239–7001–2 LLM System Operator Flowdown Requirements.

As prescribed in 552.239–7001(a)(2), use the clause at 552.239–7001–2, LLM System Operator Flow-Down Requirements (DATE), to extend (flowdown) these requirements to a LLM System Operator (*e.g.*, cloud infrastructure, model hosting, endpoints, API availability, runtime security, logging, retention, data residency, capacity management, rate limits), as defined in clause 552.239–7001(b).

Basic Safeguarding of the Data Within Large Language Model Artificial Intelligence Systems—LLM System Operator Flow-Down Requirements (DATE)

- (a) Applicability
- (b) Definitions

(e) Intellectual Property Rights

The following subparagraphs from paragraph (f) Contractor Obligations for Compliance, Reporting, and Documentation

(f)(2), (f)(2)(iii)(B)

(f)(4)

(f)(5)

(f)(6)

(f)(7)

(g) Privacy and Confidentiality Protections

(h) Data Portability and Interoperability

The following subparagraphs from paragraph (i) Change Notification

(i)(1)(i), (i)(1)(ii)

(i)(3)

(i)(4)

(i)(5)

(j) Performance, Evaluation, and Remediation

(end of clause)

■ 6. Add 552.239–7001–3 to read as follows:

552.239–7001–3 LLM System Integrator Flowdown Requirements.

As prescribed in 552.239–7001(a)(2), use the clause at 552.239–7001–3, LLM System Integrator Flow-Down Requirements (DATE), to extend (flowdown) these requirements to a LLM System Integrator (*e.g.*, model selection, system prompts, prompt templates, RAG sources, vector stores, tools, plugins, agents, guardrails, filters, fine-tuning data, evaluation criteria, human-review thresholds, output constraints, workflow logic), as defined in clause 552.239–7001(b).

Basic Safeguarding of the Data Within Large Language Model Artificial Intelligence Systems—LLM System Integrator Flow-Down Requirements (DATE)

- (a) Applicability
- (b) Definitions
- (e) Intellectual Property Rights

(f) Contractor Obligations for Compliance, Reporting, and Documentation

(g) Privacy and Confidentiality Protection

(h) Data Portability and Interoperability

The following subparagraphs from paragraph (i) Change Notification

(i)(1)(i), (i)(1)(iii)

(i)(2)

(i)(3)

(i)(5)

(j) Performance, Evaluation, and Remediation

(end of clause)

■ 7. Add 552.239–7001–4 to read as follows:

552.239–7001–4 LLM Service Provider Flowdown Requirements.

As prescribed in 552.239–7001(a)(2), use the clause at 552.239–7001–4, LLM Service Provider Flow-Down Requirements (DATE), to extend (flowdown) these requirements to a LLM Service Provider, as defined in clause 552.239–7001(b).

Basic Safeguarding of Data Within Large Language Model Artificial Intelligence Systems—LLM Service Provider Flow-Down Requirements (DATE)

- (a) Applicability
 - (b) Definitions
 - (e) Intellectual Property Rights
 - (f) Contractor Obligations for Compliance, Reporting, and Documentation
 - (g) Privacy and Confidentiality Protections
 - (h) Data Portability and Interoperability
 - (i) Change Notification
 - (j) Performance, Evaluation, and Remediation
- (end of clause)

[FR Doc. 2026–12205 Filed 6–16–26; 8:45 am]

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Notices

Federal Register

Vol. 91, No. 116

Wednesday, June 17, 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.

COMMISSION ON CIVIL RIGHTS

Notice of Public Meeting of the Alaska Advisory Committee to the U.S. Commission on Civil Rights

AGENCY: Commission on Civil Rights.

ACTION: Announcement of business meetings.

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 (FACA), that a business meeting of the Alaska Advisory Committee to the U.S. Commission on Civil Rights will hold a series of business meetings via Zoom. The purpose of the meetings is to review draft project proposal and plan briefings to collect testimony.

DATES:

June 22, 2026, from 12:00 p.m.–1:30 p.m. Alaska Standard Time.

July 6, 2026, from 1:30 p.m.–2:30 p.m. Alaska Standard Time.

July 22, 2026, from 1:30 p.m.–2:30 p.m. Alaska Standard Time.

August 3, 2026, from 1:30 p.m.–2:30 p.m. Alaska Standard Time.

ADDRESSES: The meetings will be held via Zoom.

- *June 22nd Registration Link (Audio/Visual):* <https://www.zoomgov.com/j/1652496571>. Join by Phone (Audio Only): 1-833 435 1820 USA Toll Free; Webinar ID: 165 249 6571.

- *July 6th Registration Link (Audio/Visual):* <https://www.zoomgov.com/j/1655845611>. Join by Phone (Audio Only): 1-833 435 1820 USA Toll Free; Webinar ID: 165 584 5611.

- *July 22nd Registration Link (Audio/Visual):* <https://www.zoomgov.com/j/1658709429>. Join by Phone (Audio Only): 1-833 435 1820 USA Toll Free; Webinar ID: 165 870 9429.

- *August 3rd Registration Link (Audio/Visual):* <https://www.zoomgov.com/j/1656996236>. Join by Phone (Audio Only): 1-833 435 1820

USA Toll Free; Webinar ID: 165 699 6236.

Agenda

<https://usccr.app.box.com/folder/271059500656?s=7zq5h28nnzfbv55gk4r5y1iybzewmknz>. (Note: a final meeting agenda will be available prior to the meeting date).

FOR FURTHER INFORMATION CONTACT:

Kayla Fajota, Designated Federal Officer (DFO) at kfajota@usccr.gov, or (434) 515-2395.

SUPPLEMENTARY INFORMATION: This virtual committee meeting is available to the public through the registration link above. Any interested member of the public may join at the link to listen to this meeting. An open comment period will be provided to allow members of the public to make a statement as time allows. Pursuant to 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 incurred charges. Callers will incur no charge for calls they initiate over land-line connections to the toll-free telephone number. Closed captioning is available by selecting “CC” in the Zoom meeting platform. To request additional accommodations, please email Angelica Trevino, Support Services Specialist at atrevino@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 within 30 days following the meeting. Written comments may be emailed to Kayla Fajota, Designated Federal Officer at kfajota@usccr.gov. Persons who desire additional information may contact the Regional Programs Coordination Unit at (434) 515-2395.

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: <https://usccr.app.box.com/folder/315009541404?s=4jyvw1lvkvthdqp3sas9h0d3kdgkssi> as well as at: www.facadatabase.gov under the

Commission on Civil Rights, selecting the Advisory Committee of interest. 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: June 15, 2026.

David Mussatt,

Supervisory Chief, Regional Programs Unit.

[FR Doc. 2026-12191 Filed 6-16-26; 8:45 am]

BILLING CODE 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 to the U.S. Commission on Civil Rights will hold a virtual business meetings via Zoom on Thursday July 23, 2026, Thursday, August 27, 2026, Thursday September 24 and Thursday October 22, 2026. Purpose of these meetings is to discuss their project focused on Religious Liberty in Wisconsin after the *Catholic Charities Bureau v. Labor & Industry Review Commission* decision.

DATES: The meetings will take place on:

Thursday, July 23rd From 3:30 p.m.–5:00 p.m. CT

- *Registration Link (Audio/Visual):* https://www.zoomgov.com/webinar/register/WN_pGt04I8-Q8Cavg4bQKKe-w.

Join by Phone (Audio Only): 1-833-435-1820 USA Toll-Free; Webinar ID: 165 380 8735 #.

Thursday, August 27th From 3:30 p.m.–5:00 p.m. CT

- *Registration Link (Audio/Visual):* https://www.zoomgov.com/webinar/register/WN_h9TQ4tnTtuDWYegULYkZQ.

Join by Phone (Audio Only): 1-833-435-1820 USA Toll-Free; Webinar ID: 165 482 0449 #.

Thursday, September 24th From 3:30 p.m.–5:00 p.m. CT

• **Registration Link (Audio/Visual):** https://www.zoomgov.com/webinar/register/WN_9oxKxEfjS1qUp70yGONH_A.

Join by Phone (Audio Only): 1–833–435–1820 USA Toll-Free; Webinar ID: 165 140 2157#.

Thursday, October 22nd From 3:30 p.m.–5:00 p.m. CT

• **Registration Link (Audio/Visual):** https://www.zoomgov.com/webinar/register/WN_AxoAh8QwR6KdHY_XAzlZMg.

Join by Phone (Audio Only): 1–833–435–1820 USA Toll-Free; Webinar ID: 165 309 8822 #.

Agendas: (Note: Final meeting agenda will be available prior to the meeting dates.)

• 7/23/26 <https://usccr.box.com/s/zwbiz9bggv8arqudxo3j5ujvaw5a9703>.

• 8/22/26 <https://usccr.box.com/s/9u0xa5ulzvysv1866a6i1kb59rj71vv5>.

• 9/24/26 <https://usccr.box.com/s/70dn0yrjkniamfsgm3t7emxf83wtd19>.

• 10/22/26 <https://usccr.box.com/s/ja84q7pdiw5bzh6yxl115vatln9joqd>.

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: June 15, 2026

David Mussatt,

Supervisory Chief, Regional Programs Unit.

[FR Doc. 2026–12193 Filed 6–16–26; 8:45 am]

BILLING CODE 6335–01–P

DEPARTMENT OF COMMERCE**Foreign-Trade Zones Board**

[B–72–2026]

**Foreign-Trade Zone (FTZ) 41,
Notification of Proposed Production
Activity; Dedicated Computing;
(Computer Systems); Waukesha,
Wisconsin**

Dedicated Computing submitted a notification of proposed production activity to the FTZ Board (the Board) for its facility in Waukesha, Wisconsin within FTZ 41. The notification conforming to the requirements of the Board's regulations (15 CFR 400.22) was received on June 8, 2026.

Pursuant to 15 CFR 400.14(b), FTZ production activity would be limited to the specific foreign-status material(s)/component(s) and specific finished product(s) described in the submitted notification (summarized below) and subsequently authorized by the Board. The benefits that may stem from conducting production activity under FTZ procedures are explained in the background section of the Board's website—accessible via www.trade.gov/ftz.

The proposed finished products include: industrial computer systems with integrated input/output modules and optional LCD display assemblies; rack-mounted industrial computer systems and integrated computing racks; bare-bones industrial computer chassis assemblies without installed memory or storage devices; computer mouse input

devices used with automatic data processing systems; internal and external hard disk drives and solid-state storage devices used in computer systems; control units and interface adapter modules used in computer systems; and, printed circuit board assemblies used in computer systems and electronic equipment (duty-free).

The proposed foreign-status materials/components include: computer keyboards; protective equipment cases for transporting electronic equipment; plastic plug insert used for securing power cord connections; printed product instructions; steel mounting brackets; steel fasteners; steel structural hardware; aluminum plates; metal mounting brackets; slide rails for racks; cabinet hardware; cooling fans; multifunction printers; static power converters; power supply units; lithium-ion battery packs; wireless antennas; media recording devices; blank optical discs; recorded optical media; smart cards; electronic indicator panels; high-voltage protection equipment; electrical connectors less than or equal to 1000 volts; optical fiber connectors; electrical terminals less than or equal to 1000 volts; power distribution boards; terminal block accessories; specialized electrical devices; insulated copper winding wires; coaxial cables; insulated cables with connectors; fiber optic cables; and, processor carrier components (duty rate ranges from duty-free to 6.5%).

The request indicates that certain materials/components are subject to duties under section 122 of the Trade Act of 1974 (Section 122), section 232 of the Trade Expansion Act of 1962 (section 232), or section 301 of the Trade Act of 1974 (section 301), depending on the country of origin. The applicable section 122, section 232, and section 301 decisions require subject merchandise to be admitted to FTZs in privileged foreign (PF) status (19 CFR 146.41). The request also indicates that aluminum extrusion components used in computer system assemblies and rack or enclosure assemblies and aluminum extrusion cover or chassis components used in computer assemblies are subject to an antidumping/countervailing duty (AD/CVD) order/investigation if imported from China. The Board's regulations (15 CFR 400.13(c)(2)) require that merchandise subject to AD/CVD orders, or items which would be otherwise subject to suspension of liquidation under AD/CVD procedures if they entered U.S. customs territory, be admitted to the zone in PF status. June 17, 2026.

Public comment is invited from interested parties. Submissions shall be addressed to the Board's Executive Secretary and sent to: ftz@trade.gov. The closing period for their receipt is July 27, 2026.

A copy of the notification will be available for public inspection in the "Online FTZ Information System" section of the Board's website.

For further information, contact Brian Warnes at brian.warnes@trade.gov.

Dated: June 12, 2026.

Elizabeth Whiteman,
Executive Secretary.

[FR Doc. 2026-12119 Filed 6-16-26; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

Foreign-Trade Zones Board

[Order No. 2182]

Denial of Production Authority; Foreign-Trade Zone 3; Phillips 66 Company; (Renewable Fuels and By-Products); Rodeo, California

Pursuant to its authority under the Foreign-Trade Zones Act of June 18, 1934, as amended (19 U.S.C. 81a-81u), the Foreign-Trade Zones Board (the Board) adopts the following Order:

Whereas, the Foreign-Trade Zones (FTZ) Act provides for ". . . the establishment . . . of foreign-trade zones in ports of entry of the United States, to expedite and encourage foreign commerce, and for other purposes," and authorizes the FTZ Board to grant to qualified corporations the privilege of establishing foreign-trade zones in or adjacent to U.S. Customs and Border Protection ports of entry;

Whereas, the San Francisco Port Commission, grantee of FTZ 3, has requested production authority on behalf of Phillips 66 Company, within Subzone 3D in Rodeo, California (B-43-2024, docketed August 8, 2024);

Whereas, notice inviting public comment has been given in the **Federal Register** (89 FR 66033, August 14, 2024) and the application has been processed pursuant to the FTZ Act and the Board's regulations; and,

Whereas, the Board adopts the findings and recommendations of the examiner's report, and finds that the requirements of the FTZ Act and the Board's regulations have not been satisfied, and that the proposal would not be in the public interest;

Now, therefore, the Board hereby orders:

The application for production authority under zone procedures within

Subzone 3E on behalf of Phillips 66 Company, as described in the application and **Federal Register** notice, is not approved.

Dated: June 15, 2026.

Christopher Abbott,
Deputy Assistant Secretary for Policy and Negotiations, performing the non-exclusive functions and duties of the Assistant Secretary for Enforcement and Compliance Alternate Chairman, Foreign-Trade Zones Board.

[FR Doc. 2026-12216 Filed 6-16-26; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

Foreign-Trade Zones Board

[B-73-2026]

Foreign-Trade Zone (FTZ) 78, Notification of Proposed Production Activity; Petainer Manufacturing USA, Inc.; (Polyethylene Terephthalate Preforms); Columbia, Tennessee

The Metropolitan Government of Nashville and Davidson County, grantee of FTZ 78, submitted a notification of proposed production activity to the FTZ Board (the Board) on behalf of Petainer Manufacturing USA, Inc. (Petainer) for Petainer's facility in Columbia, Tennessee within Subzone 78Q. The notification conforming to the requirements of the Board's regulations (15 CFR 400.22) was received on June 8, 2026.

Pursuant to 15 CFR 400.14(b), FTZ production activity would be limited to the specific foreign-status material(s)/ component(s) and specific finished product(s) described in the submitted notification (summarized below) and subsequently authorized by the Board. The benefits that may stem from conducting production activity under FTZ procedures are explained in the background section of the Board's website—accessible via www.trade.gov/ftz.

The proposed finished products include: injection-molded PET bottle preforms used in beverage and food packaging applications; and blow-molded PET watercooler bottles used for beverage and water packaging applications (duty rate is 3%).

The proposed foreign-status material/ component includes polyethylene terephthalate (PET) resin pellets used as raw material for plastic preforms (duty rate is 6.5%).

The request indicates that certain materials/components are subject to duties under section 122 of the Trade Act of 1974 (Section 122) or section 301 of the Trade Act of 1974 (section 301),

depending on the country of origin. The applicable section 122 and section 301 decisions require subject merchandise to be admitted to FTZs in privileged foreign status (19 CFR 146.41). The request also indicates that polyethylene terephthalate (PET) resin pellets used as raw material for plastic preforms is subject to an antidumping/ countervailing duty (AD/CVD) order/ investigation if imported from certain countries. The Board's regulations (15 CFR 400.13(c)(2)) require that merchandise subject to AD/CVD orders, or items which would be otherwise subject to suspension of liquidation under AD/CVD procedures if they entered U.S. customs territory, be admitted to the zone in privileged foreign status (19 CFR 146.41).

Public comment is invited from interested parties. Submissions shall be addressed to the Board's Executive Secretary and sent to: ftz@trade.gov. The closing period for their receipt is July 27, 2026.

A copy of the notification will be available for public inspection in the "Online FTZ Information System" section of the Board's website.

For further information, contact John Frye at John.Frye@trade.gov.

Dated: June 12, 2026.

Elizabeth Whiteman,
Executive Secretary.

[FR Doc. 2026-12217 Filed 6-16-26; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

Agency Information Collection Activities; Submission to the Office of Management and Budget (OMB) for Review and Approval; Comment Request; Coastal Zone Management Program Administration

AGENCY: National Oceanic & Atmospheric Administration (NOAA), Commerce.

ACTION: Notice of information collection, request for comment.

SUMMARY: The Department of Commerce, in accordance with the Paperwork Reduction Act of 1995 (PRA), invites 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. The purpose of this notice is to allow for 60 days of public

comment preceding submission of the collection to OMB.

DATES: To ensure consideration, comments regarding this proposed information collection must be received on or before August 17, 2026.

ADDRESSES: Interested persons are invited to submit written comments to Adrienne Thomas, NOAA PRA Officer, at NOAA.PRA@noaa.gov. Please reference OMB Control Number 0648–0119 in the subject line of your comments. All comments received are part of the public record and will generally be posted on <https://www.regulations.gov> without change. Do not submit confidential business information or otherwise sensitive or protected information.

FOR FURTHER INFORMATION CONTACT: Requests for additional information or specific questions related to collection activities should be directed to Elizabeth Mountz, Stewardship Division Operations Manager, NOAA's Office for Coastal Management, 1305 East-West Highway, Silver Spring, MD 20910, 202–596–6581, and Elizabeth.Mountz@noaa.gov.

SUPPLEMENTARY INFORMATION:

I. Abstract

This request is for revision and extension of a currently approved information collection. In response to intense pressure on U.S. coastal resources, and because of the importance of U.S. coastal areas, Congress passed the Coastal Zone Management Act of 1972 (CZMA), 16 U.S.C. 1451 *et seq.* The CZMA authorized a Federal program to encourage coastal states and territories to develop comprehensive coastal management programs. The CZMA has been reauthorized on several occasions, most recently with the enactment of the Coastal Zone Protection Act of 1996. (CZMA as amended). The program is administered by the Secretary of Commerce, who in turn has delegated this responsibility to the National Oceanic and Atmospheric Administration's (NOAA) National Ocean Services (NOS).

The coastal zone management grants provide funds to states and territories to: implement federally-approved coastal management programs; complete information for the Coastal Zone Management Program (CZMP) Performance Management System; develop multi-year program assessments and strategies to enhance their programs within priority areas under section 309 of the CZMA; submit documentation as described in CZMA section 306A for specific construction, acquisition, and

educational projects; submit requests to update their federally-approved programs through amendments or program changes; and develop and submit state coastal nonpoint pollution control programs (CNP) as required under section 6217 of the Coastal Zone Act Reauthorization Amendments.

Revisions:

1. The CZM progress report guidance has undergone minor updates that ensure consistency with NOAA/NOS grant requirements as well as CZMA strategic priorities. The revised CZM progress report guidance provides clarification for reporting on competitive and multi-year awards, as well as additional guidance on financial reporting requirements.

2. Section 309 Strategy & Assessment Program Guidance has undergone minor updates to the timeline for current submittals to ensure consistency with current NOAA/NOS priorities, and the CZM Program Strategic Plan.

3. The CZMA Performance Management System Guidance has undergone minor updates to clarify requirements and add references to the current CZM Performance Measure System database.

4. The CZM section 306A guidance has undergone minor updates to remove references to rescinded executive orders.

II. Method of Collection

Program documents, assessment and strategy documents, and other required materials are submitted electronically. Grant applications are submitted electronically via [Grants.gov](https://www.grants.gov) and performance reports are submitted electronically through the electronic Records Administration (eRA) site. Performance measurement data is submitted through an online database. Methods of submittal for other program documents and required materials include submittal via email or mail.

III. Data

OMB Control Number: 0648–0119.

Form Number(s): None.

Type of Review: Regular submission (revision and extension of a current information collection).

Affected Public: State, Local, or Tribal government.

Estimated Number of Respondents: 34.

Estimated Time per Response: Performance Reports, 40 hours; assessment and strategy documents, 260 hours; section 306A questionnaire and documentation, 25 hours; amendments and routine program changes, 15 hours; CNP documentation, 240 hours; CZMA

Performance Management System, 25 hours.

Estimated Total Annual Burden Hours: 8,916.

Estimated Total Annual Cost to Public: \$850 in recordkeeping/reporting costs.

Respondent's Obligation: Required to Obtain or Retain Benefits.

Legal Authority: Coastal Zone Management Act (16 U.S.C. 1451, *et seq.*).

IV. Request for Comments

We are soliciting public comments to permit the Department/Bureau to: (a) Evaluate whether the proposed information collection is necessary for the proper functions of the Department, including whether the information will have practical utility; (b) Evaluate the accuracy of our estimate of the time and cost burden for this proposed collection, including the validity of the methodology and assumptions used; (c) Evaluate ways to enhance the quality, utility, and clarity of the information to be collected; and (d) Minimize the reporting burden on those who are to respond, including the use of automated collection techniques or other forms of information technology.

Comments that you submit in response to this notice are a matter of public record. We will include or summarize each comment in our request to OMB to approve this Information Collection Review (ICR). 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 may 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.

Sheleen Dumas,

Departmental PRA Compliance Officer, Office of the Under Secretary for Economic Affairs, Commerce Department.

[FR Doc. 2026–12194 Filed 6–16–26; 8:45 am]

BILLING CODE 3510–08–P

COMMODITY FUTURES TRADING COMMISSION

Agency Information Collection Activities Under OMB Review

AGENCY: Commodity Futures Trading Commission.

ACTION: Notice.

SUMMARY: In compliance with the Paperwork Reduction Act of 1995 (“PRA”), this notice announces that the Information Collection Request (“ICR”) abstracted below has been forwarded to the Office of Information and Regulatory Affairs (“OIRA”), of the Office of Management and Budget (“OMB”), for review and comment. The ICR describes the nature of the information collection and its expected costs and burden.

DATES: Comments must be submitted on or before July 17, 2026.

ADDRESSES: Written comments and recommendations for the proposed information collection should be submitted within 30 days of this notice’s publication to OIRA, at <https://www.reginfo.gov/public/do/PRAMain>. Please find this particular information collection by selecting “Currently under 30-day Review—Open for Public Comments” or by using the website’s search function. Comments can be entered electronically by clicking on the “comment” button next to the information collection on the “OIRA Information Collections Under Review” page, or the “View ICR—Agency Submission” page. A copy of the supporting statement for the collection of information discussed herein may be obtained by visiting <https://www.reginfo.gov/public/do/PRAMain>.

In addition to the submission of comments to <https://Reginfo.gov> as indicated above, a copy of all comments submitted to OIRA may also be submitted to the Commodity Futures Trading Commission (the “Commission” or “CFTC”) by any of the following methods:

- *Regulations.gov*: Go to <https://www.regulations.gov> and press the “Search” button, then proceed as follows:
 1. Under Refine Documents Results—check the box to “Only show documents open for comment”;
 2. Under Agency—select “See More” and check the box for “Commodity Futures Trading Commission,” then press the Apply button;
 3. Identify this notice in the list of CFTC documents open for comment, press the “Comment” button to open the submission form, and follow the instructions on the form.

Alternatively, if you are viewing this notice on www.federalregister.gov, click the “Submit A Public Comment” button at the top of the page to open the comment form. Follow the instructions on the form to submit your comment to *Regulations.gov*.

- *Mail*: Send to—Christopher Kirkpatrick, Secretary of the Commission, Commodity Futures

Trading Commission, Three Lafayette Centre, 1155 21st Street NW, Washington, DC 20581.

- *Hand Delivery/Courier*: Address to—CFTC Comment Submission, Attn: Christopher Kirkpatrick, Secretary of the Commission, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street NW, Washington, DC 20581.

Please submit your comments using only one of these methods. To avoid possible delays with mail or in-person deliveries, submissions through *Regulations.gov* are encouraged.

All comments must be submitted in English or, if not, accompanied by an English translation. Do not include in your comment text or attachments any personal identifying information or business information that you do not want published online. Comments (regardless of submission method) will be published without review for, and without removal of, any personal identifying information or information your business may consider confidential.

If you wish to submit confidential information for the Commission’s consideration, please contact the CFTC personnel listed in this Notice under **FOR FURTHER INFORMATION CONTACT** before making any submission. Please also carefully review the Commission’s procedures in 17 CFR 145.9 for requesting confidential treatment under the Freedom of Information Act (FOIA) of information submitted to the Commission.

The CFTC reserves the right, but shall have no obligation, to review, pre-screen, filter, or redact all or any part of your comment submission. The CFTC also reserves the right, without further notification, to refuse to publish or to remove from public view all or any part of your submission to the extent it contains content inappropriate for publication in a comment file, such as—without limitation—obscene language, threats of violence, solicitations for commercial sales or illegal activity, or obvious spam. If a submission that is refused for or withdrawn from publication because of inappropriate content also contains comments on the merits of this notice, such submission will be retained in the record for the matter and will be considered as required under the Administrative Procedure Act, the Paperwork Reduction Act, and other applicable laws, and may be accessible under the FOIA.

FOR FURTHER INFORMATION CONTACT: Lee McFarland, Special Counsel, Market Participants Division, Commodity

Futures Trading Commission, (202) 418–5465, email: lmcfarland@cftc.gov, and refer to OMB Control No. 3038–0067.

SUPPLEMENTARY INFORMATION:

Title: Part 162—Protection of Consumer Information under the Fair Credit Reporting Act (OMB Control No. 3038–0067). This is a request for reinstatement without change of a previously approved information collection.

Abstract: On July 21, 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”).¹ Title X of the Dodd-Frank Act, which is titled the Consumer Financial Protection Act of 2010 (“CFP Act”), amends a number of federal consumer protection laws enacted prior to the Dodd-Frank Act including, in relevant part, the Fair Credit Reporting Act (“FCRA”) ² and the Fair and Accurate Credit Transactions Act of 2003 (“FACT Act”).³ Specifically, Section 1088 of the CFP Act sets out certain amendments to the FCRA and the FACT Act directing the Commission to promulgate regulations that are intended to provide privacy protections to certain consumer information held by an entity that is subject to the jurisdiction of the Commission.

Section 1088 amends section 214(b) of the FACT Act—which added section 624 to the FCRA in 2003—and directs the Commission to implement the provisions of section 624 of the FCRA with respect to persons that are subject to the Commission’s enforcement jurisdiction. Section 624 of the FCRA gives a consumer the right to block affiliates of an entity subject to the Commission’s jurisdiction from using certain information obtained from such entity to make solicitations to that consumer (hereinafter referred to as the “affiliate marketing rules”).⁴ Under the affiliate marketing rules, the entities covered by the regulations are expected to prepare and provide clear, conspicuous and concise opt-out notices to any consumers with whom such entities have a pre-existing business relationship. A covered entity only has to provide an opt-out notice to the extent that an affiliate of the covered entity plans to make a solicitation to any of the covered entity’s consumers. The

¹ Public Law 111–203, 124 Stat. 1376 (2010).

² 15 U.S.C. 1681–1681x.

³ Public Law 108–159, 117 Stat. 1952, 1980 (2003).

⁴ The affiliate marketing rules are found in Part 162, Subpart A (Business Affiliate Marketing Rules) of the CFTC’s regulations. 17 CFR part 162, subpart A.

purpose of the opt-out notice is to provide consumers with the ability to prohibit marketing solicitations from affiliate businesses that do not have a pre-existing business relationship with the consumers, but that do have access to such consumers' nonpublic, personal information. A covered entity is required to send opt-out notices at the maximum of once every five years.

Section 1088 of the CFP Act also amends section 628 of the FCRA and mandates that the Commission implement regulations requiring persons subject to the Commission's jurisdiction who possess or maintain consumer report information in connection with their business activities to properly dispose of that information (hereinafter referred to as the "disposal rules").⁵ Under the disposal rules, the entities covered by the regulations are expected to develop and implement a written disposal plan with respect to any consumer information within such entities' possession. The regulations provide that a covered entity develop a written disposal plan that is tailored to the size and complexity of such entity's business. The purpose of the written disposal plan is to establish a formal plan for the disposal of nonpublic, consumer information, which otherwise could be illegally confiscated and used by unauthorized third parties. Under the rules, a covered entity is required to develop a written disposal plan only once, but may subsequently amend such plan from time to time.

In addition, Section 1088 of the CFP Act amended the FCRA by adding the CFTC and the Securities and Exchange Commission ("SEC," together with the CFTC, the "Commissions") to the list of federal agencies required to jointly prescribe and enforce identity theft red flags rules and guidelines and card issuer rules. Thus, the Dodd-Frank Act provides for the transfer of rulemaking responsibility and enforcement authority to the CFTC and SEC with respect to the entities under their respective jurisdiction. Accordingly, the Commissions have issued final rules and guidelines (hereinafter referred to as the "identity theft rules")⁶ to implement new statutory provisions enacted by the CFP Act that amend section 615(e) of the FCRA and direct the Commissions to prescribe rules requiring entities that are subject to the Commissions' jurisdiction to address identity theft. Under the identity theft

rules, entities covered by the regulation are required to develop and implement reasonable policies and procedures to identify, detect, and respond to relevant red flags for identity theft that are appropriate to the size and complexity of such entity's business and, in the case of entities that issue credit or debit cards, to assess the validity of, and communicate with cardholders regarding, address changes.⁷ They are also required to provide for the continued administration of identity theft policies and procedures.

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. On June 10, 2025, the Commission published in the **Federal Register** notice of the proposed extension of this information collection and provided 60 days for public comment on the proposed extension, 90 FR 24387 ("60-Day Notice"). The Commission did not receive any relevant comments on the 60-Day Notice.

Burden Statement: The Commission is revising its burden estimate for this collection to reflect its estimate of the current number of CFTC registrants subject to the requirements of Part 162 regulations. The respondent burden for this collection is estimated to be as follows:

Estimated Number of Respondents: 3,510.

Estimated Total Number of Responses: 361,947.

Estimated Total Annual Burden Hours: 46,603.

Frequency of Collection: As applicable.

There are no capital costs or operating and maintenance costs associated with this collection.

(Authority: 44 U.S.C. 3501 *et seq.*)

Dated: June 12, 2026.

Robert Sidman,

Deputy Secretary of the Commission.

[FR Doc. 2026-12146 Filed 6-16-26; 8:45 am]

BILLING CODE 6351-01-P

⁷ The CFTC understands that CFTC-regulated entities generally do not issue credit or debit cards, but instead may partner with other entities, such as banks, that issue cards on their behalf. These other entities, which are not regulated by the CFTC, are already subject to substantially similar change of address obligations pursuant to other federal regulators' identity theft red flags rules. Therefore, the CFTC does not expect that any CFTC-regulated entities will be subject to the related information collection requirements under the CFTC's identity theft rules.

CONSUMER PRODUCT SAFETY COMMISSION

[CPSC Docket No. 26-C0003]

Proposed Settlement Agreement, Stipulation, Order and Judgement, etc.; Daikin Comfort Technologies Manufacturing, Inc.

AGENCY: Consumer Product Safety Commission.

ACTION: Notice.

SUMMARY: The Commission publishes in the **Federal Register** any settlement that it provisionally accepts under the Consumer Product Safety Act. Published below is a provisionally accepted Settlement Agreement with Daikin Comfort Technologies Manufacturing, Inc., containing a civil penalty in the amount of \$8,500,000 subject to the terms and conditions of the Settlement Agreement. The Commission provisionally accepts the proposed Settlement Agreement and Order pertaining to Daikin Comfort Technologies Manufacturing, Inc.

DATES: Any interested person may ask the Commission not to accept this agreement or otherwise comment on its contents by filing a written request with the Office of the Secretary by July 2, 2026.

ADDRESSES: Persons wishing to comment on this Settlement Agreement should send written comments to Comment 26-C0003, Office of the Secretary, Consumer Product Safety Commission, 4330 East West Highway, Bethesda, MD 20814; telephone: (301) 504-7479 (office); email: cpsc-os@cpsc.gov.

FOR FURTHER INFORMATION CONTACT: William Evans, Trial Attorney, Division of Enforcement and Litigation, Office of Compliance and Field Operations, Consumer Product Safety Commission, 4330 East West Highway, Bethesda, Maryland 20814; WEvans@cpsc.gov; 301-504-7097 (office).

SUPPLEMENTARY INFORMATION: The text of the Settlement Agreement and Order appear below.

Dated: June 15, 2026.

Brianna Bell,

Paralegal Specialist.

United States of America Consumer Product Safety Commission

In the Matter of: Daikin Comfort Technologies Manufacturing, Inc.

CPSC Docket No.: 26-C0003

Settlement Agreement

1. In accordance with the Consumer Product Safety Act, 15 U.S.C. 2051-

⁵ The disposal rules are found in Part 162, Subpart B (Disposal Rules) of the CFTC's regulations. 17 CFR part 162, subpart B.

⁶ The CFTC's identity theft rules are found in Part 162, Subpart C (Identity Theft Red Flags) of the CFTC's regulations. 17 CFR part 162, subpart C.

2089 (“CPSA”), and 16 CFR 1118.20, Daikin Comfort Technologies Manufacturing, Inc. f/k/a Daikin Comfort Technologies Manufacturing, L.P. (“DCT”), and the United States Consumer Product Safety Commission (“Commission” or “CPSC”), through its staff, hereby enter into this Settlement Agreement (“Agreement”). The Agreement and the incorporated attached Order resolve staff’s charges set forth below.

The Parties

2. The Commission is an independent federal regulatory agency, established pursuant to, and responsible for, the enforcement of the CPSA, 15 U.S.C. 2051–2089. By executing the Agreement, staff is acting on behalf of the Commission, pursuant to 16 CFR § 1118.20(b). The Commission issues the Order under the provisions of the CPSA.

3. DCT is a corporation, organized and existing under the laws of the state of Texas, with its principal place of business in Waller, Texas.

Staff Charges

4. Between May 2015 and January 2023, approximately 62,100 Amana-branded Packaged Terminal Air Conditioners and Heat Pumps (PTACs) equipped with “DigiAir” modules (collectively, the “Subject Products”) were manufactured and distributed in the United States.

5. The Subject Products are “consumer products” that were “manufactured” and “import[ed]” and “distribut[ed] in commerce,” as those terms are defined or used in sections 3(a)(5), (7), (9), and (10) of the CPSA, 15 U.S.C. 2052(a)(5), (7), (9), and (10). DCT is the “manufacturer” and “distributor” of the Subject Products, as such terms are defined in section 3(a)(8) and (11) of the CPSA, 15 U.S.C. 2052(a)(8) and (11).

Violation of CPSA Section 19(a)(4)

6. The Subject Products contain a defect which could create a substantial product hazard or create an unreasonable risk of serious injury or death because the DigiAir module compressor in the recalled PTACs can overheat, posing burn and fire hazards.

7. Between 2017 and 2023, DCT received multiple warranty claims relating to the Subject Products and over a dozen reports of fires involving the Subject Products, including one causing a smoke inhalation injury.

8. Despite possessing information that reasonably supported the conclusion that the Subject Products contained a defect which could create a substantial product hazard or created an unreasonable risk of serious injury or

death, DCT did not immediately report to the Commission.

9. The Commission and DCT jointly announced a recall of the Subject Products on August 3, 2023. The press release announcing the recall stated that the Firm had received 52 reports of incidents with the “DigiAir” compressor, including 10 that resulted in fires.

Failure to Timely Report

10. Despite having information reasonably supporting the conclusion that the Subject Products contained a defect which could create a substantial product hazard or created an unreasonable risk of serious injury or death, DCT did not notify the Commission immediately of such defect or risk, as required by sections 15(b)(3) and (4) of the CPSA, 15 U.S.C. § 2064(b)(3), (4), in violation of section 19(a)(4) of the CPSA, 15 U.S.C. 2068(a)(4).

11. Because the information in DCT’s possession about the Subject Products constituted actual and presumed knowledge, DCT knowingly violated section 19(a)(4) of the CPSA, 15 U.S.C. 2068(a)(4), as the term “knowingly” is defined in section 20(d) of the CPSA, 15 U.S.C. 2069(d).

12. Pursuant to section 20 of the CPSA, 15 U.S.C. 2069, DCT is subject to civil penalties for its knowing violation of section 19(a)(4) of the CPSA, 15 U.S.C. 2068(a)(4).

Response of DCT

13. This Agreement does not constitute an admission by DCT to the staff’s charges as set forth in Paragraphs 4 through 12 above, including, without limitation, that the Subject Products contained a defect that could create a substantial product hazard or created an unreasonable risk of serious injury or death; or, that DCT failed to notify the Commission in a timely manner in accordance with section 15(b) of the CPSA, 15 U.S.C. 2064(b); or, that DCT knowingly violated section 19(a)(4) of the CPSA, 15 U.S.C. 2068(a)(4), as the term “knowingly” is defined in section 20(d) of the CPSA, 15 U.S.C. 2069(d). In fact, DCT expressly denies such.

14. At all relevant times, DCT had a compliance program and took reasonable steps to monitor, evaluate, and address reports of overheating regarding the Subject Products.

15. DCT promptly notified the Commission under Section 15(b) of the CPSA after identifying potential risk of overheating in the Subject Products and conducted a voluntary recall of the Subject Products, which was announced in August 2023.

16. DCT enters into this Agreement to settle this matter and to avoid the distraction, delay, uncertainty, and inconvenience of protracted litigation or other proceedings. DCT does not admit that it violated the CPSA or any other law, and DCT’s willingness to enter into this Agreement and Order does not constitute, nor is it evidence of, an admission by DCT of liability, or violation of any law.

Agreement of the Parties

17. Under the CPSA, the Commission has jurisdiction over the matter involving the Subject Products and over DCT.

18. The parties enter into the Agreement for settlement purposes only. The Agreement does not constitute an admission by DCT or a determination by the Commission that DCT violated the CPSA.

19. In settlement of staff’s charges, DCT shall pay a civil penalty in the amount of eight million five hundred thousand dollars (\$8,500,000). The \$8,500,000 Payment shall be paid within thirty (30) calendar days after receiving service of the Commission’s final Order accepting the Agreement. All payments to be made under the Agreement shall constitute debts owing to the United States and shall be made by electronic wire transfer to the United States via <http://www.pay.gov>, for allocation to, and credit against, the payment obligations of DCT under this Agreement. Failure to make such payment by the date specified in the Commission’s final Order shall constitute Default.

20. After receipt of the payment set forth in paragraph 19, the Commission releases and agrees that it will not seek civil penalties from DCT for any violation of section 19(a)(4) of the CPSA, 15 U.S.C. 2068(a)(4), regarding any defect or risk posed by a consumer product for which DCT, as of March 6, 2026, had submitted an Initial or Full Report under CPSA section 15, 15 U.S.C. 2064, and 16 CFR 1115.13 (c) and (d). This paragraph does not relieve DCT from the continuing duty to report to the Commission any new, additional, or different information as required by CPSA section 15.

21. The Commission or the United States may seek enforcement for any breach of, or any failure to comply with, any provision of this Agreement and Order in United States District Court, to seek relief including, but not limited to, collecting amounts due.

22. All unpaid amounts, if any, due and owing under the Agreement, shall constitute a debt due and immediately owing by DCT to the United States, and

interest shall accrue and be paid by DCT at the federal legal rate of interest set forth at 28 U.S.C. 1961(a) and (b) from the date of Default, until all amounts due have been paid in full (hereinafter "Default Payment Amount" and "Default Interest Balance"). DCT shall consent to a Consent Judgment in the amount of the Default Payment Amount and Default Interest Balance, and the United States, at its sole option, may collect the entire Default Payment Amount and Default Interest Balance, or exercise any other rights granted by law or in equity, including, but not limited to, referring such matters for private collection, and DCT agrees not to contest, and hereby waives and discharges any defenses to, any collection action undertaken by the United States, or its agents or contractors, pursuant to this paragraph. DCT shall pay the United States all reasonable costs of collection and enforcement under this paragraph, respectively, including reasonable attorney's fees and expenses.

23. After staff receives this Agreement executed on behalf of DCT, staff shall promptly submit the Agreement to the Commission for provisional acceptance. Promptly following provisional acceptance of the Agreement by the Commission, the Agreement shall be placed on the public record and published in the **Federal Register**, in accordance with the procedures set forth in 16 CFR 1118.20(e). If the Commission does not receive any written request not to accept the Agreement within fifteen (15) calendar days, the Agreement shall be deemed finally accepted on the 16th calendar day after the date the Agreement is published in the **Federal Register**, in accordance with 16 CFR 1118.20(f).

24. This Agreement is conditioned upon, and subject to, the Commission's final acceptance, as set forth above, and it is subject to the provisions of 16 CFR 1118.20(h). Upon the later of: (i) the Commission's final acceptance of this Agreement and service of the accepted Agreement upon DCT, and (ii) the date of issuance of the final Order, this Agreement shall be in full force and effect, and shall be binding upon the parties.

25. Effective upon the later of: (1) the Commission's final acceptance of the Agreement and service of the accepted Agreement upon DCT, and (2) the date of issuance of the final Order, for good and valuable consideration, DCT hereby expressly and irrevocably waives and agrees not to assert any past, present, or future rights to the following, in connection with the matter described in this Agreement:

- (i) an administrative or judicial hearing;
- (ii) judicial review or other challenge or contest of the Commission's actions;
- (iii) a determination by the Commission of whether DCT failed to comply with the CPSA and the underlying regulations;
- (iv) a statement of findings of fact and conclusions of law; and
- (v) any claims under the Equal Access to Justice Act.

26. DCT shall maintain a compliance program designed to ensure compliance with the CPSA with respect to any DCT consumer product imported, manufactured, distributed, or sold in the United States, which shall contain the following elements:

(i) designation of DCT's Product Safety Committee Chair as responsible for oversight of the compliance program and for making final recommendations on section 15(b) reporting determinations (the "Internal Compliance Monitor");

(ii) written standards, policies, and procedures, including those designed to ensure that information that may relate to or impact CPSA compliance is conveyed effectively to personnel responsible for CPSA compliance, including the Internal Compliance Monitor, whether or not an injury has been reported;

(iii) procedures and systems for tracking and reviewing claims, including warranty claims, and reports for safety concerns reported by consumers, whether inside or outside the United States, and for implementing corrective and preventive actions when compliance deficiencies or violations are identified;

(iv) procedures and systems for tracking and reviewing information concerning safety-related production or design change(s), product liability suits, and/or claims for personal injury or damage, information received from the Commission, and other information pertinent to determining section 15(b) reporting obligations, as set forth in 16 CFR 1115.12(f);

(v) procedures requiring that any investigation, analysis, or review to evaluate the reportability of a product under section 15(b), whether performed by the Firm or by a third party acting on behalf of the Firm, be conducted in a reasonably expeditious manner pursuant to 16 CFR 1115.14(d);

(vi) procedures requiring that information required to be disclosed by DCT to the Commission is recorded, processed, and reported in accordance with applicable law;

(vii) procedures requiring that all reporting made to the Commission is

timely, truthful, complete, accurate, and in accordance with applicable law;

(viii) procedures requiring that prompt disclosure is made to DCT management of any significant deficiencies or material weaknesses in the design or operation of such internal controls that are reasonably likely to affect adversely, in any material respect, DCT's ability to record, process and report to the Commission in accordance with applicable law;

(ix) mechanisms to effectively communicate to all applicable DCT employees, through training programs or other means, compliance-related company policies and procedures to prevent violations of the CPSA;

(x) a mechanism for confidential employee reporting of compliance-related questions or concerns to either a compliance officer or to another senior manager with authority to act as necessary;

(xi) DCT's senior management responsibility for, and general board oversight of, CPSA compliance, through the individual identified in subparagraph (i), including the implementation of steps to ensure that incident and injury data is reviewed and analyzed for purposes of CPSA section 15(b) reporting;

(xii) an annual internal audit, for a period of three years, of the effectiveness of policies, procedures, systems, and training related to CPSA compliance that evaluates opportunities for improvement, deficiencies or weaknesses, and the Firm's overall culture of compliance; and

(xiii) retention of all CPSA compliance-related records for at least five (5) years, and availability of such records to CPSC staff upon request.

27. DCT shall submit a report under CPSA section 16(b), 15 U.S.C. 2065(b), sworn to under penalty of perjury:

(i) describing in detail its compliance program and internal controls and the actions DCT has taken to comply with each subparagraph of paragraph 26;

(ii) affirming that during the reporting period, DCT has reviewed its compliance program and internal controls, including the actions referenced in subparagraph (i) of this paragraph, for effectiveness, and that it complies with each subparagraph of paragraph 26 or describing in detail any non-compliance with any such subparagraph; and

(iii) identifying any changes or modifications made as a result of the audit during the reporting period to DCT's compliance program or internal controls to ensure compliance with the terms of the CPSA and, in particular, the

requirements of CPSA section 15 related to timely reporting.

Such reports shall be submitted to the Director, Office of Compliance and Field Operations, Division of Enforcement and Litigation, for a period of three (3) years. The first report shall be submitted within 30 days after the expiration of 12-months from the date of the Commission's Final Order of Acceptance of the Agreement and successive reports shall be due annually on the same date thereafter. Without limitation, DCT acknowledges and agrees that failure to make such timely and accurate reports, as required by this Agreement and Order, may constitute a violation of section 19(a)(3) of the CPSA, 15 U.S.C. 2068(a)(3), and may subject DCT to enforcement under section 22 of the CPSA, 15 U.S.C. 2071.

28. DCT shall cooperate fully and truthfully with staff and shall make available all non-privileged information and materials and personnel necessary to evaluate DCT's compliance with the terms of the Agreement.

29. The parties acknowledge and agree that the Commission may publicize the terms of the Agreement and the Order.

30. DCT represents that the Agreement:

(i) is entered into freely and voluntarily, without any degree of duress or compulsion whatsoever; (ii) has been duly authorized; and (iii) constitutes the valid and binding obligation of DCT, enforceable against DCT in accordance with its terms. The individuals signing the Agreement on behalf of DCT represent and warrant that they are duly authorized by DCT to execute the Agreement.

31. The signatories represent that they are authorized to execute this Agreement.

32. The Agreement is governed by the laws of the United States.

33. The Agreement and the Order shall apply to, and be binding upon, DCT and each of its successors, transferees, and assigns; and a violation of the Agreement or Order may subject DCT, and each of its successors, transferees, and assigns, to appropriate legal action.

34. The Agreement, any attachments, and the Order constitute the complete agreement between the parties on the subject matter contained therein.

35. The Agreement may be used in interpreting the Order. Understandings, agreements, representations, or interpretations apart from those contained in the Agreement and the Order may not be used to vary or contradict their terms. For purposes of construction, the Agreement shall be

deemed to have been drafted by both of the parties and shall not, therefore, be construed against any party, for that reason, in any subsequent dispute.

36. The Agreement may not be waived, amended, modified, or otherwise altered, except as in accordance with the provisions of 16 CFR 1118.20(h). The Agreement may be executed in counterparts.

37. If any provision of the Agreement or the Order is held to be illegal, invalid, or unenforceable under present or future laws effective during the terms of the Agreement and the Order, such provision shall be fully severable. The balance of the Agreement and the Order shall remain in full force and effect, unless the Commission and DCT agree in writing that severing the provision materially affects the purpose of the Agreement and the Order.

(Signatures on next page)

Daikin Comfort Technologies Manufacturing, Inc.

Dated: _____

By: _____ S _____

Satoru Akama

Chief Executive Officer

Daikin Comfort Technologies

Manufacturing, Inc.

Authorized Signatory

Dated: _____

By: _____ S _____

William Troutman

Jeffrey Margulies

Norton Rose Fulbright US LLP

Counsel to DCT

Dated: _____

U.S. CONSUMER PRODUCT SAFETY COMMISSION

By: _____ S _____

Mary B. Murphy, Director

Division of Enforcement and Litigation

Dated: _____

By: _____ S _____

Gregory M. Reyes, Supervisory Attorney

Dated: _____

By: _____ S _____

W. Michael Evans, Trial Attorney

Division of Enforcement and Litigation

Office of Compliance and Field

Operations

United States of America Consumer Product Safety Commission

In the Matter of: Daikin Comfort Technologies Manufacturing, Inc.
CPSC Docket No.: 26–C0003

Order

Upon consideration of the Settlement Agreement entered into between Daikin Comfort Technologies Manufacturing, Inc. f/k/a Daikin Comfort Technologies Manufacturing, L.P (“DCT”) and the U.S. Consumer Product Safety Commission (“Commission” or

“CPSC”), and the Commission having jurisdiction over the subject matter and over DCT, and it appearing that the Settlement Agreement is in the public interest, the Settlement Agreement is incorporated by reference and it is:

Provisionally accepted and Order issued on the 15 day of June, 2026.

By Order of the Commission:

_____ S _____ Abioye Mosheim Oyewole,
Acting Secretary, U.S. Consumer Product Safety Commission.

[FR Doc. 2026–12210 Filed 6–16–26; 8:45 am]

BILLING CODE 6355–01–P

DEPARTMENT OF DEFENSE

Department of the Army

[Docket ID: USA–2026–HQ–0364]

Proposed Collection; Comment Request

AGENCY: Department of the Army, Department of Defense (DoD).

ACTION: 60-Day information collection notice.

SUMMARY: In compliance with the *Paperwork Reduction Act of 1995*, the Department of the Army announces the proposed reinstatement of a public information collection and seeks public comment on the provisions thereof. Comments are invited on: whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; the accuracy of the agency's estimate of the burden of the proposed information collection; ways to enhance the quality, utility, and clarity of the information to be collected; and ways to minimize the burden of the information collection on respondents, including through the use of automated collection techniques or other forms of information technology.

DATES: Consideration will be given to all comments received by August 17, 2026.

ADDRESSES: You may submit comments, identified by docket number and title, by any of the following methods:

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

Mail: Department of Defense, Office of the Director of Administration and Management, Oversight and Compliance Directorate, Regulatory Division, 4800 Mark Center Drive, Mailbox #24, Suite 05F16, Alexandria, VA 22350–1700.

Instructions: All submissions received must include the agency name, docket number and title 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 <http://www.regulations.gov> as they are received without change, including any personal identifiers or contact information.

FOR FURTHER INFORMATION CONTACT: To request more information on this proposed information collection or to obtain a copy of the proposal and associated collection instruments, please write to the U.S. Network Enterprise Technology Command, 2133 Cushing Street, Fort Huachuca, AZ 85613; ATTN: Mr. Jay Lorenz, or call 254-630-9472.

SUPPLEMENTARY INFORMATION:

Title; Associated Form; and OMB Number: Army Military Auxiliary Radio System (MARS) Application; Army MARS Form 1; OMB Control Number 0702-0140.

Needs and Uses: The Department of the Army collects information via Army MARS Form 1, "Application to Operate a MARS Station" (Form AM-1), to evaluate the eligibility of civilian applicants wishing to join the Army Military Auxiliary Radio System (MARS) in accordance with the qualifications established in Army Regulation 25-6. The collected information, which includes contact details and Federal Communications Commission (FCC) Amateur Radio Call-signs, is utilized by program managers to verify valid amateur radio licensing, process membership, and, when necessary, initiate background investigations for security clearances. Additionally, this geographic and licensing data is critical to demonstrate the geographic dispersion of radio network operators supporting the Department of War, ensuring that federal radio spectrum authorizations adequately cover all active operating locations. Approved member information is securely maintained in an administrative database to facilitate periodic program updates and annual contact verification.

Affected Public: Individuals or households.

Annual Burden Hours: 113.

Number of Respondents: 450.

Responses per Respondent: 1.

Annual Responses: 450.

Average Burden per Response: 15 minutes.

Frequency: On occasion.

Dated: June 12, 2026.

Stephanie J. Bost,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

[FR Doc. 2026-12152 Filed 6-16-26; 8:45 am]

BILLING CODE 6001-FR-P

DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 26-0Y]

Arms Sales Notification

AGENCY: Defense Security Cooperation Agency, Department of Defense (DoD).

ACTION: Arms sales notice.

SUMMARY: The DoD is publishing the unclassified text of an arms sales notification.

FOR FURTHER INFORMATION CONTACT:

Urooj Zahra at (703) 695-6233, urooj.zahra.civ@mail.mil, or dscn.ncr.rsrcmgmt.list.cns-mbx@mail.mil.

SUPPLEMENTARY INFORMATION: This 36(b) arms sales notification is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996. The following is a copy of the attached Transmittal 26-0Y.

Dated: June 12, 2026.

Stephanie J. Bost,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

Transmittal No. 26-0Y

REPORT OF ENHANCEMENT OR UPGRADE OF SENSITIVITY OF TECHNOLOGY OR CAPABILITY (SEC. 36(B)(5)(C), AECA)

(i) *Prospective Purchaser:* Government of Germany

(ii) *Sec. 36(b)(1), AECA Transmittal No.:* 21-24

Date: March 12, 2021

Implementing Agency: Navy

(iii) *Description:* On March 12, 2021, Congress was notified by congressional certification transmittal number 21-24 of the possible sale, under Section 36(b)(1) of the Arms Export Control Act, of the Government of Germany's request to buy five (5) P-8A Patrol Aircraft; nine (9) Multifunctional Distribution System Joint Tactical Radio Systems 5 (MIDS JTRS 5); and twelve (12) LN-251 with Embedded Global Positioning Systems (GPS)/Inertial Navigation Systems (EGIs). Also included were commercial engines; Tactical Open Mission Software (TOMS); Electro-Optical (E.O.) and Infrared MX-20HD; AN/AAQ-2(V) I Acoustic System; AN/APY-10 radar; ALQ-240 Electronic Support Measures;

NexGen Missile Warning Sensors; AN/PRC-117G Manpack radios include MPE-S type II with SAASM 3.7; Global Positioning Systems (GPS) 524D Precise Positioning System (PPS) for APY-10 Radar; AN/ALQ-213 Electronic Counter Measures; AN/ALE-47 Counter Measures Dispensing Systems; AN/UPX IFF Interrogators; APX-123A(C) IFF Digital Transponders; KIV-78 IFF Mode 5 Cryptographic Appliques; CCM-701A Cryptographic Core Modules; KY-100M, KY-58, KYV-5 for HF-121C radios; AN/PYQ-10 V3 Simple Key Loaders (SKL) with KOV-21 Cryptographic Appliques; aircraft spares; spare engine; support equipment; operational support systems; training; training devices; maintenance trainer/classrooms; publications; software; engineering technical assistance (ETA); logistics technical assistance (LTA); Country Liaison Officer (CLO) support; Contractor Engineering Technical Services (CETS); repair and return (RoR); transportation; aircraft ferry; and other associated training and support; and other related elements of logistics and program support. The total estimated program cost was \$1.77 billion. Major Defense Equipment (MDE) constituted \$1.10 billion of this total.

On April 1, 2022, Congress was notified by congressional certification transmittal number 0D-22 of the inclusion of the following MDE items: eight (8) Large Aircraft Infrared Countermeasures (LAIRCM) System Processor Replacements (each included eight (8) Exelis EGR GPS Receivers integrated with Selective Availability Anti-Spoofing Modules (SAASM); and seven (7) Guardian Laser Transmitter Assemblies (GLTA)). The following non-MDE items were also included: AN/ARC 210 RT-2036(C) radios; Control Interface Unit for the AN/AAQ 24(V)N; dual KIV-7Ms; CCM-700A cryptographic modules; KG-175 Encryptor Network Convergence Systems; Advanced Digital Antenna Production (ADAP) Antenna Electronics; and ADAP Controlled Reception Pattern Antenna antennas. The total value of these new items was \$13.5 million but did not cause an increase in the total estimated program cost, as pricing was factored in the initial notification. The total estimated program cost remained \$1.77 billion, with the total MDE cost remaining \$1.10 billion of total program cost.

On July 31, 2023, Congress was notified by congressional certification transmittal number 23-0M of the inclusion of three (3) P-8A Patrol Aircraft; six (6) MIDS JTRS 5; seven (7) LN-251 with EGIs; five (5) LAIRCM

System Processor Replacements (each includes five (5) Exelis EGR GPS Receivers integrated with SAASM; and four (4) GLTA). The following non-MDE items were also included: aircraft spare parts; spare engines; support equipment; operational support systems; training; training devices; software; ETA; LTA; RoR; transportation; aircraft ferry; and other related elements of engineering, logistics, and program management support. The addition of these items resulted in a net increase in MDE value of \$800 million, resulting in a revised MDE cost of \$1.9 billion. The total estimated case value increased to \$3.2 billion.

This transmittal reports the addition of the following MDE items: four (4) P-8A Patrol Aircraft; six (6) MIDS JTRS 5; eleven (11) LN-251 with EGIs; six (6) LAIRCM System Processor Replacements (each includes five (5) Exelis EGR GPS Receivers integrated with SAASM); and six (6) GLTA). The following non-MDE items will also be included: aircraft spare parts; spare engines; support equipment; operational support systems; training and training devices; software; ETA; logistics LTA; RoR; transportation; aircraft ferry; and other related elements of logistics and program support. The estimated total cost of the new items is \$3.7 billion. The estimated MDE value will increase by \$2.4 billion to a revised \$4.3 billion. The estimated non-MDE value will increase by \$1.3 billion to a revised \$2.6 billion. The estimated total case value will increase by \$3.7 billion to a revised \$6.9 billion. MDE constitutes \$4.3 billion of this total.

(iv) *Significance*: This notification accounts for requested additional MDE and non-MDE items not included in the original notification. The inclusion of this MDE represents an increase in capability over what was previously notified. The proposed articles and services will support Germany's capability to meet current and future threats by providing critical capabilities to coalition maritime operations and will increase interoperability between the United States and Germany.

(v) *Justification*: This proposed sale will support the foreign policy and national security of the United States by improving the security of a NATO Ally which is an important force for political and economic stability in Europe.

(vi) *Sensitivity of Technology*: The Sensitivity of Technology Statement contained in the original notification applies to items reported here.

The highest level of classification of defense articles, components, and services included in this potential sale is SECRET.

(vii) *Date Report Delivered to Congress*: June 2, 2026

[FR Doc. 2026-12124 Filed 6-16-26; 8:45 am]

BILLING CODE 6001--FR-P

DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 26-63]

Arms Sales Notification

AGENCY: Defense Security Cooperation Agency, Department of Defense (DoD).

ACTION: Arms sales notice.

SUMMARY: The DoD is publishing the unclassified text of an arms sales notification.

FOR FURTHER INFORMATION CONTACT:

Urooj Zahra at (703) 695-6233, urooj.zahra.civ@mail.mil, or dsca.ncr.rsrcmgmt.list.cns-mbx@mail.mil.

SUPPLEMENTARY INFORMATION: This 36(b) arms sales notification is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996. The following is a copy of the attached Transmittal 26-63, Policy Justification, and Sensitivity of Technology.

Dated: June 12, 2026.

Stephanie J. Bost,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

Transmittal No. 26-63

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b)(1) of the Arms Export Control Act, as amended

(i) *Prospective Purchaser*: Government of Italy

(ii) *Total Estimated Value*:

Major Defense Equipment *	\$28.1 million
Other	\$ 2.5 million

TOTAL	\$30.6 million
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Funding Source: National Funds

(iii) *Description and Quantity or Quantities of Articles or Services under Consideration for Purchase*:

Major Defense Equipment (MDE):

Three (3) Assault Amphibious Vehicles, Command Variant (AAVC-7A1)

Four (4) Assault Amphibious Vehicle, Recovery Variant (AAVR-7A1)

Non-MDE:

The following non-MDE items will also be included: support equipment; radar scattering camouflage netting kits; unclassified technical manuals; and other related elements of program and logistics support.

(iv) *Military Department*: Navy (IT-P-LHM)

(v) *Prior Related Cases, if any*: None

(vi) *Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid*: None known at this time

(vii) *Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold*: See Attached Annex

(viii) *Date Report Delivered to Congress*: June 4, 2026

* as defined in Section 47(6) of the Arms Export Control Act.

POLICY JUSTIFICATION

Italy—Assault Amphibious Vehicles

The Government of Italy has requested to buy three (3) Assault Amphibious Vehicles (AAVs), Command Variant (AAVC-7A1); and four (4) Assault Amphibious Vehicles, Recovery Variant (AAVR-7A1). The following non-MDE items will also be included: support equipment; radar-scattering camouflage netting kits; unclassified technical manuals; and other related elements of program and logistics support. The estimated total cost is \$30.6 million.

This proposed sale will support the foreign policy goals and national security objectives of the United States by improving the security of a NATO Ally that is a force for political stability and economic progress in Europe.

The proposed sale will improve Italy's capability to meet current and future threats by modernizing and ensuring Italy's continued expeditionary capability to counter regional threats. Italy will have no difficulty absorbing these articles and services into its armed forces.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

The AAVs will be transferred from United States Marine Corps stock. At this time, the U.S. Government is not aware of any offset agreement proposed in connection with this potential sale. Any offset agreement will be defined in negotiations between the purchaser and the contractor.

Implementation of this proposed sale will not require the assignment of any additional U.S. Government or contractor representatives to Italy.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Transmittal No. 26–63

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b)(1) of the Arms Export Control Act

Annex

Item No. vii

(vii) *Sensitivity of Technology:*

1. The Assault Amphibious Vehicle (AAV) is a fully tracked amphibious landing vehicle used to maneuver surface assault elements of the landing force. Its equipment from assault shipping during amphibious operations to inland objectives and to conduct mechanized operations and related combat support in subsequent operations ashore.

2. The AAVC–7A1 family of vehicles includes the Command Variant, which is an armored assault amphibious full-tracked landing vehicle. The vehicle provides a mobile task force communication center in amphibious operations from ship to shore through surf zone to inland objectives.

3. The AAVR–7A1 family of vehicles includes the Recovery Variant, which is an armored assault amphibious full-tracked vehicle. The vehicle is designed to recover vehicles and provide field support maintenance.

4. The highest level of classification of defense articles, components, and services included in this potential sale is SECRET.

5. If a technologically advanced adversary were to obtain knowledge of the specific hardware and software elements, the information could be used to develop countermeasures that might reduce system effectiveness or be used in the development of a system with similar or advanced capabilities.

6. A determination has been made that Italy can provide substantially the same degree of protection for the sensitive technology being released as the U.S. Government. This proposed sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification.

7. All defense articles and services listed in this transmittal have been authorized for release and export to the Government of Italy.

[FR Doc. 2026–12127 Filed 6–16–26; 8:45 am]

BILLING CODE 6001–FR–P

DEPARTMENT OF DEFENSE

Office of the Secretary

[Docket ID: DoD–2025–OS–0144]

Submission for OMB Review; Comment Request

AGENCY: United States Transportation Command (USTRANSCOM), Department of Defense (DoD).

ACTION: 30-Day information collection notice.

SUMMARY: The Department of Defense (referred to herein as “the Department”, “Department of War” or “DoW”) has submitted to OMB for clearance the following proposal for collection of information under the provisions of the Paperwork Reduction Act.

DATES: Consideration will be given to all comments received by July 17, 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:

Reginald Lucas, (571) 372–7574, whs.mc-alex.esd.mbx.dd-dod-information-collections@mail.mil.

SUPPLEMENTARY INFORMATION:

Title; Associated Form; and OMB Number: Department of Defense Standard Tender of Freight Services; SDDC Form 364–R; OMB Control Number 0704–0634.

Type of Request: Reinstatement.
Number of Respondents: 119,660.

Responses per Respondent: 1.

Annual Responses: 119,660.

Average Burden per Response: 20 minutes.

Annual Burden Hours: 39,887.

Needs and Uses: The information derived from the DoD tenders on file with the Military Surface Deployment and Distribution Command (SDDC) is used by SDDC subordinate commands and DoD shippers to select the best value carriers to transport surface freight shipments. Freight carriers furnish information in a uniform format so that the Government can determine the cost of transportation, accessorial, and security services, and select the best value carriers for 1.1 million Bill of Lading shipments annually. The DoD tender is the source document for the General Services Administration post-shipment audit of carrier freight bills.

Affected Public: Business or other for-profit.

Frequency: On occasion.

Respondent's Obligation: Voluntary.

DOD Clearance Officer: Mr. Reginald Lucas.

Dated: June 12, 2026.

Stephanie J. Bost,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

[FR Doc. 2026–12153 Filed 6–16–26; 8:45 am]

BILLING CODE 6001–FR–P

DEPARTMENT OF DEFENSE

Office of the Secretary

[Docket ID: DOD–2026–OS–0167]

Submission for OMB Review; Comment Request

AGENCY: Office of the Under Secretary of Defense for Personnel and Readiness (OUSD(P&R)), Department of Defense (DoD).

ACTION: 30-Day information collection notice.

SUMMARY: The Department of Defense (referred to herein as “the Department”, “Department of War” or “DoW”) has submitted to OMB for renewal of the following collection of information under the provisions of the Paperwork Reduction Act.

DATES: Consideration will be given to all comments received by July 17, 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:

Reginald Lucas, (571) 372–7574, whs.mc-alex.esd.mbx.dd-dod-information-collections@mail.mil.

SUPPLEMENTARY INFORMATION:

Title; Associated Form; and OMB Number: Domestic Abuse Victim Reporting Preference Statement; DD Form 2967; OMB Control Number 0704–0666.

Type of Request: Extension.

Number of Respondents: 20,000.

Responses per Respondent: 1.

Annual Responses: 20,000.

Average Burden per Response: 1.25 hours.

Annual Burden Hours: 25,000.

Needs and Uses: Information on this form documents a victim of domestic abuse decision of whether to file a restricted or unrestricted report. This document is filed in accordance with

the appropriate OSD and Military Department Family Advocacy Program System of Records Notice (SORN).

The information collected will be used for purposes of filing an official report. When a restricted report is filed, the victim is able to receive advocacy and counseling services without a report being made to command or law enforcement. In cases of an unrestricted report, command and law enforcement will be notified, and the victim is eligible to receive advocacy and counseling services from the Family Advocacy Program. The information collected for the form in unrestricted report cases may be used to initiate an investigation and subsequently make an incident status determination following the Incident Determination Committee procedures and processes outlined in DoD Manual 6400.01, Volume 3. If an incident meets the definitions outlined in DoDM 6400.01, Volume 3, the incident is subject to entry into the Central Registry (DoDM 6400.01, Volume 2).

Affected Public: Individuals or households.

Frequency: As required.

Respondent's Obligation: Required to obtain or retain benefits.

DOD Clearance Officer: Mr. Reginald Lucas.

Dated: June 12, 2026.

Stephanie J. Bost,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

[FR Doc. 2026-12155 Filed 6-16-26; 8:45 am]

BILLING CODE 6001-FR-P

DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 26-50]

Arms Sales Notification

AGENCY: Defense Security Cooperation Agency, Department of Defense (DoD).

ACTION: Arms sales notice.

SUMMARY: The DoD is publishing the unclassified text of an arms sales notification.

FOR FURTHER INFORMATION CONTACT:

Urooj Zahra at (703) 695-6233, urooj.zahra.civ@mail.mil, or dsca.ncr.rsrcmgmt.list.cns-mbx@mail.mil.

SUPPLEMENTARY INFORMATION: This 36(b) arms sales notification is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996. The following is a copy of the attached Transmittal 26-50, Policy

Justification, and Sensitivity of Technology.

Dated: June 12, 2026.

Stephanie J. Bost,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

Transmittal No. 26-50

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b)(1) of the Arms Export Control Act, as amended

(i) *Prospective Purchaser:* Republic of Korea

(ii) *Total Estimated Value:*

Major Defense Equipment *	\$ 60 million
Other	\$ 46 million

TOTAL \$106 million

(iii) *Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:*

Major Defense Equipment (MDE):

Seven hundred eight (708) KMU-557

Joint Direct Attack Munitions

(JDAM) tail kits

Fifty-eight (58) KMU-572 JDAM guidance sets

Non-MDE:

The following non-MDE items will also be included: weapons support equipment; U.S. Government and contractor engineering, technical and logistics support services; and other related elements of logistics and program support.

(iv) *Military Department:* Air Force (KS-D-YBE)

(v) *Prior Related Cases, if any:* KS-D-YBB

(vi) *Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid:* None known at this time

(vii) *Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold:* See Attached Annex

(viii) *Date Report Delivered to Congress:* June 4, 2026

* as defined in Section 47(6) of the Arms Export Control Act.

POLICY JUSTIFICATION

Korea—Joint Direct Attack Munitions

The Republic of Korea has requested to buy seven hundred eight (708) KMU-557 Joint Direct Attack Munitions (JDAM) tail kits; and fifty-eight (58) KMU-572 JDAM guidance sets. The following non-major defense equipment items will also be included: weapons support equipment; U.S. Government and contractor engineering, technical and logistics support services; and other related elements of logistics and program support. The estimated total cost is \$106 million.

This proposed sale will support the foreign policy and national security

objectives of the United States by improving the security of a major ally that is an important force for political stability and economic progress in the Indo-Pacific region.

The proposed sale will improve the Republic of Korea's capability to meet current and future threats by expanding its critical air defense capability in the region and ensuring interoperability with U.S. Forces. The Republic of Korea will have no difficulty absorbing these articles and services into its armed forces.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

The principal contractor will be The Boeing Company, located in Arlington, VA. At this time, the U.S. Government is not aware of any offset agreement proposed in connection with this potential sale. Any offset agreement will be defined in negotiations between the purchaser and the contractor.

Implementation of this proposed sale will not require the assignment of any additional U.S. Government or contractor representatives to the Republic of Korea.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Transmittal No. 26-50

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b)(1) of the Arms Export Control Act

Annex

Item No. vii

(vii) *Sensitivity of Technology:*

1. Joint Direct Attack Munitions (JDAM) are bomb bodies with warhead-specific tail kits that contain Inertial Navigation System (INS) Global Positioning System (GPS) guidance, which provide accurate and adverse weather smart munitions. The JDAM can target enemies from a modest standoff range at high and low altitudes against land and surface targets, day or night. The JDAM can receive target coordinates from preplanned mission data from the delivery aircraft onboard aircraft sensors, during captive carry, or from a third-party source via manual or automated aircrew cockpit entry.

2. The KMU-557 is the tail kit for a GBU-56 (2,000-pound Laser JDAM).

3. The KMU-572 is the tail kit for a GBU-38 (500-pound JDAM).

4. The highest level of classification of defense articles, components, and services included in this potential sale is SECRET.

5. If a technologically advanced adversary were to obtain knowledge of the specific hardware and software

elements, the information could be used to develop countermeasures that might reduce system effectiveness or be used in the development of a system with similar or advanced capabilities.

6. A determination has been made that the Republic of Korea can provide substantially the same degree of protection for the sensitive technology being released as the U.S. Government. This proposed sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification.

7. All defense articles and services listed in this transmittal have been authorized for release and export to the Republic of Korea.

[FR Doc. 2026–12126 Filed 6–16–26; 8:45 am]
BILLING CODE 6001–FR–P

DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 26–51]

Arms Sales Notification

AGENCY: Defense Security Cooperation Agency, Department of Defense (DoD).
ACTION: Arms sales notice.

SUMMARY: The DoD is publishing the unclassified text of an arms sales notification.

FOR FURTHER INFORMATION CONTACT: Urooj Zahra at (703) 695–6233, urooj.zahra.civ@mail.mil, or dsca.ncr.rsrcmgmt.list.cns-mbx@mail.mil.

SUPPLEMENTARY INFORMATION: This 36(b) arms sales notification is published to fulfill the requirements of section 155 of Public Law 104–164 dated July 21, 1996. The following is a copy of the attached Transmittal 26–51 and Policy Justification.

Dated: June 12, 2026.
Stephanie J. Bost,
Alternate OSD Federal Register Liaison Officer, Department of Defense.

Transmittal No. 26–51

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b)(1) of the Arms Export Control Act, as amended

(i) (U) <i>Prospective Purchaser:</i>	
Government of Ukraine	
(ii) (U) <i>Total Estimated Value:</i>	
Major Defense Equipment *	\$ 0
Other	\$108.1 million
TOTAL	\$108.1 million

Funding Source: Jumpstart funding from Norway

(iii) (U) *Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:*

Major Defense Equipment (MDE):
None

Non-Major Defense Equipment:

The following non-MDE items will be included: erectable mast trailers; major modifications and maintenance support; spare parts, consumables and accessories, and repair and return support; U.S. Government and contractor engineering, technical, and logistics support services; and other related elements of logistics and program support.

(iv) (U) *Military Department:* Air Force (JU–D–QAC)

(v) (U) *Prior Related Cases, if any:*
KA–D–QAB; KA–D–QAC; KA–D–QAF; KA–D–QAG; UP–D–QAC; UP–D–QAB; NW–D–QAC; NX–D–QAA

(vi) (U) *Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid:*
None known at this time

(vii) (U) *Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold:*
N/A

(viii) (U) *Date Report Delivered to Congress:* May 21, 2026
* as defined in Section 47(6) of the Arms Export Control Act.

POLICY JUSTIFICATION

Ukraine—Hawk Sustainment

The Government of Ukraine has requested to buy the following non-major defense equipment items: erectable mast trailers; major modifications and maintenance support; spare parts, consumables and accessories, and repair and return support; U.S. Government and contractor engineering, technical, and logistics support services; and other related elements of logistics and program support. The estimated total cost is \$108.1 million.

This proposed sale will support the foreign policy and national security objectives of the United States by improving the security of a partner country that is a force for political stability and economic progress in Europe.

The proposed sale will improve Ukraine’s capability to meet current and future threats by further equipping it to conduct self-defense and regional security missions with a more robust integrated air defense capability. Ukraine will have no difficulty absorbing these articles and services into its armed forces.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

The principal contractor will be Sierra Nevada Corporation, located in Englewood, CO. At this time, the U.S. Government is not aware of any offset agreement proposed in connection with this potential sale. Any offset agreement will be defined in negotiations between the purchaser and the contractor.

Implementation of this proposed sale will not require the assignment of any additional U.S. Government or contractor representatives to Ukraine.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

[FR Doc. 2026–12123 Filed 6–16–26; 8:45 am]
BILLING CODE 6001–FR–P

DEPARTMENT OF DEFENSE

Office of the Secretary

[Docket ID: DOD–2026–OS–1321]

Civilian Acquisition Workforce Personnel Demonstration (AcqDemo) Project; Department of Defense (DoD)

AGENCY: Office of the Under Secretary of Defense for Acquisition and Sustainment (USD(A&S)), DoD.

ACTION: Notice of proposed amendment for modification and adoption of personnel management flexibility; request for comments.

SUMMARY: The Department of Defense (referred to herein as “the Department”, “Department of War” or “DoW”) is providing notice of a proposed amendment and modification to the DoW Civilian Acquisition Workforce Personnel Demonstration Project (AcqDemo) Plan. This action amends and modifies the existing **Federal Register** notice by adopting, by reference, certain provisions from the Department’s Science and Technology Reinvention Laboratories (STRLs) personnel demonstration project plans, where consistent with AcqDemo’s statutory authority. It consolidates policy updates, modifies previous interventions, and incorporates new flexibilities for hiring, pay administration, and workforce shaping. These amendments will strengthen DoW’s ability to attract, develop, and retain a highly skilled Warfighting Acquisition Workforce through the expanded use of modernized pay and personnel flexibilities.

DATES: Consideration will be given to all comments received on or before July 17, 2026. The provisions of this amendment

will become effective 30 days after the date of final publication.

ADDRESSES: You may submit comments, identified by the docket number and title, by any of the following methods: *Federal e-Rulemaking Portal:* <http://www.regulations.gov>. Follow the instructions for submitting comments. Mail: Department of Defense, Office of the Director of Administration and Management, Oversight and Compliance Directorate, Regulatory Division, 4800 Mark Center Drive, Mailbox #24, Suite 05F16, Alexandria, VA 22350-1700.

Instructions: All submissions received must include the agency name, docket number and title 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 <http://www.regulations.gov> as they are received without change, including any personal identifiers or contact information.

FOR FURTHER INFORMATION CONTACT: Mr. Scott Wortman, Program Manager, Civilian Acquisition Workforce Personnel Demonstration Project, 9820 Belvoir Road, Fort Belvoir, VA 22060; (703) 805-5050; or Ms. Megan Maciejewski, Defense Civilian Personnel Advisory Service, Human Resources Operational Programs and Advisory Services, Staffing Policy Division, 4800 Mark Center Drive, Suite 05F16, Alexandria, VA 22350; (571) 372-1538.

SUPPLEMENTARY INFORMATION:

I. Legal Authority

The AcqDemo project is authorized under 10 U.S.C. 1762. The Department of War implemented the project through publication in the **Federal Register** at 82 FR 52104. The Secretary of War has delegated authority for administration of the project to the Under Secretary of War for Acquisition and Sustainment (USW(A&S)).

II. Summary of Changes

This notice proposes a major modification to the existing AcqDemo Project Plan. Except as expressly modified by this amendment, all provisions of the 2017 Project Plan remain in effect.

This proposed amendment—

- Adopts, by reference, select provisions from multiple approved STRL personnel demonstration project plans as provisions of the AcqDemo Project Plan. Specific references to the applicable STRL plan and corresponding AcqDemo Project plan sections are identified in the New Flexibilities section of this notice.

- Adopts specific pay administration and incentive provisions from approved DoW personnel demonstration project plans, pursuant to 10 U.S.C. 1762 (see, e.g., Sections II.C and II.D, 82 FR 52104);

- Expands compensation and incentive flexibilities consistent with existing AcqDemo design principles (Sections II.C.6, II.C.10, and II.D, 82 FR 52104);

- Adds new pay and workforce-shaping interventions by amending and supplementing existing compensation, incentive and pay-administration provisions of the 2017 AcqDemo Project Plan, within applicable statutory and regulatory limitations (Sections II.C and II.D, 82 FR 52104).

- Waiving Chapter 53, Section 5379(a)(1) and (b)(2)—Student Loan Repayment. Waived to the extent necessary to define agency as an AcqDemo organization and to allow provisions of the student loan repayment authority as described in this FRN amendment, pursuant to the AcqDemo authority under 10 U.S.C. 1762.

III. New Flexibilities

The flexibilities described herein are established pursuant to, or adopted by reference under, the AcqDemo demonstration authority in 10 U.S.C. 1762 and are intended to supplement existing AcqDemo Project Plan provisions unless otherwise expressly stated. All pay, compensation, and workforce-shaping flexibilities described in this amendment are implemented pursuant to AcqDemo's demonstration project authority under 10 U.S.C. 1762. This amendment requests a waiver of the specified regulatory provision solely to the extent necessary to implement the associated AcqDemo flexibility as described in this **Federal Register** Notice.

- Out-of-Cycle Within-Broadband Pay Increases (supplementing Section II.C.10.a.(1), 82 FR 52104). AcqDemo participating organizations may authorize within-broadband pay increases outside the annual contribution-based compensation cycle to address mission needs, reassignment, or sustained high levels of contribution. A basic pay increase may be granted when a reassignment results in a significant increase in complexity, responsibility, or authority, or for other compelling reasons. This flexibility supplements and does not replace existing AcqDemo pay progression contribution-based compensation rules. Any within-broadband pay increase must be applied in accordance with limitations and percentage guidance

outlined in the AcqDemo Operating Guide. Authority for this flexibility is adopted from STRL authority referenced in 85 FR 76038.

- Distinguished Contribution Allowance (DCA) (supplementing Section II.C.16., 82 FR 52104). Pursuant to the demonstration project authority under 10 U.S.C. 1762, participating AcqDemo organizations may provide a Distinguished Contribution Allowance (DCA) to recognize and incentivize employees who consistently perform at an exceptionally high-level and have reached the maximum rate of their applicable broadband pay range. Eligibility for DCA is open to employees in all career paths who are paid at the top of their broadband level. A DCA is added to an employee's pay (to include locality pay and any supervisory differential) and may not exceed the rate of basic pay for Executive Level I. The DCA can be paid bi-weekly, as a lump sum, or a combination of these. Employees may receive a DCA for a period of up to five years, but not more than 10 cumulative years over the course of the employee's Federal career. The DCA does not count as basic pay for any purpose, such as retirement, severance pay, or any other benefit calculated as a percentage of basic pay. Authority for this flexibility is adopted from STRL authority referenced in 89 FR 13548.

- Retention Counteroffers (supplementing Section II.C.14.a., 82 FR 52104). Pursuant to the demonstration project authority under 10 U.S.C. 1762, participating AcqDemo organizations may offer retention counter offers to retain high-performing employees with critical acquisition knowledge and skills who present evidence of an alternative employment opportunity with higher compensation. Authorizes retention counter offers that may include a basic pay increase (up to the broadband ceiling) and/or a one-time cash payment not to exceed 50 percent of annual basic pay. Counteroffers may be used selectively for the highest-performing employees with critical skills, as determined by the participating organization, and must be consistent with applicable AcqDemo Operating Guide policies. Retention counteroffers, either in the form of a basic pay increase and/or a bonus, are subject to the aggregate limitation on pay under 5 U.S.C. 5307 and 5 CFR part 530, subpart B. Authority for this flexibility is adopted from STRL authority referenced in 89 FR 13548.

- Accelerated Compensation for Developmental Positions (ACDP) (amending Section II.C.11.a. and related provisions, 82 FR 52104). Pursuant to

the demonstration project authority under 10 U.S.C. 1762, participating AcqDemo organizations may provide accelerated compensation for employees in DAWIA-coded positions and those in positions requiring 51% or more of the time in direct support of acquisition positions within a critical acquisition functional area. This flexibility applies to positions classified to Broadband Levels I, II, III and IV of the Business and Technical Management Professional Career Path. This amendment expands the application of ACDP to the NH–IV broadband level for developmental positions, allowing successive pay increases of up to 20 percent in 12-month intervals, based on successful completion of development plans. Additional eligibility criteria, limitations, and implementation procedures will be outlined in the AcqDemo Operating Guide.

- Official Transcript Requirement Waiver (supplementing Section II.B.3.a.(1), 82 FR 52104). The requirement to receive official academic transcripts prior to establishing an Entrance-on-Duty (EOD) date is waived. Servicing personnel offices may use unofficial transcripts or a letter from a registrar or dean to make qualification determinations, subject to receipt of official transcripts within 30 calendar days after EOD. Additional criteria and implementation procedures will be outlined in the AcqDemo Operating Guide. Authority for this flexibility is adopted from STRL authority referenced in 89 FR 13548.

- Student Loan Repayment (supplementing Section II.C.17, 82 FR 52104). Pursuant to the demonstration project authority under 10 U.S.C. 1762, participating AcqDemo organizations may provide student loan repayment benefits in line with current tuition costs and adjusted based on inflation without higher level approval. Chapter 53, Section 5379(a)(1) and (b)(2)—Student Loan Repayment. Waived to the extent necessary to define agency as an AcqDemo organization and to allow provisions of the student loan repayment authority as described in this FRN amendment, pursuant to the AcqDemo authority under 10 U.S.C. 1762. Authority for this flexibility is adopted from STRL authority referenced in 85 FR 78829.

- Student Loan Repayment: AcqDemo organizations may provide student loan repayment options that are in line with current tuition costs and adjusted based on inflation without higher level approval. This authority provides the ability to repay all, or part, of an outstanding qualifying student loan or loans previously taken out by a

current AcqDemo employee or a candidate to whom an offer of employment has been made. The amount of student loan repayment benefits provided is subject to both of the following limits: (a) Up to \$25,000 per employee per calendar year, and (b) A total of \$125,000 per employee. The heads of participating organizations (the Commander, Executive Director, or equivalent, or designee), will have delegated pay administration authority to approve student loan repayments for AcqDemo positions.

- The USW(A&S) may increase these amounts as deemed necessary to stay competitive with private industry and academia. Eligibilities, conditions, qualifying student loans, and required service agreements remain the same as found in 5 CFR part 537. Loan payments made under this part do not exempt an employee from his or her responsibility and/or liability for any loan(s) the individual has taken out. The employee is responsible for any income tax obligations resulting from the student loan repayment benefit.

IV. Administrative Changes/Clarifications

This amendment makes the following administrative changes to the 2017 AcqDemo Project Plan, originally published at 82 FR 52104.:

- Amends Section I.B.1 to update the designation of the Under Secretary of War for Acquisition and Sustainment (USW(A&S)) as the DoW official with primary responsibility for oversight and administration of the AcqDemo Project (Amending Section I.B.1, 82 FR 52104).

- Amends Section I.E.1 to remove references to population ceilings and sunset dates, aligning the AcqDemo Project Plan language with the underlying source authority in 10 U.S.C. 1762 (Amending Section I.E.1 82 FR 52104).

- Amends Section I.F.1. to revise the labor obligations provisions to align with 5 U.S.C. 4703. Employees in units represented exclusively by a labor organization under chapter 71 of title 5, U.S.C., shall not be included within AcqDemo: (1) if inclusion would violate a collective bargaining agreement, unless both parties have entered into a written agreement permitting inclusion; or (2) if no such agreement exists, until the labor organization and agency consult or negotiate, as required. To maintain the integrity of the acquisition demonstration project, parties are not permitted to include provisions that conflict with the design or intent of the project initiatives. Modifications to initiatives may only be made in accordance with Section I.B.3 of this

project plan. The parties may use mediation or any other mutually acceptable means to resolve disputes over the implementation of the project with respect to bargaining unit employees. Negotiations shall be subject to binding impasse procedures under 5 U.S.C. 7119. Written agreements addressing the initial implementation of the demonstration project to bargaining unit members of participating organizations are subject to agency head review and approval within DoW prior to implementation. Thus, agreements will be reviewed as provided in 5 U.S.C. 7114(c). (Amending Section I.F.1., 82 FR 52104.)

- Amends the AcqDemo website URL reference to <https://www.waru.edu/acqdemo>. (Amending Introduction Section E, Sections I.B.3, I.B.4, II.A.5, and II.D.2(d), 82 FR 52104).

- Aligns Warfighting Acquisition Workforce terminology to DoD Instruction 5000.66, “Defense Acquisition Workforce Education, Training, Experience, and Career Development Program”.

- Amends Section II.A.6. to revise the Fair Labor Standards Act (FLSA) provisions to clarify that supervisors and managers are responsible for determining whether a position is exempt or non-exempt under the FLSA when preparing Position Requirements documents (PRDs). Supervisors and managers determine exemption or non-exemption status on Position Requirements Document consistent with criteria found in 5 CFR part 551. All employees are covered by the FLSA unless they meet criteria for exemption. Positions will be evaluated as needed by comparing the duties and responsibilities assigned, the broadband level descriptors for each broadband level, and 5 CFR part 551 FLSA criteria. Individuals knowledgeable and experienced in making FLSA determinations, to include Human Resources Specialists, will provide ongoing consultation and guidance to managers and supervisors in determining FLSA exemption status. (Amending Section II.A.6, 82 FR 52104).

- Amends Section II.D.2.(f) by revising the “Very High” contribution score methodology to allow single-increment scoring within career paths NH, NJ and NK; updates Table 2, “Contribution Categorical Scores and Numerical Score Ranges by Career Path” accordingly and limits eligibility for “Very High” scores to employees in Level IV of the Business and Technical Management Professional Career Path, Level IV of the Technical Management Support Career Path or Level III of the Administrative Support Career Path.

(Amending Section II.D.2(f), 82 FR 52104).

Broadband and very high score levels	Categorical scores	Business and technical professional (NH)	Technical support (NJ)	Administrative support (NK)
		Numerical score ranges	Numerical score ranges	Numerical score ranges
Very High Score	Very High	101–115	84–95	62–70

• Supplements Section II.F.1.a.(1) by inserting the conversion buy-in information through the addition of the following table (Supplementing Section II.F.1.a(1), 82 FR 52104):

TABLE 7—CONVERSION BUY-IN FORMULA

(Time-In-Step/Time-Between-Step) × Step Increase = WGI Buy-In
WGI Buy-In + Current Base Pay = New AcqDemo Basic Pay
New AcqDemo Basic Pay × Locality % = New Locality Pay
New AcqDemo Basic Pay + New Locality Pay = New AcqDemo Adjusted Basic Pay

• Amends Section II.F.1.a.(1) conversion into AcqDemo calculation language to replace the term “weeks” with “days,” to accurately reflect the number of days of service an employee has completed in their step as of the effective date of conversion. (Amending Section II.F.1.a(1), 82 FR 52104).

• Amends Section II.F.3.e.(1)–(6) to clarify the application of conversion-out of AcqDemo pay-setting rules by specifying the methodology used to determine an employee’s equivalent General Schedule (GS) Grade upon conversion out of AcqDemo, consistent with existing AcqDemo Project Plan provisions. (Amending Section II.F.3.e.(1)–(6), 82 FR 52104).

(1) The employee’s basic pay under the demonstration project, which excludes any locality payment, is compared with the step 4 rate in the highest applicable General Schedule (GS) rate range. For this purpose, the GS rate range utilized is the GS base schedule for the corresponding calendar year.

(2) If the employee’s demonstration project rate of basic pay equals or exceeds the applicable step 4 rate of the highest GS grade encompassed in the broadband, the employee is converted to that grade.

(3) If the employee’s demonstration project rate of basic pay is lower than the applicable step 4 rate of the highest

grade, the rate of basic pay is compared with the step 4 rate of the second-highest grade in the employee’s broadband. If the employee’s rate of basic pay equals or exceeds the step 4 rate of the second-highest grade, the employee is converted to that grade.

(4) This process is repeated for each successively lower grade encompassed in the broadband until a grade is found in which the employee’s demonstration project rate of basic pay equals or exceeds the applicable step 4 rate of the grade. The employee is then converted at that grade. If the employee’s rate of basic pay is below the step 4 rate of the lowest grade in the broadband, the employee is converted to the lowest grade.

(5) Exception: An employee will not be converted to a lower grade than the grade held by the employee immediately preceding a conversion, lateral assignment, or lateral transfer into the demonstration project unless, since that time the employee has undergone a reduction in broadband level or reduction in pay based upon an adverse action, a contribution-based action, a reduction-in-force action, or a voluntary change to lower broadband level.

Exception: If the employee’s demonstration project rate of basic pay exceeds the maximum rate of the grade assigned under the above-described step 4 rule but fits in the rate range for the next higher applicable grade (*i.e.*, between step 1 and step 4), then the employee shall be converted to that next higher applicable grade).

• Amends Section II.F.3.f. to clarify the application of conversion-out of AcqDemo pay-setting rules by specifying the methodology used to determine an employee’s equivalent GS rate of pay upon conversion out of AcqDemo, consistent with existing AcqDemo Project Plan provisions. (Amending Section II.F.3.f. and Section II.F.3.f.(1)–(5), 82 FR 52104).

f. Determining an Equivalent GS Rate of Pay. An employee’s pay within the

equivalent GS grade is set by converting the employee’s demonstration project rate of basic pay to a GS rate of pay in accordance with the following rules:

(1) The pay conversion is done before any geographic movement or other pay-related action that coincides with the employee’s movement or conversion out of the demonstration project.

(2) An employee’s rate of basic pay under the demonstration project (excluding any locality payment) is converted to a GS rate on the highest applicable rate range for the converted GS grade. For this purpose, the GS rate range utilized is the GS base schedule for the corresponding calendar year.

(3) The employee’s demonstration project rate of basic pay is converted to a GS base rate of pay. If this rate falls between two steps on the GS base schedule, the rate of pay must be set at the higher step.

(4) Once the GS rate of basic pay is determined, the employee must receive the greatest of the applicable rates of pay. If the highest applicable GS rate range for the employee’s determined grade and step is a special rate range, the employee’s demonstration project rate of basic pay is converted to a special rate. If the highest applicable GS rate range for the employee’s determined grade and step is a GS locality pay rate range, the employee’s demonstration project rate is converted to a GS locality rate of pay.

(5) Retained Pay. If an employee is receiving a retained rate under the demonstration project, the employee’s GS-equivalent grade is the highest referenced grade encompassed in his/her broadband level. The employee’s GS-equivalent rate of pay will equal the employee’s retained rate.

• Amends to revise Table 5, “OCS and Basic Pay Ranges by Career Path and Broadband Level” by removing reference to GS basic pay salary rates and streamlining the table to reflect only the minimum and maximum equivalent GS pay ranges. (Amending Table 5, 82 FR 52104).

TABLE 5—OCS AND BASIC PAY RANGES BY CAREER PATH AND BROADBAND LEVEL

Broadband and very high score levels	GS grades	Numerical score range	Basic pay range (minimum to maximum)
Business Management and Technical Management Professional (NH)			
I	1–4	0–29	Minimum Basic Pay Equivalent to GS–1 Step 1 to Maximum Basic Pay Equivalent to GS–4 Step 10.
II	5–11	22–66	Minimum Basic Pay Equivalent to GS–5 Step 1 to Maximum Basic Pay Equivalent to GS–11 Step 10.
III	12–13	61–83	Minimum Basic Pay Equivalent to GS–12 Step 1 to Maximum Basic Pay Equivalent to GS–13 Step 10.
IV	14–15	79–100	Minimum Basic Pay Equivalent to GS–14 Step 1 to Maximum Basic Pay Equivalent to GS–15 Step 10.
Very High Score	N/A	101–115	N/A.
Technical Management Support (NJ)			
I	1–4	0–29	Minimum Basic Pay Equivalent to GS–1 Step 1 to Maximum Basic Pay Equivalent to GS–4 Step 10.
II	5–8	22–51	Minimum Basic Pay Equivalent to GS–5 Step 1 to Maximum Basic Pay Equivalent to GS–8 Step 10.
III	9–11	43–66	Minimum Basic Pay Equivalent to GS–9 Step 1 to Maximum Basic Pay Equivalent to GS–11 Step 10.
IV	12–13	61–83	Minimum Basic Pay Equivalent to GS–12 Step 1 to Maximum Basic Pay Equivalent to GS–13 Step 10.
Very High Score	N/A	84–95	N/A.
Administrative Support (NK)			
I	1–4	0–29	Minimum Basic Pay Equivalent to GS–1 Step 1 to Maximum Basic Pay Equivalent to GS–4 Step 10.
II	5–7	22–46	Minimum Basic Pay Equivalent to GS–5 Step 1 to Maximum Basic Pay Equivalent to GS–7 Step 10.
III	8–10	38–61	Minimum Basic Pay Equivalent to GS–8 Step 1 to Maximum Basic Pay Equivalent to GS–10 Step 10.
Very High Score	N/A	62–95	N/A.

• Supplements to update Appendix B by expanding Table 1 “Table of Eligible Organizations,” which consolidates

previously established tables and incorporates newly approved organizations, consistent with approvals

published in the 2017 AcqDemo **Federal Register** notice. (Supplementing Appendix B, 82 FR 52104).

DoD component	Organization	Locations
Department of the Army	U.S. Army Futures and Modernization Command (AFC)	All locations.
Department of the Army	Army Rapid Capabilities and Critical Technologies Office (RCCTO).	All locations.
Department of the Army	Joint Munitions Command (JMC)	All locations.
Department of the Army	Crane Army Ammunition Activity (CAAA)	All locations.
Department of the Navy	Naval Facilities Engineering Systems Command (NAVFAC).	Washington, DC, WNY.
Department of the Air Force	United States Space Force (USSF)	All locations.
Department of the Air Force	Global Strike Command (AFGSC)	All locations.
Department of the Air Force	Air Force Materiel Command (AFMC)—All	All locations.
Department of the Air Force	Assistant Secretary of the Air Force (Financial Management and Comptroller) (SAF/FM) and Secretary of the Air Force (General Counsel) (GC).	All locations.
Combatant Commands	U.S. Strategic Command (USSTRATCOM)	All locations.
Combatant Commands	U.S. Space Command (USSPACECOM)	All locations.
Office of the Secretary of Defense	Strategic Capabilities Office (SCO)	All locations.
Office of the Secretary of Defense	Defense Innovation Unit (DIU)	All locations.
Office of the Secretary of Defense	Defense Innovation Board (DIB)	All locations.
Defense Agencies & Field Activities	Defense Test Resource Management Center (DTRMC)	All locations.
Defense Agencies & Field Activities	Washington Headquarters Services (WHS), Acquisition Directorate.	All locations.
Defense Agencies & Field Activities	Defense Health Agency	All locations.

• Supplements to update Appendix C by expanding the “Occupational Series Included in the AcqDemo Project,” to

reflect occupational series that have been added or modified by the Office of

Personnel Management. (Supplementing Appendix C, 82 FR 52104).

Pay plan/career path	Occupational series No.	Occupational series title
NH—Business Management & Technical Management Professional	0670	Health Systems Administrator.
NH—Business Management & Technical Management Professional	1560	Data Science.
NJ—Technical Management Support	0083	Police.
NJ—Technical Management Support	0640	Health Aid and Technician.
NJ—Technical Management Support	0645	Medical Technician and Laboratory Aide.
NJ—Technical Management Support	0661	Pharmacy Technician.

• Supplementing Section VII.B, “Required Waivers to Law and Regulations,” 82 FR 52104 to explicitly identify the existing waiver of 5 U.S.C. Chapter 33, Section 3326, Appointments of Retired members of the armed forces to positions within the DoW. Waived as necessary to appoint a retired military member within the 180 period after retirement without having to receive a waiver. This clarification does not establish new authorities or waive any additional statutory or regulatory requirements, as the applicable provisions of Chapter 33, Subchapter I, are already waived, with the exception of sections 3302, 3321, and 3328.

• In compliance with federal mandate, removes terminology related to Diversity, Equity, and Inclusion from official documents, including but not limited to, the original FR notice, Position Requirements Document and Factor Descriptors (Sections II.A and II.D, 82 FR 52104).

V. Participating Organizations and Coverage

Eligible organizations must consist of at least one-third employees in coded acquisition positions and a combination of at least two-thirds acquisition employees and/or personnel directly supporting the acquisition mission.

Dated: June 12, 2026.

Stephanie J. Bost,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

[FR Doc. 2026–12145 Filed 6–16–26; 8:45 am]

BILLING CODE 6001–FR–P

DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 26–73]

Arms Sales Notification

AGENCY: Defense Security Cooperation Agency, Department of Defense (DoD).

ACTION: Arms sales notice.

SUMMARY: The DoD is publishing the unclassified text of an arms sales notification.

FOR FURTHER INFORMATION CONTACT:

Urooj Zahra at (703) 695–6233, urooj.zahra.civ@mail.mil, or dsca.ncr.rsrcmgmt.list.cns-mbx@mail.mil.

SUPPLEMENTARY INFORMATION: This 36(b) arms sales notification is published to fulfill the requirements of section 155 of Public Law 104–164 dated July 21, 1996. The following is a copy of the attached Transmittal 26–73, Policy Justification, and Sensitivity of Technology.

Dated: June 12, 2026.

Stephanie J. Bost,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

Transmittal No. 26–73

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b)(1) of the Arms Export Control Act, as amended

(i) *Prospective Purchaser:* Government of Denmark

(ii) *Total Estimated Value:*

Major Defense Equipment *	\$724 million
Other	\$118 million

TOTAL \$842 million

(iii) *Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:*

Major Defense Equipment (MDE):

Two hundred (200) AGM–158 Joint Air-to-Surface Standoff Missiles (JASSM) with Extended Range

Non-MDE:

The following non-MDE items will be included: JASSM test and support equipment, and containers; spare parts, consumables, accessories, and repair and return support; weapon system support; precise positioning Global Positioning System; classified and unclassified software delivery and support; classified and unclassified publications and technical documentation; site surveys; transportation support; U.S. Government and contractor engineering, technical, and logistics support services; and other related elements of logistics and program support.

(iv) *Military Department:* Air Force (DE–D–YAP)

(v) *Prior Related Cases, if any:* None

(vi) *Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid:* None known at this time

(vii) *Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold:* See Attached Annex

(viii) *Date Report Delivered to Congress:* June 5, 2026

* as defined in Section 47(6) of the Arms Export Control Act.

POLICY JUSTIFICATION

Denmark—Joint Air-to-Surface Standoff Missiles with Extended Range

The Government of Denmark has requested to buy two hundred (200) AGM–158 Joint Air-to-Surface Standoff Missiles with Extended Range. The following non-major defense equipment items will also be included: JASSM test and support equipment, and containers; spare parts, consumables, accessories, and repair and return support; weapon system support; precise positioning Global Positioning System; classified and unclassified software delivery and support; classified and unclassified publications and technical documentation; site surveys; transportation support; U.S. Government and contractor engineering, technical, and logistics support services; and other related elements of logistics and program support. The estimated total cost is \$842 million.

This proposed sale will support the foreign policy goals and national security objectives of the United States by improving the security of a NATO Ally that is a force for political stability and economic progress in Europe.

The proposed sale will improve Denmark’s capability to meet current and future threats by providing the Royal Danish Air Force (RDAF) with the ability to conduct long-range precision strikes, strengthening RDAF F–35 aircraft capabilities. Denmark will have no difficulty absorbing these articles and services into its armed forces.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

The principal contractor will be Lockheed Martin, located in Orlando, FL. At this time, the U.S. Government is not aware of any offset agreement proposed in connection with this potential sale. Any offset agreement will be defined in negotiations between the purchaser and the contractor.

Implementation of this proposed sale will not require the assignment of any additional U.S. Government or contractor representatives to Denmark.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Transmittal No. 26–73

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b)(1) of the Arms Export Control Act

Annex

Item No. vii

(vii) *Sensitivity of Technology:*

1. The AGM–158 Joint Air-to-Surface Standoff Missile with Extended Range (JASSM–ER) All Up Round is a low-observable, highly survivable, subsonic cruise missile designed to penetrate next-generation air defense systems enroute to target. The JASSM–ER is designed to kill hard, medium-hardened, soft, and area type targets. The extended range over the baseline was obtained by going from a turbo jet to a turbo-fan engine and by reconfiguring the fuel tanks for added capacity. Precise positioning is provided by either selective availability anti-spoofing module or M-Code.

2. The highest level of classification of defense articles, components, and services included in this potential sale is SECRET.

3. If a technologically advanced adversary were to obtain knowledge of the specific hardware and software elements, the information could be used to develop countermeasures that might reduce system effectiveness or be used in the development of a system with similar or advanced capabilities.

4. A determination has been made that Denmark can provide substantially the same degree of protection for the sensitive technology being released as the U.S. Government. This sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification.

5. All defense articles and services listed in this transmittal have been

authorized for release and export to the Government of Denmark.

[FR Doc. 2026–12129 Filed 6–16–26; 8:45 am]

BILLING CODE 6001–FR–P

DEPARTMENT OF DEFENSE

Office of the Secretary

[Docket ID: DOD–2026–OS–0199]

Submission for OMB Review; Comment Request

AGENCY: Office of the Under Secretary of Defense for Personnel and Readiness (OUSD(P&R)), Department of Defense (DoD).

ACTION: 30-Day information collection notice.

SUMMARY: The Department of Defense (referred to herein as “the Department”, “Department of War” or “DoW”) has submitted to OMB for clearance the following proposal for collection of information under the provisions of the Paperwork Reduction Act.

DATES: Consideration will be given to all comments received by July 17, 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: Reginald Lucas, 571–372–7574, whs.mc-alex.esd.mbx.dd-dod-information-collections@mail.mil.

SUPPLEMENTARY INFORMATION:

Title; Associated Form; and OMB Number: Qualitative and Quantitative Data Collection on Independent Review Commission Recommendation Evaluation; OMB Control Number 0704–0667.

Type of Request: Extension.
Number of Respondents: 277,448.
Responses per Respondent: 1.
Annual Responses: 277,448.
Average Burden per Response: 30 minutes.

Annual Burden Hours: 138,724.
Needs and Uses: The Military Spouse Priority Placement Program Self-Certification Checklist must be completed by military spouses when applying for appropriated fund GS–15 and below (or equivalent positions in other pay systems) in the competitive service or excepted service in order to

receive priority consideration for competitive service and excepted service positions at DoW activities in the U.S., and in U.S. territories and possessions. The military spouses must provide evidence of their appointment eligibility, and evidence of marriage to a current active-duty military member of the U.S. Armed Forces (including the U.S. Coast Guard and full-time National Guard or Military Reservist) with a copy of the permanent-change-of-station orders. This collection will be used by gaining DoW activities to certify preference eligibility for the possible appointment of the military spouse into their vacancy.

Affected Public: Individuals or households.

Frequency: On occasion.

Respondent's Obligation: Mandatory.

DOD Clearance Officer: Mr. Reginald Lucas.

Dated: June 12, 2026.

Stephanie J. Bost,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

[FR Doc. 2026–12161 Filed 6–16–26; 8:45 am]

BILLING CODE 6001–FR–P

DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 26–47]

Arms Sales Notification

AGENCY: Defense Security Cooperation Agency, Department of Defense (DoD).

ACTION: Arms sales notice.

SUMMARY: The DoD is publishing the unclassified text of an arms sales notification.

FOR FURTHER INFORMATION CONTACT:

Urooj Zahra at (703) 695–6233, urooj.zahra.civ@mail.mil, or dsca.ncr.rsrcmgmt.list.cns-mbx@mail.mil.

SUPPLEMENTARY INFORMATION: This 36(b) arms sales notification is published to fulfill the requirements of section 155 of Public Law 104–164 dated July 21, 1996. The following is a copy of the attached Transmittal 26–47, Policy Justification, and Sensitivity of Technology.

Dated: June 12, 2026.

Stephanie J. Bost,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

BILLING CODE 6001–FR–P



DEFENSE SECURITY COOPERATION AGENCY
2800 Defense Pentagon
Washington, DC 20301-2800

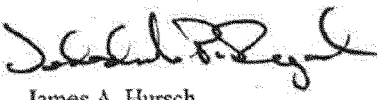
AUG 25 2022

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
H-209, The Capitol
Washington, DC 20515

Dear Madam Speaker:

Pursuant to the reporting requirements of Section 36(b)(5)(C) of the Arms Export Control Act (AECA), as amended, we are forwarding Transmittal No. 20-0M. This notification relates to enhancements or upgrades from the level of sensitivity of technology or capability described in the Section 36(b)(1) AECA certification 15-51 of November 4, 2015.

Sincerely,

for 
James A. Hursch
Director

Enclosures:

1. Transmittal
2. Regional Balance (Classified document provided under separate cover)



DEFENSE SECURITY COOPERATION AGENCY
2800 Defense Pentagon
Washington, DC 20301-2800

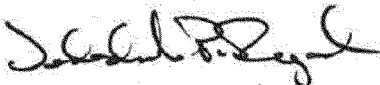
AUG 25 2022

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
H-209, The Capitol
Washington, DC 20515

Dear Madam Speaker:

Pursuant to the reporting requirements of Section 36(b)(5)(C) of the Arms Export Control Act (AECA), as amended, we are forwarding Transmittal No. 20-0M. This notification relates to enhancements or upgrades from the level of sensitivity of technology or capability described in the Section 36(b)(1) AECA certification 15-51 of November 4, 2015.

Sincerely,

for 
James A. Hursch
Director

Enclosures:

1. Transmittal
2. Regional Balance (Classified document provided under separate cover)

BILLING CODE 6001-FR-C

Transmittal No. 26-47

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b)(1) of the Arms Export Control Act, as amended

(i) *Prospective Purchaser:* Government of New Zealand

Major Defense Equipment * ..	\$42 million
Other	\$27 million

TOTAL	\$69 million
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(iii) *Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:*

Major Defense Equipment:

Twenty (20) MK 54 MOD 0

Lightweight Torpedoes all up round
Non-MDE:

The following non-MDE items will also be included: storage and issue facilities; recoverable exercise torpedoes; air launch accessories; classified and unclassified torpedo spare parts; torpedo containers; torpedo support equipment including test equipment and tools; torpedo support services; unclassified books and other

publications; other technical assistance including technical support, technical program management, infrastructure support, test equipment sustainment, exercise firing assistance, contract management, and initial follow-on technical support; in-country torpedo training; and other related elements of logistics and program support.

(iv) *Military Department:* Navy (NZ-P-ALM)

(v) *Prior Related Cases, if any:* Navy (NZ-P-ALA)

(vi) *Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid:* None known at this time

(vii) *Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold:* See Attached Annex

(viii) *Date Report Delivered to Congress:* June 4, 2026

* as defined in Section 47(6) of the Arms Export Control Act.

POLICY JUSTIFICATION

New Zealand—MK 54 Torpedoes

The Government of New Zealand has requested to buy twenty (20) MK 54 MOD 0 Lightweight Torpedoes all up round. The following non-MDE items will also be included: storage and issue facilities; recoverable exercise torpedoes; air launch accessories; classified and unclassified torpedo spare parts; torpedo containers; torpedo support equipment including test equipment and tools; torpedo support services; unclassified books and other publications; other technical assistance including technical support, technical program management, infrastructure support, test equipment sustainment, exercise firing assistance, contract management, and initial follow-on technical support; in-country torpedo training; and other related elements of logistics and program support. The estimated cost is \$69 million.

This proposed sale will support the foreign policy and national security of the United States by improving the security of a major ally that is a force for

political stability and economic progress in the Asia-Pacific region.

The proposed sale will improve New Zealand's capability to meet current and future warfare threats and provide greater security for its critical infrastructure. New Zealand will use the enhanced capability to strengthen its homeland defense. New Zealand will have no difficulty absorbing these capabilities into its armed forces.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

There are no contractors associated with this sale. As there are no contractors associated with this sale, there will be no offset agreement.

Implementation of this proposed sale will not require the permanent assignment of any additional U.S. Government or contractor representatives to New Zealand.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Transmittal No. 26–47

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b)(1) of the Arms Export Control Act

Annex

Item No. vii

(vii) *Sensitivity of Technology:*

1. The MK 54 MOD 0 Lightweight Torpedo all up round is a conventional torpedo that can be launched from surface ships, rotary and fixed wing aircraft. The MK 54 MOD 0 is an upgrade from the MK 46 Torpedo. The upgrade to the MK 54 MOD 0 entails replacement of the torpedo's sonar and guidance and control systems with modern technology. The new guidance and control system uses a mixture of commercial-off-the-shelf and custom-built electronics. The warhead, fuel tank, and propulsion system from the MK 46 torpedo are re-used in the MK 54 MOD 0 configuration with minor modifications.

2. The highest level of classification of defense articles, components, and services included in this potential sale is SECRET.

3. If a technologically advanced adversary were to obtain knowledge of the specific hardware and software elements, the information could be used to develop countermeasures that might reduce system effectiveness or be used in the development of a system with similar or advanced capabilities.

4. A determination has been made that New Zealand can provide substantially the same degree of protection for the sensitive technology being released as the U.S. Government.

This proposed sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification.

5. All defense articles and services listed in this transmittal have been authorized for release and export to New Zealand.

[FR Doc. 2026–12125 Filed 6–16–26; 8:45 am]

BILLING CODE 6001–FR–P

DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 26–48]

Arms Sales Notification

AGENCY: Defense Security Cooperation Agency, Department of Defense (DoD).

ACTION: Arms sales notice.

SUMMARY: The DoD is publishing the unclassified text of an arms sales notification.

FOR FURTHER INFORMATION CONTACT:

Urooj Zahra at (703) 695–6233, urooj.zahra.civ@mail.mil, or dsca.ncr.rsrcmgmt.list.cns-mbx@mail.mil.

SUPPLEMENTARY INFORMATION: This 36(b) arms sales notification is published to fulfill the requirements of section 155 of Public Law 104–164 dated July 21, 1996. The following is a copy of the attached Transmittal 26–48 and Policy Justification.

Dated: June 12, 2026.

Stephanie J. Bost,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

Transmittal No. 26–48

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b)(1) of the Arms Export Control Act, as amended

(i) *Prospective Purchaser:* Government of India

(ii) *Total Estimated Value:*

Major Defense Equipment *	\$ 0
Other	\$230 million

TOTAL	\$230 million
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Funding Source: National Funds

(iii) *Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:* The Government of India requests to buy long-term sustainment support for M777A2 Ultra-Light Howitzers.

Major Defense Equipment (MDE):

None

Non-MDE:

The following non-MDE items will be included: ancillary items; spares; repair and return; training;

technical assistance; field service representative; depot capability; and other related elements of logistics and program support.

(iv) *Military Department:* Army (IN–B–UNC)

(v) *Prior Related Cases, if any:* None

(vi) *Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid:* None known at this time

(vii) *Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold:* None

(viii) *Date Report Delivered to Congress:* May 18, 2026

* as defined in Section 47(6) of the Arms Export Control Act.

POLICY JUSTIFICATION

India—Sustainment Support for M777A2 Ultra-Light Howitzers

The Government of India has requested to buy long-term sustainment support for M777A2 Ultra-Light Howitzers. The following non-major defense equipment items will be included: ancillary items; spares; repair and return; training; technical assistance; field service representative; depot capability; and other related elements of logistics and program support. The estimated total cost is \$230 million.

This proposed sale will support the foreign policy and national security objectives of the United States by helping to strengthen the U.S.-Indian strategic relationship and to improve the security of a major defense partner which continues to be an important force for political stability, peace, and economic progress in the Indo-Pacific and South Asia regions.

The proposed sale will improve India's capability to meet current and future threats, strengthen its homeland defense, and deter regional threats. India will have no difficulty absorbing these articles and services into its armed forces.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

The principal contractor will be BAE Systems, located in Cumbria, UK. At this time, the U.S. Government is not aware of any offset agreement proposed in connection with this potential sale. Any offset agreement will be defined in negotiations between the purchaser and the contractor.

Implementation of this proposed sale will not require the assignment of any additional U.S. Government or contractor representatives to India.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

[FR Doc. 2026–12122 Filed 6–16–26; 8:45 am]

BILLING CODE 6001–FR–P

DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 26–72]

Arms Sales Notification

AGENCY: Defense Security Cooperation Agency, Department of Defense (DoD).
ACTION: Arms sales notice.

SUMMARY: The DoD is publishing the unclassified text of an arms sales notification.

FOR FURTHER INFORMATION CONTACT: Urooj Zahra at (703) 695–6233, urooj.zahra.civ@mail.mil, or dsca.ncr.ssrcmgmt.list.cns-mbx@mail.mil.

SUPPLEMENTARY INFORMATION: This 36(b) arms sales notification is published to fulfill the requirements of section 155 of Public Law 104–164 dated July 21, 1996. The following is a copy of the attached Transmittal 26–72, Policy Justification, and Sensitivity of Technology.

Dated: June 12, 2026.
Stephanie J. Bost,
Alternate OSD Federal Register Liaison Officer, Department of Defense.

Transmittal No. 26–72

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b)(1) of the Arms Export Control Act, as amended

(i) *Prospective Purchaser:* Republic of Korea

(ii) *Total Estimated Value:*

Major Defense Equipment *	\$272 million
Other	\$ 20 million

TOTAL \$292 million

(iii) *Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:*

Major Defense Equipment (MDE):
Seventy (70) AIM–120C–8 Advanced Medium Range Air-to-Air Missiles (AMRAAMs)
Two (2) AIM–120C–8 AMRAAM guidance sections

Non-MDE:
The following non-MDE items will also be included: AMRAAM containers, control sections, and support equipment; spare parts, consumables and accessories, and repair and return support; weapons system support; classified and

unclassified publications, classified and unclassified software; U.S. Government and contractor engineering, technical and logistics support services; and other related elements of logistics and program support.

(iv) *Military Department:* Air Force (KS–D–YBF)

(v) *Prior Related Cases, if any:* KS–D–YBB

(vi) *Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid:* None known at this time

(vii) *Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold:* See Attached Annex

(viii) *Date Report Delivered to Congress:* June 9, 2026
* as defined in Section 47(6) of the Arms Export Control Act.

POLICY JUSTIFICATION

Republic of Korea—AIM–120C–8 Advanced Medium Range Air-to-Air Missiles

The Republic of Korea has requested to buy seventy (70) AIM–120C–8 Advanced Medium Range Air-to-Air Missiles (AMRAAMs); and two (2) AIM–120C–8 AMRAAM guidance sections. The following non-major defense equipment items will also be included: AMRAAM containers, control sections, and support equipment; spare parts, consumables and accessories, and repair and return support; weapons system support; classified and unclassified publications, classified and unclassified software; U.S. Government and contractor engineering, technical and logistics support services; and other related elements of logistics and program support. The estimated total cost is \$292 million.

The proposed sale will support the foreign policy and national security of the United States by improving the security of a major ally that is an important force for political stability and economic progress in the Indo-Pacific region.

The proposed sale will improve the Republic of Korea’s capability to meet current and future threats by expanding its air defense capability, deterring aggression in the region, and ensuring interoperability with U.S. Forces. The Republic of Korea will have no difficulty absorbing these articles and services into its armed forces.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

The principal contractor will be RTX Corporation, located in Arlington, VA. At this time, the U.S. Government is not

aware of any offset agreement proposed in connection with this potential sale. Any offset agreement will be defined in negotiations between the purchaser and the contractor.

Implementation of this proposed sale will not require the assignment of any additional U.S. Government or contractor representatives to the Republic of Korea.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Transmittal No. 26–72

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b)(1) of the Arms Export Control Act

Annex

Item No. vii

(vii) *Sensitivity of Technology:*

1. The AIM–120C–8 Advanced Medium Range Air-to-Air Missile (AMRAAM) is a supersonic, air- or surface-launched, aerial intercept, guided missile featuring digital technology and micro-miniature, solid-state electronics. AMRAAM capabilities include look-down/shoot-down, multiple launches against multiple targets, resistance to electronic countermeasures, and interception of high and low-flying maneuvering targets. This potential sale will include AMRAAM guidance sections, control sections, and containers.

2. The highest level of classification of defense articles, components, and services included in this potential sale is SECRET.

3. If a technologically advanced adversary were to obtain knowledge of the specific hardware and software elements, the information could be used to develop countermeasures that might reduce system effectiveness or be used in the development of a system with similar or advanced capabilities.

4. A determination has been made that the Republic of Korea can provide substantially the same degree of protection for the sensitive technology being released as the U.S. Government. This sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification.

5. All defense articles and services listed in this transmittal have been authorized for release and export to the Republic of Korea.

DEPARTMENT OF DEFENSE**Office of the Secretary****[Transmittal No. 26–26]****Arms Sales Notification****AGENCY:** Defense Security Cooperation Agency, Department of Defense (DoD).**ACTION:** Arms sales notice.**SUMMARY:** The DoD is publishing the unclassified text of an arms sales notification.**FOR FURTHER INFORMATION CONTACT:**Urooj Zahra at (703) 695–6233, urooj.zahra.civ@mail.mil, or dsca.ncr.rsrmgmt.list.cns-mbx@mail.mil.**SUPPLEMENTARY INFORMATION:** This 36(b) arms sales notification is published to fulfill the requirements of section 155 of Public Law 104–164 dated July 21, 1996. The following is a copy of the attached Transmittal 26–26 and Policy Justification.

Dated: June 12, 2026.

Stephanie J. Bost,*Alternate OSD Federal Register Liaison Officer, Department of Defense.*

Transmittal No. 26–26

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b)(1) of the Arms Export Control Act, as amended

(i) *Prospective Purchaser:* Government of India(ii) *Total Estimated Value:*

Major Defense Equipment *	0
Other	\$198.2 million

TOTAL	\$198.2 million
-------------	-----------------

Funding Source: National Funds

(iii) *Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:**Major Defense Equipment (MDE):*

None

Non-Major Defense Equipment:

The following non-MDE items will be included: AH–64E Apache sustainment support services; U.S. Government and contractor

engineering, technical, and logistics support services; technical data and publications; personnel training; and other related elements of logistics and program support.

(iv) *Military Department:* Army (IN–B–UAU)(v) *Prior Related Cases, if any:* IN–B–UAH; IN–B–UAN(vi) *Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid:* None known at this time(vii) *Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold:* None(viii) *Date Report Delivered to Congress:* May 18, 2026

* as defined in Section 47(6) of the Arms Export Control Act.

POLICY JUSTIFICATION*India—Apache Helicopters Follow-on Support*

The Government of India has requested to buy the AH–64E Apache sustainment support services; U.S. Government and contractor engineering, technical, and logistics support services; technical data and publications; personnel training; and other related elements of logistics and program support. The estimated total cost is \$198.2 million.

This proposed sale will support the foreign policy and national security objectives of the United States by helping to strengthen the U.S.-Indian strategic relationship and to improve the security of a major defense partner which continues to be an important force for political stability, peace, and economic progress in the Indo-Pacific and South Asia regions.

The proposed sale will improve India's capability to meet current and future threats, strengthen its homeland defense, and deter regional threats. India will have no difficulty absorbing these articles and services into its armed forces.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

The principal contractor will be the Boeing Company, located in Arlington, VA; and Lockheed Martin, located in Orlando, FL. At this time, the U.S. Government is not aware of any offset agreement proposed in connection with this potential sale. Any offset agreement will be defined in negotiations between the purchaser and the contractor.

Implementation of this proposed sale will not require the assignment of any additional U.S. Government or contractor representatives to India.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

[FR Doc. 2026–12121 Filed 6–16–26; 8:45 am]

BILLING CODE 6001–FR–P**DEPARTMENT OF DEFENSE****Office of the Secretary****[Transmittal No. 26–64]****Arms Sales Notification****AGENCY:** Defense Security Cooperation Agency, Department of Defense (DoD).**ACTION:** Arms sales notice.**SUMMARY:** The DoD is publishing the unclassified text of an arms sales notification.**FOR FURTHER INFORMATION CONTACT:**Urooj Zahra at (703) 695–6233, urooj.zahra.civ@mail.mil, or dsca.ncr.rsrmgmt.list.cns-mbx@mail.mil.**SUPPLEMENTARY INFORMATION:** This 36(b) arms sales notification is published to fulfill the requirements of section 155 of Public Law 104–164 dated July 21, 1996. The following is a copy of the attached Transmittal 26–64, Policy Justification, and Sensitivity of Technology.

Dated: June 12, 2026.

Stephanie J. Bost,*Alternate OSD Federal Register Liaison Officer, Department of Defense.***BILLING CODE 6001–FR–P**



DEFENSE SECURITY COOPERATION AGENCY
2800 Defense Pentagon
Washington, DC 20301-2800

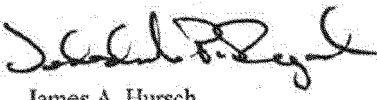
AUG 25 2022

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
H-209, The Capitol
Washington, DC 20515

Dear Madam Speaker:

Pursuant to the reporting requirements of Section 36(b)(5)(C) of the Arms Export Control Act (AECA), as amended, we are forwarding Transmittal No. 20-0M. This notification relates to enhancements or upgrades from the level of sensitivity of technology or capability described in the Section 36(b)(1) AECA certification 15-51 of November 4, 2015.

Sincerely,


for James A. Hursch
Director

Enclosures:

1. Transmittal
2. Regional Balance (Classified document provided under separate cover)



DEFENSE SECURITY COOPERATION AGENCY
2800 Defense Pentagon
Washington, DC 20301-2800

AUG 25 2022

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
H-209, The Capitol
Washington, DC 20515

Dear Madam Speaker:

Pursuant to the reporting requirements of Section 36(b)(5)(C) of the Arms Export Control Act (AECA), as amended, we are forwarding Transmittal No. 20-0M. This notification relates to enhancements or upgrades from the level of sensitivity of technology or capability described in the Section 36(b)(1) AECA certification 15-51 of November 4, 2015.

Sincerely,

for 
James A. Hursch
Director

Enclosures:

1. Transmittal
2. Regional Balance (Classified document provided under separate cover)

BILLING CODE 6001-FR-C

Transmittal No. 26-64

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b)(1) of the Arms Export Control Act, as amended

(i) *Prospective Purchaser:* Government of the United Kingdom

(ii) *Total Estimated Value:*

Major Defense Equipment * ..	\$ 69 million
Other	\$ 91 million
TOTAL	\$160 million

(iii) *Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:*

Major Defense Equipment (MDE):

Thirty-six (36) Guardian Laser Turret Assemblies
Eighteen (18) AN/AAQ 24(V)N Large Aircraft Infrared Countermeasures (LAIRCM) system processor replacements (10 installed, 8 spares)

Non-MDE:

The following non-MDE items will also be included: LAIRCM missile warning sensors, control interface units, and user data module cards;

testing and test equipment; major and minor modifications and maintenance support; aircraft components, parts, and accessories; spare parts, consumables and accessories, and repair and return support; software delivery and support; publications and technical documentation; U.S. Government engineering, technical and logistics support services; and other related elements of logistics and program support.

(iv) *Military Department:* Air Force (UK-D-QEE)

(v) *Prior Related Cases; if any:* None
(vi) *Sales Commission; Fee; etc.; Paid; Offered; or Agreed to be Paid:* None known at this time.

(vii) *Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold:* See Attached Annex

(viii) *Date Report Delivered to Congress:* June 5, 2026

* as defined in Section 47(6) of the Arms Export Control Act.

POLICY JUSTIFICATION

United Kingdom—Large Aircraft Infrared Countermeasures

The Government of the United Kingdom has requested to buy thirty-six (36) Guardian Laser Turret Assemblies (28 installed, 8 spares); and eighteen (18) AN/AAQ 24(V)N Large Aircraft Infrared Countermeasures (LAIRCM) system processor replacements (10 installed, 8 spares). The following non-MDE items will also be included: LAIRCM user data module cards, missile warning sensors, and support equipment; testing and test equipment; major and minor modifications and maintenance support; aircraft components, parts, and accessories; spare parts, consumables, and accessories; repair and return support; software delivery and support; publications and technical documentation; U.S. Government engineering, technical, and logistics support services; and other related elements of logistics and program support. The estimated total cost is \$160 million.

This proposed sale will support the foreign policy and national security objectives of the United States by improving the security of a NATO ally that is an important force for political stability and economic progress in Europe.

The proposed sale will improve the United Kingdom's capability to meet current and future threats by providing modern protection for large air mobility platforms, ensuring the operational readiness of the Royal Air Force. The United Kingdom will have no difficulty absorbing these articles and services into its armed forces.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

The principal contractor will be The Boeing Company, located in Arlington, VA. At this time, the U.S. Government is not aware of any offset agreement proposed in connection with this potential sale. Any offset agreement will be defined in negotiations between the purchaser and the contractor.

Implementation of this proposed sale will not require the assignment of any additional U.S. Government or contractor representatives to the United Kingdom.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Transmittal No. 26-64

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b)(1) of the Arms Export Control Act

Annex

Item No. vii

(vii) *Sensitivity of Technology:*

1. The AN/AAQ-24(V)N Large Aircraft Infrared Countermeasures (LAIRCM) system is a self-contained, directed-energy countermeasures system designed to protect aircraft from infrared-guided surface-to-air missiles. The LAIRCM system features digital technology micro-miniature solid-state electronics. The system operates in all conditions, detecting incoming missiles and jamming infrared-seeker equipped missiles with aimed bursts of laser energy. The LAIRCM system consists of multiple infrared missile warning sensors, the Guardian Laser Transmitter Assembly, a system processor replacement, a control interface unit replacement, and a classified memory card user data module.

2. The highest level of classification of defense articles, components, and services included in this potential sale is SECRET.

3. If a technologically advanced adversary were to obtain knowledge of

the specific hardware and software elements, the information could be used to develop countermeasures that might reduce system effectiveness or be used in the development of a system with similar or advanced capabilities.

4. A determination has been made that the United Kingdom can provide substantially the same degree of protection for the sensitive technology being released as the U.S. Government. This sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification.

5. All defense articles and services listed in this transmittal have been authorized for release and export to the Government of the United Kingdom.

[FR Doc. 2026-12128 Filed 6-16-26; 8:45 am]

BILLING CODE 6001-FR-P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

Combined Notice of Filings #2

Take notice that the Commission received the following exempt wholesale generator filings:

Docket Numbers: EG26-258-000.

Applicants: Kifer Energy Storage LLC.

Description: Kifer Energy Storage LLC submits Notice of Self-Certification of Exempt Wholesale Generator Status.

Filed Date: 6/12/26.

Accession Number: 20260612-5123.

Comment Date: 5 p.m. ET 7/6/26.

Take notice that the Commission received the following electric rate filings:

Docket Numbers: ER26-2811-000.

Applicants: Black Hills Power, Inc.

Description: Compliance filing; Order No. 1920 JOATT Compliance Filing for Black Hills Power, Inc. to be effective 1/1/2028.

Filed Date: 6/12/26.

Accession Number: 20260612-5081.

Comment Date: 5 p.m. ET 7/6/26.

Docket Numbers: ER26-2812-000.

Applicants: Puget Sound Energy, Inc.

Description: Compliance filing; Order 1920 Compliance Filing—Regional/ Interregional Transmission Planning to be effective 1/1/2028.

Filed Date: 6/12/26.

Accession Number: 20260612-5082.

Comment Date: 5 p.m. ET 7/6/26.

Docket Numbers: ER26-2813-000.

Applicants: Idaho Power Company.

Description: Compliance filing; Order 1920 Compliance Filing to be effective 1/1/2028.

Filed Date: 6/12/26.

Accession Number: 20260612-5084.

Comment Date: 5 p.m. ET 7/6/26.

Docket Numbers: ER26-2814-000.

Applicants: Idaho Power Company.

Description: Compliance filing; Order 1920—Local Planning Process to be effective 1/1/2028.

Filed Date: 6/12/26.

Accession Number: 20260612-5085.

Comment Date: 5 p.m. ET 7/6/26.

Docket Numbers: ER26-2815-000.

Applicants: NorthWestern

Corporation.

Description: Compliance filing; Att K Order 1920 Local Transmission Planning Process to be effective 1/1/2028.

Filed Date: 6/12/26.

Accession Number: 20260612-5087.

Comment Date: 5 p.m. ET 7/6/26.

Docket Numbers: ER26-2816-000.

Applicants: Black Hills Colorado Electric, LLC.

Description: Compliance filing; Order No. 1920 OATT Compliance Filing for Black Hills Colorado Electric, LLC to be effective 1/1/2028.

Filed Date: 6/12/26.

Accession Number: 20260612-5091.

Comment Date: 5 p.m. ET 7/6/26.

Docket Numbers: ER26-2817-000.

Applicants: Cheyenne Light, Fuel and Power Company.

Description: Compliance filing; Order No. 1920 OATT Compliance Filing for Cheyenne Light, Fuel and Power Co to be effective 1/1/2028.

Filed Date: 6/12/26.

Accession Number: 20260612-5101.

Comment Date: 5 p.m. ET 7/6/26.

Docket Numbers: ER26-2818-000.

Applicants: Nevada Power Company, Sierra Pacific Power Company.

Description: Compliance filing; Nevada Power Company submits tariff filing per 35: Order No. 1920 Compliance Filing (Regional) RM21-17 to be effective 1/1/2028.

Filed Date: 6/12/26.

Accession Number: 20260612-5106.

Comment Date: 5 p.m. ET 7/6/26.

Docket Numbers: ER26-2819-000.

Applicants: Sierra Pacific Power Company, Nevada Power Company.

Description: Compliance filing; Nevada Power Company submits tariff filing per 35: Order No. 1920 Compliance Filing (Local) RM21-17 to be effective 1/1/2028.

Filed Date: 6/12/26.

Accession Number: 20260612-5107.

Comment Date: 5 p.m. ET 7/6/26.

Docket Numbers: ER26-2820-000.

Applicants: Puget Sound Energy, Inc.

Description: Compliance filing; Order 1920 Compliance Filing—Local Transmission Planning to be effective 1/1/2028.

Filed Date: 6/12/26.
Accession Number: 20260612–5109.
Comment Date: 5 p.m. ET 7/6/26.
Docket Numbers: ER26–2821–000.
Applicants: MATL LLP.
Description: Compliance filing: Order 1920 Regional Compliance Filing RM21–17 to be effective 1/1/2028.

Filed Date: 6/12/26.
Accession Number: 20260612–5110.
Comment Date: 5 p.m. ET 7/6/26.
Docket Numbers: ER26–2822–000.
Applicants: Tri-State Generation and Transmission Association, Inc.

Description: Compliance filing: Order No. 1920 OATT Compliance Filing for the WestConnect Planning Region to be effective 1/1/2028.

Filed Date: 6/12/26.
Accession Number: 20260612–5113.
Comment Date: 5 p.m. ET 7/6/26.
Docket Numbers: ER26–2823–000.
Applicants: MATL LLP.
Description: 205(d) Rate Filing: Section 205 Order No. 1920 Filing (Local Planning) to be effective 1/1/2028.

Filed Date: 6/12/26.
Accession Number: 20260612–5115.
Comment Date: 5 p.m. ET 7/6/26.
Docket Numbers: ER26–2824–000.
Applicants: Public Service Company of New Hampshire.

Description: Tariff Amendment: Cancellation of Related Facilities Agreement with NECEC Transmission LLC to be effective 6/13/2026.

Filed Date: 6/12/26.
Accession Number: 20260612–5120.
Comment Date: 5 p.m. ET 7/6/26.
Docket Numbers: ER26–2825–000.
Applicants: Midcontinent Independent System Operator, Inc.

Description: Compliance filing: 2026–06–12 Order 1920 Regional Compliance Filing to be effective 6/12/2028.

Filed Date: 6/12/26.
Accession Number: 20260612–5130.
Comment Date: 5 p.m. ET 7/6/26.
Docket Numbers: ER26–2826–000.
Applicants: Midcontinent Independent System Operator, Inc., Cooperative Energy, Natural Resources Conservation Service.

Description: 205(d) Rate Filing: Carson Cogeneration Company LP submits tariff filing per 35.13(a)(2)(iii): 2026–06–12_SA 4786 Cooperative Energy-Jasper Solar E&P (J1946) to be effective 5/22/2026.

Filed Date: 6/12/26.
Accession Number: 20260612–5133.
Comment Date: 5 p.m. ET 7/6/26.
Docket Numbers: ER26–2827–000.
Applicants: Priority Power Management LLC.

Description: 205(d) Rate Filing: Market-Based Rate Tariff—Change

Seller Category to be effective 6/13/2026.

Filed Date: 6/12/26.
Accession Number: 20260612–5143.
Comment Date: 5 p.m. ET 7/6/26.
Docket Numbers: ER26–2828–000.
Applicants: Arizona Public Service Company.

Description: Compliance filing: Order No. 1920 OATT Compliance Filing for the WestConnect Planning Region to be effective 1/1/2028.

Filed Date: 6/12/26.
Accession Number: 20260612–5155.
Comment Date: 5 p.m. ET 7/6/26.

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: June 12, 2026.

Carlos D. Clay,

Deputy Secretary.

[FR Doc. 2026–12185 Filed 6–16–26; 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: EG26–256–000.
Applicants: Jackson Ctr Solar, LLC.
Description: Jackson Ctr Solar, LLC submits Notice of Self-Certification of Exempt Wholesale Generator Status.
Filed Date: 6/12/26.

Accession Number: 20260612–5067.
Comment Date: 5 p.m. ET 7/6/26.

Docket Numbers: EG26–257–000.
Applicants: Jackson Ctr Solar II, LLC.
Description: Jackson Ctr Solar II, LLC submits Notice of Self-Certification of Exempt Wholesale Generator Status.

Filed Date: 6/12/26.
Accession Number: 20260612–5073.
Comment Date: 5 p.m. ET 7/6/26.

Take notice that the Commission received the following Complaints and Compliance filings in EL Dockets:

Docket Numbers: EL26–79–000.
Applicants: Connecticut Department of Energy and Environmental Protection, et al. v. The Connecticut Light & Power Company, et al.

Description: Complaint of Connecticut Department of Energy and Environmental Protection, et al. v. The Connecticut Light & Power Company, et al.

Filed Date: 6/11/26.
Accession Number: 20260611–5136.
Comment Date: 5 p.m. ET 7/1/26.

Take notice that the Commission received the following electric rate filings:

Docket Numbers: ER20–2926–003.
Applicants: Altamont Winds LLC.
Description: Notice of Non-Material Change in Status of Altamont Winds LLC.

Filed Date: 6/11/26.
Accession Number: 20260611–5143.
Comment Date: 5 p.m. ET 7/2/26.

Docket Numbers: ER23–883–000; ER21–1519–000; ER19–2269–000; ER21–1682–000; ER10–1852–000; ER21–254–000; ER16–1354–000; ER10–1971–000; ER10–1951–000; ER11–4462–000; ER10–2641–000; ER19–2266–000; ER21–1532–000; ER16–1913–000; ER21–1506–000; ER19–774–000; ER21–255–000; ER16–1293–000; ER16–1277–000.

Applicants: White Pine Solar, LLC, White Oak Solar, LLC, Taylor Creek Solar, LLC, Stanton Clean Energy, LLC, Shaw Creek Solar, LLC, River Bend Solar, LLC, Quitman II Solar, LLC, Quitman Solar, LLC, Oleander Power Project, Limited Partnership, NEPM II, LLC, NextEra Energy Services Massachusetts, LLC, NextEra Energy Power Marketing, LLC, Live Oak Solar, LLC, Harmony Florida Solar, LLC, Florida Power & Light Company, Elora Solar, LLC, Dougherty County Solar, LLC, Cool Springs Solar, LLC, Bell Ridge Solar, LLC.

Description: Response to 04/24/2026, Deficiency Letter of Bell Ridge Solar, et al.

Filed Date: 6/11/26.
Accession Number: 20260611–5147.

Comment Date: 5 p.m. ET 7/2/26.
Docket Numbers: ER26–414–003.
Applicants: Southwest Power Pool, Inc.

Description: Compliance filing: Amended Compliance Filing—Revisions to Implement the CPP to be effective 3/1/2026.

Filed Date: 6/12/26.

Accession Number: 20260612–5038.

Comment Date: 5 p.m. ET 7/6/26.

Docket Numbers: ER26–2793–000.

Applicants: Avista Corporation.

Description: Compliance filing: Avista Corp—Order 1920. Compliance Filing, Regional & Interregional Planning to be effective 1/1/2028.

Filed Date: 6/12/26.

Accession Number: 20260612–5000.

Comment Date: 5 p.m. ET 7/6/26.

Docket Numbers: ER26–2794–000.

Applicants: Avista Corporation.

Description: Compliance filing: Avista Corp—Order 1920. Compliance Filing—Local Planning to be effective 1/1/2028.

Filed Date: 6/12/26.

Accession Number: 20260612–5001.

Comment Date: 5 p.m. ET 7/6/26.

Docket Numbers: ER26–2795–000.

Applicants: PacifiCorp.

Description: Compliance filing: Order No. 1920 Local Planning Process Compliance Filing (Northern Grid) to be effective 1/1/2028.

Filed Date: 6/12/26.

Accession Number: 20260612–5026.

Comment Date: 5 p.m. ET 7/6/26.

Docket Numbers: ER26–2796–000.

Applicants: Southwest Power Pool, Inc.

Description: Compliance filing: Order Nos. 1920, 1920–A, and 1920–B Regional Compliance Filing to be effective 1/1/2027.

Filed Date: 6/12/26.

Accession Number: 20260612–5032.

Comment Date: 5 p.m. ET 7/6/26.

Docket Numbers: ER26–2797–000.

Applicants: New York Independent System Operator, Inc.

Description: New York Independent System Operator, Inc. submits a Notice of Cancellation of the Small Generator Interconnection Agreement, Service Agreement No. 1367, of NYISO's OATT7.

Filed Date: 6/11/26.

Accession Number: 20260611–5154.

Comment Date: 5 p.m. ET 7/2/26.

Docket Numbers: ER26–2798–000.

Applicants: Florida Power & Light Company.

Description: Compliance filing: Order No. 1920 Compliance Filing to be effective 1/1/2028.

Filed Date: 6/12/26.

Accession Number: 20260612–5041.

Comment Date: 5 p.m. ET 7/6/26.

Docket Numbers: ER26–2799–000.

Applicants: PacifiCorp.

Description: Compliance filing: Order No. 1920 Local Planning Process Compliance Filing (Local Planning) to be effective 1/1/2028.

Filed Date: 6/12/26.

Accession Number: 20260612–5043.

Comment Date: 5 p.m. ET 7/6/26.

Docket Numbers: ER26–2800–000.

Applicants: Duke Energy Florida, LLC, Duke Energy Carolinas, LLC.

Description: 205(d) Rate Filing: Duke Energy Carolinas, LLC submits tariff filing per 35.13(a)(2)(iii): DEF—Order No. 1920 Compliance Filing to be effective 1/1/2028.

Filed Date: 6/12/26.

Accession Number: 20260612–5045.

Comment Date: 5 p.m. ET 7/6/26.

Docket Numbers: ER26–2801–000.

Applicants: Public Service Company of Colorado.

Description: Compliance filing: 2026–06–12–Att R–1920 Updates—Compliance Filing to be effective 1/1/2028.

Filed Date: 6/12/26.

Accession Number: 20260612–5046.

Comment Date: 5 p.m. ET 7/6/26.

Docket Numbers: ER26–2802–000.

Applicants: NorthWestern Corporation.

Description: Compliance filing: Att K Order 1920 Compliance Filing to be effective 1/1/2028.

Filed Date: 6/12/26.

Accession Number: 20260612–5055.

Comment Date: 5 p.m. ET 7/6/26.

Docket Numbers: ER26–2803–000.

Applicants: Tucson Electric Power Company.

Description: Compliance filing: Order 1920 Compliance Filing to be effective 1/1/2028.

Filed Date: 6/12/26.

Accession Number: 20260612–5057.

Comment Date: 5 p.m. ET 7/6/26.

Docket Numbers: ER26–2804–000.

Applicants: UNS Electric, Inc.

Description: Compliance filing: Order 1920 Compliance Filing to be effective 1/1/2028.

Filed Date: 6/12/26.

Accession Number: 20260612–5060.

Comment Date: 5 p.m. ET 7/6/26.

Docket Numbers: ER26–2805–000.

Applicants: Deseret Generation & Transmission Co-operative, Inc.

Description: Compliance filing: Order 1920 Compliance Filing to be effective 1/1/2028.

Filed Date: 6/12/26.

Accession Number: 20260612–5061.

Comment Date: 5 p.m. ET 7/6/26.

Docket Numbers: ER26–2806–000.

Applicants: El Paso Electric Company.

Description: Compliance filing: Order No. 1920 OATT Compliance Filing—Attachment K to be effective 1/1/2028.

Filed Date: 6/12/26.

Accession Number: 20260612–5063.

Comment Date: 5 p.m. ET 7/6/26.

Docket Numbers: ER26–2807–000.

Applicants: American Transmission Systems, Incorporated.

Description: 205(d) Rate Filing: ATSI submits a new Construction Agmt—SA No. 7682 to be effective 8/12/2026.

Filed Date: 6/12/26.

Accession Number: 20260612–5065.

Comment Date: 5 p.m. ET 7/6/26.

Docket Numbers: ER26–2808–000.

Applicants: Tampa Electric Company.
Description: Compliance filing: Order 1920 Compliance Filing to be effective 1/1/2028.

Filed Date: 6/12/26.

Accession Number: 20260612–5066.

Comment Date: 5 p.m. ET 7/6/26.

Docket Numbers: ER26–2809–000.

Applicants: Portland General Electric Company.

Description: Compliance filing: PGE Compliance Order 1920 Regional and Long Term to be effective 1/1/2028.

Filed Date: 6/12/26.

Accession Number: 20260612–5075.

Comment Date: 5 p.m. ET 7/6/26.

Docket Numbers: ER26–2810–000.

Applicants: Portland General Electric Company.

Description: Compliance filing: PGE Compliance Order 1920 Local Transmission Planning to be effective 1/1/2028.

Filed Date: 6/12/26.

Accession Number: 20260612–5077.

Comment Date: 5 p.m. ET 7/6/26.

The filings are accessible in the Commission's eLibrary system (<https://elibrary.ferc.gov/idmws/search/fercgensearch.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: June 12, 2026.

Carlos D. Clay,
Deputy Secretary.

[FR Doc. 2026-12184 Filed 6-16-26; 8:45 am]

BILLING CODE 6717-01-P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

Combined Notice of Filings

Take notice that the Commission has received the following Natural Gas Pipeline Rate and Refund Report filings:

Filings Instituting Proceedings

Docket Numbers: RP26-927-000.

Applicants: Rockies Express Pipeline LLC.

Description: 4(d) Rate Filing: REX 2026-06-12 PALS Rate Schedule and FoSA Revisions to be effective 7/15/2026.

Filed Date: 6/12/26.

Accession Number: 20260612-5074.

Comment Date: 5 p.m. ET 6/24/26.

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.

Filings in Existing Proceedings

Docket Numbers: PR21-14-001.

Applicants: Permian Highway Pipeline LLC.

Description: Certification Pursuant to 18 CFR 284.123(g)(9)(ii) to be effective N/A.

Filed Date: 6/11/26.

Accession Number: 20260611-5100.

Comment Date: 5 p.m. ET 7/2/26.

Any person desiring to protest in any of the above proceedings must file in accordance with Rule 211 of the Commission's Regulations (18 CFR 385.211) on or before 5:00 p.m. Eastern time on the specified comment date.

The filings are accessible in the Commission's eLibrary system (<https://elibrary.ferc.gov/idmws/search/fercgensearch.asp>) by querying the docket number.

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: June 12, 2026.

Carlos D. Clay,
Deputy Secretary.

[FR Doc. 2026-12186 Filed 6-16-26; 8:45 a.m.]

BILLING CODE 6717-01-P

FEDERAL COMMUNICATIONS COMMISSION

[OMB 3060-0017, OMB 3060-0928, OMB 3060-1089; FR ID 351216]

Information Collections Being Submitted for Review and Approval to Office of Management and Budget

AGENCY: Federal Communications Commission.

ACTION: Notice; request for comments.

SUMMARY: As part of its continuing effort to reduce paperwork burdens, as required by the Paperwork Reduction Act (PRA) of 1995, the Federal Communications Commission (FCC or the Commission) invites the general public and other Federal Agencies to take this opportunity to comment on the following information collection.

Pursuant to the Small Business Paperwork Relief Act of 2002, the FCC seeks specific comment on how it can further reduce the information collection burden for small business concerns with fewer than 25 employees.

DATES: Written comments and recommendations for the proposed information collection should be submitted on or before July 17, 2026.

ADDRESSES: Comments should be sent 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. Your comment must be submitted into www.reginfo.gov per the above instructions for it to be considered. In addition to submitting in www.reginfo.gov also send a copy of your comment on the proposed information collection to Cathy Williams, FCC, via email to PR@fcc.gov and to Cathy.Williams@fcc.gov. Include in the comments the OMB control number as shown in the **SUPPLEMENTARY INFORMATION** below.

FOR FURTHER INFORMATION CONTACT: For additional information or copies of the information collection, contact Cathy Williams at (202) 418-2918. To view a copy of this information collection request (ICR) submitted to OMB: (1) go to the web page <http://www.reginfo.gov/public/do/PRAMain>, (2) look for the section of the web page called "Currently Under Review," (3) click on the downward-pointing arrow in the "Select Agency" box below the "Currently Under Review" heading, (4) select "Federal Communications Commission" from the list of agencies presented in the "Select Agency" box, (5) click the "Submit" button to the right of the "Select Agency" box, (6) when the list of FCC ICRs currently under review appears, look for the Title of this ICR and then click on the ICR Reference Number. A copy of the FCC submission to OMB will be displayed.

SUPPLEMENTARY INFORMATION: The Commission may not conduct or sponsor a collection of information unless it displays a currently valid Office of Management and Budget (OMB) control number. No person shall be subject to any penalty for failing to comply with a collection of information subject to the PRA that does not display a valid OMB control number.

As part of its continuing effort to reduce paperwork burdens, as required by the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. 3501-3520), the FCC invited the general public and other Federal Agencies to take this opportunity to comment on the following information collection. Comments are requested concerning: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's burden estimates; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on the respondents, including the use of automated collection techniques or other forms of information technology. Pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107-198, see 44 U.S.C. 3506(c)(4), the FCC seeks specific comment on how it might "further reduce the information collection burden for small business concerns with fewer than 25 employees."

OMB Control No.: 3060-0017.

Title: FCC Form 2100, Application for Media Bureau Audio and Video Service Authorization, Schedule D (Former FCC

Form 347); Sections 74.787(a)(1)(ii) and (a)(2)(ii); and 74.799.

Form No.: FCC Form 2100, Schedule D.

Type of Review: Revision of a currently approved form and collection.

Respondents: Business or other for-profit entities; Not for profit institutions; State, local or Tribal government.

Number of Respondents and

Responses: 1,105 respondents and 1,105 responses.

Estimated Time per Response: 1.5 hours.

Frequency of Response: On occasion reporting requirement.

Obligation to Respond: Required to obtain or retain benefits. The statutory authority for this collection is contained in section 154(i), 303, 307, 308 and 309 of the Communications Act of 1934, as amended.

Total Annual Burden: 1,658 hours.

Annual Cost Burden: \$132,600.

Needs and Uses: On December 19, 2025, the Commission released a Report and Order, FCC 25–84, concerning the advancement of the Class A, LPTV and TV translator services (LPTV Service). Two of the rules adopted included the requirement that stations file an application for modification of license (FCC Form 2100, Schedule D)—74.787(a)(1)(ii) and 74.787(a)(2)(ii) when seeking to change their community of license or when seeking to change their designation from one to the other service. This submission is being made to OMB for approval of the modified FCC Form 2100, Schedule D.

OMB Control Number: 3060–0928.

Title: FCC Form 2100, Application for Media Bureau Audio and Video Service Authorization, Schedule F (Formerly FCC 302–CA); 47 CFR 73.6028; Section 73.6030(c); Section 73.3700(b)(3); Section 73.3700(h); Section 73.3572(h); Section 73.3580(c); Section 73.3572(h); Section 73.6023, Section 73.6002(b)(2), Section 73.6001(d) and Section 73.6002(a)(2).

Form Number: FCC Form 2100, Schedule F.

Type of Review: Revision of currently approved collection.

Respondents: Business or other for-profit, Not-for-profit institutions; and State, local, or tribal government.

Number of Respondents and

Responses: 95 respondents; 395 responses.

Estimated Hours per Response: 2.0 hours.

Frequency of Response: On occasion reporting requirements.

Total Annual Burden: 380 hours.

Total Annual Cost: \$40,375.

Obligation to Respond: Required to obtain or retain benefits. The statutory

authority for this collection is contained in Sections 154(i) and 303 of the Communications Act of 1934, as amended.

Needs and Uses: On December 19, 2025, the Commission released a Report and Order, FCC 25–84, concerning the advancement of the Class A, LPTV and TV translator services (LPTV Service). Two of the rules adopted included the requirement that Class A stations file an application for modification of license (FCC Form 2100, Schedule F)—73.6002(b)(2) when seeking to change their community of license. In addition, Class A stations requesting to downgrade to low power television station status file a modification of license (FCC Form 2100, Schedule F) rather than a letter—73.6001(d). Finally, an administrative change is being made to rule 73.6002(a)(2) that provides that Class A station licenses are filed on FCC Form 2100, Schedule F and not FCC Form 302–CA. The form changes were already approved and this just change the language of the rule to refer to the correct form. This submission is being made to OMB for approval of the modified FCC Form 2100, Schedule F.

OMB Control No.: 3060–1089.

Title: Structure and Practices of the Video Relay Service Program; Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, CG Docket Nos. 10–51 & 03–123.

Form No.: N/A.

Type of Review: Revision of a currently approved collection.

Respondents: Business or other for-profit entities; Individuals or households; Not-for-profit institutions; State, Local or Tribal Government.

Number of Respondents and

Responses: 165,408 respondents; 1,764,771 responses.

Estimated Time per Response: 0.05 hours (3 minutes) to 300 hours.

Frequency of Response: Annual, monthly, on occasion, on-going, one-time, and quarterly reporting requirements; Recordkeeping requirement; and Third-Party Disclosure requirements.

Obligation to Respond: Required to obtain or retain benefits. The statutory authority for the collection is contained in section 225 of the Communications Act, 47 U.S.C. 225. The law was enacted on July 26, 1990, as Title IV of the Americans with Disabilities Act of 1990 (ADA), Public Law 101–336, 104 Stat. 327, 366–69, and amended by the Twenty-First Century Communications and Video Accessibility Act of 2010, Public Law 111–260, 103(a), 124 Stat. 2751, 2755 (2010) (CVAA); Public Law

111–265 (technical amendments to CVAA).

Total Annual Burden: 282,770 hours.

Annual Cost Burden: \$279,363.

Needs and Uses: The

telecommunications relay service (TRS) program enables access to the nation's telephone network by persons with hearing and speech disabilities. In 1991, as required by the Americans with Disabilities Act and codified at 47 U.S.C. 225, the Commission adopted rules governing the telecommunications relay services (TRS) program and procedures for each state TRS program to apply for initial Commission certification and renewal of Commission certification of each state program. Telecommunications Services for Individuals with Hearing and Speech Disabilities, and the Americans with Disabilities Act of 1990, Report and Order and Request for Comments, document FCC 91–213, published at 56 FR 36729, August 1, 1991 (1991 TRS Implementation Order).

Between 2008 and 2011, to integrate internet-based TRS into the North American Numbering plan and facilitate interoperability, universal calling, and 911 emergency services, the Commission adopted rules in three separate orders related to the telephone numbering system and enhanced 911 (E911) services for users of two forms of internet-based TRS: Video Relay Service (VRS) and Internet Protocol Relay service (IP Relay). See document FCC 08–151, Report and Order and Further Notice of Proposed Rulemaking, published at 73 FR 41286, July 18, 2008 (First Numbering Order); document FCC 08–275, Second Report and Order and Order on Reconsideration, published at 73 FR 79683, December 30, 2008 (Second Numbering Order); and document FCC 11–123, Report and Order, published at 76 FR 59551, September 27, 2011 (internet-based TRS Toll Free Order).

The rules adopted in these three orders have information collection requirements that include requiring VRS and IP Relay providers to: register each user who selects the provider as his or her default provider, including obtaining a self-certification from each user; verify the accuracy of each user's registration information; provision and maintain their registered users' routing information to the TRS Numbering Directory; place their users' Registered Location and certain callback information in Automatic Location Information (ALI) databases across the country and provide a means for their users to update their Registered Locations; include advisories on their websites and in any promotional

materials addressing numbering and E911 services for VRS or IP Relay; verify in the TRS Numbering Directory whether each dial-around user is registered with another provider; and if they provide equipment to a consumer, make available to other VRS providers enough information about that equipment to enable another VRS provider selected as the consumer's default provider to perform all of the functions of a default provider.

On July 28, 2011, the Commission released Structure and Practices of the Video Relay Service Program, document FCC 11–118, published at 76 FR 47469, August 5, 2011, and at 76 FR 47476, August 5, 2011 (VRS Certification Order), adopting final and interim rules—designed to help prevent waste, fraud, and abuse, and ensure quality service, in the provision of internet-based forms of TRS. On October 17, 2011, the Commission released Structure and Practices of the Video Relay Service Program, Memorandum Opinion and Order, Order, and Further Notice of Proposed Rulemaking, document FCC 11–155, published at 76 FR 67070, October 31, 2011 (VRS Certification Reconsideration Order), modifying two aspects of information collection requirements contained in the VRS Certification Order.

On June 10, 2013, the Commission made permanent the interim rules adopted in the VRS Certification Order. Structure and Practices of the Video Relay Service Program; Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, Report and Order and Further Notice of Proposed Rulemaking, document FCC 13–82, published at 78 FR 40582, July 5, 2013 (2013 VRS Reform Order).

The VRS Certification Order as modified by the VRS Certification Reconsideration Order and, as applicable, made permanent by the 2013 VRS Reform Order, amended the Commission's process for certifying internet-based TRS providers as eligible for payment from the Interstate TRS Fund (Fund) for their provision of internet-based TRS to ensure that internet-based TRS providers receiving certification are qualified to provide internet-based TRS in compliance with the Commission's rules and to eliminate waste, fraud and abuse through improved oversight of such providers. They contain information collection requirements including: submission of detailed information in an application for certification that shows the applicant's ability to comply with the Commission's rules; submission of

annual reports that include updates to the provider's information on file with the Commission or a certification that there are no changes to the information; requirements for a senior executive of an applicant for internet-based TRS certification or an internet-based TRS provider, when submitting an annual compliance report, to certify under penalty of perjury to its accuracy and completeness; requirements for VRS providers to obtain prior authorization from the Commission for planned interruptions of service, to report to the Commission unforeseen interruptions of service, and to provide notification of temporary service outages, including updates, to consumers on their websites; and requirements for internet-based TRS providers that will no longer be providing service to give their customers at least 30-days notice.

In the 2013 VRS Reform Order, the Commission adopted further measures to improve the structure, efficiency, and quality of the VRS program, reducing the noted inefficiencies in the program, as well as reducing the risk of waste, fraud, and abuse, and ensuring that the program makes full use of advances in commercially-available technology. The Commission required reporting of unauthorized and unnecessary use of VRS; established a central TRS user registration database (TRS–URD) for VRS, which incorporates a centralized eligibility verification requirement to ensure accurate registration and verification of users, as well as per-call validation, to achieve more effective prevention of waste, fraud, and abuse; established procedures to prevent unauthorized changes of a user's default TRS provider; and established procedures to protect TRS users' customer proprietary network information (CPNI) from disclosure.

On March 23, 2017, the Commission released Structure and Practices of the Video Relay Services Program et al., FCC 17–26, published at 82 FR 17754, April 13, 2017, (2017 VRS Improvements Order), which among other things, allows VRS providers to assign TRS Numbering Directory 10-digit telephone numbers to hearing individuals for the limited purpose of making point-to-point video calls, and gives VRS providers the option to participate in an at-home call handling pilot program, subject to certain limitations, as well as recordkeeping and reporting requirements.

On May 15, 2019, the Commission released Structure and Practices of the Video Relay Service Program; Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech

Disabilities, FCC 19–39, published at 84 FR 26364, June 6, 2019 (2019 VRS Program Management Order). The Commission further improved the structure, efficiency, and quality of the VRS program, reduced the risk of waste, fraud, and abuse, and ensured that the program makes full use of advances in commercially-available technology. These improvements include information collection requirements, including: the establishment of procedures to register enterprise and public videophones to the TRS–URD; and permitting Qualified Direct Video Calling (DVC) Entities to access the TRS Numbering Directory and establishing an application procedure to authorize such access, including rules governing DVC entities and entry of information in the TRS Numbering Directory and the TRS–URD.

On August 2, 2019, the Commission released Implementing Kari's Law and Section 506 of RAY BAUM's Act; Inquiry Concerning 911 Access, Routing, and Location in Enterprise Communications Systems; Amending the Definition of Interconnected VoIP Service in Section 9.3 of the Commission's Rules, FCC 19–76, published at 84 FR 66716, December 5, 2019 (MLTS 911 and Dispatchable Location Order). The Commission amended its rules to ensure that the dispatchable location is conveyed to a Public Safety Answering Point (PSAP) with a 911 call, regardless of the technological platform used. Based on the directive in section 506 of RAY BAUM'S Act, the Commission adopted dispatchable location requirements that in effect modified the existing information collection requirements applicable to VRS, IP Relay and covered Internet Protocol captioned telephone service (IP CTS) by improving the options for providing accurate location information to PSAPs as part of 911 calls.

Fixed internet-based TRS devices must provide automated dispatchable location. For non-fixed devices, when dispatchable location is not technically feasible, internet-based TRS providers may fall back to Registered Location or provide alternative location information. As a last resort, internet-based providers may route calls to Emergency Relay Calling Centers after making a good faith effort to obtain location data from all available alternative location sources. Dispatchable location means a location delivered to the PSAP with a 911 call that consists of the validated street address of the calling party, plus additional information such as suite, apartment or similar information

necessary to adequately identify the location of the calling party. Automated dispatchable location means automatic generation of dispatchable location. Alternative location information is location information (which may be coordinate-based) sufficient to identify the caller's civic address and approximate in-building location, including floor level, in large buildings.

On January 31, 2020, the Commission released Structure and Practices of the Video Relay Service Program; Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, FCC 20–7, 85 FR 27309, May 8, 2020 (VRS At-Home Call Handling Order). The Commission amended its rules to convert the VRS at-home call handling pilot program into a permanent one, thereby allowing CAs to work from home. To ensure user privacy and call confidentiality and to help prevent waste, fraud, and abuse, the modified information collections include requirements for VRS providers to apply for certification to allow their communications assistants to handle calls while working at home; monitoring and oversight requirements; and reporting requirements.

On June 30, 2022, the Commission released Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities; Structure and Practices of the Video Relay Service Program; Misuse of Internet Protocol Captioned Telephone Service, FCC 22–51, published at 87 FR 57645, September 21, 2022 (Registration Grace Period Order). To offer more efficient service to VRS and IP CTS users without risk of waste, fraud, and abuse to the TRS Fund, the Commission amended its rules to allow VRS and IP CTS providers to provide compensable service to a new user for up to two weeks after submitting the user's information to the TRS URD if the user's identity is verified within that period.

On September 30, 2022, the Commission released Rates for Interstate Inmate Calling Services, FCC 22–76, published at 87 FR 75496, December 9, 2022 (Accessible Carceral Communications Order). To improve access to communications services for incarcerated people with communications disabilities, the Commission adopted modifications to the user registration and verification requirements for use of internet-based TRS in correctional facilities.

On December 21, 2023, the Commission released Data Breach Reporting Requirements, FCC 23–111, published at 89 FR 9968, February 12,

2024 (2023 Data Breach Reporting Order). To align with the CPNI reporting requirements applicable to telecommunications and VoIP providers, the Commission amended TRS CPNI notification requirements; expanded the definition of the term “breach” for telecommunications carriers, VoIP providers, and TRS providers; and amended the ways and circumstances in which providers must notify the Commission, the United States Secret Service and the Federal Bureau of Investigations of data breaches.

On December 20, 2023, the Commission released Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities; Structure and Practices of the Video Relay Service Program; Petition for Rulemaking and Limited Waiver of Convo Communications, LLC, FCC 23–116, published at 89 FR 20125, March 21, 2024 (2023 VRS Improvements Order). To promote improvement in the efficacy and quality of relay services supported by the TRS Fund or Fund, the Commission modified several VRS rules relating to communications assistants (CAs) working at home, the use of contractors for VRS interpreting, and the use of VRS by registered users when traveling abroad.

On July 18, 2024, the Commission released the Incarcerated People's Communications Services; Implementation of the Martha Wright-Reed Act; Rates for Interstate Inmate Calling Services, FCC 24–75, published at 89 FR 77244, September 20, 2024 (2024 Accessible Carceral Communications Order). To ensure the accessibility of communications service for incarcerated people, the Commission amended the carceral facility enterprise registration rules to allow for IP CTS and IP Relay enterprise registration and align those new requirements with the requirement for VRS enterprise registration and combining the requirements into a single paragraph section of the rules. Enterprise registration helps ensure that only eligible users are making use of the service, prevent waste, fraud, and abuse, protect the integrity of the TRS Fund, and ensure the continued provision of TRS.

On September 27, 2024, the Commission released Access to Video Conferencing; Implementation of Sections 716 and 717 of the Communications Act of 1934, as enabled by the Twenty-First Century Communications and Video Accessibility Act of 2010;

Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities; Petition of Sorenson Communications, LLC for Limited Waiver of the Privacy Screen Rule, FCC 24–95, published at 89 FR 100878, December 13, 2024 (2024 IVCS Order). The Commission required VRS provider that integrate VRS in video conference to provide in its annual report, a detailed explanation of the instructions and training provided to CAs on implementation of the requirements for integrating VRS in video conferences and identifying the requesting VRS users. The records maintained by VRS providers and records submitted to FCC and the TRS Fund administrator by these providers are used to ensure that VRS providers have adopted and are adhering to the safeguards that are required to protect against waste, fraud, and abuse.

Federal Communications Commission.

Marlene Dortch,

Secretary, Office of the Secretary.

[FR Doc. 2026–12197 Filed 6–16–26; 8:45 am]

BILLING CODE 6712–01–P

FEDERAL MARITIME COMMISSION

Notice of Agreements Filed

The Commission hereby gives notice of filing of the following agreements under the Shipping Act of 1984. Interested parties may submit comments, relevant information, or documents regarding the agreements to the Secretary by email at *Secretary@fmc.gov*, or by mail, Federal Maritime Commission, 800 North Capitol Street, Washington, DC 20573. Comments will be most helpful to the Commission if received within 12 days of the date this notice appears in the **Federal Register**, and the Commission requests that comments be submitted within 7 days on agreements that request expedited review. Copies of agreements are available through the Commission's website (*www.fmc.gov*) or by contacting the Office of General Counsel at (202)-523–5740 or *GeneralCounsel@fmc.gov*.

Agreement No.: 201103–019.

Agreement Name: Memorandum

Agreement of December 14, 1983 Concerning Assessments to Pay ILWU–PMA Employee Benefit Costs.

Parties: International Longshoremen's and Warehousemen's Union; Pacific Maritime Association.

Filing Party: Robert Magovern, Cozen O'Connor.

Synopsis: The amendment revises the divisor for the man-hour base

assessment rate in the agreement, and also accordingly revises various figures set forth in Appendix 1.

Proposed Effective Date: 6/5/2026.

Location: <https://www2.fmc.gov/FMC.Agreements.Web/Public/AgreementHistory/10164>.

Agreement No.: 201436-005.

Agreement Name: MSC/ZIM Cooperative Working Agreement.

Parties: Mediterranean Shipping Company S.A.; and Zim Integrated Shipping Services.

Filing Party: Wayne Rohde, Cozen O'Connor.

Synopsis: The amendment would add the Dominican Republic to the geographic scope of the Agreement. The parties have requested expedited review.

Proposed Effective Date: 7/23/2026.

Location: <https://www2.fmc.gov/FMC.Agreements.Web/Public/AgreementHistory/86581>.

Dated: June 12, 2026.

Jennifer Everling,

Assistant Secretary.

[FR Doc. 2026-12136 Filed 6-16-26; 8:45 am]

BILLING CODE 6730-02-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 July 17, 2026.

A. Federal Reserve Bank of Richmond (Brent B. Hassell, Assistant Vice President) P.O. Box 27622, Richmond, Virginia 23261. Comments can also be sent electronically to Comments.applications@rich.frb.org:

1. *Client First Holdings, LLC, Coeburn, Virginia;* to become a bank holding company by acquiring Miners Exchange Bank through a merger with a newly formed subsidiary, Client First Interim Bank, both of Coeburn, Virginia.

Board of Governors of the Federal Reserve System.

Michele Taylor Fennell,

Associate Secretary of the Board.

[FR Doc. 2026-12209 Filed 6-16-26; 8:45 am]

BILLING CODE 6210-01-P

FEDERAL RETIREMENT THRIFT INVESTMENT BOARD

Notice of Board Meeting

DATES: June 23, 2026 at 11:00 a.m. ET.

ADDRESSES: Telephonic. Dial-in (listen only) information: Number: 1-202-599-1426, Code: 243 438 047#; or via web: <https://www.frtib.gov/>.

FOR FURTHER INFORMATION CONTACT:

James Kaplan, Director, Office of External Affairs, (202) 864-7150.

SUPPLEMENTARY INFORMATION:

Board Meeting Agenda

Open Session

1. Approval of the May 28, 2026, Board Meeting Minutes
 2. Monthly Reports
 - (a) Participant Report
 - (b) Investment Report
 - (c) Legislative Report
 3. Quarterly Reports
 - (d) Vendor Risk Management
- Authority:* 5 U.S.C. 552b (e)(1).

Dated: June 12, 2026.

Dharmesh Vashee,

General Counsel, Federal Retirement Thrift Investment Board.

[FR Doc. 2026-12133 Filed 6-16-26; 8:45 am]

BILLING CODE 6760-01-P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Agency for Healthcare Research and Quality

Agency Information Collection Activities: Proposed Collection; Comment Request

AGENCY: Agency for Healthcare Research and Quality, HHS.

ACTION: Information collection notice.

SUMMARY: This notice announces the intention of the Agency for Healthcare Research and Quality (AHRQ) to request that the Office of Management and Budget (OMB) approve the extension with change of the currently approved information collection "AHRQ Research Reporting System (ARRS)" OMB No. 0935-0122, reflecting a reduced annual reporting burden and expanded applicability to AHRQ-supported extramural research activities conducted through grants, contracts, and challenge competitions.

DATES: Comments on this notice must be received by August 17, 2026.

ADDRESSES: Written comments should be submitted to: Margie Shofer, Reports Clearance Officer, AHRQ, by email at REPORTSCLEARANCEOFFICER@ahrq.hhs.gov.

Copies of the proposed collection plans, data collection instruments, and specific details on the estimated burden can be obtained from the AHRQ Reports Clearance Officer.

FOR FURTHER INFORMATION CONTACT:

Margie Shofer, AHRQ Reports Clearance Officer, (301) 427-1696, or by email at REPORTSCLEARANCEOFFICER@ahrq.hhs.gov.

SUPPLEMENTARY INFORMATION:

Proposed Project

In 2007, AHRQ developed a systematic method for its grantees to report project progress, and important preliminary findings called the Grants Reporting System (GRS). In 2008, GRS was renamed AHRQ Research Reporting System (ARRS) and in addition to reporting on grant progress, also supported reporting on jobs created under contracts pursuant to the American Recovery and Reinvestment Act of 2009. ARRS is still being used to

track grant progress and may also support administrative progress reporting for AHRQ-funded research activities conducted under contracts and challenge competition awards, as applicable. Such information may be entered by award recipients, contractors, or authorized AHRQ officials, as appropriate. ARRS is no longer used for contract job creation.

The system addressed the shortfalls in the previous reporting process and established a consistent and comprehensive reporting solution for AHRQ. The ARRS provides a centralized repository of AHRQ-supported research progress and administrative project information across grants, and where applicable, research contracts and challenge competition awards, that can be used to support initiatives within the Agency. This includes future research planning and support to administration activities such as performance monitoring, budgeting, knowledge transfer as well as strategic planning.

This Project seeks to answer the following research questions:

(1) What progress has been demonstrated across AHRQ-funded research activities and related funding mechanisms, including grants, research contracts, and challenge completion awards, and how can the resulting progress and output data be systematically leveraged to inform future research planning and to support core administrative functions, including performance monitoring, budgeting, knowledge transfer, and strategic planning?

This Project has the following goals:

(1) To promote the transfer of critical information more frequently and efficiently and enhance the Agency’s ability to support research designed to improve the outcomes and quality of health care, reduce its costs, and broaden access to effective services

(2) To increase the efficiency of the Agency in responding to ad-hoc information requests

(3) To support Executive Branch requirements for increased transparency and public reporting

(4) To establish a consistent approach throughout the Agency for information collection regarding research progress and a systematic basis for oversight and for facilitating potential collaborations among grantees

(5) To decrease the inconvenience and burden on grantees of unanticipated ad-hoc requests for information by the Agency in response to particular (one-time) internal and external requests for information

The information is being collected by AHRQ, pursuant to its statutory authority to conduct and support research on healthcare and on systems for the delivery of such care, including activities with respect to the quality, effectiveness, efficiency, appropriateness and value of healthcare services and with respect to quality measurement and improvement, and database development. 42 U.S.C. 299a(a)(1) and (8). Minor revisions to the scope of respondents are being proposed to clarify applicability to AHRQ-funded research contracts and challenge competition recipients; no

substantive revisions to the core reporting content are being proposed.

Method of Collection

To achieve the goals of this project the following data collections will be implemented:

AHRQ Research Reporting System (ARRS)—Award recipients, contractors, and authorized AHRQ official, as applicable, use the ARRS system to report project progress and important preliminary findings for AHRQ-funded research activities. Reporting frequency varies based on award type and programmatic need. All users access the ARRS system through a secure online interface which requires user authentication. When status reports are due AHRQ notifies designated reporting officials via email.

Estimated Annual Respondent Burden

Exhibit 1 shows the estimated annualized burden hours for the respondents. The estimated number of respondents is 450 a year, a decrease from the last Information Collection Request, which estimated 500 reports to be collected in a year. This revised amount is based on the current number of 210 active reports and adjusted upwards to account for any new grants, research contracts, or challenge competition awards AHRQ may award in the future.

Grantees will take an estimated 30 minutes to enter the necessary data into the ARRS. Frequency of reporting varies from monthly to twice a year. Based on that, the total annualized burden hours are estimated to be 225 hours.

EXHIBIT 1—ESTIMATED ANNUALIZED BURDEN HOURS

Form Name	Number of respondents	Number of responses per respondent	Hours per response	Total burden hours
ARRS Data Entry	450	1	30/60	225
Total	450	N/A	N/A	225

Exhibit 2 shows the estimated annualized cost burden for the respondents. The total estimated cost burden for respondents is \$26,725.50.

EXHIBIT 2—ESTIMATED ANNUALIZED COST BURDEN

Form Name	Total burden hours	Average hourly wage rate *	Adjusted hourly wage rate **	Total cost burden
ARRS Data Entry	225	\$59.39	\$118.78	\$26,725.50
Total	225	N/A	N/A	26,725.50

"National Compensation Survey: Occupational Wages in the United States, May 2025," U.S. Department of Labor, Bureau of Labor Statistics, http://www.bls.gov/oes/current/oes_nat.htm#29-0000.

* Based upon the hourly 75th percentile wage for Healthcare Practitioner and Technical Occupations (29–0000) since most responders are healthcare clinicians.

** The Adjusted Hourly Rate was estimated at 200% of the hourly wage.

Request for Comments

In accordance with the Paperwork Reduction Act, 44 U.S.C. 3501–3520, comments on AHRQ's information collection are requested with regard to any of the following: (a) whether the proposed collection of information is necessary for the proper performance of AHRQ's health care research and health care information dissemination functions, including whether the information will have practical utility; (b) the accuracy of AHRQ's estimate of burden (including hours and costs) of the proposed collection(s) of information; (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 upon the respondents, including the use of automated collection techniques or other forms of information technology.

Comments submitted in response to this notice will be summarized and included in the Agency's subsequent request for OMB approval of the proposed information collection. All comments will become a matter of public record.

Dated: June 12, 2026

Jeffrey Toven,

Executive Officer.

[FR Doc. 2026–12174 Filed 6–16–26; 8:45 am]

BILLING CODE 4160–90–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

[Docket No. FDA–2026–N–1123]

Andrew Jonathan Morgan: Final Debarment Order

AGENCY: Food and Drug Administration, HHS.

ACTION: Notice.

SUMMARY: The Food and Drug Administration (FDA or the Agency) is issuing an order under the Federal Food, Drug, and Cosmetic Act (FD&C Act) debarring Andrew Jonathan Morgan for a period of 5 years from importing or offering for import any drug into the United States. FDA bases this order on a finding that Mr. Morgan was convicted of a felony under federal law. The factual basis supporting Mr. Morgan's conviction, as described below, is conduct relating to the importation into the United States of a drug or controlled substance. Mr. Morgan was given notice of the proposed debarment and was given an opportunity to request a hearing to show

why he should not be debarred. As of April 29, 2026 (30 days after receipt of the notice), Mr. Morgan had not responded. Mr. Morgan's failure to respond and request a hearing constitutes a waiver of his right to a hearing concerning this matter.

DATES: This order is applicable June 17, 2026.

ADDRESSES: Any application by Mr. Morgan for termination of debarment under section 306(d)(1) of the FD&C Act (21 U.S.C. 335a(d)(1)) may be submitted at any time as follows:

Electronic Submissions

- **Federal eRulemaking Portal:** <https://www.regulations.gov>. Follow the instructions for submitting comments. An application submitted electronically, including attachments, to <https://www.regulations.gov> will be posted to the docket unchanged. Because your application will be made public, you are solely responsible for ensuring that your application does not include any confidential information that you or a third party may not wish to be posted, such as medical information, your or anyone else's Social Security number, or confidential business information, such as a manufacturing process. Please note that if you include your name, contact information, or other information that identifies you in the body of your application, that information will be posted on <https://www.regulations.gov>.

- If you want to submit an application with confidential information that you do not wish to be made available to the public, submit the application as a written/paper submission and in the manner detailed (see "Written/Paper Submissions" and "Instructions").

Written/Paper Submissions

- **Mail/Hand Delivery/Courier (for written/paper submissions):** Dockets Management Staff (HFA–305), Food and Drug Administration, 5630 Fishers Lane, Rm. 1061, Rockville, MD 20852.

- For a written/paper application submitted to the Dockets Management Staff, FDA will post your application, as well as any attachments, except for information submitted, marked, and identified, as confidential, if submitted as detailed in "Instructions."

Instructions: All applications must include the Docket No. FDA–2026–N–1123. Received applications will be placed in the docket and, except for those submitted as "Confidential Submissions," publicly viewable at <https://www.regulations.gov> or at the Dockets Management Staff between 9 a.m. and 4 p.m., Monday through Friday, 240–402–7500.

- **Confidential Submissions—**To submit an application with confidential information that you do not wish to be made publicly available, submit your application only as a written/paper submission. You should submit two copies total. One copy will include the information you claim to be confidential with a heading or cover note that states "THIS DOCUMENT CONTAINS CONFIDENTIAL INFORMATION." The Agency will review this copy, including the claimed confidential information, in its consideration of your application. The second copy, which will have the claimed confidential information redacted/blacked out, will be available for public viewing and posted on <https://www.regulations.gov>. Submit both copies to the Dockets Management Staff. If you do not wish your name and contact information to be made publicly available, you can provide this information on the cover sheet and not in the body of your comments and you must identify this information as "confidential." Any information marked as "confidential" will not be disclosed except in accordance with 21 CFR 10.20 and other applicable disclosure law. For more information about FDA's posting of comments to public dockets, see 80 FR 56469, September 18, 2015, or access the information at: <https://www.govinfo.gov/content/pkg/FR-2015-09-18/pdf/2015-23389.pdf>.

Docket: For access to the docket, go to <https://www.regulations.gov> and insert the docket number, found in brackets in the heading of this document, into the "Search" box and follow the prompts and/or go to the Dockets Management Staff, 5630 Fishers Lane, Rm. 1061, Rockville, MD 20852 between 9 a.m. and 4 p.m., Monday through Friday, 240–402–7500. Publicly available submissions may be seen in the docket.

FOR FURTHER INFORMATION CONTACT: Jaime Espinosa, Division of Field Enforcement, Office of Field Regulatory Operations, Office of Inspections and Investigations, Food and Drug Administration, 240–402–8743, or debarments@fda.hhs.gov.

SUPPLEMENTARY INFORMATION:

I. Background

Section 306(b)(1)(D) of the FD&C Act permits debarment of an individual from importing or offering for import any drug into the United States if FDA finds, as required by section 306(b)(3)(C) of the FD&C Act, that the individual has been convicted of a felony for conduct relating to the importation into the United States of any drug or controlled substance.

On October 2, 2025, Mr. Morgan was convicted as defined in section 306(l)(1) of the FD&C Act, in the U.S. District Court for the Western District of Pennsylvania, when the court accepted his plea of guilty and entered judgment against him for the felony offense of misbranding drugs in interstate commerce with intent to defraud in violation of 21 U.S.C. 331(k) and 333(a)(2) (sections 301(k) and 303(a)(2) of the FD&C Act). The underlying facts supporting the conviction are as follows:

As contained in the Indictment from Mr. Morgan's case, to which he pled guilty in relevant part, Mr. Morgan sold what he purported to be "Prop Xanax" pills to the general public through the website he operated, *corneliusrxprops.com*, and several associated websites. However, despite labeling these pills as "prop" in an attempt to claim that these were not drugs subject to regulation by FDA, Mr. Morgan knew that the pills he sold would be consumed by his customers. Also, although Mr. Morgan purported to sell "Xanax," some of the customers who purchased the drugs through his websites actually received bromazepam. Mr. Morgan obtained the bromazepam he sold in interstate commerce, including by importing it from China. The bromazepam was misbranded because it was manufactured, prepared, and processed in a facility not registered with the Secretary of Health and Human Services, was disbursed without adequate directions for use, and had labeling that was misleading.

FDA sent Mr. Morgan, by certified mail, on March 18, 2026, a notice proposing to debar him for a 5-year period from importing or offering for import any drug into the United States. The proposal was based on a finding under section 306(b)(3)(C) of the FD&C Act that Mr. Morgan's felony conviction under federal law for misbranding drugs in interstate commerce with intent to defraud in violation of 21 U.S.C. 331(k) and 333(a)(2) was for conduct relating to the importation of any drug or controlled substance into the United States because Mr. Morgan imported and introduced misbranded drugs in interstate commerce with intent to defraud. In proposing a debarment period, FDA weighed the considerations set forth in section 306(c)(3) of the FD&C Act that the Agency considered applicable to Mr. Morgan's offense and concluded that the offense warranted the imposition of a 5-year period of debarment.

The proposal informed Mr. Morgan of the proposed debarment and offered him an opportunity to request a hearing,

providing him 30 days from the date of receipt of the letter in which to file the request, and advised him that failure to request a hearing constituted a waiver of the opportunity for a hearing and of any contentions concerning this action. Mr. Morgan received the proposal and notice of opportunity for a hearing on March 30, 2026. Mr. Morgan failed to request a hearing within the timeframe prescribed by regulation and has, therefore, waived his opportunity for a hearing and waived any contentions concerning his debarment (21 CFR part 12).

II. Findings and Order

Therefore, the Division of Field Enforcement Director, Office of Inspections and Investigations, under section 306(b)(3)(C) of the FD&C Act, under authority delegated to the Director, Division of Enforcement, finds that Mr. Andrew Jonathan Morgan has been convicted of a felony under federal law for conduct relating to the importation into the United States of any drug or controlled substance. FDA finds that the offense should be accorded a debarment period of 5 years as provided by section 306(c)(2)(A)(iii) of the FD&C Act.

As a result of the foregoing finding, Mr. Morgan is debarred for a period of 5 years from importing or offering for import any drug into the United States, effective (see **DATES**). Pursuant to section 301(cc) of the FD&C Act (21 U.S.C. 331(cc)), the importing or offering for import into the United States of any drug by, with the assistance of, or at the direction of Mr. Morgan during his period of debarment is a prohibited act.

Grace R. Graham,

Deputy Commissioner for Policy, Legislation, and International Affairs.

[FR Doc. 2026-12167 Filed 6-16-26; 8:45 am]

BILLING CODE 4164-01-P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

Center for Scientific Review; Amended Notice of Meeting

Notice is hereby given of a change in the meeting of the Center for Scientific Review Special Emphasis Panel, June 30, 2026, 09:00 a.m. to July 01, 2026, 06:00 p.m., National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892 which was published in the **Federal Register** on June 01, 2026, 91 FR 32404, FR Doc No. 2026-10931.

This meeting is being amended to change the contact person from Caterina Bianco to Jennifer Sanders, Ph.D. Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD, Tel. 301-496-3553. The meeting is closed to the public.

Dated: June 12, 2026.

Rosalind M. Niamke,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2026-12156 Filed 6-16-26; 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; RFA-OD-25-012: Informatics, Coordination and Service Center for the Mutant Mouse Resource and Research Centers.

Date: July 14, 2026.

Time: 10:00 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: Marie-Jose Belanger, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Rm. 6188 MSC 7804, Bethesda, MD 20892, 301-435-1267, *belangerm@csr.nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; PAR Panel: Infrastructure for Drug Development and Outreach to Aid in Medication Repurposing for Substance Use Disorders (SUDs).

Date: July 14, 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: Karin Eyrich Garg, Scientific Review Officer, Center for Scientific Review, National Institute of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 594–2988, karin.garg@nih.gov.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Program Projects: Limited Competition: National Primate Research Centers (P51).

Date: July 14–16, 2026.

Time: 12:00 p.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: Zhuqing Li, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (240) 669–5068, zhuqing.li@nih.gov.

Name of Committee: Center for Scientific Review Special Emphasis Panel; PAR Panel: Maximizing Investigators' Research Award.

Date: July 15–16, 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: Poonam Tewary, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 761–7219, tewaryp@mail.nih.gov.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Program Projects: Cardiovascular Biology and Hematology.

Date: July 15, 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: Bukhtiar H. Shah, DVM, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 4120, MSC 7802, Bethesda, MD 20892, (301) 806–7314, shahb@csr.nih.gov.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Biomaterials and Tissue Engineering.

Date: July 15, 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: Yoon-Young Jang, MD, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 201–9155, yoon-young.jang@nih.gov.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Fellowships: Immunology and Infectious Diseases.

Date: July 15, 2026.

Time: 10:00 a.m. to 9:00 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: Anna Babakhanyan, MBT, Ph.D., BA, Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 435–3634, anna.babakhanyan@nih.gov.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Career Development Applications in Neuroscience.

Date: July 15, 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: Dorela Shuboni-Mulligan, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 480–1823, dorela.shuboni-mulligan@nih.gov.

Name of Committee: Center for Scientific Review Special Emphasis Panel; PAR–25–242: Mobile Health: Technology and Outcomes in Low and Middle Income Countries Panel A.

Date: July 15, 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: Trinh T. Tran, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 827–5843, trinh.tran@nih.gov.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Member Conflict: Topics in Immunology, Allergy, and Infectious Diseases.

Date: July 15, 2026.

Time: 11:00 a.m. to 1:30 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: Anuja Mathew, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 435–0389, anuja.mathew@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: June 12, 2026.

Rosalind M. Niamke,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2026–12116 Filed 6–16–26; 8:45 am]

BILLING CODE 4167–05–P

DEPARTMENT OF HOMELAND SECURITY

Federal Emergency Management Agency

[Docket ID: FEMA–2026–0298; OMB No. 1660–0118]

Agency Information Collection Activities: Proposed Collection, Comment Request; Homeland Security Exercise and Evaluation Program (HSEEP) Documentation

AGENCY: Federal Emergency Management Agency, Department of Homeland Security.

ACTION: 60-Day notice of extension and request for comments.

SUMMARY: The Federal Emergency Management Agency (FEMA), as part of its continuing effort to reduce paperwork and respondent burden, invites the general public to take this opportunity to comment on an extension of a currently approved information collection. In accordance with the requirements of the Paperwork Reduction Act of 1995, this notice seeks comments concerning the After Action Report/Improvement Plans, Integrated Preparedness Plans, and Support Request Forms to the National Exercise Program which are used to validate current preparedness capabilities and support future national exercise efforts.

DATES: Comments must be submitted on or before August 17, 2026.

ADDRESSES: To avoid duplicate submissions to the docket, please submit comments at <http://www.regulations.gov> under Docket ID FEMA–2026–0298. Follow the instructions for submitting comments.

All submissions received must include the Agency name and Docket ID. Regardless of the method used to submit comments or material, all submissions will be posted, without change, to the Federal eRulemaking Portal at <http://www.regulations.gov>, and will include any personal information you provide. Therefore, submitting this information makes it public. You may wish to read the Privacy and Security Notice that is

available via a link on the homepage of <http://www.regulations.gov>.

FOR FURTHER INFORMATION CONTACT:

Sayoko Hamilton, Section Chief, Performance Analysis and Evaluation, Resilience, FEMA at 202-674-3803, or Sayoko.Hamilton@fema.dhs.gov. You may contact the Information Management Division for copies of the proposed collection of information at email address: FEMA-Information-Collections-Management@fema.dhs.gov.

SUPPLEMENTARY INFORMATION:

Presidential Policy Directive 8 (PPD-8: National Preparedness), issued on March 30, 2011, establishes a National Preparedness Goal (NPG) that identifies the core capabilities necessary for preparedness and a National Preparedness System (NPS) which guides activities to enable the nation to achieve the NPG. The NPS allows the nation to track the progress of our ability to build and improve the capabilities necessary to prevent, protect against, mitigate the effects of, respond to, and recover from those threats that pose the greatest risk to the security of the nation. The NPS provides an integrated approach to preparedness that can be implemented and measured at all levels of government. This system is an all-of-nation and whole community approach to preparedness, from neighborhood organizations to civic groups and private businesses. It contains a methodical approach integrated across the preparedness cycle and links together programs and requirements into a comprehensive system, driving rational decision-making and allowing for a direct and defensible assessment of progress against clearly defined objectives. The NPS is based on a consistent methodology for assessing the threats and hazards facing a given jurisdiction. The findings of the assessment drive planning factors and all other components of the preparedness cycle including resource requirements, existing capabilities and capability gaps, driving investments to close those gaps, making and validating improvements in capabilities through training and exercising, and continually assessing progress.

Section 648(b)(1) of the Post-Katrina Emergency Management Reform Act of 2006 (6 U.S.C. 748(b)(1)) also provides for these exercises and states the Administrator “shall carry out a national exercise program to test and evaluate the national preparedness goal, National Incident Management System, National Response, and other related plans and strategies.”

The Homeland Security Exercise and Evaluation Program (HSEEP) provides the program structure, multi-year planning system, tools, and guidance necessary for entities to build and sustain exercise programs that enhance homeland security capabilities, and ultimately, preparedness. The HSEEP After Action Report Improvement, Integrated Preparedness Plan, and National Exercise Program Support Request Forms provide standardized methods for reporting the results of exercises, identifying exercise program priorities, and submitting exercise nominations necessary to validate national preparedness capabilities.

Collection of Information

Title: Homeland Security Exercise and Evaluation Program (HSEEP) Documentation.

Type of Information Collection: Extension of a currently approved information collection.

OMB Number: 1660-0118.

FEMA Forms: FEMA Form FF-008-FY-21-102 (formerly 091-0-1), After Action Report/Improvement Plan (AAR/IP); FEMA Form FF-008-FY-21-100 (formerly 008-0-26), Integrated Preparedness Plan (IPP); FEMA Form FF-008-FY-21-101 (formerly 008-0-27), National Exercise Program (NEP) Support Request Form.

Abstract: The Homeland Security Exercise and Evaluation Program (HSEEP) Documentation collection provides reporting on the results of preparedness exercises and provides assessments of the respondents' capabilities so that strengths and areas for improvement are identified, corrected, and shared as appropriate prior to a real incident. This information is also required to be submitted as part of certain FEMA grant programs.

Affected Public: State, Local, and Tribal Governments.

Estimated Number of Respondents: 253.

Estimated Number of Responses: 471.

Estimated Total Annual Burden

Hours: 14,458.

Estimated Total Annual Respondent Cost: \$1,281,412.

Estimated Respondents' Operation and Maintenance Costs: \$0.

Estimated Respondents' Capital and Start-Up Costs: \$0.

Estimated Total Annual Cost to the Federal Government: \$80,054.

Comments

Comments may be submitted as indicated in the **ADDRESSES** caption above. Comments are solicited to (a) evaluate whether the proposed data collection is necessary for the proper

performance of the Agency, including whether the information shall have practical utility; (b) 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; (c) enhance the quality, utility, and clarity of the information to be collected; and (d) 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.

Russell R. Bard,

Acting Senior Director for Information Management, Office of the Chief Administrative Officer, Mission Support, Federal Emergency Management Agency, Department of Homeland Security.

[FR Doc. 2026-12208 Filed 6-16-26; 8:45 am]

BILLING CODE 9111-1A-P

DEPARTMENT OF THE INTERIOR

Bureau of Safety and Environmental Enforcement

[Docket ID BSEE-2025-0200; EEEE500000 256E1700D2 ET1SF0000.EAQ000; OMB Control Number 1014-0001]

Agency Information Collection Activities; Submission to the Office of Management and Budget for Review and Approval; Oil and Gas Well-Workover Operations

AGENCY: Bureau of Safety and Environmental Enforcement, Interior.

ACTION: Notice of information collection; request for comment.

SUMMARY: In accordance with the Paperwork Reduction Act (PRA) of 1995, the Bureau of Safety and Environmental Enforcement (BSEE) proposes to renew an information collection.

DATES: Interested persons are invited to submit comments on or before July 17, 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. Please provide a copy of your comments to Kelly Odom, BSEE Acting ICCO, 45600 Woodland Road,

Sterling, VA 20166; or by email to Kelly.Odom@bsee.gov. Please reference OMB Control Number 1014–0001 in the subject line of your comments.

FOR FURTHER INFORMATION CONTACT: To request additional information about this ICR, contact Kelly Odom by email at Kelly.Odom@bsee.gov, or by telephone at (703) 787–1775. 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. You may also view the ICR at <http://www.reginfo.gov/public/do/PRAMain>.

SUPPLEMENTARY INFORMATION: In accordance with the PRA and 5 CFR 1320.8(d)(1), we provide the general public and other Federal agencies with an opportunity to comment on new, proposed, revised, and continuing collections of information. This helps us assess the impact of our information collection requirements and minimize the public's reporting burden. It also helps the public understand our information collection requirements and provide the requested data in the desired format.

A Federal Register notice with a 60-day public comment period soliciting comments on this collection of information was published on September 18, 2025 [90 FR 45052]. BSEE received one comment.

As part of our continuing effort to reduce paperwork and respondent burdens, we are again soliciting comments from the public and other Federal agencies on the proposed ICR that is described below. We are especially interested in public comment addressing the following:

(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) How might the agency 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 notice 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.

Abstract: This authority and responsibility are among those delegated to BSEE. The regulations at 30 CFR 250, Subpart F, Oil and Gas Well-Workover Operations are the subject of this collection. This request also covers any related Notices to Lessees and Operators (NTLs) that BSEE issues to clarify, supplement, or provide additional guidance on some aspects of our regulations. BSEE uses the information collected (see A.12 for the types of information collected by BSEE) to analyze and evaluate planned well-workover operations to ensure that these operations result in personnel safety and protection of the environment. BSEE will use this evaluation in making decisions to approve, disapprove, or to require modification to the proposed well-workover operations. Specifically, BSEE uses the information collected to:

- review log entries of crew meetings to verify that safety procedures have been properly reviewed.
- review well-workover procedures relating to hydrogen sulfide (H₂S) to ensure the safety of the crew in the event of encountering H₂S.
- review well-workover diagrams and procedures to ensure the safety of well-workover operations.
- verify that the crown block safety device is operating and can be expected to function and avoid accidents.
- verify that the Blowout Preventer is in compliance with the latest Well Control Rule and API Standard 53.
- assure that the well-workover operations are conducted on well casing that is structurally competent.

Title of Collection: 30 CFR 250, Subpart F, Oil and Gas Well-Workover Operations.

OMB Control Number: 1014–0001.

Form Number: None.

Type of Review: Extension of a currently approved collection.

Respondents/Affected Public: Potential respondents include Federal OCS oil, gas, and sulfur lessees and/or

operators and holders of pipeline rights-of-way.

Total Estimated Number of Annual Respondents: Currently there are approximately 550 Federal OCS oil, gas, and sulfur lessees and holders of pipeline rights-of-way. Not all the potential respondents will submit information in any given year, and some may submit multiple times.

Total Estimated Number of Annual Responses: 1,933.

Estimated Completion Time per Response: Varies from 1 hours to 6.5 hours, depending on activity.

Total Estimated Number of Annual Burden Hours: 5,284.

Respondent's Obligation: Responses are mandatory or are to retain/maintain benefits. **Frequency of Collection:** Submissions are generally on occasion.

Total Estimated Annual Nonhour Burden Cost: We have identified no non-hour cost burdens associated with this collection of information.

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 authority for this action is the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*).

Kirk Malstrom,

Chief, Regulations and Standards Branch.

[FR Doc. 2026–12200 Filed 6–16–26; 8:45 am]

BILLING CODE 4310–VH–P

DEPARTMENT OF THE INTERIOR

Bureau of Safety and Environmental Enforcement

[Docket ID BSEE–2025–0332; EEEE500000–256E1700D2–ET1SF0000.EAQ000; OMB Control Number 1014–0002]

Agency Information Collection Activities; Oil and Gas Production Measurement Surface Commingling, and Security

AGENCY: Bureau of Safety and Environmental Enforcement, Interior.

ACTION: Notice of information collection; request for comment.

SUMMARY: In accordance with the Paperwork Reduction Act (PRA) of 1995, the Bureau of Safety and Environmental Enforcement (BSEE) proposes to renew an information collection.

DATES: Interested persons are invited to submit comments on or before August 17, 2026.

ADDRESSES: Send your comments on this information collection request (ICR)

by either of the following methods listed below:

- Electronically go to <http://www.regulations.gov>. In the Search box, enter BSEE–2025–0332 then click search. Follow the instructions to submit public comments and view all related materials. We will post all comments.

- Email Kelly.Odom@bsee.gov, or mail or hand-carry comments to the Department of the Interior; Bureau of Safety and Environmental Enforcement; Regulations and Standards Branch; ATTN: Kelly Odom; 45600 Woodland Road, Sterling, VA 20166. Please reference OMB Control Number 1014–0002 in the subject line of your comments.

FOR FURTHER INFORMATION CONTACT: To request additional information about this ICR, contact Kelly Odom by email at Kelly.Odom@bsee.gov or by telephone at (703) 787–1775. 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. You may also view the ICR at <http://www.reginfo.gov/public/do/PRAMain>.

SUPPLEMENTARY INFORMATION: In accordance with the PRA and 5 CFR 1320.8(d)(1), all information collections require approval under the PRA. 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.

As part of our continuing effort to reduce paperwork and respondent burdens, we invite the public and other Federal agencies to comment on new, proposed, revised, and continuing collections of information. This helps us assess the impact of our information collection requirements and minimize the public's reporting burden. It also helps the public understand our information collection requirements and provide the requested data in the desired format.

We are especially interested in public comment addressing the following:

(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) How might the agency 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 notice are a matter of public record. We will include or summarize each comment in our request to OMB to approve this ICR. 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.

Abstract: The regulations at 30 CFR 250, subpart L, Oil and Gas Production Measurement, Surface Commingling, and Security, are the subject of this collection. This request also covers the related Notices to Lessees and Operators (NTLs) that BSEE issues to clarify, supplement, or provide additional guidance on some aspects of our regulations. BSEE uses the information collected under subpart L to ensure that the volumes of hydrocarbons produced are measured accurately, and royalties are paid on the proper volumes. Specifically, BSEE needs the information to:

Liquid Hydrocarbon Measurement

- Determine if measurement equipment is properly installed, provides accurate measurement of production on which royalty is due, and is operating properly;

- Ascertain if all removals of oil and condensate from the lease are reported;

- Obtain rates of production measured at royalty meters, which can be examined during field inspections;

Gas Measurement

- Ensure that the sales location is secure and production cannot be removed without the volumes being recorded;

Surface Commingling

- Review gas volume statements and compare them with the Oil and Gas Operations Reports to verify accuracy.

Miscellaneous & Recordkeeping

- Review proving reports to verify that data on run tickets are calculated and reported accurately.

Title of Collection: 30 CFR 250, Subpart L, Oil and Gas Production Measurement Surface Commingling, and Security.

OMB Control Number: 1014–0002.

Form Number: None.

Type of Review: Extension of a currently approved collection.

Respondents/Affected Public: Potential respondents include Federal OCS oil, gas, and sulfur lessees and/or operators and holders of pipeline rights-of-way.

Total Estimated Number of Annual Respondents: Currently there are approximately 60 Oil and Gas Drilling and Production Operators in the OCS. Not all the potential respondents will submit information in any given year, and some may submit multiple times.

Total Estimated Number of Annual Responses: 104,291.

Estimated Completion Time per Response: Varies from 15 minutes to 35 hours, depending on activity.

Total Estimated Number of Annual Burden Hours: 38,986.

Respondent's Obligation: Responses are mandatory, while others are required to obtain or retain benefits, or are voluntary.

Frequency of Collection: Submissions are generally on occasion and monthly.

Total Estimated Annual Nonhour Burden Cost: \$255,643.

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 authority for this action is the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*).

Kirk Malstrom,

Chief, Regulations and Standards Branch.

[FR Doc. 2026–12202 Filed 6–16–26; 8:45 am]

BILLING CODE 4310–VH–P

DEPARTMENT OF THE INTERIOR**Bureau of Safety and Environmental Enforcement**

[Docket ID BSEE–2025–0102; EEEE500000–256E1700D2–ET1SF0000.EAQ000; OMB Control Number 1014–0012]

Agency Information Collection Activities; Submission to the Office of Management and Budget for Review and Approval; Open and Nondiscriminatory Access To Oil and Gas Pipelines Under the OCS Lands Act

AGENCY: Bureau of Safety and Environmental Enforcement, Interior.

ACTION: Notice of information collection; request for comment.

SUMMARY: In accordance with the Paperwork Reduction Act (PRA) of 1995, the Bureau of Safety and Environmental Enforcement (BSEE) proposes to renew an information collection.

DATES: Interested persons are invited to submit comments on or before July 17, 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. Please provide a copy of your comments to Kelly Odom, BSEE Acting ICCO, 45600 Woodland Road, Sterling, VA 20166; or by email to Kelly.Odom@bsee.gov. Please reference OMB Control Number 1014–0012 in the subject line of your comments.

FOR FURTHER INFORMATION CONTACT: To request additional information about this ICR, contact Kelly Odom by email at Kelly.Odom@bsee.gov, or by telephone at (703) 787–1775. 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. You may also view the ICR at <http://www.reginfo.gov/public/do/PRAMain>.

SUPPLEMENTARY INFORMATION: In accordance with the PRA and 5 CFR 1320.8(d)(1), we provide the general public and other Federal agencies with an opportunity to comment on new,

proposed, revised, and continuing collections of information. This helps us assess the impact of our information collection requirements and minimize the public’s reporting burden. It also helps the public understand our information collection requirements and provide the requested data in the desired format.

A **Federal Register** notice with a 60-day public comment period soliciting comments on this collection of information was published on August 11, 2025 (90 FR 38662). BSEE received one comment in response to the **Federal Register** notice; however, it was not germane to this collection.

As part of our continuing effort to reduce paperwork and respondent burdens, we are again soliciting comments from the public and other Federal agencies on the proposed ICR that is described below. We are especially interested in public comment addressing the following:

- (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) How might the agency 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 notice 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.

Abstract: This authority and responsibility are among those delegated to BSEE. The regulations at 30 CFR 291 concern open and nondiscriminatory access to pipelines and are the subject of this collection. This request also covers any related Notices to Lessees and Operators (NTLs)

that BSEE issues to clarify, supplement, or provide additional guidance on some aspects of our regulations.

The BSEE uses the submitted information to initiate a more detailed review into the specific circumstances associated with a complainant’s allegation of denial of access or discriminatory access to pipelines on the OCS. The complaint information will be provided to the alleged offending party. Alternative dispute resolution may be used either before or after a complaint has been filed to informally resolve the dispute. The BSEE may request additional information upon completion of the initial review.

Title of Collection: 30 CFR part 291, *Open and Nondiscriminatory Access to Oil and Gas Pipelines Under the Outer Continental Shelf Lands Act*.

OMB Control Number: 1014–0012.

Form Number: None.

Type of Review: Extension of a currently approved collection.

Respondents/Affected Public: Potential respondents include Federal OCS oil, gas, and sulfur lessees and/or operators and holders of pipeline rights-of-way.

Total Estimated Number of Annual Respondents: Currently there are approximately 555 Federal OCS oil, gas, and sulfur lessees and holders of pipeline rights-of-way. Not all the potential respondents will submit information in any given year, and some may submit multiple times.

Total Estimated Number of Annual Responses: 2.

Estimated Completion Time per Response: Varies from 1 hour to 50 hours, depending on activity.

Total Estimated Number of Annual Burden Hours: 51.

Respondent’s Obligation: Responses are voluntary but are required to obtain or retain benefits.

Frequency of Collection: Submissions are generally on occasion.

Total Estimated Annual Nonhour Burden Cost: \$7,500.

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 authority for this action is the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*).

Kirk Malstrom,
Chief, Regulations and Standards Branch.
[FR Doc. 2026–12201 Filed 6–16–26; 8:45 am]

BILLING CODE 4310–VH–P

DEPARTMENT OF THE INTERIOR**Bureau of Safety and Environmental Enforcement**

[Docket ID BSEE–2025–0101; EEEE500000–256E1700D2–ET1SF0000.EAQ000; OMB Control Number 1014–0004]

Agency Information Collection Activities; Submission to the Office of Management and Budget for Review and Approval; Oil and Gas Well-Completion Operations

AGENCY: Bureau of Safety and Environmental Enforcement, Interior.

ACTION: Notice of information collection; request for comment.

SUMMARY: In accordance with the Paperwork Reduction Act (PRA) of 1995, the Bureau of Safety and Environmental Enforcement (BSEE) proposes to renew an information collection.

DATES: Interested persons are invited to submit comments on or before July 17, 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. Please provide a copy of your comments to Kelly Odom, Acting BSEE ICCO, 45600 Woodland Road, Sterling, VA 20166; or by email to Kelly.Odom@bsee.gov. Please reference OMB Control Number 1014–0004 in the subject line of your comments.

FOR FURTHER INFORMATION CONTACT: To request additional information about this ICR, contact Kelly Odom by email at Kelly.Odom@bsee.gov, or by telephone at (703) 787–1775. 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. You may also view the ICR at <http://www.reginfo.gov/public/do/PRAMain>.

SUPPLEMENTARY INFORMATION: In accordance with the PRA and 5 CFR 1320.8(d)(1), we provide the general public and other Federal agencies with an opportunity to comment on new,

proposed, revised, and continuing collections of information. This helps us assess the impact of our information collection requirements and minimize the public’s reporting burden. It also helps the public understand our information collection requirements and provide the requested data in the desired format.

A **Federal Register** notice with a 60-day public comment period soliciting comments on this collection of information was published on August 8, 2025 (90 FR 38500). No comments were received.

As part of our continuing effort to reduce paperwork and respondent burdens, we are again soliciting comments from the public and other Federal agencies on the proposed ICR that is described below. We are especially interested in public comment addressing the following:

- (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) How might the agency 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 notice 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.

Abstract: The regulations at 30 CFR 250, Subpart E, pertain to Oil and Gas Well-Completion Operations and are the subject of this collection. This request also covers the related Notices to Lessees and Operators (NTLs) that BSEE issues to clarify, supplement, or provide

additional guidance on some aspects of our regulations.

The BSEE uses the information collected under Subpart E to ensure that planned well-completion operations will protect personnel and natural resources. They use the analysis and evaluation results in the decision to approve, disapprove, or require modification to the proposed well-completion operations. Specifically, BSEE uses the information to ensure:

- compliance with personnel safety training requirements;
- crown block safety device is operating and can be expected to function to avoid accidents;
- proposed operation of the annular preventer is technically correct and provides adequate protection for personnel, property, and natural resources;
- blowout prevention (BOP) equipment complies with the most recent WCR and API Standard 53;
- well-completion operations are conducted on well casings that are structurally competent; and
- sustained casing pressures are within acceptable limits.

Title of Collection: 30 CFR 250, Subpart E, Oil and Gas Well-Completion Operations.

OMB Control Number: 1014–0004.

Form Number: None.

Type of Review: Extension of a currently approved collection.

Respondents/Affected Public: Potential respondents include Federal OCS oil, gas, and sulfur lessees and/or operators and holders of pipeline rights-of-way.

Total Estimated Number of Annual Respondents: Currently there are approximately 550 Federal OCS oil, gas, and sulfur lessees and holders of pipeline rights-of-way. Not all the potential respondents will submit information in any given year, and some may submit multiple times.

Total Estimated Number of Annual Responses: 2,225.

Estimated Completion Time per Response: Varies from 1.7 hours to 8.6 hours, depending on activity.

Total Estimated Number of Annual Burden Hours: 8,921.

Respondent’s Obligation: Mandatory.

Frequency of Collection: Generally submitted weekly, biennially, and on occasion, depending on the requirement.

Total Estimated Annual Nonhour Burden Cost: We have identified no non-hour cost burdens associated with this collection of information.

BURDEN BREAKDOWN

Citation 30 CFR 250 subpart E	Reporting and recordkeeping requirements	Hour burden	Average number of annual responses	Annual burden hours (rounded)
500–531	General departure and alternative compliance requests not specifically covered elsewhere in Subpart E regulations.	Burden covered under Subpart A—1014–0022		0
513	These sections contain references to information, approvals, requests, payments, etc., which are submitted with an APD, the burdens for which are covered under its own information collection.	APD burden covered under 1014–0025		0
513(a); 518(f); 526(a); 527	These sections contain references to information, approvals, requests, payments, etc., which are submitted with an APM, the burdens for which are covered under its own information collection.	APM burden covered under 1014–0026		0
511	Record weekly results of traveling-block safety device in operations log.	2.1	747	1,569
512	Request establishment, amendment, or cancellation of well-completion field rules.	1.7	2 requests	3
513(c), (d)	Submit End of Operations Report (Form BSEE–0125) to District Manager 30-days after completion, including additional supporting information and public info. copy.	Burden covered under Subpart D—1014–0018		0
514(c)	Post the number of stands of drill pipe/collars that may be pulled and equivalent well-control fluid volume.	8.6	161 postings	1,385
524	Retain records of casing pressure and diagnostic tests for 2 years or until the well is abandoned.	3.9	978 records	3,814
526(b); 528	Submit a casing pressure request; any additional information as needed.	6.3	260 requests	1,638
530(a)	Submit correction action plan to District Manager; notify BSEE after completion of corrected action within 30 days.	8	40 plans	320
530(b)	Submit the casing pressure diagnostic test data within 14 days.	5.2	37 submittals	192
Total Hour Burden .....	.....	2,225 responses		8,921 hours

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 authority for this action is the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*).

Kirk Malstrom,
Chief, Regulations and Standards Branch.
[FR Doc. 2026–12199 Filed 6–16–26; 8:45 am]

BILLING CODE 4310–VH–P

INTERNATIONAL TRADE COMMISSION

Notice of Receipt of Complaint; Solicitation of Comments Relating to the Public Interest

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has received a complaint entitled *Certain Convertible Child Highchairs, DN 3913*; the Commission is soliciting comments on any public interest issues raised by the complaint or complainant's filing pursuant to the Commission's Rules of Practice and Procedure.

FOR FURTHER INFORMATION CONTACT: Lisa R. Barton, Secretary to the Commission, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436, telephone (202) 205–2000. The public version of the complaint can be accessed on the Commission's Electronic Document Information System (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 United States International Trade Commission (USITC) at <https://www.usitc.gov>. The public record for this investigation may be viewed on the Commission's Electronic Document Information System (EDIS) at <https://edis.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: The Commission has received a complaint and a submission pursuant to § 210.8(b) of the Commission's Rules of Practice and Procedure filed on behalf of Kids2, LLC on June 12, 2026. The complaint alleges violations of section 337 of the Tariff Act of 1930 (19 U.S.C. 1337) in the importation into the United States, the sale for importation, and the sale

within the United States after importation of certain convertible child highchairs. The complaint names as respondents: Graco Children's Products Inc. of Atlanta, GA; Newell Brands Distribution LLC of Newville, PA; Newell Brands Inc. of Atlanta, GA; Newell Brands Canada ULC of Canada; and Baby Trend, Inc. of Fontana, CA. The complainant requests that the Commission issue a limited exclusion order, cease and desist orders, and impose a bond upon respondents' alleged infringing articles during the 60-day Presidential review period pursuant to 19 U.S.C. 1337(j).

Proposed respondents, other interested parties, members of the public, and interested government agencies are invited to file comments on any public interest issues raised by the complaint or § 210.8(b) filing.

Comments should address whether issuance of the relief specifically requested by the complainant in this investigation 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 requested remedial orders are used in the United States;

(ii) identify any public health, safety, or welfare concerns in the United States relating to the requested remedial 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 requested exclusion order and/or a cease and desist order within a commercially reasonable time; and

(v) explain how the requested remedial orders would impact United States consumers.

Written submissions on the public interest must be filed no later than by close of business, eight calendar days after the date of publication of this notice in the **Federal Register**. There will be further opportunities for comment on the public interest after the issuance of any final initial determination in this investigation. Any written submissions on other issues must also be filed by no later than the

close of business, eight calendar days after publication of this notice in the **Federal Register**. Complainant may file replies to any written submissions no later than three calendar days after the date on which any initial submissions were due, notwithstanding § 201.14(a) of the Commission's Rules of Practice and Procedure. No other submissions will be accepted, unless requested by the Commission. Any submissions and replies filed in response to this Notice are limited to five (5) pages in length, inclusive of attachments.

Persons filing written submissions must file the original document electronically on or before the deadlines stated above. Submissions should refer to the docket number ("Docket No. 3913") in a prominent place on the cover page and/or the first page. (See Handbook for Electronic Filing Procedures, Electronic Filing Procedures¹). Please note the Secretary's Office will accept only electronic filings during this time. Filings must be made through the Commission's Electronic Document Information System (EDIS, <https://edis.usitc.gov>). No in-person paper-based filings or paper copies of any electronic filings will be accepted until further notice. Persons with questions regarding filing should contact the Secretary at EDIS3Help@usitc.gov.

Any person desiring to submit a document to the Commission in confidence must request confidential treatment. All such requests should be directed to the Secretary to the Commission and must include a full statement of the reasons why the Commission should grant such treatment. See 19 CFR 201.6. Documents for which confidential treatment by the Commission is properly sought will be treated accordingly. 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,² solely for cybersecurity purposes. All nonconfidential written submissions will be available for public inspection at the Office of the Secretary and on EDIS.³

This action is taken under the authority of section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), and of §§ 201.10 and 210.8(c) of the Commission's Rules of Practice and Procedure (19 CFR 201.10, 210.8(c)).

By order of the Commission.

Issued: June 15, 2026.

Lisa Barton,

Secretary to the Commission.

[FR Doc. 2026-12179 Filed 6-16-26; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701-TA-650-651 (Review)]

Phosphate Fertilizers From Morocco and Russia; Notice of Commission Determination To Conduct Full Five-Year Reviews

AGENCY: United States International Trade Commission.

ACTION: Notice.

SUMMARY: The Commission hereby gives notice that it will proceed with full reviews pursuant to the Tariff Act of 1930 to determine whether revocation of the countervailing duty orders on phosphate fertilizers from Morocco and Russia would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. A schedule for the reviews will be established and announced at a later date.

DATES: June 5, 2026.

FOR FURTHER INFORMATION CONTACT: Camille Bryan (202-205-2811), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. 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 (<https://www.usitc.gov>). The public record for these reviews may be viewed on the

¹ Handbook for Electronic Filing Procedures: https://www.usitc.gov/documents/handbook_on_filing_procedures.pdf.

² All contract personnel will sign appropriate nondisclosure agreements.

³ Electronic Document Information System (EDIS): <https://edis.usitc.gov>.

Commission's electronic docket (EDIS) at <https://edis.usitc.gov>.

For further information concerning the conduct of these reviews and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

SUPPLEMENTARY INFORMATION: On June 5, 2026, the Commission determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)). The Commission found that the domestic interested party group response and the respondent interested party group responses from both Morocco and Russia to its notice of institution (91 FR 10142, March 2, 2026) were adequate, and determined to conduct full reviews of the orders on imports from Morocco and Russia. A record of the Commissioners' votes will be available from the Office of the Secretary and at the Commission's website.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to § 207.62 of the Commission's rules.

By order of the Commission.

Issued: June 15, 2026.

Lisa Barton,

Secretary to the Commission.

[FR Doc. 2026-12207 Filed 6-16-26; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701-TA-781-782 and 731-TA-1767-1769 (Final)]

Van-Type Trailers and Subassemblies From Canada, China, and Mexico; Scheduling of the Final Phase of Countervailing Duty and Antidumping Duty Investigations

AGENCY: United States International Trade Commission.

ACTION: Notice.

SUMMARY: The Commission hereby gives notice of the scheduling of the final phase of antidumping and countervailing duty investigation Nos. 701-TA-781-782 and 731-TA-1767-1769 (Final) pursuant to the Tariff Act of 1930 to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of

imports of van-type trailers and subassemblies from Canada, China, and Mexico, provided for in subheadings 8716.39.00 and 8716.90.50 of the Harmonized Tariff Schedule of the United States, preliminarily determined by the U.S. Department of Commerce ("Commerce") to be subsidized by the Governments of China and Mexico.

DATES: June 5, 2026.

FOR FURTHER INFORMATION CONTACT:

Peter Stebbins ((202) 205-2039), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. 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 (<https://www.usitc.gov>). The public record for these investigations may be viewed on the Commission's electronic docket (EDIS) at <https://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION: Scope.—

For purposes of these investigations, Commerce has defined the subject merchandise as "certain van-type trailers and subassemblies thereof, whether finished or unfinished, whether assembled or unassembled, regardless of the number of axles, for carriage of goods. Van-type trailers are typically, but not limited to, rectangular cuboid trailers with a fully enclosed cargo space consisting of a front nose (with or without a refrigeration unit), side walls (with or without doors), movable rear panels (whether roll-up doors, swing doors, or another configuration), a floor and subframe, an affixed or removable roof, a suspension and axle system, wheels and tires, brakes, a lighting and electrical system, landing gear, and coupling for towing behind a truck tractor or a connection system for training behind another van-type trailer. Covered van-type trailers are those with a gross vehicle weight rating of greater than 26,000 pounds.

Subject merchandise includes, but is not limited to, the following subassemblies:

- Van-type trailer subframes, or sections of van-type trailer frames, typically consisting of welded crossmembers and slider rails for attaching the running gear;
- Nose wall, side wall, and roof subassemblies, whether insulated or non-insulated, and with or without top, bottom, or side rails;

- Rear door frame, whether for swing or roll-up doors, with or without installed doors, bumpers, bumper plates, or reinforcing plates for liftgate;

- Door assemblies, whether for rear swing doors, roll-up doors, side doors or any other configuration, with or without lockrods, handles, hinges, or hinge pins;

- Rear impact guard subassemblies, typically consisting of a fabricated horizontal structural component (such as a guard tube) and uprights for connection to the underside of the rear frame;

- Coupler assembly for connection to truck tractor's fifth wheel, typically consisting of main beams and cross members, support plates, and front nose wrap, and with or without kingpin installed;

- Running gear subassemblies or axle assemblies for connection to the subframe, which may or may not include suspension(s), wheel end components, slack adjusters, dressed axles, brake chambers, locking pins, wheels, and tires; and

- Landing gear subassemblies, typically consisting of two landing legs, a cross channel, braces, bracketing, a cross shaft, and a crank handle.

These subassemblies are subject to the investigations, whether entered alone or with other subassemblies and whether assembled or unassembled and whether finished or unfinished. The absence of any subassembly from an otherwise finished or unfinished van-type trailer does not remove the van-type trailer from coverage.

Subject merchandise also includes components entered with (*i.e.*, on the same bill of lading as) van-type trailers and subassemblies, such as, but not limited to: hub and drum assemblies, brake assemblies (either drum or disc), bare axles, brake chambers, suspensions and suspension components, wheel end components, landing gear legs, wheels, tires, brake control systems, electrical harnesses and lighting systems, lift gate systems, tire inflation systems, or refrigeration units (with or without evaporators or fuel tanks) whether assembled or unassembled, whether as part of a kit or not, and whether or not accompanied by additional components that constitute as part of an unfinished and/or unassembled van-type trailer and subassemblies thereof that are subject to the investigation.

Processing of finished and unfinished van-type trailers and subassemblies, such as trimming, cutting, grinding, notching, punching, drilling, painting, coating, staining, finishing, assembly, or any other processing either in the country of manufacture of the in-scope product or in a third country does not

remove the product from the scope. Inclusion of other components not identified as comprising the finished or unfinished van-type trailer does not remove the product from the scope.

Specifically excluded are subassemblies covered by the scope of the antidumping and countervailing duty orders on certain chassis and subassemblies thereof from the People's Republic of China. *See Certain Chassis and Subassemblies Thereof from the People's Republic of China: Antidumping Duty Order*, 86 FR 36093 (July 8, 2021) and *Certain Chassis and Subassemblies Thereof from the People's Republic of China: Countervailing Duty Order and Amended Final Affirmative Countervailing Duty Determination*, 86 FR 24844 (May 10, 2021)."

Background.—The final phase of these investigations is being scheduled pursuant to sections 705(b) and 731(b) of the Tariff Act of 1930 (19 U.S.C. 1671d(b) and 1673d(b)), as a result of affirmative preliminary determinations by Commerce that certain benefits which constitute subsidies within the meaning of § 703 of the Act (19 U.S.C. 1671b) are being provided to manufacturers, producers, or exporters in China and Mexico of van-type trailers and subassemblies. Commerce has terminated its countervailing duty investigation with respect to van-type trailers and subassemblies from Canada. Commerce's preliminary determinations regarding whether van-type trailers and subassemblies from Canada, China, and Mexico are being sold in the United States at less than fair value within the meaning of § 733 of the Act (19 U.S.C. 1673b) are pending. The antidumping and countervailing duty investigations were requested in petitions filed on November 20, 2025, by the American Trailer Manufacturers Coalition, whose members are Great Dane LLC, Chicago, Illinois, Stoughton Trailers LLC, Stoughton, Wisconsin, and Wabash National Corporation, Lafayette, Indiana.

For further information concerning the conduct of this phase of the investigations, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A and B (19 CFR part 201), and part 207, subparts A and C (19 CFR part 207).

Participation in the investigations and public service list.—Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the final phase of these investigations as parties must file an

entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's rules, no later than 21 days prior to the hearing date specified in this notice. A party that filed a notice of appearance during the preliminary phase of the investigations need not file an additional notice of appearance during this final phase. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

Please note the Secretary's Office will accept only electronic filings during this time. Filings must be made through the Commission's Electronic Document Information System (EDIS, <https://edis.usitc.gov>). No in-person paper-based filings or paper copies of any electronic filings will be accepted until further notice.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to § 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in the final phase of these investigations available to authorized applicants under the APO issued in the investigations, provided that the application is made no later than 21 days prior to the hearing date specified in this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the investigations. A party granted access to BPI in the preliminary phase of the investigations need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff report.—The prehearing staff report in the final phase of these investigations will be placed in the nonpublic record on August 7, 2026, and a public version will be issued thereafter, pursuant to § 207.22 of the Commission's rules.

Hearing.—The Commission will hold a hearing in connection with the final phase of these investigations beginning at 9:30 a.m. on August 20, 2026. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before 5:15 p.m. on August 14, 2026. Any requests to appear as a witness via videoconference must be included with your request to appear. Requests to appear via videoconference must include a statement explaining why the witness cannot appear in person; the Chair, or other person designated to conduct the investigation, may in their discretion for good cause shown, grant such a request.

Requests to appear as remote witness due to illness or a positive COVID-19 test result may be submitted by 3:00 p.m. the business day prior to the hearing. Further information about participation in the hearing will be posted on the Commission's website at <https://www.usitc.gov/calendarpad/calendar.html>.

A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference, if deemed necessary, to be held on August 19, 2026. Parties shall file and serve written testimony and presentation slides in connection with their presentation at the hearing by no later than noon on August 19, 2026. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), and 207.24 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 business days prior to the date of the hearing.

Written submissions.—Each party who is an interested party shall submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of § 207.23 of the Commission's rules; the deadline for filing is 5:15 p.m. on August 14, 2026. Parties shall also file written testimony in connection with their presentation at the hearing, and posthearing briefs, which must conform with the provisions of § 207.25 of the Commission's rules. The deadline for filing posthearing briefs is 5:15 p.m. on August 27, 2026. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations, including statements of support or opposition to the petition, no later than 5:15 p.m. on August 27, 2026. On September 18, 2026, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information no later than 5:15 p.m. on September 22, 2026, but such final comments must not contain new factual information and must otherwise comply with § 207.30 of the Commission's rules. All written submissions must conform with the provisions of § 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of §§ 201.6, 207.3, and

207.7 of the Commission's rules. The Commission's *Handbook on Filing Procedures*, available on the Commission's website at https://www.usitc.gov/documents/handbook_on_filing_procedures.pdf, elaborates upon the Commission's procedures with respect to filings.

Additional written submissions to the Commission, including requests pursuant to § 201.12 of the Commission's rules, shall not be accepted unless good cause is shown for accepting such submissions, or unless the submission is pursuant to a specific request by a Commissioner or Commission staff.

In accordance with §§ 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the investigations must be served on all other parties to the investigations (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: These investigations are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to § 207.21 of the Commission's rules.

By order of the Commission.

Issued: June 12, 2026.

Lisa Barton,

Secretary to the Commission.

[FR Doc. 2026-12151 Filed 6-16-26; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 337-TA-1489]

Certain Laptops, Routers and Gateways, and Components Thereof; Notice of a Commission Determination To Review in Part an Initial Determination Granting Complainant's Motion To Amend the Complaint and, on Review, Affirm With Modification To Also Amend the Notice of Investigation

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined to review in part an initial determination ("ID") (Order No. 14) issued by the presiding Administrative Law Judge ("ALJ") granting a motion to amend the complaint to allege infringement of claims 7, 9, 10, and 20 of U.S. Patent No. 10,917,272 ("the '272 patent") by respondents ASUSTeK Computer Inc.

(Taiwan) of Taipei, Taiwan; ASUS Computer International, Inc. of Fremont, California; TP-Link Systems Inc. of Irvine, California; and Ubiquiti Inc. of New York, New York (collectively, "Remaining Respondents") and, on review, affirm with modification to also amend the notice of investigation.

FOR FURTHER INFORMATION CONTACT:

Houda Morad, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, SW, Washington, DC 20436, telephone (202) 708-4716. 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 March 6, 2026, based on a complaint filed by AX Wireless, LLC of Austin, Texas ("Complainant"). 91 FR 11086-87 (Mar. 6, 2026). The complaint, as supplemented, alleges violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337 ("section 337"), based upon the importation into the United States, the sale for importation, and the sale within the United States after importation of certain laptops, routers and gateways, and components thereof by reason of the infringement of certain claims of the '272 patent as well as U.S. Patent Nos. 10,079,707; 11,646,927; 11,777,776; and 12,063,134. *Id.* at 11086. The complaint further alleges that a domestic industry exists. *Id.* In addition to the Remaining Respondents, the notice of investigation names as respondents: D-Link Corporation of Taipei, Taiwan, and D-Link Systems, Inc. of Irvine, California (collectively, "D-Link"). *Id.* at 11086-87. The Office of Unfair Import Investigations ("OUII") is also a party to the investigation. *Id.* at 11087.

On May 19, 2026, the Commission terminated the D-Link respondents based on a consent order stipulation and entry of consent orders. *See* Order No. 13 (Apr. 30, 2026), *unreviewed by* Comm'n Notice (May 19, 2026).

On April 23, 2026, Complainant filed a motion to amend the complaint to allege infringement of dependent claims 7, 9, 10, and 20 of the '272 patent against the Remaining Respondents. On

May 4, 2026, the Remaining Respondents and OUII filed responses in opposition to the motion. In particular, the Remaining Respondents and OUII argued that additional time may be required to address the newly-added claims. *See* Order No. 14 at 5.

On May 19, 2026, the ALJ issued the subject ID (Order No. 14) granting the motion to amend the complaint pursuant to Commission Rule 210.14(b), 19 CFR 210.14(b). The ID finds that good cause exists for adding the dependent claims, so all relevant claims are included in a single investigation. *See* Order No. 14 at 3. The ID also finds no prejudice because the investigation is still in its early stages and the evidentiary hearing is ten months away. *Id.* at 5.

No party filed a petition for review of the subject ID.

The Commission has determined to review the subject ID to indicate that both the complaint and notice of investigation are amended, pursuant to Commission Rule 210.14(b), to include allegations of infringement relating to dependent claims 7, 9, 10, and 20 of the '272 patent against the Remaining Respondents. On review, the Commission affirms the subject ID as modified. Accordingly, the complaint and notice of investigation are amended to allege infringement of claims 7, 9, 10, and 20 of the '272 patent by the Remaining Respondents.

The Commission's vote for this determination took place on June 12, 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: June 12, 2026

Lisa Barton,

Secretary to the Commission.

[FR Doc. 2026-12150 Filed 6-16-26; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 701-TA-780 (Final)]

Van-Type Trailers and Subassemblies From Canada; Termination of investigation

AGENCY: United States International Trade Commission.

ACTION: Notice.

SUMMARY: On May 27, 2026, the petitioner submitted a letter to the U.S.

Department of Commerce ("Commerce") withdrawing the countervailing duty petition with respect to van-type trailers and subassemblies from Canada. On June 5, 2026, Commerce published notice in the **Federal Register** that it is terminating the countervailing duty investigation with respect to van-type trailers and subassemblies from Canada (91 FR 34220). Accordingly, the Commission's countervailing duty investigation concerning van-type trailers and subassemblies from Canada (Investigation No. 701-TA-780 (Final)) is terminated.

DATES: June 5, 2026.

FOR FURTHER INFORMATION CONTACT: Peter Stebbins (202-205-2039), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained 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 (<https://www.usitc.gov>). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <https://edis.usitc.gov>.

Authority: This investigation is being terminated under authority of title VII of the Tariff Act of 1930 and pursuant to section 207.40(a) of the Commission's Rules of Practice and Procedure (19 CFR 207.40(a)). This notice is published pursuant to section 201.10 of the Commission's rules (19 CFR 201.10).

By order of the Commission.

Issued: June 15, 2026.

Lisa Barton,

Secretary to the Commission.

[FR Doc. 2026-12206 Filed 6-16-26; 8:45 am]

BILLING CODE 7020-02-P

DEPARTMENT OF JUSTICE

Drug Enforcement Administration

[Docket No. DEA-1721]

**Importer of Controlled Substances
Application: AndersonBrecon, Inc.
DBA PCI Pharma Services**

AGENCY: Drug Enforcement
Administration, Justice.

ACTION: Notice of application.

SUMMARY: AndersonBrecon, Inc. DBA
PCI Pharma Services has applied to be

registered as an importer of basic
class(es) of controlled substance(s).
Refer to **SUPPLEMENTARY INFORMATION**
listed below for further drug
information.

DATES: Registered bulk manufacturers of
the affected basic class(es), and
applicants, therefore, may submit
electronic comments on or objections to
the issuance of the proposed registration
on or before July 17, 2026. Such persons
may also file a written request for a
hearing on the application on or before
July 17, 2026.

ADDRESSES: The Drug Enforcement
Administration requires that all
comments be submitted electronically
through the Federal eRulemaking Portal,
which provides the ability to type short
comments directly into the comment
field on the web page or attach a file for
lengthier comments. Please go to
<https://www.regulations.gov> and follow
the online instructions at that site for
submitting comments. Upon submission
of your comment, you will receive a
Comment Tracking Number. Please be
aware that submitted comments are not
instantaneously available for public
view on <https://www.regulations.gov>. If
you have received a Comment Tracking
Number, your comment has been
successfully submitted and there is no
need to resubmit the same comment. All
requests for a hearing must be sent to:
(1) Drug Enforcement Administration,
Attn: Hearing Clerk/OALJ, 8701
Morrisette Drive, Springfield, Virginia
22152; and (2) Drug Enforcement
Administration, Attn: DEA Federal
Register Representative/DPWF, 8701
Morrisette Drive, Springfield, Virginia
22152. All requests for a hearing should
also be sent to: Drug Enforcement
Administration, Attn: Administrator,
8701 Morrisette Drive, Springfield,
Virginia 22152.

SUPPLEMENTARY INFORMATION: In
accordance with 21 CFR 1301.34(a), this
is notice that on May 19, 2026,
AndersonBrecon, Inc. DBA PCI Pharma
Services, 5775 Logistics Parkway,
Rockford, Illinois 61109-3608, applied
to be registered as an importer of the
following basic class(es) of controlled
substance(s):

Controlled substance	Drug code	Schedule
Lysergic acid diethylamide.	7315	I
Tetrahydrocannabinol- s.	7370	I
Cocaine	9041	II
Methadone	9250	II
Thebaine	9333	II

The company plans to import
derivatives of Cocaine (9041) for
analytical and reference standard
purposes, an intermediate of Lysergic
acid diethylamide (7315) as bulk Active
Pharmaceutical Ingredient, and the
remaining listed controlled substances
as dosage units to support clinical trials.
No other activities for these drug codes
are authorized for this registration.

Approval of permit applications will
occur only when the registrant's
business activity is consistent with what
is authorized under 21 U.S.C. 952(a)(2).
Authorization will not extend to the
import of Food and Drug
Administration-approved or non-
approved finished dosage forms for
commercial sale.

Thomas Prevostnik,

Deputy Assistant Administrator.

[FR Doc. 2026-12138 Filed 6-16-26; 8:45 am]

BILLING CODE P

DEPARTMENT OF JUSTICE

Drug Enforcement Administration

[Docket No. DEA-1720]

**Importer of Controlled Substances
Application: AndersonBrecon, Inc.
DBA PCI Pharma Services**

AGENCY: Drug Enforcement
Administration, Justice.

ACTION: Notice of application.

SUMMARY: AndersonBrecon, Inc. DBA
PCI Pharma Services has applied to be
registered as an importer of basic
class(es) of controlled substance(s).
Refer to **SUPPLEMENTARY INFORMATION**
listed below for further drug
information.

DATES: Registered bulk manufacturers of
the affected basic class(es), and
applicants, therefore, may submit
electronic comments on or objections to
the issuance of the proposed registration
on or before July 17, 2026. Such persons
may also file a written request for a
hearing on the application on or before
July 17, 2026.

ADDRESSES: The Drug Enforcement
Administration requires that all
comments be submitted electronically
through the Federal eRulemaking Portal,
which provides the ability to type short
comments directly into the comment
field on the web page or attach a file for
lengthier comments. Please go to
<https://www.regulations.gov> and follow
the online instructions at that site for
submitting comments. Upon submission
of your comment, you will receive a
Comment Tracking Number. Please be
aware that submitted comments are not

instantaneously available for public view on <https://www.regulations.gov>. If you have received a Comment Tracking Number, your comment has been successfully submitted and there is no need to resubmit the same comment. All requests for a hearing must be sent to: (1) Drug Enforcement Administration, Attn: Hearing Clerk/OALJ, 8701 Morrisette Drive, Springfield, Virginia

22152; and (2) Drug Enforcement Administration, Attn: DEA Federal Register Representative/DPW, 8701 Morrisette Drive, Springfield, Virginia 22152. All requests for a hearing should also be sent to: Drug Enforcement Administration, Attn: Administrator, 8701 Morrisette Drive, Springfield, Virginia 22152.

SUPPLEMENTARY INFORMATION: In accordance with 21 CFR 1301.34(a), this is notice that on May 7, 2026, AndersonBrecon, Inc. DBA PCI Pharma Services, 4545 Assembly Drive, Rockford, Illinois 61109–3081, applied to be registered as an importer of the following basic class(es) of controlled substance(s):

Controlled substance	Drug code	Schedule
Tetrahydrocannabinols	7370	I
3,4-Methylenedioxymetham-phetamine	7405	I
Dimethyltryptamine	7435	I

The company plans to import the listed controlled substances for clinical trials. No other activities for these drug codes are authorized for this registration.

Approval of permit applications will occur only when the registrant's business activity is consistent with what is authorized under 21 U.S.C. 952(a)(2). Authorization will not extend to the import of Food and Drug Administration-approved or non-approved finished dosage forms for commercial sale.

Thomas Prevoznik,

Deputy Assistant Administrator.

[FR Doc. 2026–12143 Filed 6–16–26; 8:45 am]

BILLING CODE P

DEPARTMENT OF JUSTICE

Drug Enforcement Administration

[Docket No. DEA–1719]

Importer of Controlled Substances Application: Arizona Department of Corrections

AGENCY: Drug Enforcement Administration, Justice.

ACTION: Notice of application.

SUMMARY: Arizona Department of Corrections has applied to be registered as an importer of basic class(es) of controlled substance(s). Refer to **SUPPLEMENTARY INFORMATION** listed below for further drug information.

DATES: Registered bulk manufacturers of the affected basic class(es), and applicants, therefore, may submit electronic comments on or objections to the issuance of the proposed registration on or before July 17, 2026. Such persons may also file a written request for a hearing on the application on or before July 17, 2026.

ADDRESSES: The Drug Enforcement Administration requires that all

comments be submitted electronically through the Federal eRulemaking Portal, which provides the ability to type short comments directly into the comment field on the web page or attach a file for lengthier comments. Please go to <https://www.regulations.gov> and follow the online instructions at that site for submitting comments. Upon submission of your comment, you will receive a Comment Tracking Number. Please be aware that submitted comments are not instantaneously available for public view on <https://www.regulations.gov>. If you have received a Comment Tracking Number, your comment has been successfully submitted and there is no need to resubmit the same comment. All requests for a hearing must be sent to: (1) Drug Enforcement Administration, Attn: Hearing Clerk/OALJ, 8701 Morrisette Drive, Springfield, Virginia 22152; and (2) Drug Enforcement Administration, Attn: DEA Federal Register Representative/DPW, 8701 Morrisette Drive, Springfield, Virginia 22152. All requests for a hearing should also be sent to: Drug Enforcement Administration, Attn: Administrator, 8701 Morrisette Drive, Springfield, Virginia 22152.

SUPPLEMENTARY INFORMATION: In accordance with 21 CFR 1301.34(a), this is notice that on May 5, 2026, Arizona Department of Corrections, 701 East Jefferson Street, Phoenix, Arizona 85034–2215, applied to be registered as an importer of the following basic class(es) of controlled substance(s):

Controlled substance	Drug code	Schedule
Pentobarbital	2270	II

The facility intends to import the above-listed controlled substance for legitimate needs. This controlled substance is not available for the intended legitimate need within the current domestic supply of the United

States. No other activity for this drug code is authorized for this registration.

Approval of permit applications will occur only when the registrant's business activity is consistent with what is authorized under 21 U.S.C. 952(a)(2). Authorization will not extend to the import of Food and Drug Administration-approved or non-approved finished dosage forms for commercial sale.

Thomas Prevoznik,

Deputy Assistant Administrator.

[FR Doc. 2026–12137 Filed 6–16–26; 8:45 am]

BILLING CODE P

DEPARTMENT OF JUSTICE

Drug Enforcement Administration

[Docket No. DEA–1724]

Importer of Controlled Substances Application: Scottsdale Research Institute

AGENCY: Drug Enforcement Administration, Justice.

ACTION: Notice of application.

SUMMARY: Scottsdale Research Institute has applied to be registered as an importer of basic class(es) of controlled substance(s). Refer to **SUPPLEMENTARY INFORMATION** listed below for further drug information.

DATES: Registered bulk manufacturers of the affected basic class(es), and applicants, therefore, may submit electronic comments on or objections to the issuance of the proposed registration on or before July 17, 2026. Such persons may also file a written request for a hearing on the application on or before July 17, 2026.

ADDRESSES: The Drug Enforcement Administration requires that all comments be submitted electronically through the Federal eRulemaking Portal, which provides the ability to type short

comments directly into the comment field on the web page or attach a file for lengthier comments. Please go to <https://www.regulations.gov> and follow the online instructions at that site for submitting comments. Upon submission of your comment, you will receive a Comment Tracking Number. Please be aware that submitted comments are not instantaneously available for public view on <https://www.regulations.gov>. If you have received a Comment Tracking

Number, your comment has been successfully submitted and there is no need to resubmit the same comment. All requests for a hearing must be sent to: (1) Drug Enforcement Administration, Attn: Hearing Clerk/OALJ, 8701 Morrisette Drive, Springfield, Virginia 22152; and (2) Drug Enforcement Administration, Attn: DEA Federal Register Representative/DPW, 8701 Morrisette Drive, Springfield, Virginia 22152. All requests for a hearing should

also be sent to: Drug Enforcement Administration, Attn: Administrator, 8701 Morrisette Drive, Springfield, Virginia 22152.

SUPPLEMENTARY INFORMATION: In accordance with 21 CFR 1301.34(a), this is notice that on May 19, 2026, Scottsdale Research Institute, 12815 North Cave Creek Road, Phoenix, Arizona 85022, applied to be registered as an importer of the following basic class(es) of controlled substance(s):

Controlled substance	Drug code	Schedule
Ibogaine	7260	I
Marihuana	7360	I
3,4-Methylenedioxymethamphetamine	7405	I

The company plans to import the above as bulk Active Pharmaceutical Ingredients to support clinical research by Schedule I registrants. In reference to drug codes Marihuana (7360), the company plans to import a synthetic cannabidiol. No other activities for these drug codes are authorized for this registration.

Approval of permit applications will occur only when the registrant's business activity is consistent with what is authorized under 21 U.S.C. 952(a)(2). Authorization will not extend to the import of Food and Drug Administration-approved or non-approved finished dosage forms for commercial sale.

Thomas Prevoznik,
Deputy Assistant Administrator.
[FR Doc. 2026-12140 Filed 6-16-26; 8:45 am]
BILLING CODE 4410-09-P

DEPARTMENT OF JUSTICE

Drug Enforcement Administration

[Docket No. DEA-1723]

Importer of Controlled Substances Application: Veranova, L.P.

AGENCY: Drug Enforcement Administration, Justice.

ACTION: Notice of application.

SUMMARY: Veranova, L.P. has applied to be registered as an importer of basic class(es) of controlled substance(s). Refer to Supplementary Information listed below for further drug information.

DATES: Registered bulk manufacturers of the affected basic class(es), and applicants, therefore, may submit electronic comments on or objections to the issuance of the proposed registration on or before July 17, 2026. Such persons may also file a written request for a hearing on the application on or before July 17, 2026.

ADDRESSES: The Drug Enforcement Administration requires that all comments be submitted electronically through the Federal eRulemaking Portal, which provides the ability to type short comments directly into the comment field on the web page or attach a file for lengthier comments. Please go to <https://www.regulations.gov> and follow the online instructions at that site for submitting comments. Upon submission of your comment, you will receive a Comment Tracking Number. Please be aware that submitted comments are not instantaneously available for public view on <https://www.regulations.gov>. If you have received a Comment Tracking

Number, your comment has been successfully submitted and there is no need to resubmit the same comment. All requests for a hearing must be sent to: (1) Drug Enforcement Administration, Attn: Hearing Clerk/OALJ, 8701 Morrisette Drive, Springfield, Virginia 22152; and (2) Drug Enforcement Administration, Attn: DEA Federal Register Representative/DPW, 8701 Morrisette Drive, Springfield, Virginia 22152. All requests for a hearing should also be sent to: Drug Enforcement Administration, Attn: Administrator, 8701 Morrisette Drive, Springfield, Virginia 22152.

SUPPLEMENTARY INFORMATION: In accordance with 21 CFR 1301.34(a), this is notice that on May 14, 2026, Veranova, L.P., 2003 Nolte Drive, West Deptford, New Jersey 08066-1727, applied to be registered as an importer of the following basic class(es) of controlled substance(s):

Controlled substance	Drug code	Schedule
Coca Leaves	9040	II
Thebaine	9333	II
Opium, Raw	9600	II
Noroxymorphone	9668	II
Poppy Straw Concentrate	9670	II
Fentanyl	9801	II

The company plans to import Coca Leaves (9040), Opium, Raw (9600), and Poppy Straw Concentrate (9670) to bulk manufacture Active Pharmaceutical

Ingredients (API) for distribution to its customers. The company plans to also import Thebaine (9333), Noroxymorphone (9668), and Fentanyl

(9801) to use as analytical reference standards, both internally and to be sold to their customers to support testing of Veranova, L.P. APIs only. No other

activities for these drug codes are authorized for this registration.

Approval of permit applications will occur only when the registrant's business activity is consistent with what is authorized under 21 U.S.C. 952(a)(2). Authorization will not extend to the import of Food and Drug Administration-approved or non-approved finished dosage forms for commercial sale.

Thomas Prevoznik,

Deputy Assistant Administrator.

[FR Doc. 2026-12141 Filed 6-16-26; 8:45 am]

BILLING CODE P

DEPARTMENT OF JUSTICE

Drug Enforcement Administration

[Docket No. DEA-1728]

Importer of Controlled Substances Application: Aphena Pharma Solutions MD, LLC

AGENCY: Drug Enforcement Administration, Justice.

ACTION: Notice of application.

SUMMARY: Aphena Pharma Solutions MD, LLC has applied to be registered as an importer of basic class(es) of controlled substance(s). Refer to **SUPPLEMENTARY INFORMATION** listed below for further drug information.

DATES: Registered bulk manufacturers of the affected basic class(es), and applicants, therefore, may submit electronic comments on, or objections to the issuance of the proposed registration on or before July 17, 2026. Such persons may also file a written request for a hearing on the application on or before July 17, 2026.

ADDRESSES: The Drug Enforcement Administration requires that all comments be submitted electronically through the Federal eRulemaking Portal, which provides the ability to type short comments directly into the comment field on the web page or attach a file for lengthier comments. Please go to <https://www.regulations.gov> and follow the online instructions at that site for submitting comments. Upon submission of your comment, you will receive a Comment Tracking Number. Please be aware that submitted comments are not instantaneously available for public view on <https://www.regulations.gov>. If you have received a Comment Tracking Number, your comment has been successfully submitted and there is no need to resubmit the same comment. All requests for a hearing must be sent to: (1) Drug Enforcement Administration, Attn: Hearing Clerk/OALJ, 8701

Morrisette Drive, Springfield, Virginia 22152; and (2) Drug Enforcement Administration, Attn: DEA Federal Register Representative/DPW, 8701 Morrisette Drive, Springfield, Virginia 22152. All requests for a hearing should also be sent to: Drug Enforcement Administration, Attn: Administrator, 8701 Morrisette Drive, Springfield, Virginia 22152.

SUPPLEMENTARY INFORMATION: In accordance with 21 CFR 1301.34(a), this is notice that on May 21, 2026, Aphena Pharma Solutions MD, LLC, 7978 Industrial Park Road, Easton, Maryland 21601-8600, applied to be registered as an importer of the following basic class(es) of controlled substance(s):

Controlled substance	Drug code	Schedule
Methamphetamine	1105	II

The company plans to import the above listed controlled substance for internal use in the manufacturing of a Food and Drug Administration (FDA)-approved exempt over the counter drug product. No other activity for this drug code is authorized for this registration.

Approval of permit applications will occur only when the registrant's business activity is consistent with what is authorized under 21 U.S.C. 952(a)(2). Authorization will not extend to the import of an FDA-approved or non-approved finished dosage forms for commercial sale.

Thomas Prevoznik,

Deputy Assistant Administrator.

[FR Doc. 2026-12142 Filed 6-16-26; 8:45 am]

BILLING CODE P

DEPARTMENT OF JUSTICE

Drug Enforcement Administration

[Docket No. DEA-1725]

Importer of Controlled Substances Application: Wedgewood Pharmacy LLC

AGENCY: Drug Enforcement Administration, Justice.

ACTION: Notice of application.

SUMMARY: Wedgewood Pharmacy LLC has applied to be registered as an importer of basic class(es) of controlled substance(s). Refer to **SUPPLEMENTARY INFORMATION** listed below for further drug information.

DATES: Registered bulk manufacturers of the affected basic class(es), and applicants, therefore, may submit electronic comments on or objections to the issuance of the proposed registration

on or before July 17, 2026. Such persons may also file a written request for a hearing on the application on or before July 17, 2026.

ADDRESSES: The Drug Enforcement Administration requires that all comments be submitted electronically through the Federal eRulemaking Portal, which provides the ability to type short comments directly into the comment field on the web page or attach a file for lengthier comments. Please go to <https://www.regulations.gov> and follow the online instructions at that site for submitting comments. Upon submission of your comment, you will receive a Comment Tracking Number. Please be aware that submitted comments are not instantaneously available for public view on <https://www.regulations.gov>. If you have received a Comment Tracking Number, your comment has been successfully submitted and there is no need to resubmit the same comment. All requests for a hearing must be sent to: (1) Drug Enforcement Administration, Attn: Hearing Clerk/OALJ, 8701 Morrisette Drive, Springfield, Virginia 22152; and (2) Drug Enforcement Administration, Attn: DEA Federal Register Representative/DPW, 8701 Morrisette Drive, Springfield, Virginia 22152. All requests for a hearing should also be sent to: Drug Enforcement Administration, Attn: Administrator, 8701 Morrisette Drive, Springfield, Virginia 22152.

SUPPLEMENTARY INFORMATION: In accordance with 21 CFR 1301.34(a), this is notice that on May 5, 2026, Wedgewood Pharmacy LLC, 1680 East Northrop Boulevard, Unit 5 & Unit 10, Chandler, Arizona 85286, applied to be registered as an importer of the following basic class(es) of controlled substance(s):

Controlled substance	Drug code	Schedule
Etorphine HCL	9059	II
Thiafentanil	9729	II

The company plans to import the above listed controlled substances for distribution to their customers. No other activities for these drug codes are authorized for this registration.

Approval of permit applications will occur only when the registrant's business activity is consistent with what is authorized under 21 U.S.C. 952(a)(2). Authorization will not extend to the import of Food and Drug Administration-approved or non-

approved finished dosage forms for commercial sale.

Thomas Prevoznik,

Deputy Assistant Administrator.

[FR Doc. 2026–12144 Filed 6–16–26; 8:45 am]

BILLING CODE P

DEPARTMENT OF JUSTICE

[OMB Number 1121–0309]

Agency Information Collection Activities; Proposed eCollection eComments Requested; Reinstatement With Change to a Previously Approved Collection Title—International Terrorism Victim Expense Reimbursement Program Application

AGENCY: Office of Justice Programs, Department of Justice.

ACTION: 30-Day notice.

SUMMARY: The Office of Justice Programs, Department of Justice (DOJ), will be submitting the following information collection request to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995.

DATES: Comments are encouraged and will be accepted for 30 days until July 17, 2026.

FOR FURTHER INFORMATION CONTACT: If you have comments especially on the estimated public burden or associated response time, suggestions, or need a copy of the proposed information collection instrument with instructions or additional information, please contact: POC Name, Address, Phone Number, and Email.

SUPPLEMENTARY INFORMATION: The proposed information collection was previously published in the **Federal Register** on date, 90 FR 53389, allowing a 60-day comment period. Written comments and suggestions from the public and affected agencies concerning the proposed collection of information are encouraged. Your comments should address one or more of the following four points:

- 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/or

—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.

Written comments and recommendations for this 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 information collection or the OMB Control Number #1121–0309. This information collection request may be viewed at www.reginfo.gov. Follow the instructions to view Department of Justice, information collections currently under review by OMB.

DOJ seeks PRA authorization for this information collection for three (3) years. OMB authorization for an ICR cannot be for more than three (3) years without renewal. The DOJ notes that information collection requirements submitted to the OMB for existing ICRs receive a month-to-month extension while they undergo review.

Overview of this information collection:

1. Type of Information Collection:

Reinstatement with revisions of a previously approved collection.

2. Title of the Form/Collection:

International Terrorism Victim Expense Reimbursement Program Application Component: Office of Justice Programs.

3. Agency form number, if any, and the applicable component of the Department of Justice sponsoring the collection:

OMB 1121–0309.
4. Affected public who will be asked or required to respond, as well as a brief abstract: **Affected Public:** Individuals victims, surviving family members of personal representatives. **Other:** Federal Government. **Abstract:** This application will be used to apply for the expense reimbursement by U.S. nationals and U.S. Government employees who are victims of acts of international terrorism that occur (red) outside of the United States. The application will be used to collect necessary information on the expenses incurred by the applicant, associated with his or her victimization, as well as other pertinent information, and will be used by OVC to make an award determination.

5. Obligation to Respond:

Voluntary but required to obtain a benefit.

6. Total Estimated Number of Respondents: Estimated 51 respondents will complete the certification.

7. Estimated Time per Respondent: 120 minutes.

8. Frequency: Once.

9. Total Estimated Annual Time Burden: 75 Burden Hours.

10. Total Estimated Annual Other Costs Burden:

If additional information is required, contact: Darwin Arceo, Department Clearance Officer, Enterprise Portfolio Management, Justice Management Division, United States Department of Justice, Two Constitution Square, 145 N Street NE, 4W–218 Washington, DC 20530.

Dated: June 15, 2026.

Darwin Arceo,

Department Clearance Officer for PRA, U.S. Department of Justice.

[FR Doc. 2026–12213 Filed 6–16–26; 8:45 am]

BILLING CODE 4410–18–P

DEPARTMENT OF JUSTICE

[OMB Number 1103–0119]

Agency Information Collection Activities; Proposed eCollection eComments Requested; Revision of a Previously Approved Collection; Title—U.S. Department of Justice Self Reportable Activities

AGENCY: Justice Management Division, Department of Justice.

ACTION: 30-Day notice.

SUMMARY: The Justice Management Division, Department of Justice (DOJ), will be submitting the following information collection request to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995.

DATES: Comments are encouraged and will be accepted for 30 days until July 17, 2026.

FOR FURTHER INFORMATION CONTACT: If you have comments especially on the estimated public burden or associated response time, suggestions, or need a copy of the proposed information collection instrument with instructions or additional information, please contact: Julie Senatore Security and Emergency Planning Staff, 145 N Street NE, Suite, 2W. 607, (202) 514–2351, julie.senatore@usdoj.gov.

SUPPLEMENTARY INFORMATION: The proposed information collection was previously published in the **Federal Register** on April 15, 2026, 91 FR 20178, allowing a 60-day comment period. Written comments and suggestions from

the public and affected agencies concerning the proposed collection of information are encouraged. Your comments should address one or more of the following four points:

- 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/or
- 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.

Written comments and recommendations for this 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 information collection or the OMB Control 1103–0119. This information collection request may be viewed at www.reginfo.gov. Follow the instructions to view Department of Justice, information collections currently under review by OMB.

DOJ seeks PRA authorization for this information collection for three (3) years. OMB authorization for an ICR cannot be for more than three (3) years without renewal. The DOJ notes that information collection requirements submitted to the OMB for existing ICRs receive a month-to-month extension while they undergo review.

Overview of this information collection:

1. *Type of Information Collection:* Revision of a previously approved collection.
2. *Title of the Form/Collection:* US DOJ Self Reportable Activities.
3. *Agency form number, if any, and the applicable component of the DOJ sponsoring the collection:* OMB 1103–0119.
4. *Affected public who will be asked or required to respond, as well as a brief*

abstract: Affected Public: Federal Government. Individuals who are contractors for the DOJ or who are processed for access to classified information by the DOJ.

Abstract: Self-reporting requirements set forth in the Department of Justice (DOJ) Policy Statement 1700.04, Department Personnel Security Reporting Requirements, issued April 18, 2018, apply to non-federal employee personnel affiliated with the DOJ. The policy contains reporting requirements that are applicable to the entire DOJ workforce as well as reporting requirements that apply only to personnel occupying a national security position or who have access to classified information. The requirements relating to national security are mandated by the Director of National Intelligence as the Security Executive Agent. The majority of the reports relate to the submitter's personal conduct and activities. There is one form for personnel to submit information on other personnel, consistent with government-wide reporting requirements. This collection request seeks approval for contractors and other non-federal employees who are processed for access to classified information to utilize the Department's automated reporting system called iReport, or, for the small population with no access to the IT system, to utilize PDF fillable forms to report the required information. The Security and Emergency Planning Staff, and other Department Security Offices, will use the reported information to determine the submitter's continued fitness for employment at the DOJ or continued eligibility for access to national security information. The Department security offices for each agency component will review, evaluate, and adjudicate the information received.

5. *Obligation to Respond:* Department-wide population covered by the requirement to self-report information in the forms listed in Sections 2a and 2b is estimated at 57,744. It is estimated that only three percent (1,732) will actually need to self-report. Department-wide population covered by the requirement to report information in the forms listed in Sections 2c through 2l is estimated to be 604. Amount of time estimated for an average reported is less than ten minutes.

6. *Total Estimated Number of Respondents:* 35,000.

7. *Estimated Time per Respondent:* 10 minutes.

8. *Frequency:* On occasion.

9. *Total Estimated Annual Time Burden:* Burden Hours: 389.

10. *Total Estimated Annual Other Costs Burden:* \$0.

If additional information is required, contact: Darwin Arceo, Department Clearance Officer, Enterprise Portfolio Management, Justice Management Division, United States Department of Justice, Two Constitution Square, 145 N Street NE, 4W–218 Washington, DC 20530.

Dated: June 15, 2026.

Darwin Arceo,

Department Clearance Officer for PRA, U.S. Department of Justice.

[FR Doc. 2026–12188 Filed 6–16–26; 8:45 am]

BILLING CODE 4410–14–P

NATIONAL SCIENCE FOUNDATION

Agency Information Collection Activities: Comment Request; Survey of Graduate Students and Postdoctorates in Science and Engineering

AGENCY: National Science Foundation.

ACTION: submission for OMB review; comment request.

SUMMARY: The National Science Foundation (NSF) has submitted the following request for revision of the approved collection of research and development data in accordance with the Paperwork Reduction Act of 1995. This is the second notice for public comment; the first was published in the **Federal Register** and no comments were received. NSF is forwarding the proposed renewal submission to the Office of Management and Budget (OMB) for clearance simultaneously with the publication of this second notice.

DATES: 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: Suzanne H. Plimpton, Reports Clearance Officer, National Science Foundation, Randolph Building, 401 Dulany Street, Alexandria, VA 22314; or send email to splimpto@nsf.gov. Individuals who use a telecommunications device for the deaf (TDD) may call the Federal Information Relay Service (FIRS) at 1–800–877–8339, which is accessible 24 hours a day, 7 days a week, 365 days a year (including federal holidays).

SUPPLEMENTARY INFORMATION: NSF 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.

Title of Collection: Survey of Graduate Students and Postdoctorates in Science and Engineering.

OMB Control Number: 3145–0062.

Type of Request: Intent to seek approval to extend an information collection for three years.

Summary of Collection: The Survey of Graduate Students and Postdoctorates in Science and Engineering (GSS), sponsored by the NCSES within the U.S. NSF and the National Institutes of Health, is designed to comply with legislative mandates by providing information on the characteristics of academic graduate enrollments in science, engineering and health fields. This request to extend the information collection for three years is to cover the

2026, 2027, and 2028 GSS survey cycles. The information collected by the GSS is solicited under the authority of the National Science Foundation Act of 1950, as amended and the America COMPETES Reauthorization Act of 2010. Data collection starts each fall in October and data are obtained primarily through a Web survey. Data are disseminated annually. All information will be used for statistical purposes only. Participation in the survey is voluntary.

To improve coverage of postdocs, the GSS periodically collects information on postdocs employed in Federally Funded Research and Development Centers (FFRDCs). This survey of postdocs at FFRDCs will be conducted as part of the 2027 GSS survey cycle.

Additional details regarding this survey are provided in an earlier **Federal Register** Notice, at 91 FR 11340.

Use of the Information: The GSS data are routinely provided to Congress, other parts of NSF, other Federal agencies, the GSS institutions

themselves, and several professional societies. In addition, the National Institutes of Health (NIH) publish GSS data annually in the NIH Data Book <https://report.nih.gov/nihdatabook/>.

Expected Respondents: The GSS is an annual census of all eligible academic institutions in the U.S. with graduate programs in science, engineering, and health fields. The response rate is calculated based on the number of reporting units (departments, programs, research centers, and health care facilities) that respond to the survey. For reference, in 2024, the GSS population was 23,121 units reported from 635 academic institutions. Based on recent cycles NCSES expects the annual response rate to be around 98 percent.

Estimate of Burden: The total estimated respondent burden of the GSS, including 2,000 hours for potential methodological studies to improve the survey procedures, will be 52,855 hours over the three-cycle survey clearance period.

TABLE 1—GSS ESTIMATED RESPONSE BURDEN

Category	Respondents (# of school coordinators)	Total burden (hours)
Total burden for 2026	793	16,886
Total burden for 2027	839	17,009
<i>GSS institutions</i>	798	16,923
<i>FFRDCs</i>	41	86
Total burden for 2028	803	16,960
Potential future methodological studies (across all 3 survey cycles) .....	.....	2,000
Total estimated burden	2,435	52,855
Estimated average annual burden	812	17,618

Comments: As required by 5 CFR 1320.8(d), comments on the information collection activities as part of this study were solicited through publication of a 60-Day Notice in the **Federal Register** on March 9, 2026, at 91 FR 11340. NCSES received no comments.

Dated: June 15, 2026.

Suzanne H. Plimpton,
Reports Clearance Officer, National Science Foundation.

[FR Doc. 2026–12214 Filed 6–16–26; 8:45 am]

BILLING CODE 7555–01–P

**NATIONAL TRANSPORTATION
SAFETY BOARD**

[Docket No.: NTSB–2026–0001–0002]

**Office of the Managing Director: Chief
Data Officer; Fiscal Year 2026–2030
Strategic Plan; Correction**

AGENCY: National Transportation Safety Board.

ACTION: Notice; correction.

SUMMARY: The NTSB published a document in the **Federal Register** of June 10, 2026, concerning request for comments on the draft FY 2026–2030 Strategic Plan. The document contained an incorrect URL to the draft plan.

FOR FURTHER INFORMATION CONTACT:
Warren Randolph, Chief Data Officer,
strategicplan@ntsb.gov.

SUPPLEMENTARY INFORMATION:

Correction

In the **Federal Register** of June 10, 2026, in FR Doc.2026–11627 on page 35275 in the third column in the Summary section, correct the URL to the draft plan. The draft strategic plan is available at the following corrected URL: <https://www.nts.gov/about/reports/Documents/DRAFT-FY%202026-2030-Strategic-Plan.pdf>.

DATES: Comments must be received within 14 days from the posting of this notice.

ADDRESSES: Written comments may be submitted electronically or via U.S. mail. Respondents are encouraged to submit comments electronically to ensure timely receipt. Please include your name, title, organization, postal address, telephone number, and email address.

Electronic Submission: <http://regulations.gov>.

Email: strategicplan@ntsb.gov.

Mail: Chief Data Officer, MD-1
National Transportation Safety Board,
490 L'Enfant Plaza SW, Washington, DC
20594.

Dated: June 12, 2026.

William T. McMurry, Jr.,
General Counsel.

[FR Doc. 2026-12132 Filed 6-16-26; 8:45 am]

BILLING CODE P

NUCLEAR REGULATORY COMMISSION

[NRC-2026-0001]

Sunshine Act Meetings

TIME AND DATE: Week of June 15, 2026.

PLACE: Via Teleconference.

STATUS: Open.

MATTERS TO BE CONSIDERED:

Week of June 15, 2026

Monday, June 15, 2026.

3:30 p.m. Affirmation Session (Public Meeting) (Tentative)

(a) Powertech (USA) Inc. (Dewey-Burdock in situ Uranium Recovery Facility); Appeal by Powertech (USA) Inc. of LBP-25-3 (Tentative)

(b) Holtec Decommissioning International, LLC and Holtec Palisades, LLC (Palisades Nuclear Plant), LA-3 (Resumption of Operations); Petitions for Review of LBP-25-4 and LBP-25-5 (Tentative)

(c) Duke Energy Carolinas, Inc. (Oconee Nuclear Station, Units 1, 2, and 3) (Subsequent License Renewal); Appeal of LBP-25-1 (Tentative)

(d) Holtec Palisades, LLC (Palisades Nuclear Plant), LA-4 (Steam Generator Tube Slewing), Appeal of LBP-25-6 (Tentative) (Contact: Wesley Held: 301-287-3591)

Additional Information: By a vote of 5-0 on June 15, 2026, the Commission determined pursuant to 5 U.S.C. 552b(e)(1) and 10 CFR 9.107 that these items be affirmed with less than one week notice to the public. These items will be affirmed in the meeting being held on June 15, 2026. The public is invited to attend the Commission's meeting live; via teleconference. Details for joining the teleconference in listen only mode can be found at <https://www.nrc.gov/pmns/mtg>.

CONTACT PERSON FOR MORE INFORMATION: For more information or to verify the status of meetings, contact Wesley Held at 301-287-3591 or via email at Wesley.Held@nrc.gov. The schedule for Commission meetings is subject to change on short notice.

The NRC Commission Meeting Schedule can be found on the internet at: <https://www.nrc.gov/public-involve/public-meetings/schedule.html>.

The NRC provides reasonable accommodation to individuals with disabilities where appropriate. If you need a reasonable accommodation to participate in these public meetings or need this meeting notice or the transcript or other information from the public meetings in another format (e.g., braille, large print), please contact the Reasonable Accommodations Resource by email at Reasonable_Accommodations.Resource@nrc.gov. Determinations on requests for reasonable accommodation will be made on a case-by-case basis.

Members of the public may request to receive this information electronically. If you would like to be added to the distribution, please contact the Nuclear Regulatory Commission, Office of the Secretary, Washington, DC 20555, at 301-415-1969, or by email at Betty.Thweatt@nrc.gov or Samantha.Miklaszewski@nrc.gov.

The NRC is holding the meetings under the authority of the Government in the Sunshine Act, 5 U.S.C. 552b.

Dated: June 15, 2026.

For the Nuclear Regulatory Commission.

Wesley W. Held,

Policy Coordinator, Office of the Secretary.

[FR Doc. 2026-12198 Filed 6-15-26; 11:15 am]

BILLING CODE 7590-01-P

NUCLEAR REGULATORY COMMISSION

[Docket No. 40-9075; NRC-2024-0129]

Powertech USA, Inc.; Dewey-Burdock In Situ Uranium Recovery Project; Environmental Assessment, Finding of No Significant Impact, and Final Programmatic Agreement

AGENCY: Nuclear Regulatory Commission.

ACTION: Notice; issuance.

SUMMARY: The U.S. Nuclear Regulatory Commission (NRC) is considering the renewal of source and byproduct materials license SUA-1600 for Powertech USA, Inc.'s (Powertech or licensee) Dewey-Burdock in situ uranium recovery (ISR) project in Custer and Fall River counties, South Dakota, for an additional 20 years. Powertech plans to recover uranium from the ore body and produce yellowcake using the ISR process. Yellowcake, the uranium oxide product of the ISR process, is used in the production of fuel for commercially operated nuclear power

reactors. The NRC staff is issuing an environmental assessment (EA), finding of no significant impact (FONSI), and Section 106 Programmatic Agreement (PA) associated with the proposed licensing action.

DATES: The EA and FONSI and Section 106 PA referenced in this document are available on June 17, 2026.

ADDRESSES: Please refer to Docket ID NRC-2024-0129 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-2024-0129. 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.

- **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:

Diana Diaz-Toro, Office of Nuclear Material Safety and Safeguards, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001; telephone: 301-415-0930; email: Diana.Diaz-Toro@nrc.gov.

SUPPLEMENTARY INFORMATION:

I. Background

The NRC is making available to the public the "Environmental Assessment for the License Renewal for the Dewey-Burdock Uranium Recovery Project in Custer and Fall River Counties, South Dakota," FONSI, and "Final Programmatic Agreement Among the U.S. Nuclear Regulatory Commission, U.S. Bureau of Land Management, U.S.

Environmental Protection Agency, South Dakota State Historic Preservation Office, and Powertech (USA), Inc. Regarding the Dewey-Burdock In Situ Uranium Recovery Project Located in Custer and Fall River Counties, South Dakota.” The NRC also prepared a Safety Evaluation Report in December 2025.

II. Introduction

The NRC is considering the renewal of source and byproduct materials license SUA–1600 for Powertech USA, Inc.’s (Powertech or licensee) Dewey-Burdock ISR project in Custer and Fall River counties, South Dakota, for an additional 20 years. Powertech plans to recover uranium from the ore body and produce yellowcake using the ISR process. Yellowcake, the uranium oxide product of the ISR process, is used in the production of fuel for commercially operated nuclear power reactors. The NRC staff has prepared an EA for this proposed licensing action in accordance with NRC regulations in part 51 of title 10 of the *Code of Federal Regulations* (10 CFR), “Environmental Protection Regulations for Domestic Licensing and Related Regulatory Functions,” which implement the National Environmental Policy Act of 1969, as amended (NEPA). Based on the EA, the NRC has concluded that a FONSI is appropriate. Therefore, in accordance with section 10 CFR 51.31(a), “Determinations based on environmental assessment,” preparation of an environmental impact statement is not warranted for the proposed action, and the NRC is issuing a FONSI.

On June 4, 2026, the NRC executed a PA to satisfy its obligations under Section 106 of the National Historic Preservation Act of 1966, as amended (NHPA). The NRC determined a phased process for compliance with Section 106 of the NHPA is appropriate for this proposed action in accordance with 36 CFR 800.4(b)(2), such that completion of the reasonable and good faith identification, evaluation, and assessment of effects on historic properties, and consultation concerning measures to avoid, minimize, or mitigate any adverse effects will be carried out in phases. The NRC staff is coordinating its review under the Section 106 of the NHPA with this NEPA review because the scope of the historic and cultural resources impacts analysis and the path forward used for conducting the analysis under NEPA and Section 106 process are the same. The NRC EA and FONSI, therefore, incorporate by reference the PA.

III. Summary of the Environmental Assessment

Description of the Proposed Action

The proposed action is for the NRC to decide whether to renew Powertech’s source and byproduct material license SUA–1600 for the Dewey-Burdock ISR project in Custer and Fall River counties, South Dakota, for an additional 20 years. The NRC will renew license SUA–1600, under 10 CFR part 40, “Domestic Licensing of Source Material,” if the NRC concludes that Powertech has demonstrated it will continue to meet NRC requirements for construction and operation of an ISR facility at the Dewey-Burdock *ISR* site.

Under the proposed action, Powertech plans to recover uranium from the ore body and produce yellowcake using the ISR process. Yellowcake, the uranium oxide product of the ISR process, is used in the production of fuel for commercially operated nuclear power reactors. The project would consist of processing facilities and sequentially developed wellfields in the two contiguous areas: Dewey area and Burdock area. The facilities would include wellfields, a satellite ion exchange (IX) process plant located within the Dewey area, an IX processing plant along with the central IX resin processing plant to be located at the central processing plant in the Burdock area, and associated infrastructure (e.g., pipelines and surface impoundments). For disposal of liquid byproduct waste, Powertech plans to use Class V deep injection wells, land application areas, or a combination of these two methods. The Dewey-Burdock ISR project, however, has not been constructed.

Purpose and Need for the Proposed Action

The purpose and need for the proposed action is to renew license SUA–1600 for 20 years to authorize Powertech to possess and use source material and byproduct material for its plans to operate a commercial-scale ISR facility at the Dewey-Burdock site. This definition of ‘purpose and need’ reflects the Commission’s recognition that, unless there are negative findings in the NRC’s safety review required by the Atomic Energy Act of 1954, as amended, or findings under NEPA that would lead the NRC to reject Powertech’s license renewal application, the NRC has no role in a company’s business decision to construct and operate an ISR facility at a particular location.

Environmental Impacts of the Proposed Action

The NRC staff has assessed the potential environmental impacts of the proposed action. The results of the NRC’s environmental review can be found in the EA. The NRC staff assessed the potential impacts on land use; visual and scenic resources; noise air quality; geology and soils; water resources; ecological resources; historic and cultural resources; socioeconomic; transportation; public and occupational health and safety; and waste management. The NRC staff relied, as appropriate, on NRC’s Supplement 4 of NUREG–1910, “Environmental Impact Statement for the Dewey-Burdock Project in Custer and Fall River Counties, South Dakota: Supplement to the Generic Environmental Impact Statement for In-Situ Leach Uranium Milling Facilities—Final Report”. This supplemental environmental impact statement (SEIS) is a supplement to the NRC’s 2009 generic environmental impact statement, NUREG–1910, “Generic Environmental Impact Statement for Uranium Milling Facilities—Final Report,” or ISR Generic Environmental Impact Statement (GEIS). The SEIS documents the NRC’s evaluation of potential environmental impacts from construction, operation, aquifer restoration, and decommissioning of the Dewey-Burdock ISR project under both liquid waste disposal options, Class V deep injection wells and land application.

The project area encompasses 4,282 hectares (10,580 acres); however, the entire project area would not be disturbed. Approximately 13.2 percent of the project area would be disturbed if Powertech uses the land application option for disposal of liquid wastes, and 2.3 percent if Powertech uses Class V injection well for liquid waste disposal. After operations at a wellfield cease, Powertech would begin aquifer restoration to return groundwater quality within the production zone of wellfields to the preoperational water quality conditions or to standards consistent with NRC requirements at 10 CFR part 40, Appendix A, Criterion 5B(5). Groundwater in the production zone aquifer would also have to be restored to State of South Dakota’s standards. After groundwater restoration, Powertech would proceed with reclamation and decommissioning. The goal of reclamation and decommissioning is to return disturbed lands back to their pre-production land use.

Non-radiological air emission impacts from the Dewey-Burdock ISR project would primarily involve fugitive dust from vehicles traveling on unpaved roads and wind erosion, and combustion engine emissions from vehicles and diesel equipment. The construction phase would generate the highest levels of fugitive dust relative to the other phases (*i.e.*, operations, aquifer restoration, and decommissioning). The construction phase would also generate the highest levels of sulfur dioxide, nitrogen oxides, and carbon monoxide from mobile sources when compared to the other phases. In the EA, the NRC staff concluded that total pollutant concentrations for all criteria pollutants from stationary, mobile, and fugitive dust sources would be below the National Ambient Air Quality Standards thresholds established by the U.S. Environmental Protection Agency (EPA).

Soils would be impacted during construction of the Dewey-Burdock ISR project under both the Class V injection well and land application liquid waste disposal options. However, these impacts are anticipated to be small based on how Powertech plans to manage soil erosion and compaction, and construction of mud pits and pipeline ditches. Soils can also be impacted by spills and leaks. Powertech would monitor and record wellfield and pipeline flow and pressure to detect unexpected losses of pressure due to equipment failure, a leak, or a problem with well integrity. Powertech would minimize pipeline failure by burying the pipeline below the frost line and using corrosion free high-density polyethylene or similar piping. Similarly, radium settling and holding ponds would include a leak detection system. During land application, there could be potential impacts to the soil and crops from total dissolved solids and electrical conductivity values in the water to be used for irrigation. During the irrigation season, Powertech would adjust water application rates to optimize both evaporation and crop production. The NRC also requires Powertech to conduct pre-operational and operational sampling of land application areas and the surrounding environment.

Powertech does not anticipate direct disturbance to any potential wetlands or water sources. Should the project involve an impact to a jurisdictional wetland or water source in the future, Powertech would take the appropriate actions in accordance with Section 404 of the Clean Water Act. Compliance with a 404 permit would ensure that any impacts to federal jurisdictional

wetlands are appropriately managed. Powertech does not plan to discharge process effluents to surface waters during construction, operation, or decommissioning of the facility. The only discharge to surface water that Powertech anticipates is stormwater. Powertech would seek coverage under South Dakota's General Permit Authorizing Stormwater Discharges Associated with Construction Activities (General Permit), which requires a Storm Water Pollution Prevention Plan. Powertech would also need to obtain a general industrial stormwater permit during operations, which also requires a Storm Water Pollution Prevention Plan. Powertech plans to remove all domestic wells within the project area and all stock wells from private use within 0.4 kilometer (0.25 miles) of wellfields. It would notify the well owner prior to removing any well from private use and work with the well owner to determine whether a replacement well or alternate water supply is needed. The NRC staff also concluded that the impact from excursions during operations would be small because (1) Powertech would be required to submit wellfield operational plans for NRC and EPA approval, (2) Powertech would maintain inward hydraulic gradients to ensure groundwater flow is toward the production zone, and (3) Powertech will conduct operational groundwater monitoring to ensure that groundwater quality in aquifers outside exempted zones is not impacted by operations. Impacts from vertical excursions would also be small because (1) uranium-bearing production zones in the Fall River and Chilson aquifers are hydrologically isolated from adjacent aquifers by thick, low permeability shale layers; (2) a prevailing upward hydraulic gradient occurs across the major aquifers; (3) mechanical integrity tests would be performed on wells, and (4) Powertech's commitment to properly plugging and abandoning or mitigating any previously drilled wells and exploration holes that may potentially impact the control and containment of wellfield solutions.

Based on historical data from the ISR operation, described in the NRC's ISR GEIS, the NRC staff found that impacts from normal ISR operations would be small. The Dewey-Burdock ISR project operations are not anticipated to be different than the operations evaluated in the NRC's ISR GEIS.

Powertech would dispose of liquid byproduct material via either Class V injection well, land application, or a combination of both options. Before disposal, Powertech would treat liquid byproduct material on-site using IX to

remove the uranium, mixing with barium chloride, and discharging into lined radium settling ponds, which would reduce radionuclide activities below the NRC limits in 10 CFR part 20, Appendix B, Table 2. Disposal via Class V injection wells would be conducted in accordance with the EPA Class V injection well permit for the Dewey-Burdock ISR project. Land application would be carried out under a Groundwater Discharge Plan to be issued by the State of South Dakota. The EPA also issued an aquifer exemption and a Class III well permit.

Solid byproduct material does not meet the NRC criteria for unrestricted release and must be disposed of at a licensed disposal site in accordance with 10 CFR part 40, Appendix A, Criterion 2. Condition 12.6 of license SUA-1600 requires that Powertech obtain a solid byproduct material disposal agreement to ensure the availability of sufficient disposal capacity prior to operations.

In accordance with the Endangered Species Act, the NRC staff evaluated potential impacts to federally protected ecological resources that may result from the proposed action. The U.S. Fish and Wildlife Service concurred with NRC staff's effect determinations of "may affect but is not likely to adversely affect" the northern long-eared bat, tricolored bat, monarch butterfly, and western regal fritillary.

While there could be adverse effects to historic and cultural resources from the proposed licensed activities at the Dewey-Burdock ISR project during the proposed license renewal term, the NRC staff executed a PA on June 4, 2026, in accordance with NHPA Section 106 to require avoidance and adverse effect mitigation if avoidance is not possible.

Environmental Impacts of the Alternatives to the Proposed Action

As an alternative to the proposed license renewal for the Dewey-Burdock ISR project, the NRC considered the no-action alternative. Under the no-action alternative, the NRC would not renew license SUA-1600. Consequently, Powertech would not be able to pursue construction and operation of the Dewey-Burdock ISR project. There would be no environmental impacts on land use, transportation, geology and soils, air quality, water resources, ecological resources, noise, historic and cultural resources, visual and scenic resources, waste management, and public and occupational health and safety. The NRC staff found that construction and operation of the Dewey-Burdock ISR project would result in benefits to local finance from

increased employment, economic activity, and tax revenues. Accordingly, these local socioeconomic benefits would not be realized under the no-action alternative. Additionally, under the no-action alternative, this critical minerals mining project would not be available to support the U.S. nuclear fuel supply chain with domestically produced uranium.

Agencies and Persons Consulted

On April 23, 2026, the NRC provided the draft EA to the State of South Dakota's Department of Agriculture and Natural Resources (SDDANR), the U.S. Bureau of Land Management (BLM), and the EPA for review and comment. SDDANR responded on May 22, 2026, with comments regarding the scope and status of the unique lands determination, large-scale mine permit, air quality permit, water appropriations permit, Groundwater Discharge Plan, waste management permit, and

wetlands permit. BLM provided comments on May 22, 2026, which provided clarifications regarding BLM's review of the Plan of Operations. The NRC staff addressed all these comments in the EA. The NRC and BLM also cooperated with each other on each agency's corresponding NEPA environmental review in accordance with the "Memorandum of Understanding between the Bureau of Land Management, Department of the Interior, and the Nuclear Regulatory Commission, an Independent Agency."

As part of the NRC's Section 106 process for the proposed renewal of the license for the Dewey-Burdock ISR project, the NRC staff consulted with the South Dakota State Historic Preservation Office, BLM, EPA, Powertech, 25 Federally recognized Tribes, and NDN Collective. BLM and EPA designated the NRC as the lead agency for compliance with requirements of Section 106 of the NHPA.

IV. Finding of No Significant Impact

In accordance with the requirements in 10 CFR part 51, the NRC staff has concluded that the proposed action will not significantly affect the quality of the human environment. Therefore, the NRC staff has determined, pursuant to 10 CFR 51.31, "Determinations based on environmental assessment," that preparation of an EIS is not required for the proposed action, and pursuant to 10 CFR 51.32, "Finding of no significant impact," a FONSI is appropriate. Consistent with 10 CFR 51.32(a)(4), this FONSI incorporates the EA set forth in this notice by reference.

V. Availability of Documents

The documents identified in the following table are available to interested persons through one or more of the following methods, as indicated.

Document	Adams Accession No./Web Link/ Federal Register Citation
NUREG-1910, "Generic Environmental Impact Statement for Uranium Milling Facilities—Final Report," dated May 2009.	ML091530075 (Package).
Memorandum of Understanding between the Bureau of Land Management, Department of the Interior, and the Nuclear Regulatory Commission, and Independent Agency, dated February 14, 2013.	ML13072A778.
Supplement 4 of NUREG-1910, "Environmental Impact Statement for the Dewey-Burdock Project in Custer and Fall River Counties, South Dakota: Supplement to the Generic Environmental Impact Statement for In-Situ Leach Uranium Milling Facilities—Final Report," dated January 31, 2014.	ML14024A477 (Volume 1) ML14024A478 (Volume 2).
Powertech USA, Inc. License Renewal Application for the Dewey-Burdock In Situ Uranium Recovery Project Located in Custer and Fall River Counties, South Dakota, dated March 31, 2025.	ML25091A216 (Package).
U.S. Bureau of Land Management Letter, "Section 106 Consultation Process for Powertech's License Renewal Application for the Dewey-Burdock ISR Project in Custer and Fall River Counties, South Dakota," dated March 6, 2025.	ML25071A049.
U.S. Environmental Protection Agency, Region 8, Letter, "Section 106 Process for the Dewey-Burdock Uranium Recovery Project," dated November 14, 2025.	ML25335A023.
Final Programmatic Agreement Among the U.S. Nuclear Regulatory Commission, U.S. Bureau of Land Management, U.S. Environmental Protection Agency, South Dakota State Historic Preservation Office, and Powertech (USA), Inc. Regarding the Dewey-Burdock In Situ Uranium Recovery Project Located in Custer and Fall River Counties, South Dakota, dated June 4, 2026.	ML26159A166 (Package).
Environmental Assessment for the License Renewal for the Dewey-Burdock Uranium Recovery Project in Fall River and Custer and Fall River Counties, South Dakota, dated June 2026.	ML26163A295.

Authority: 42 U.S.C. 2011 *et seq.*

Dated: June 15, 2026.

For the Nuclear Regulatory Commission.

Robert Sun,

Chief, Environmental Review Materials Branch, Division of Spent Fuel Storage, and Transportation, Office of Nuclear Material Safety, and Safeguards.

[FR Doc. 2026-12215 Filed 6-16-26; 8:45 am]

BILLING CODE 7590-01-P

POSTAL REGULATORY COMMISSION

[Docket Nos. MC2026-273 and K2026-270; MC2026-274 and K2026-271]

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:

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- 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)*: MC2026–273 and K2026–270; *Filing Title*: USPS Request to Add New Mid-Market Standardized Distinct Product, PM–GA Contract 1013, and Notice of Filing Materials Under Seal; *Filing Acceptance Date*: June 12, 2026; *Filing Authority*: 39 U.S.C. 3642 and 3633, 39 CFR 3035.105, and 39 CFR 3041.325.

2. *Docket No(s)*: MC2026–274 and K2026–271; *Filing Title*: USPS Request to Add New Mid-Market Standardized Distinct Product, PM–GA Contract 1014, and Notice of Filing Materials Under Seal; *Filing Acceptance Date*: June 12, 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. 2026–12178 Filed 6–16–26; 8:45 am]

BILLING CODE 7710–FW–P

POSTAL SERVICE

Privacy Act of 1974; System of Records

AGENCY: Postal Service.

ACTION: Notice of modified systems of records.

SUMMARY: The United States Postal Service (USPS) is proposing to revise one General Privacy Act Systems of Records, USPS 100.300 Employee Development and Training Records. These revisions will support enhanced training and scheduling for Postal Inspection Service employees and enhance accountability for materials and equipment.

DATES: These revisions will become effective without further notice on July 17, 2026, unless, in response to comments received on or before that date result in a contrary determination.

ADDRESSES: Comments may be submitted via email to the Privacy and

Records Management Office, United States Postal Service Headquarters (privacy@usps.gov). To facilitate public inspection, arrangements to view copies of any written comments received will be made upon request.

FOR FURTHER INFORMATION CONTACT:

Janine Castorina, Chief Privacy and Records Management Officer, Privacy and Records Management Office, 202–268–3069 or uspsprivacyfedregnotice@usps.gov.

SUPPLEMENTARY INFORMATION: This notice is in accordance with the Privacy Act requirement that agencies publish their systems of records in the **Federal Register** when there is a revision, change, or addition, or when the agency establishes a new system of records. The Postal Service is proposing revisions to one existing system of records (SOR) to support enhanced training and scheduling for Postal Inspection Service employees and enhance accountability for materials and equipment.

I. Background

This notice is in accordance with the Privacy Act requirement that agencies publish their systems of records in the **Federal Register** when there is a revision, change, or addition, or when the agency establishes a new system of records.

II. Rationale for Changes to USPS Privacy Act Systems of Records

The United States Postal Inspection Service (USPIS) works tirelessly to stop bad actors from impacting the mail stream and the people of the United States. Training, certification, and instruction are essential to maintaining this highly-skilled workforce and allowing USPIS to accomplish its mission. To that end, a new training platform will be implemented to aid USPIS instructors, ensuring that the right people are receiving the right training, managing those trainings and certifications, and accounting for necessary equipment and resources. As such, SOR USPS 100.300 Employee Development and Training Records will be revised as follows:

- One new purpose, 14
- One new category of records, 4
- One updated category of records, 2
- One new retention period

III. Description of the Modified Systems of Records

Pursuant to 5 U.S.C. 552a(e)(11), interested persons are invited to submit written data, views, or arguments on this proposal. A report of the proposed revisions to this SOR has been sent to Congress and to the Office of

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).

Management and Budget for their evaluations. The Postal Service does not expect that this modified system of records will have any adverse effect on individual privacy rights. Accordingly, for the reasons stated above, the Postal Service proposes revisions included in this system of records presented in its entirety as follows:

SYSTEM NAME AND NUMBER:

USPS 100.300 Employee Development and Training Records.

SECURITY CLASSIFICATION:

None.

SYSTEM LOCATION:

Management training centers, Integrated Business Solutions Services Centers, other USPS facilities where career development and training records are stored, USPS Law Department and contractor sites.

SYSTEM MANAGER(S) AND ADDRESS:

Vice President, Human Resources, United States Postal Service, 475 L'Enfant Plaza SW, Washington, DC 20260.

Vice President, Organization Development, United States Postal Service, 475 L'Enfant Plaza SW, Washington DC 20260.

AUTHORITY FOR MAINTENANCE OF THE SYSTEM:

39 U.S.C. 401, 410, 1001, 1005, and 1206.

PURPOSE(S) OF THE SYSTEM:

1. To provide managers, supervisors, and training and development professionals with decision-making information for employee career development, succession planning, training, and assignment.
2. To make and track employee job assignments, to place employees in new positions, and to assist in career planning and training in general.
3. To provide statistics for personnel and workload management.
4. To provide employees with an online platform that supports individual and career development.
5. To facilitate voluntary information sharing through an enhanced employee profile tool that highlights individual education, knowledge and experience.
6. To provide employees with convenient and flexible online learning options.
7. To create a forum that promotes a culture for participation in voluntary career development activities and opportunities.
8. To create a readily available source of information about current employee talents, skills, and abilities.
9. To communicate with and provide notification to individuals about

training assignments and requirements, both prior to and after effective date of employment or placement.

10. To facilitate communication between the Postal Service and individual employees, new hires and applicants, including current and former employees.

11. To share relevant information and topics about the Postal Service with individual employees, new hires and applicants, including current and former employees.

12. To request and gather voluntary feedback from individual employees, new hires and applicants, including current and former employees.

13. To facilitate registration and participation in a voluntary mentorship program.

14. To track storage, location, and transfer of USPS accountable property and equipment.

CATEGORIES OF INDIVIDUALS COVERED BY THE SYSTEM:

Current and former USPS employees, new hires and applicants.

Individual employees that voluntarily participate in USPS-sponsored mentorship programs.

CATEGORIES OF RECORDS IN THE SYSTEM:

1. Employee information: Name, Social Security Number, Employee Identification Number, phone number(s), SMS text message number, personal email address, demographic information, photograph, years of service, retirement eligibility, postal assignment information, work contact information, finance number(s), duty location, and pay location.
2. Employee development and training information: Records related to career development, work history, assessments, skills bank participation, USPS- and non-USPS-sponsored training, examinations, evaluations of training, USPS lodging when a discrepancy report is filed against the student about unauthorized activities while occupying the room, Academy ID, Title, Supervisor, Organization, Employment type, Hire Date, Instructor Name, Individual Training Records, Registration Status, Portal Visibility Status, Waitlist Status, Course Instruction Metrics, Stored Documents, Curriculum Progress, Instructor Schedule, Employee Schedule, and Certification Information.
3. Mentorship program applicant and participant information: First and last name; current position; employing office; work telephone number(s); work email address; length of tenure with the USPS and in current position; participant role; agreement to

participate; objectives, goals and/or expectations for participation; communication, meeting, and match preferences; interests/hobbies; and satisfaction survey results.

4. USPS Accountable Property Records: Firearm information, Vehicle information, Facility information, Bulk Resource information, and Accountable Property Tracking information.

RECORD SOURCE CATEGORIES

Employees; employees' supervisor or manager; and other systems of records.

ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM, INCLUDING CATEGORIES OF USERS AND THE PURPOSES OF SUCH USES:

Standard routine uses 1. through 9. apply.

POLICIES AND PRACTICES FOR STORAGE OF RECORDS

Automated database, computer storage media, digital files, and paper files.

POLICIES AND PRACTICES FOR RETRIEVAL OF RECORDS

By employee name, Social Security Number, or Employee Identification Number.

POLICIES AND PRACTICES FOR RETENTION AND DISPOSAL OF RECORDS

1. Training records are retained 5 years. Training-related travel records are retained 1 year.
 2. Records related to succession planning and individual development planning are retained 10 years.
 3. Examination records are retained 1 year after employee separation.
 4. Skills bank records are retained up to 2 years.
 5. Mentorship Program participant records and satisfaction survey results will be retained for up to 2 years, after the end of the Fiscal Year program cycle.
 6. USPS Accountable Property information is retained for 5 years after employee separation.
- Records existing on paper are destroyed by burning, pulping, or shredding. Records existing on computer storage media are destroyed according to the applicable USPS media sanitization practice.

ADMINISTRATIVE, TECHNICAL, AND PHYSICAL SAFEGUARDS

Paper records, computers, and computer storage media are located in controlled-access areas under supervision of program personnel. Access to these areas is limited to authorized personnel, who must be identified with a badge.

Access to records is limited to individuals whose official duties require

such access. Contractors and licensees are subject to contract controls and unannounced on-site audits and inspections.

Computers are protected by mechanical locks, card key systems, or other physical access control methods.

The use of computer systems is regulated with installed security software, computer logon identifications, and operating system controls including access controls, terminal and transaction logging, and file management software.

RECORD ACCESS PROCEDURES

Requests for access must be made in accordance with the Notification Procedure above and USPS Privacy Act regulations regarding access to records and verification of identity under 39 CFR 266

CONTESTING RECORD PROCEDURES

See Notification Procedures below and Record Access Procedures above.

NOTIFICATION PROCEDURES

Individuals wanting to know if information about them is maintained in this system must address inquiries to the facility head where currently or last employed. Headquarters employees must submit inquiries to Corporate Personnel Management, 475 L'Enfant Plaza SW, Washington, DC 20260.

Participants in the USPS Law Department Mentorship Program must submit inquiries to USPS Law Department, 475 L'Enfant Plaza SW, Washington, DC 20260.

Inquiries must include full name, Social Security Number or Employee Identification Number, name and address of facility where last employed, and dates of USPS employment.

EXEMPTIONS PROMULGATED FOR THE SYSTEM

Pursuant to 5 U.S.C. 552a(j) and (k), USPS has established regulations at 39 CFR 266 that exempt records in this system depending on their purpose. The USPS has also claimed exemption from certain provisions of the Act for several of its other systems of records at 39 CFR 266. To the extent that copies of exempted records from those other systems are incorporated into this system, the exemptions applicable to the original primary system continue to apply to the incorporated records.

HISTORY

August 18, 2021, 86 FR 46281; July 19, 2013, 78 FR 43247; June 17, 2011,

76 FR 35483; April 29, 2005, 70 FR 22516.

Jeffrey Boblick,

Attorney, Ethics and Legal Compliance.

[FR Doc. 2026–12164 Filed 6–16–26; 8:45 am]

BILLING CODE 7710–12–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–105681; File No. SR–NYSEARCA–2025–77]

Self-Regulatory Organizations; NYSE Arca, Inc.; Order Granting Approval of a Proposed Rule Change, as Modified by Amendment No. 2 Thereto, To List and Trade Shares of the T. Rowe Price Active Crypto ETF under NYSE Arca Rule 8.201–E (Generic) Commodity-Based Trust Shares

June 12, 2026.

I. Introduction

On November 6, 2025, NYSE Arca, Inc. (“NYSE Arca” 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 thereunder, ² a proposed rule change to list and trade shares (“Shares”) of the T. Rowe Price Active Crypto ETF (“Fund”). The proposed rule change was published for comment in the *Federal Register* on November 28, 2025. ³ On April 21, 2026, the Exchange filed Amendment No. 1 to the proposed rule change, which superseded the original proposed rule change in its entirety, and on April 24, 2026, the Commission published notice of the proposed rule change, as modified by Amendment No. 1. ⁴ On May 26, 2026, the Exchange filed Amendment No. 2 to the proposed rule change, which

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ See Securities Exchange Act Release No. 104243 (Nov. 24, 2025), 90 FR 54769. On January 7, 2026, pursuant to Section 19(b)(2) of the Act, 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. See Securities Exchange Act Release No. 104554, 91 FR 1229 (Jan. 12, 2026). On January 28, 2026, the Commission instituted proceedings under Section 19(b)(2)(B) of the Act to determine whether to approve or disapprove the proposed rule change. See Securities Exchange Act Release No. 104726, 91 FR 4705 (Feb. 2, 2026).

⁴ See Securities Exchange Act Release No. 105308, 91 FR 23135 (Apr. 29, 2026). On May 26, 2026, the Commission designated a longer period for Commission action the proposed rule change. See Securities Exchange Act Release No. 105552, 91 FR 32145 (May 29, 2026) (designating July 26, 2026, as the date by which the Commission shall either approve or disapprove the proposed rule change).

superseded the proposed rule change, as modified by Amendment No. 1, in its entirety (“Proposal”). ⁵ This order approves the Proposal.

II. Description of the Proposal

As described in more detail in Amendment No. 2, ⁶ the Exchange proposes to list and trade the Shares of the Fund under NYSE Arca Rule 8.201–E (Generic), which governs the generic listing and trading of Commodity-Based Trust Shares ⁷ on the Exchange.

According to the Exchange, the proposed Fund will be an actively managed exchange-traded product (“ETP”), ⁸ and its investment objective is to seek long-term capital growth through investments in crypto assets. ⁹ The Fund compares its performance against the FTSE Crypto US Listed Index (“Index”), which serves as a benchmark of the investible crypto asset market. ¹⁰ The

⁵ Amendment No. 2 is available on the Commission’s website at <https://www.sec.gov/comments/SR-NYSEARCA-2025-77/srnysearca202577-792599-2399466.pdf> (“Amendment No. 2”). In Amendment No. 2, the Exchange revised representations relating to stablecoin that the Fund may hold and made conforming changes throughout the filing. See *infra* note 12. Because the changes in Amendment No. 2 do not materially alter the substance of the proposed rule change, as modified by Amendment No. 1, and are technical in nature, Amendment No. 2 is not subject to notice and comment. The Commission has received no comments on the Proposal.

⁶ See Amendment No. 2, *supra* note 5.

⁷ Capitalized terms not defined herein are defined in the Exchange’s rules.

⁸ The sponsor of the Fund is T. Rowe Price Sponsor LLC (“Sponsor”). The Sponsor is responsible for the implementation of the Fund’s investment strategy and overall management of the Fund. The Fund is a Delaware statutory trust that operates pursuant to a trust agreement between the Sponsor and the trustee for the Fund, CSC Delaware Trust Company. The Fund will have a custodian for its crypto asset and stablecoin holdings (“Crypto Custodian”). See Amendment No. 2 at 4.

⁹ See *id.* at 5. According to the Exchange, the Sponsor interprets the term “crypto asset” to mean an asset that (1) is generated, issued, and/or transferred using a blockchain or similar distributed ledger technology network, including, but not limited to, assets known as “tokens,” “digital assets,” “cryptocurrencies,” “virtual currencies,” and “coins,” and (2) relies on cryptographic protocols. As used in this filing, the term “crypto asset” does not include stablecoins. See *id.* at 4 n.5.

¹⁰ See *id.* at 5. The Index is comprised of the top ten crypto assets by market capitalization that (1) the index provider has determined meets the eligibility criteria set forth in NYSE Arca Rule 8.201–E(d)(1) (Generic) for a commodity, or commodity that underlies a commodity-based asset held by a trust issuing Commodity-Based Trust Shares pursuant to such rule; or (2) constitute, or are eligible to constitute, the underlying crypto asset for one or more ETPs or exchange traded funds (“ETFs”) registered with the Commission (“Index Constituents”). The Index Constituents must meet minimum market capitalization and liquidity thresholds, as determined by the index provider, and are weighted by the square root of market capitalization based on circulating supply and price. See *id.* at 6.

assets of the Fund will consist of crypto assets that are “Eligible Assets,” and may also include cash, cash equivalents,¹¹ and/or stablecoins.¹² According to the Exchange, “Eligible Assets” are crypto assets that the Sponsor has determined meet the eligibility criteria for holdings of Commodity-Based Trust Shares pursuant to the generic listing standards for Commodity-Based Trust Shares set forth in NYSE Arca Rule 8.201–E(d)(1) (Generic).¹³ The Fund will only invest in crypto assets that are Eligible Assets, and, under normal circumstances, the Fund is expected to hold between five and fifteen Eligible Assets, but may hold fewer than five or more than fifteen Eligible Assets at any time.¹⁴ As of the date of the filing of Amendment No. 2, the Sponsor considers the following to be Eligible Assets: bitcoin (BTC), ether (ETH), SOL (SOL), XRP (XRP), ada (ADA), AVAX (AVAX), litecoin (LTC), DOT (DOT), Dogecoin (DOGE), HBAR (HBAR), Bitcoin Cash (BCH), LINK (LINK), lumen (XLM), Shiba Inu (SHIB), and Sui (SUI).¹⁵ The Exchange states

¹¹ Cash equivalents held by the Fund will meet the requirements of NYSE Arca Rule 8.201–E(c)(4) (Generic). *See id.* at 4 n.6.

¹² *See id.* at 4. The Exchange states that although the term “stablecoin” is not deemed a “cash equivalent” for purposes of the filing, the Fund would use stablecoins as tokenized cash to cover certain Fund expenses, buy crypto assets, and allow for efficient trading (and not for investment purposes or as a principal investment). Further, the Exchange (1) states that the Fund will only hold “payment stablecoins” that are deemed to have a “ready market” as that term is used in Rule 15c3–1 under the Act (“Rule 15c3–1”), and (2) cites to the recent publication by the staff of the Division of Trading and Markets responding to questions addressing the “ready market” and haircut treatment of certain payment stablecoins. *See* “Division of Trading and Markets: Frequently Asked Questions Relating to Crypto Asset Activities and Distributed Ledger Technology,” last updated Feb. 19, 2026, available at: <https://www.sec.gov/rules-regulations/staff-guidance/trading-markets-frequently-asked-questions/frequently-asked-questions-relating-crypto-asset-activities-distributed-ledger-technology> (“SEC Staff FAQs Relating to Crypto Assets and DLT”). The Exchange states that, to the extent the Fund holds payment stablecoins, it will do so in the form of USD Coin (“USDC”), a U.S. dollar denominated stablecoin that the Fund believes meets the “ready market” requirements of Rule 15c3–1. The Exchange further states that the Fund may continue to hold USDC unless and until any rules promulgated under the Guiding and Establishing National Innovation for U.S. Stablecoins Act (“GENIUS Act”) no longer qualifies it as meeting the requirements of Rule 15c3–1. *See id.* at 4 n.6.

¹³ *See id.* at 4. Eligible Assets are not required to be identical to the Index Constituents. In seeking to achieve its investment objective, the Fund will employ an active investment strategy by primarily investing in a diversified basket of crypto assets, under normal market conditions. The Fund will use the Index to measure its performance and intends to outperform the Index; the Fund does not track or replicate the Index. *See id.* at 5.

¹⁴ *See id.* at 5–6.

¹⁵ *See id.* at 6.

that the Fund will comply with the generic listing standards in NYSE Arca Rule 8.201–E (Generic), except that it will be actively managed and may hold certain stablecoins as described in the Proposal.¹⁶

III. Discussion and Commission Findings

After careful review, the Commission finds that the Proposal is consistent with the Act and rules and regulations thereunder applicable to a national securities exchange.¹⁷ In particular, the Commission finds that the Proposal is consistent with Section 6(b)(5) of the Act,¹⁸ which requires, among other things, that the Exchange’s rules be designed to “prevent fraudulent and manipulative acts and practices” and, “in general, to protect investors and the public interest;” and with Section 11A(a)(1)(C)(iii) of the Act,¹⁹ which sets forth Congress’ finding that it is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure the availability to brokers, dealers, and investors of information with respect to quotations for and transactions in securities.

The Exchange represents that the Fund will meet all the requirements set forth in NYSE Arca Rule 8.201–E (Generic), except that the Fund will be actively managed and may hold certain stablecoins as described in the Proposal.²⁰ The Commission finds that the requirements set forth in NYSE Arca Rule 8.201–E (Generic), coupled with the additional representations made by the Exchange in the Proposal with respect to the listing and trading of the Shares, are designed to prevent fraudulent and manipulative acts and

¹⁶ *See id.* at 5. *See also* Securities Exchange Act Release No. 103995 (Sept. 17, 2025), 90 FR 45414 (Sept. 22, 2025) (SR–NASDAQ–2025–056; SR–ChoeBZX–2025–104; SR–NYSEARCA–2025–54) (Order Granting Accelerated Approval of Proposed Rule Changes, as Modified by Amendments Thereto, to Adopt Generic Listing Standards for Commodity-Based Trust Shares) (“Generics Approval Order”).

¹⁷ In approving the Proposal, the Commission has considered the Proposal’s impacts on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

¹⁸ 15 U.S.C. 78f(b)(5).

¹⁹ 15 U.S.C. 78k–1(a)(1)(C)(iii).

²⁰ *See supra* note 16 and accompanying text. NYSE Arca Rule 8.201–E(c)(1)(ii) (Generic) provides that Commodity-Based Trust Shares eligible to list and trade pursuant to Rule 19b–4(e) (*i.e.*, without a rule filing pursuant to Section 19(b) of the Act) must be “designed to reflect the performance of one or more reference assets or an index of reference assets.” In addition, NYSE Arca Rule 8.201–E(c)(1)(iii) (Generic) provides that Commodity-Based Trust Shares eligible to list and trade pursuant to Rule 19b–4(e) must hold commodities, commodity-based assets, securities, cash and cash equivalents, as such terms are defined in the rule.

practices and to protect investors and the public interest, consistent with Section 6(b)(5) of the Act.²¹

The Commission has previously found that the requirements set forth in NYSE Arca Rule 8.201–E (Generic) for the generic listing of Commodity-Based Trust Shares that are based on a reference asset(s) or index are consistent with the Act.²² Further, the Commission has stated in the context of ETFs registered under the Investment Company Act (“1940 Act”) that the mere addition of active management to a portfolio that would otherwise qualify for generic listing as an index-based ETF should not affect the portfolio’s susceptibility to manipulation or the availability of arbitrage between the ETF and its underlying portfolio.²³ This principle holds true for Commodity-Based Trust Shares as well. As the Commission stated in the Generics Approval Order, consistently applying listing standards across products with economic exposures to the same underlying commodities levels the playing field between issuers, which should promote competition and more readily afford investors greater investment options.²⁴

NYSE Arca Rule 8.201–E (Generic) does not currently contemplate the listing and trading of actively managed products and, therefore, certain provisions are only relevant to index-based products and do not contemplate active management.²⁵ To address this,

²¹ 15 U.S.C. 78f(b)(5).

²² *See* Generics Approval Order. Among other things, the Commission found that the portfolio holding eligibility requirements help to ensure the availability of information necessary to aid in the detection and deterrence of potential manipulations and other trading abuses, thereby making the Commodity-Based Trust Shares less readily susceptible to fraud and manipulation. *See id.* at 45418 n.72. In addition, the Commission found that the website disclosure requirements will facilitate transparency with respect to the Commodity-Based Trust Shares and diminish the risk of manipulation or unfair informational advantage, consistent with the maintenance of fair and orderly markets and investor protection. *See id.* at 45420.

²³ *See* Securities Exchange Act Release No. 78396 (July 22, 2016), 81 FR 49698, 49702 (July 28, 2016) (SR–BATS–2015–100) (Order Approving Generic Listing Standards for Managed Fund Shares); and 78397 (July 22, 2016), 81 FR 49320, 49324–25 (July 27, 2016) (SR–NYSEARCA–2015–110) (Order Approving Generic Listing Standards for Managed Fund Shares).

²⁴ *See* Generics Approval Order at 45419.

²⁵ *See* NYSE Arca Rule 8.201–E(i)(4) (Generic) and NYSE Arca Rule 8.201–E(l)(1)(i) (Generic), requiring the Exchange to initiate delisting procedures and halt trading if the value of the underlying reference asset(s) or index is no longer calculated or made widely available on at least a 15-second basis from a source unaffiliated with the sponsor or the trust; NYSE Arca Rule 8.201–E(n)(1) (Generic), requiring that if the value of a Commodity-Based Trust Share is based on an index that is maintained by a broker-dealer, the broker-

the Exchange includes additional representations in the Proposal to reflect that the Fund is actively managed. First, the Exchange represents in the Proposal that it will implement additional firewall requirements with respect to the Sponsor and its personnel to reflect that the Fund is actively managed rather than index-based.²⁶ In particular, the Exchange represents in the Proposal that, to the extent the Sponsor, who is managing the Fund, is or becomes registered as a broker-dealer or is affiliated with a broker-dealer, the Sponsor has or will erect and maintain a “firewall” between the Sponsor and personnel of the broker-dealer or broker-dealer affiliate, as applicable, with respect to access to information concerning the composition of and/or changes to the Fund’s portfolio.²⁷ In addition, the Exchange represents that the Sponsor will adopt policies and procedures reasonably designed to prevent the misuse and dissemination of material non-public information regarding the Fund’s portfolio or changes thereto in violation of the federal securities laws.²⁸ Any person related to the Sponsor, including personnel of the Sponsor, who makes decisions pertaining to the Fund’s portfolio, and any personnel or affiliate of the Sponsor or Reporting Authority,²⁹ who has access to material non-public information regarding the Fund’s portfolio, or changes thereto, must be subject to procedures reasonably designed to prevent the use and dissemination of material non-public information regarding the portfolio or changes thereto.³⁰ These additional requirements relating to firewalls and procedures are substantively identical to NYSE Arca’s rules governing the listing

dealer must erect and maintain a firewall around the personnel responsible for the maintenance of such index or who have access to information concerning changes and adjustments to the index; and NYSE Arca Rule 8.201–E(n)(2) (Generic), requiring that any advisory committee, supervisory board, or similar entity that advises an index licensor or administrator or that makes decisions regarding the index composition, methodology, and related matters must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material, non-public information regarding the applicable index.

²⁶ The representations made by the Exchange in the Proposal with respect to firewalls would also apply to any subsequent manager or sub-adviser of the Fund. *See* Amendment No. 2 at 5 n.8.

²⁷ *See id.* at 5.

²⁸ *See id.* at 5.

²⁹ “Reporting Authority” means the Exchange, an institution, or a reporting service designated by the Exchange as the official source for calculating and reporting information relating to the Fund. *See id.* at 5 n.9. *See infra* note 31 discussing procedure requirements with respect to the “Reporting Authority” for Exchange Traded Fund Shares listed on the Exchange.

³⁰ *See* Amendment No. 2 at 5.

and trading of actively managed exchange-traded funds,³¹ and apply in addition to what is already required under NYSE Arca Rule 8.201–E(n) (Generic) and the Act and respective rules and regulations thereunder. Such requirements collectively provide additional protection against the potential misuse of material, non-public information relating to the Fund’s actively managed portfolio. The Commission finds that the proposed additional requirements relating to firewalls and procedures, combined with the requirements of NYSE Arca Rule 8.201–E(n) (Generic), are designed to prevent fraudulent and manipulative acts and practices and to protect investors, consistent with Section 6(b)(5) of the Act.³²

Second, while the Fund will be subject to the trading halt requirements of NYSE Arca Rule 8.201–E(l) (Generic), the Exchange also represents in the Proposal that, if the Exchange becomes aware that the Fund’s portfolio holdings are not disseminated to all market participants at the same time, it will halt trading in the Shares until such time as the Fund’s portfolio holdings are available to all market participants.³³ This additional trading halt requirement is substantively identical to NYSE Arca’s rule governing the listing and trading of actively managed exchange-traded funds,³⁴ and applies in addition to what is already required under NYSE Arca Rule 8.201–E(l) (Generic). It will help to ensure that all market

³¹ *See* NYSE Arca Rule 8.600–E, Commentary .06 (Managed Fund Shares) (setting forth firewall and procedure requirements that apply to the investment adviser to the investment company issuing Managed Fund Shares and to personnel who make decisions on the investment company’s portfolio composition). *See also* NYSE Arca Rule 5.2–E(j)(8), Commentary .02(b) (Exchange-Traded Fund Shares) (setting forth firewall and procedure requirements that apply to the investment adviser to the investment company issuing Exchange Traded Fund Shares, to personnel who make decisions on the Exchange Traded Fund’s portfolio composition, and to the “Reporting Authority” that provides information relating to the portfolio of a series of Exchange Traded Fund Shares). NYSE Arca Rule 5.2E(j)(8)(c)(4) defines “Reporting Authority,” in relevant part, to mean the Exchange, an institution, or a reporting service designated by the Exchange as the official source for calculating and reporting information relating to such series, including, but not limited to, any current index or portfolio value, the current value of the portfolio of any securities required to be deposited in connection with issuance of Exchange-Traded Fund Shares, the amount of any dividend equivalent payment or cash distribution to holders of Exchange-Traded Fund Shares, net asset value, or other information relating to the issuance, redemption or trading of Exchange-Traded Fund Shares.

³² 15 U.S.C. 78f(b)(5).

³³ *See* Amendment No. 2 at 5.

³⁴ *See* NYSE Arca Rule 8.600–E(d)(2)(D) (Managed Fund Shares).

participants have transparency relating to the Fund’s underlying portfolio, which information is key to pricing the Shares, and that no market participant has an unfair informational advantage. Ensuring such transparency relating to the Fund’s underlying portfolio for all market participants will help facilitate a fair and orderly market for the Shares, as well as help to ensure that the Shares are not susceptible to manipulation. Accordingly, consistent with the requirement of Section 6(b)(5) of the Act³⁵ that an Exchange’s rules be designed to remove impediments to and perfect the mechanism of a free and open market, the additional trading halt requirement combined with the existing halt requirements of NYSE Arca Rule 8.201–E(l) (Generic) are reasonably designed to promote fair disclosure of information that may be necessary to price the Shares appropriately, to prevent trading when a reasonable degree of transparency cannot be assured, and to ensure fair and orderly markets for the Shares.

The Exchange includes certain representations in the Proposal that limit the purpose and type of the Fund’s holdings in stablecoins. In particular, the Exchange represents that the Fund does not intend to hold stablecoin for investment purposes but intends to use stablecoins as tokenized cash to cover Fund expenses, buy crypto assets, and allow for efficient trading.³⁶ In addition to these representations in the Proposal, the Fund would be required to comply with NYSE Arca Rule 8.201–E (Generic) with respect to its stablecoin holdings. In particular, the Fund would be required to disclose its stablecoin holdings on its website daily.³⁷ The dissemination of this information relating to the Fund’s stablecoin holdings will facilitate transparency

³⁵ 15 U.S.C. 78f(b)(5).

³⁶ *See* Amendment No. 2 at 11. The Exchange notes that the Fund’s stablecoin holdings do not meet the definition of “cash equivalent” as set forth in Rule 8.201–E(c)(4) (Generic), which provides that, for purposes of the rule, the term “cash equivalent” means short-term instruments with maturities of less than three months as follows: (i) U.S. Government securities, including bills, notes, and bonds differing as to maturity and rate of interest, which are either issued or guaranteed by the U.S. Treasury or by U.S. Government agencies or instrumentalities; (ii) certificates of deposit issued against funds deposited in a bank or savings and loan association; (iii) bankers’ acceptances, which are short-term credit instruments used to finance commercial transactions; (iv) repurchase agreements and reverse repurchase agreements; (v) bank time deposits, which are monies kept on deposit with banks or savings and loan associations for a stated period of time at a fixed rate of interest; (vi) commercial paper, which are short-term unsecured promissory notes; and (vii) money market funds.

³⁷ *See* NYSE Arca Rule 8.201–E(e) (Generic).

with respect to the Shares and, together with the Exchange's representations with respect to the type of stablecoin the Fund will hold, diminish the risk of manipulation or unfair informational advantage. Accordingly, the Fund's proposed stablecoin holdings are reasonably designed to help prevent fraudulent and manipulative acts and practices, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and to protect investors and the public interest, and are therefore consistent with the requirements of Section 6(b)(5) of the Act.³⁸

Lastly, the Shares must meet all the requirements for initial and continued listing under NYSE Arca Rule 8.201-E (Generic). The Shares will be subject to the rules and procedures of the Exchange that currently govern the trading of equity securities on the Exchange.³⁹ All statements and representations contained in the Proposal regarding, among others things, the description of the Fund's portfolio holdings, limitations on portfolio holdings, and the applicability of the Exchange's listing rules specified in the Proposal, will constitute continued listing requirements.⁴⁰ Moreover, the Sponsor has represented to the Exchange that it will advise the Exchange if the Fund ceases to comply with the continued listing requirements.⁴¹ Pursuant to its obligations under Section 19(g)(1) of the Act,⁴² the Exchange will monitor for compliance with the continued listing requirements; and if the Exchange becomes aware that the Fund is not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures.⁴³

For the reasons discussed above, the Commission finds that the Proposal is consistent with the Act.⁴⁴

IV. Conclusion

This approval order is based on all of the Exchange's representations and descriptions in the Proposal, which the Commission has evaluated as discussed above.⁴⁵ For the reasons set forth above,

the Commission finds, pursuant to Section 19(b)(2) of the Act,⁴⁶ that the Proposal is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange, and in particular, with Section 6(b)(5) and Section 11A(a)(1)(C)(iii) of the Act.⁴⁷

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁴⁸ that the proposed rule change, as modified by Amendment No. 2 (SR-NYSEARCA-2025-77), be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁴⁹

Stephanie J. Fouse,

Assistant Secretary.

[FR Doc. 2026-12160 Filed 6-16-26; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[OMB Control No. 3235-0059]

Agency Information Collection Activities; Submission for OMB Review; Comment Request; Extension: Regulation 14A (Commission Rules 14a-1 Through 14a-21 and Schedule 14A)

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") has submitted to the Office of Management and Budget this request for extension of the previously approved collection of information discussed below. The Commission also is requesting approval from OMB to designate this existing collection of information (OMB Control No. 3235-0059) as a "common form" for purposes of PRA submissions¹ because the Board

may hold certain stablecoins as described in the Proposal.

⁴⁶ 15 U.S.C. 78s(b)(2).

⁴⁷ 15 U.S.C. 78f(b)(5); 15 U.S.C. 78k-1(a)(1)(C)(iii).

⁴⁸ 15 U.S.C. 78s(b)(2).

⁴⁹ 17 CFR 200.30-3(a)(12).

¹ See ROCIS PRA Module User Guide v.8.2, at 110-111 (Mar. 2024), available at <https://www.rocis.gov/rocis/viewResources.do> ("A 'common form' is an information collection that can be used by two or more agencies, or government-wide, for the same purpose. The Common Forms Module [in ROCIS] allows a 'host' agency to obtain [OMB] approval of an information collection for use by one or more 'using' agencies. After OMB grants approval, any prospective using agency that seeks to collect identical information for the same

of Governors of the Federal Reserve System uses this information collection (under OMB Control No. 7100-0091).

Regulation 14A (17 CFR 240.14a-1 through 14a-21) and Schedule 14A (17 CFR 240.14a-101) set forth the requirements for the dissemination, content, and filing of proxy or consent solicitation materials in connection with annual or other meetings of holders of a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934. Those rules and schedule are intended to ensure that investors have the information necessary to enable them to vote in an informed manner. The information required by Schedule 14A is mandatory, and Schedule 14A filings are publicly available on the Commission's Electronic Data Gathering, Analysis, and Retrieval ("EDGAR") system. We estimate that Schedule 14A takes approximately 180.12 hours per response and is filed once per year by approximately 6,043 respondents, for a total of approximately 6,043 responses annually. We estimate that 75% of the 180.12 hours per response is carried internally by the respondent for annual reporting burden of 816,349 hours ((75% × 180.12 hours per response) × 6,043 responses). We estimate that 25% of the 180.12 hours per response is carried externally by outside professionals retained by the respondent at an estimated rate of \$600 per hour for a total annual cost burden of \$163,269,774 ((25% × 180.12 hours per response) × \$600 per hour × 6,043 responses).

An agency may conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

The public may view and comment on this information collection request at: https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202603-3235-006 or send an email comment to MBX.OMB.OIRA.SEC_desk_officer@omb.eop.gov within 30 days of the day

purpose can obtain approval to use the 'common form' by providing its agency-specific information to OMB (e.g., burden estimates and number of respondents). . . . The host agency will indicate in the **Federal Register** notices that it is requesting approval of a common form and, if known, identify other agencies that may use the information collection. Both the **Federal Register** notices and the ICR should account only for the burden imposed by the host agency's use of the common form. Once the host agency has received approval from OMB, any agency will be able to request OMB approval for its use of the common form in ROCIS by providing its agency specific information to OMB (e.g., burden estimates and number of respondents). Additional public notice by those agencies will not be required.").

³⁸ 15 U.S.C. 78f(b)(5).

³⁹ See NYSE Arca Rule 8.201-E(b) (Generic).

⁴⁰ See NYSE Arca Rule 8.201-E(i)(9) (Generic). See also Amendment No. 2 at 13.

⁴¹ See Amendment No. 2 at 13. See also NYSE Arca Rule 8.201-E(k) (Notification of Non-Compliance).

⁴² 15 U.S.C. 78s(g)(1).

⁴³ See Amendment No. 2 at 13.

⁴⁴ 15 U.S.C. 78f(b)(5).

⁴⁵ In addition, the Shares of the Fund must comply with the requirements of NYSE Arca Rule 8.201-E (Generic) to be listed and traded on the Exchange on an initial and a continuing basis, except that the Fund will be actively managed and

after publication of this notice by July 20, 2026.

Dated: June 15, 2026.

J. Matthew DeLesDernier,
Deputy Secretary.

[FR Doc. 2026–12195 Filed 6–16–26; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[OMB Control No. 3235–0783]

Agency Information Collection Activities; Proposed Collection; Comment Request; Extension: Rule 31a–4

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. 3501–3520), the Securities and Exchange Commission (“Commission”) is soliciting comments on the collections of information summarized below. The Commission plans to submit these existing collections of information to the Office of Management and Budget for extension.

Rule 2a–5 (17 CFR 270.2a–5) under the Investment Company Act (the “Act”) provides the requirements for determining in good faith the fair value of the investments of a registered investment company or companies that have elected to be treated as business development companies under the Investment Company Act (“BDCs” and, collectively, “funds”) for purposes of section 2(a)(41) of the Investment Company Act and rule 2a–4 thereunder. Under rule 2a–5, fair value as determined in good faith requires assessing and managing material risks associated with fair value determinations; selecting, applying, and testing fair value methodologies; and overseeing and evaluating any pricing services used. Rule 2a–5 also permits a fund’s board to designate a “valuation designee” to perform fair value determinations. The valuation designee can be the adviser of the fund or an officer of an internally managed fund.¹ When a board designates the performance of determinations of fair value to a valuation designee for some or all of the fund’s investments under

rule 2a–5, this rule requires the board to oversee the valuation designee’s performance of fair value determinations. To facilitate such oversight, rule 2a–5 also includes certain reporting and other requirements.²

Rule 31a–4 (17 CFR 270.34a–1) contains the recordkeeping requirements associated with rule 2a–5. Specifically, registered investment companies and BDCs, or their advisers, are required to maintain appropriate documentation to support fair value determinations made pursuant to rule 2a–5.³ Further, if the board of the fund designates performance of fair value determinations to a valuation designee under rule 2a–5, the fund or adviser needs to maintain certain additional records relating to that designation.⁴

Compliance with rule 31a–4 is mandatory for any fund that needs to determine fair value under the Act. To the extent that records that are required to be created and maintained under this rule are provided to the Commission in connection with examinations or investigations, such information will be kept confidential subject to the provisions of applicable law.

There are approximately 10,047 funds that are required to comply with rule 31a–4. It is estimated that rule 31a–4 imposes an annual time burden of approximately 36 hours with an annual time cost of \$15,984 per fund, resulting in total annual time burden (across all 10,047 funds) of 361,692 hours at a cost of \$160,591,348. 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.

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.

Written comments are invited on: (a) whether this proposed collection of information is necessary for the proper performance of the functions of the SEC, including whether the information will have practical utility; (b) the accuracy of the SEC’s estimate of the burden imposed by the proposed collection of information, including the validity of the methodology and the 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 respondents, including through the use of automated, electronic

collection techniques or other forms of information technology.

Please direct your written comments on this 60-Day Collection Notice to Austin Gerig, Director/Chief Data Officer, Securities and Exchange Commission, c/o Tanya Ruttenberg via email to PaperworkReductionAct@sec.gov by August 17, 2026. There will be a second opportunity to comment on this SEC request following the **Federal Register** publishing a 30-Day Submission Notice.

Dated: June 15, 2026.

Stephanie J. Fouse,
Assistant Secretary.

[FR Doc. 2026–12176 Filed 6–16–26; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–105680; File No. 4–757]

Joint Industry Plan; Notice of Filing of the Third Amendment to the Limited Liability Company Agreement of CT Plan LLC To Adopt Revenue Allocation Formula Revisions

June 12, 2026.

Pursuant to section 11A of the Securities Exchange Act of 1934 (“Exchange Act”) ¹ and Rule 608 thereunder,² notice is hereby given that on June 2, 2026, the Operating Committee ³ of the Limited Liability Company Agreement of the CT Plan LLC (“CT Plan”) filed with the Securities and Exchange Commission (“SEC” or “Commission”), a proposal to amend the CT Plan.⁴ The amendment represents the Third Amendment to the CT Plan (“Proposed Amendment”). Under the Proposed Amendment, the Operating Committee proposes revisions to the allocation of net revenues under the CT Plan among Members.⁵

¹ 15 U.S.C. 78k–1(a)(3).

² 17 CFR 242.608.

³ See Article IV, Sec. 4.1 of the CT Plan.

⁴ See Letter from Jeff Kimsey, CT Plan Operating Committee Chair, to Vanessa Countryman, Secretary, Commission, dated June 1, 2026 (“CT Plan Letter”). Pursuant to Section 4.3(b) of the CT Plan, certain actions of the Operating Committee require an affirmative vote of not less than two-thirds of all votes eligible to vote on a matter. Long Term Stock Exchange, Inc. (“LTSE”) did not join in the submission of this amendment. See CT Plan Letter at n.1.

⁵ The Members are: 24X National Exchange LLC, Cboe BYX Exchange, Inc., Cboe BZX Exchange, Inc., Cboe EDGA Exchange, Inc., Cboe EDGX Exchange, Inc., Cboe Exchange, Inc., Financial Industry Regulatory Authority, Inc., Investors Exchange LLC, LTSE, MEMX LLC, MIAx PEARL, LLC, Nasdaq BX, Inc., Nasdaq ISE, LLC, Nasdaq PHLX LLC, The Nasdaq Stock Market LLC, New York Stock Exchange LLC, NYSE American LLC, NYSE Arca, Inc., NYSE National, Inc., and NYSE Texas, Inc.

¹ Rule 2a–5(e)(4); see generally Good Faith Determinations of Fair Value, Investment Company Act Release No. 34128 (Dec. 7, 2020) (“Adopting Release”).

² Rule 2a–5(b).

³ Rule 31a–4(a).

⁴ Rule 31a–4(b).

The Commission is publishing this notice to solicit comments on the Proposed Amendment from interested persons. Set forth in Sections I and II is the statement of the purpose and summary of the Proposed Amendment, along with the information required by Rules 608(a) and 601(a) under the Exchange Act, as prepared and submitted by the Operating Committee. Set forth in Section III is the text of the Proposed Amendment marked to show the proposed changes, prepared, and submitted by the Operating Committee as Addendum 1.

I. Rule 608(a)

1. Purpose of the Amendments

The purpose of the amendment is to revise provisions of the CT Plan that govern the allocation of net revenues received under the CT Plan among the Members. Specifically, the proposed amendment would impose a limit, or “cap,” on the ratio of revenue distributed to each individual Member that is attributable to its quoting activity compared to revenue such Member receives for trading activity under the revenue allocation formula.

Background

In recent years, the Members have observed a distinct pattern on some markets of quoting and trading activity, characterized by frequent or continuous quoting at the national best bid and offer—often in size and in high-priced securities—accompanied by relatively little increase in the level of trading activity on those venues. When this pattern has arisen, it has resulted in extreme distortions in how quote-based revenues are allocated among the Members, compared to trade-based revenues.

This phenomenon became particularly evident on the NYSE Chicago exchange (now NYSE Texas), beginning in 2021, and remained largely confined to NYSE Chicago until late 2024. Public data from 2021 to 2024 shows that NYSE Chicago exhibited quote-to-trade ratios on Tapes A and C significantly higher than any historical norm—often exceeding 20:1. Beginning in October 2024, a similar pattern began to be evidenced on the Long-Term Stock Exchange (“LTSE”), closely coinciding with a marked reduction in quoting activity on NYSE Chicago. As a result of this late-year change in quoting activity on LTSE, its quote-to-trade ratio *for all of 2024* was approximately 107:1 on Tape A, 70:1 on Tape B, and 88:1 on Tape C. By comparison, from 2018 through the present, Members typically have maintained quote-to-trade ratios

substantially less than 5:1, and allocations in excess of that ratio have historically occurred only under exceptional circumstances, such as the temporary distortions in quoting and trading related to the entry of new exchanges with low absolute trading and quoting volume.

As of the date of this letter, the imbalance of quoting and trading observed on NYSE Chicago and LTSE has been substantially reduced. The same pattern has not reemerged elsewhere, but there is no guarantee that it will not, especially since it happened even though neither venue provided any incentives designed for the purpose of attracting a substantial increase in quotes that are infrequently accessed in practice. Furthermore, there is no guarantee that individual Members will not choose to offer such incentives in the future.

For the reasons detailed below, the Operating Committee believes the activity underlying these occurrences undermines the Securities and Exchange Commission’s (the “Commission”) stated objectives in adopting the current revenue allocation formula in Regulation NMS and warrants a targeted change to the formula to ensure those objectives are met.

High Quote-to-Trade Ratios Distort the Revenue Allocation Formula, Undermining the Goals of Regulation NMS

In adopting Regulation NMS, the Commission revised the revenue allocation formula to the current approach to address distortions caused by the previous model, which overly emphasized the number of trades reported by self-regulatory organizations (“SROs”), regardless of trade size. The updated formula aimed to allocate revenues more equitably by considering both the value of quotations and executed trades, rewarding SROs that “contribute to public price discovery” and “reduc[ing] the economic and regulatory distortions” observed under the prior formula.⁶

The Operating Committee believes that the behavior and pattern described above conflicts with the objectives of the Commission in adopting the revenue allocation proposal as part of Regulation NMS. As the Commission explained then, the previous formula allocated revenue only for trading activity and had led to certain distortions and abuses, including “trade shredding”

practices, involving the splitting of larger trades into a number of smaller trades solely for the purpose of earning more data revenue.

In revising the formula, the Commission determined that it should provide some allocation of revenue for quotations that contribute meaningfully to the consolidated data stream.⁷ It decided to allocate 50% of overall revenue to quotes based on its conclusion that trades and quotes are of approximately equal importance for price discovery.⁸ At the same time, the Commission determined that not all quoting activity is equally useful to the data stream, and it sought to limit how credit is allocated to quotes to avoid the potential for “abusive quoting behavior.”

As one such constraint, it approved a feature of the revenue allocation formula that was meant to preclude credit for “flickering quotes”, *i.e.*, quotes that are “flashed [sic] solely to earn market data revenues, but are not truly accessible and therefore do not add any value to the consolidated quote stream.”⁹ Separately, in approving the limitation of revenue for each security to an amount no greater than \$4 for each qualified transaction report, the Commission explained that it was seeking to respond to concerns about the potential for abusive quoting behavior in extremely inactive stocks “by anyone seeking to game the Quoting Share allocation.”¹⁰

The Operating Committee believes that the historical pattern of high quoting activity, associated with little related trading, that occurred on particular markets, shows the need to modify the revenue allocation formula to reduce the potential for distortive quoting activity.

Quotes are useful for price discovery because they represent offers to trade at displayed prices. When quoting activity ceases to bear a meaningful relationship to trading, however, it becomes less useful for price discovery and more likely to be associated with activity that distorts market data in the manner the Commission sought to avoid when it adopted the current formula. Further, as noted above, the potential for recurrence of this activity is heightened by the fact that the exchanges where it has arisen have not sought to attract it.

⁷ 70 FR at 37562.

⁸ *Id.* at 37568.

⁹ *Id.* at 37564.

¹⁰ *Id.* at 37566. It is worth noting that much of the quoting activity responsible for high quote-to-trade ratios has involved quoting in relatively inactive traded securities.

⁶ See generally Securities Exchange Act Release No. 51808, 70 FR 37496, 37561–37566 (June 29, 2005).

Description of Amendment

To address these concerns, the Operating Committee has developed a proposal to implement a ratio cap on the quote-to-trade revenue ratio. Specifically, the amendment would:

- Impose a maximum quote-to-trade revenue ratio cap of 5:1 for each Member;

- Apply the ratio cap only in circumstances where a Member's quote-related revenue exceeds five times its trade-related revenue over the quarterly period;

- Exclude FINRA from the ratio cap of 5:1, due to the unique nature of FINRA's facilities; and

- Include a de minimis exception for Members with very low total quoting and trading activity, recognizing that such entities may temporarily exceed the 5:1 ratio due to statistical volatility without materially affecting revenue distribution. The de minimis exception avoids applying the ratio cap where a Member's total payment for its Quoting Share does not exceed \$50,000 during a calendar year.

The proposed amendment would apply the ratio cap to each periodic distribution of CT Plan revenue to Members. Under the CT Plan, distributions will be made on a quarterly basis with respect to each of the three tapes. Under the amendment, the amount of quote-related revenue received by a Member would be adjusted if, under the general allocation provisions of the CT Plan, such revenue would exceed its allocated trading revenue by a ratio of more than five to one. The amount of quoting revenue exceeding that ratio otherwise payable to the Member would then be redistributed to all other Members, including FINRA (to which the ratio cap does not apply). The allocation of the excess to such other Members would be based on each Member's share of distributable quote revenue in relation to all quote revenue distributable to all such other Members. Similarly, in a rare case where the redistribution of revenue would itself cause a Member to exceed the 5:1 ratio, the excess above that ratio would be further redistributed in the same way to other Members whose Quoting Share does not exceed the ratio cap.

2. Governing or Constituent Documents

Not applicable.

3. Implementation of Amendments

The amendment proposed herein would be implemented upon approval by the Commission and once revenue allocations begin under the CT Plan.

4. Development and Implementation Phases

See Item 3.

5. Analysis of Impact on Competition

The amendments proposed herein do not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Securities Exchange Act of 1934 (the "Act"). In adopting Regulation NMS, the Commission revised the revenue allocation formula to the current approach to address distortions caused by the previous model, which overly emphasized the number of trades reported by SROs, regardless of trade size. The updated formula aimed to allocate revenues more equitably by considering both the value of quotations and executed trades, rewarding SROs that "contribute to public price discovery" and "reduc[ing] the economic and regulatory distortions" observed under the prior formula.¹¹

The Operating Committee believes that the behavior and pattern described above conflicts with the objectives of the Commission in adopting the revenue allocation proposal as part of Regulation NMS. The Operating Committee believes that the historical pattern of high quoting activity, associated with little related trading, that occurred on particular markets, shows the need to modify the revenue allocation formula to reduce the potential for distortive quoting activity. Quotes are useful for price discovery because they represent offers to trade at displayed prices. When quoting activity ceases to bear a meaningful relationship to trading, however, it becomes less useful for price discovery and more likely to be associated with gaming activity that distorts market data in the manner the Commission sought to avoid when it adopted the current formula. Further, as noted above, the potential for recurrence of this activity is heightened by the fact that the exchanges where it has arisen have not sought to attract it. As a result, even if the pattern described above is not currently occurring, the Operating Committee believes it is appropriate to implement the ratio cap to protect against recurrence.

The Operating Committee's selection of the 5:1 threshold reflects an analysis of historical data from 2018–2024, which is publicly available on the CTA and UTP Plan websites. Analysis of this data shows that during this period, virtually all Members' Quoting Shares remained within the ratio cap, other

than during certain periods involving the two exchanges identified above and in other temporary circumstances involving new exchange entrants or those with very low levels of quote and trading activity. The amendment is designed to avoid applying the ratio cap in these circumstances by providing that no allocation adjustment will be required in any case in which a Member's total payment for its Quoting Share does not exceed \$50,000 during a calendar year. The amount of the de minimis exception was selected based on reviewing revenue data for new exchanges and ensuring that those new exchanges would not be affected by the ratio cap during their launch.

A review of public historical data for the CTA and UTP Plans helps to demonstrate the relative infrequency of distributions that would have exceeded the proposed ratio cap and the concentration of these instances among exchange participants. Consider that from 2018 to 2024, there were 318 distributions of quote and trade revenue to the existing 16 participants, across each of the three data tapes. Of these 318 distributions, the proposed ratio cap would have been breached 25 times. Of these 25 instances, NYSE Chicago and LTSE would have accounted for 18 instances, and three other participants would have accounted for 7. In 3 of the 6 cases in which LTSE would have breached the limit, it received de minimis quote revenue and so those instances would have avoided reallocation under the proposed de minimis exception. Finally, for these 7 years, excluding the cases in which the ratio cap would have been breached, the average quote-to-trade ratio for all other distributions for each of the three tapes would have been as follows:

- Tape A: 1.79
- Tape B: 1.86
- Tape C: 1.82

Thus, the proposed CT Plan amendment is intended to set a reasonable outer boundary, based on historical evidence, that corresponds to a reasonable relationship between quoting and trading activity. The proposed ratio cap is meant to maintain the regulatory purpose of rewarding both quotes and trades, while avoiding potential abuses and distortions related to quoting activity not otherwise addressed by the existing formula. As noted, the proposal also includes a de minimis exception to prevent its unnecessary application in cases involving Members receiving very small amounts of revenue that would not warrant an adjustment. As a result, the Operating Committee believes that the amendment is in the public interest,

¹¹ See generally, Securities Exchange Act Release No. 51808, 70 FR 37496, 37561–37566 (June 29, 2005).

protects investors and maintains fair and orderly markets, and removes impediments to, and perfects the mechanisms of, a national market system.

6. Written Understanding or Agreements Relating to Interpretation of, or Participation in, Plan

No change as a result of amendment.

7. Approval by Sponsors in Accordance With Plan

Section 4.3(b) provides that “[a]ll actions of the Operating Committee will require an affirmative vote of not less than (2/3rd) two-thirds of all votes allocated in the manner described in Section 4.3(a) to Voting Representatives who are eligible to vote on such action.”

The Members have executed this Amendment and represent not less than (2/3rd) two-thirds of all votes allocated in the manner described in Section 4.3(a) of the CT Plan to Voting Representatives who are eligible to vote on such action.

8. Description of Operation of Facility Contemplated by the Proposed Amendment

No change as a result of amendment.

9. Terms and Conditions of Access

No change as a result of amendment.

10. Method of Determination and Imposition, and Amount of, Fees and Charges

See Item 1 above.

11. Method and Frequency of Processor Evaluation

No change as a result of amendment.

12. Dispute Resolution

No change as a result of amendment.

II. Rule 601(a)

1. Equity Securities for Which Transaction Reports Shall be Required by the Plan

No change as a result of amendment.

2. Reporting Requirements

No change as a result of amendment.

3. Manner of Collecting, Processing, Sequencing, Making Available and Disseminating Last Sale Information

No change as a result of amendment.

4. Manner of Consolidation

No change as a result of amendment.

5. Standards and Methods Ensuring Promptness, Accuracy and Completeness of Transaction Reports

No change as a result of amendment.

6. Rules and Procedures Addressed to Fraudulent or Manipulative Dissemination

No change as a result of amendment.

7. Terms of Access to Transaction Reports

No change as a result of amendment.

8. Identification of Marketplace of Execution

No change as a result of amendment.

III. Addendum 1 to the Amendment

Addendum 1—To the Third Amendment to the CT Plan

Proposed Changes to the CT Plan

(Additions are *italicized*; Deletions are [struck through and bracketed])

* * * * *

Exhibit D

Distributions

Cost Allocation and Revenue Sharing

(a) Payments.

(i) In accordance with Paragraph (I) of this Exhibit D, each Member will receive an annual payment (if any) for each calendar year that is equal to the sum of the Member's Trading Shares and Quoting Shares (each as defined below), in each Eligible Security for such calendar year. In the event that total Net Distributable Operating Income (as defined below) is negative for a given calendar year, each Member will receive an annual bill for such calendar year to be determined according to the same formula (described in this paragraph) for determining annual payments to the Members. Unless otherwise stated in this agreement, a year shall run from January 1st to December 31st and quarters shall end on March 31st, June 30th, September 30th, and December 31st. The Company shall cause the Administrator to provide the Members with written estimates of each Member's percentage of total volume within five business days of the end of each calendar month.

(ii) *In any period in which a Member is entitled to receive payment in accordance with Paragraph (I) of this Exhibit D in respect to its Quoting Share for all Eligible Securities, its payment shall be subject to adjustment in the event that such payment would exceed the amount of payment to the Member for its Trading Share in all Eligible Securities for the same period by a ratio of more than five to one. In that event, the payment to the Member for its Quoting Share shall be capped at the amount represented by such ratio, and the amount otherwise payable in excess of such ratio shall be distributed to all other Members, based on the proportion that each other Member's payment receivable for its Quoting Share during the period bears to all payments receivable for Quoting Shares by all such other Members. Notwithstanding the foregoing, if such redistribution would result in another Member receiving a payment for its Quoting Share exceeding the payment for its Trading Share by a ratio of more than five to one, such excess will be*

further redistributed to other Members whose payments are within the ratio cap based on their respective payments receivable for Quoting Shares compared to all payments receivable for Quoting Shares by all such other Members. Further, (i) no adjustment under this paragraph shall be required if a Member's total payment for its Quoting Shares does not exceed \$50,000 during a calendar year and (ii) the adjustment under this paragraph shall not be applied to FINRA.

(b)–(m) No change.

* * * * *

IV. Solicitation of Comments

The Commission seeks comment on the Proposed Amendment. Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the Proposed Amendment is consistent with the Exchange Act. The revenue allocation formula was adopted in 2005 and, in general, allocates among Members half of net market data revenues based on trading activity and half based on quoting activity.¹² The Commission recently proposed to rescind Rule 611 of Regulation NMS and stated in that release that “[s]ome have criticized the formula's quoting component, which they argued has contributed to the creation of new exchanges and subsidizes exchanges that quote but rarely trade, thus providing minimal value to market participants.”¹³ In this regard, the Commission requested comment on whether, and to what extent, revisions should be made to the revenue allocation formula. The Commission requests comment on all aspects of the Proposed Amendment, including any other revisions that should be considered with regard to the revenue allocation formula. 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 4–757 (2026 Revenue Allocation Amendment) 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 4–757 (2026 Revenue

¹² See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37561 (June 29, 2005).

¹³ See Securities Exchange Act Release No. 105655 (June 11, 2026), n. 74.

Allocation Amendment). This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal offices of the Participants. 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 4-757 (2026 Revenue Allocation Amendment) and should be submitted on or before July 8, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁴

Stephanie J. Fouse.

Assistant Secretary.

[FR Doc. 2026-12159 Filed 6-16-26; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105677; File No. SR-PEARL-2026-25]

Self-Regulatory Organizations; MIAx PEARL, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Certain Fees and Rebates Applicable to Transactions in Non-Penny Classes

June 12, 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 June 1, 2026, MIAx PEARL, LLC ("MIAx Pearl" or "Exchange") filed with the Securities and Exchange Commission ("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 the MIAx Pearl Options Exchange Fee

Schedule (the "Fee Schedule") to amend certain fees and rebates applicable to transactions in non-Penny Classes (defined below) for all origins.

The text of the proposed rule change is available on the Exchange's website at <https://www.miaxglobal.com/markets/us-options/pearl-options/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, 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 Section 1(a) of the Fee Schedule to: (1) amend the Priority Customer³ origin table to increase Maker (described below) rebates⁴ in all tiers in non-Penny Classes; (2) amend the MIAx Pearl Market Maker⁵ origin table to increase Maker rebates in certain tiers in non-Penny Classes and increase Taker fees in all tiers in non-Penny Classes; and (3) amend the Non-Priority Customer, Firm, BD, and Non-MIAx Pearl Market Maker origin (collectively referred to herein as the "Professional origin")⁶ table to increase certain Maker rebates in certain tiers in non-Penny Classes and increase

³ The term "Priority Customer" means a person or entity that (i) is not a broker or dealer in securities, and (ii) does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial accounts(s). The number of orders shall be counted in accordance with Interpretation and Policy .01 of Exchange Rule 100. See the Definitions section of the Fee Schedule and Exchange Rule 100, including Interpretation and Policy .01.

⁴ Rebates are denoted in parentheses in the Fee Schedule.

⁵ The term "Market Maker" means a Member 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 Chapter VI of Exchange Rules. See the Definitions section of the Fee Schedule and Exchange Rule 100.

⁶ The Exchange notes that certain terms are not specifically defined in the Rulebook, including away Non-Priority Customer, Firm, BD, and Non-MIAx Pearl Market Make.

Taker fees in all tiers in non-Penny Classes.

Background

The Exchange currently assesses transaction rebates and fees to all market participants which are based upon the total monthly volume executed by the Member⁷ on MIAx Pearl in the relevant, respective origin type (not including Excluded Contracts)⁸ (as the numerator) expressed as a percentage of (divided by) TCV⁹ (as the denominator). In addition, the per contract transaction rebates and fees are applied retroactively to all eligible volume for that origin type once the respective threshold tier has been reached by the Member. The Exchange aggregates the volume of Members and their Affiliates.¹⁰ Members that place resting

⁷ The term "Member" means an individual or organization that is registered with the Exchange pursuant to Chapter II of Exchange 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 the Definitions section of the Fee Schedule and Exchange Rule 100.

⁸ The term "Excluded Contracts" means any contracts routed to an away market for execution. See the Definitions section of the Fee Schedule.

⁹ The term "TCV" means total consolidated volume calculated as the total national volume in those classes listed on MIAx Pearl for the month for which the fees apply, excluding consolidated volume executed during the period time in which the Exchange experiences an "Exchange System Disruption" (solely in the option classes of the affected Matching Engine (as defined below)). See the Definitions section of the Fee Schedule. The term "Exchange System Disruption" means an outage of a Matching Engine or collective Matching Engines for a period of two consecutive hours or more, during trading hours. *Id.* A "Matching Engine" is a part of the MIAx Pearl electronic system that processes options orders and trades on a symbol-by-symbol basis. Some Matching Engines will process option classes with multiple root symbols, and other Matching Engines may be dedicated to one single option root symbol (for example, options on SPY may be processed by one single Matching Engine that is dedicated only to SPY). A particular root symbol may only be assigned to a single designated Matching Engine. A particular root symbol may not be assigned to multiple Matching Engines. *Id.* The Exchange believes that it is reasonable and appropriate to select two consecutive hours as the amount of time necessary to constitute an Exchange System Disruption, as two hours equates to approximately 1.4% of available trading time per month. The Exchange notes that the term "Exchange System Disruption" and its meaning have no applicability outside of the Fee Schedule, as it is used solely for purposes of calculating volume for the threshold tiers in the Fee Schedule.

¹⁰ The term "Affiliate" means (i) an affiliate of a Member of at least 75% common ownership between the firms as reflected on each firm's Form BD, Schedule A, or (ii) the Appointed Market Maker of an Appointed EEM (or, conversely, the Appointed EEM of an Appointed Market Maker). An "Appointed Market Maker" is a MIAx Pearl Market Maker (who does not otherwise have a corporate affiliation based upon common ownership with an EEM) that has been appointed

Continued

¹⁴ 17 CFR 200.30-3(a)(85).

¹⁵ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

liquidity, *i.e.*, orders resting on the Book¹¹ of the MIAx Pearl System,¹² are paid the specified “maker” rebate (each a “Maker”), and Members that execute against resting liquidity are assessed the specified “taker” fee (each a “Taker”). For opening transactions and ABBO¹³ uncrossing transactions, per contract transaction rebates and fees are waived for all market participants. Finally, Members are assessed lower transaction fees and receive lower rebates for order executions in standard option classes in the Penny Interval Program¹⁴ (“Penny Classes”) than for order executions in standard option classes which are not in the Penny Interval Program (“non-Penny Classes”), where Members are assessed higher transaction fees and receive higher rebates.

Proposal To Amend the Priority Customer Origin Table To Increase Maker Rebates in Non-Penny Classes

First, the Exchange proposes to amend the Priority Customer origin table to increase the Maker rebates in all tiers for Priority Customer orders in non-Penny Classes that trade against all

origins. Currently, the Priority Customer origin table provides certain volume criteria thresholds for all tiers that are based upon the total monthly volume executed in all option classes by a Priority Customer on MIAx Pearl as a percentage of TCV. Pursuant to the Priority Customer origin table, Priority Customers qualify for the following Maker rebates when Priority Customer orders in non-Penny Classes trade against all origins: (i) (\$0.85) per contract in tier 1 if the Priority Customer executes above 0.00% to at least 0.15% of TCV; (ii) (\$0.95) per contract in tier 2 if the Priority Customer executes above 0.15% to at least 0.40% of TCV; (iii) (\$1.00) per contract in tier 3 if the Priority Customer executes above 0.40% to at least 0.85% of TCV; (iv) (\$1.03) per contract in tier 4 if the Priority Customer executes above 0.85% to at least 1.25% of TCV; and (v) (\$1.04) per contract in tiers 5 and 6 if the Priority Customer executes above 1.25% of TCV.

The Exchange now proposes to amend the Priority Customer origin table to increase the Maker rebates to (\$1.06) per contract for all tiers for Priority Customer orders in non-Penny Classes that trade against all origins. The Exchange does not propose to amend any of the volume threshold criteria or the Taker fee for Priority Customers in non-Penny Classes.

The purpose of this proposed change is for business and competitive reasons in order to attract additional non-Penny Class volume from Members by increasing the Maker rebates for options transactions in non-Penny Classes in all tiers for Priority Customer orders. The Exchange believes that this may, in turn, encourage Members to submit more Priority Customer orders, leading to increased liquidity on the Exchange to the benefit of all market participants by providing more trading opportunities and tighter spreads.

Proposal To Amend the Market Maker Origin Table To Increase Maker Rebates in Certain Tiers and Increase Taker Fees in all Tiers in Non-Penny Classes

The Exchange proposes to amend the Market Maker origin table to increase the Maker rebates in tiers 1 and 2 and increase the Taker fees in all tiers for Market Maker orders in non-Penny Classes that trade against all origins. Currently, pursuant to the Market Maker origin table, Market Makers qualify for the Maker rebate of (\$0.30) per contract or Taker fee of \$1.10 per contract in tier 1 for non-Penny Classes if the Market Maker executes above 0.00% to at least 0.20% of TCV. Market Makers can qualify for the Maker rebate of (\$0.30)

per contract or Taker fee of \$1.10 per contract in tier 2 for non-Penny Classes by achieving at least one of the following three volume calculations: (i) if the Market Maker executes above 0.20% to at least 0.50% of TCV; or (ii) if the Market Maker executes above 0.55% in SPY/QQQ/IWM classes; or (iii) if the Market Maker executes above 0.30% in SPY/QQQ/IWM classes when adding liquidity to the Exchange.¹⁵ Market Makers can qualify for the Maker rebate of (\$0.60) per contract or Taker fee of \$1.10 per contract in tier 3 for non-Penny Classes by achieving at least one of the following two volume calculations: (i) if the Market Maker executes above 0.50% to at least 0.85% of TCV; or (ii) if the Market Maker executes above 1.10% in SPY when adding liquidity.¹⁶ Market Makers can qualify for the Maker rebate of (\$0.65) per contract or Taker fee of \$1.09 per contract in tier 4 for non-Penny Classes by achieving at least one of the following two volume calculations: (i) if the Market Maker executes above 0.85% to at least 1.25% of TCV; or (ii) if the Market Maker executes above 2.50% in SPY.¹⁷ Market Makers can qualify for the Maker rebate of (\$0.70) per contract or Taker fee of \$1.08 per contract in tier

¹⁵ In tier 2 for the Market Maker origin, the alternative volume criteria (above 0.55% in SPY/ QQQ/IWM) is calculated based on the total monthly volume executed by the Market Maker collectively in SPY, QQQ, and IWM options on MIAx Pearl in the relevant origin type, not including Excluded Contracts, (as the numerator) expressed as a percentage of (divided by) SPY/QQQ/IWM TCV (as the denominator). In Tier 2 for the Market Maker origin, the alternative volume criteria (above 0.30% in SPY/QQQ/IWM when adding liquidity) is calculated based on the total monthly volume that added liquidity executed by the Market Maker collectively in SPY, QQQ, and IWM options on MIAx Pearl in the relevant origin type, not including Excluded Contracts, (as the numerator) expressed as a percentage of (divided by) SPY/ QQQ/IWM TCV (as the denominator). See Fee Schedule, Section (1)(a) (explanatory notes section below the tables).

¹⁶ In tier 3 for the Market Maker origin, the alternative volume criteria (above 1.10% in SPY when adding liquidity) is calculated based on the total monthly volume that added liquidity executed by the Market Maker solely in SPY options on MIAx Pearl, not including Excluded Contracts, (as the numerator) expressed as a percentage of (divided by) SPY TCV (as the denominator). Market Makers that do not qualify for the alternative volume criteria in tier 3 will receive the tier 3 rates in the Market Maker origin table in Penny Classes and non-Penny Classes. Members will receive the highest tier based on the thresholds achieved. See Fee Schedule, Section (1)(a), footnote ♦.

¹⁷ In tier 4 for the Market Maker origin, the alternative volume criteria (above 2.50% in SPY) is calculated based on the total monthly volume executed by the Market Maker solely in SPY options on MIAx Pearl in the relevant origin type, not including Excluded Contracts, (as the numerator) expressed as a percentage of (divided by) SPY TCV (as the denominator). See Fee Schedule, Section (1)(a) (explanatory notes section below the tables).

by an EEM and an “Appointed EEM” is an EEM (who does not otherwise have a corporate affiliation based upon common ownership with a MIAx Pearl Market Maker) that has been appointed by a MIAx Pearl Market Maker, pursuant to the following process. A MIAx Pearl Market Maker appoints an EEM and an EEM appoints a MIAx Pearl Market Maker, for the purposes of the Fee Schedule, by each completing and sending an executed Volume Aggregation Request Form by email to membership@miaxoptions.com no later than 2 business days prior to the first business day of the month in which the designation is to become effective. Transmittal of a validly completed and executed form to the Exchange along with the Exchange’s acknowledgement of the effective designation to each of the Market Maker and EEM will be viewed as acceptance of the appointment. The Exchange will only recognize one designation per Member. A Member may make a designation not more than once every 12 months (from the date of its most recent designation), which designation shall remain in effect unless or until the Exchange receives written notice submitted 2 business days prior to the first business day of the month from either Member indicating that the appointment has been terminated. Designations will become operative on the first business day of the effective month and may not be terminated prior to the end of the month. Execution data and reports will be provided to both parties. See the Definitions section of the Fee Schedule.

¹¹ The term “Book” means the electronic book of buy and sell orders and quotes maintained by the System. See Exchange Rule 100.

¹² The term “System” means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

¹³ The term “ABBO” means the best bid(s) or offer(s) disseminated by other Eligible Exchanges (defined in Exchange Rule 1400(g)) and calculated by the Exchange based on market information received by the Exchange from OPRA. See the Definitions section of the Fee Schedule and Exchange Rule 100.

¹⁴ See Securities Exchange Act Release No. 88992 (June 2, 2020), 85 FR 35142 (June 8, 2020) (SR-PEARL-2020-06).

5 for non-Penny Classes if the Market Maker executes above 1.25% to at least 1.40% of TCV. Finally, Market Makers can qualify for the Maker rebate of (\$0.85) per contract or Taker fee of \$1.07 per contract in tier 6 if the Market Maker executes above 1.40% of TCV.

The Exchange now proposes to amend the Market Maker origin table to increase the Maker rebates from (\$0.30) to (\$0.55) per contract for tiers 1 and 2 for Market Maker orders in non-Penny Classes that trade against all origins. The Exchange also proposes to increase the Taker fees to \$1.20 per contract for all tiers for Market Maker orders in non-Penny Classes that trade against all origins. The Exchange does not propose to amend any of the volume threshold criteria.

The purpose of the proposed changes to the Maker rebates are for business and competitive reasons in order to attract additional non-Penny Class volume from Members by increasing the Maker rebates for options transactions in non-Penny Classes in tiers 1 and 2 for Market Maker orders. The Exchange believes that this may, in turn, encourage Members to submit more Market Maker orders, leading to increased liquidity on the Exchange to the benefit of all market participants by providing more trading opportunities and tighter spreads. Additionally, the Exchange believes that even with the proposed increase to the Taker fees for Market Maker orders in non-Penny Classes in all tiers, the Exchange's Taker fees will remain competitive with the fees assessed by other exchanges for similar transactions.¹⁸

Proposal To Amend the Professional Origin Table To Increase Maker Rebates in Certain Tiers and Increase Taker Fees in all Tiers in Non-Penny Classes

The Exchange proposes to amend the Professional origin table to increase the Maker rebates in tiers 1 and 2 for Professional orders in non-Penny Classes that trade against all origins and increase the Taker fees in all tiers for Professional orders in non-Penny Classes that trade against all origins. The Professional origin table provides certain volume criteria thresholds for all tiers that are based upon the total monthly volume executed in all option classes by a Professional on MIAx Pearl

as a percentage of TCV. Currently, Professionals can qualify for the following rebates and fees for transactions in non-Penny Classes: (i) Maker rebate of (\$0.30) per contract or Taker fee of \$1.10 per contract in tier 1 if the Professional executes above 0.00% to at least 0.20% of TCV; (ii) Maker rebate of (\$0.30) per contract or Taker fee of \$1.10 per contract in tier 2 if the Professional executes above 0.20% to at least 0.50% of TCV; (iii) Maker rebate of (\$0.60) per contract or Taker fee of \$1.10 per contract in tier 3 if the Professional executes above 0.50% to at least 0.85% of TCV; (iv) Maker rebate of (\$0.65) per contract or Taker fee of \$1.10 per contract in tier 4 if the Professional executes above 0.85% to at least 1.25% of TCV; (v) Maker rebate of (\$0.70) per contract or Taker fee of \$1.09 per contract in tier 5 if the Professional executes above 1.25% to at least 1.50% of TCV; and (vi) Maker rebate of (\$0.85) per contract or Taker fee of \$1.09 per contract in tier 6 if the Professional executes above 1.50%.

The Exchange now proposes to amend the Professional origin table to increase the Maker rebates from (\$0.30) to (\$0.55) per contract for tiers 1 and 2 for Professional orders in non-Penny Classes that trade against all origins. The Exchange also proposes to increase the Taker fees to \$1.20 per contract for all tiers for Professional orders in non-Penny Classes that trade against all origins. The Exchange does not propose to amend any of the volume threshold criteria.

The purpose of the proposed changes to the Maker rebates are for business and competitive reasons in order to attract additional non-Penny Class volume from Members by increasing the Maker rebates for options transactions in non-Penny Classes in tiers 1 and 2 for Professional orders. The Exchange believes that this may, in turn, encourage Members to submit more Professional orders, leading to increased liquidity on the Exchange to the benefit of all market participants by providing more trading opportunities and tighter spreads. Additionally, the Exchange believes that even with the proposed increase to the Taker fees for Professional orders in non-Penny Classes in all tiers that the Exchange's Taker fees will remain competitive with the fees assessed by at least one other exchange for similar transactions.¹⁹

¹⁹ See MEMX Options Fee Schedule, Transaction Fees section (assessing market makers a fee of \$1.21 per contract for removing liquidity from MEMX in non-penny classes).

Implementation

The proposed changes are effective beginning June 1, 2026.

2. Statutory Basis

The Exchange believes that its proposal to amend the Fee Schedule is consistent with Section 6(b) of the Act²⁰ in general, and furthers the objectives of Section 6(b)(4) of the Act,²¹ in that it is an equitable allocation of reasonable dues, fees and other charges among Exchange Members and issuers and other persons using its facilities, and 6(b)(5) of the Act,²² 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 facilitating transactions in securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies."²³

There are currently 18 registered options exchanges competing for order flow. Based on publicly-available information, and excluding index-based and singly-listed options, no single exchange had more than approximately 12–13% of the multiply-listed equity options market share for the month of April 2026.²⁴ Therefore, no exchange possesses significant pricing power. More specifically, the Exchange had a market share of approximately 1.85% of executed volume of multiply-listed equity options for the month of April 2026.²⁵

²⁰ 15 U.S.C. 78f(b).

²¹ 15 U.S.C. 78f(b)(4).

²² 15 U.S.C. 78f(b)(1) and (b)(5).

²³ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005).

²⁴ See the "Market Share" section of the Exchange's website, available at <https://www.miaxglobal.com/> (last visited May 29, 2026).

²⁵ See *id.*

¹⁸ See MEMX LLC ("MEMX") Options Fee Schedule, Transaction Fees section (assessing market makers a fee of \$1.21 per contract for removing liquidity from MEMX in non-penny classes); see also The Nasdaq Stock Market LLC ("Nasdaq"), Options 7: Pricing Schedule, Section 2, Nasdaq Options Market—Fees and Rebates (assessing market makers a fee of \$1.25 per contract for removing liquidity from Nasdaq in non-penny classes).

Proposal To Amend the Priority Customer Origin Table To Increase All Maker Rebates in Non-Penny Classes

The Exchange believes its proposal to amend the Priority Customer origin to increase the Maker rebates in all tiers to (\$1.06) per contract for Priority Customer orders in non-Penny Classes that trade against all origins is reasonable, equitable and not unfairly discriminatory because it would further incentivize Priority Customer orders to the Exchange. The Exchange believes that this may, in turn, encourage Members to submit more Priority Customer orders, leading to increased liquidity on the Exchange to the benefit of all market participants by providing more trading opportunities and tighter spreads. The Exchange believes the proposed increased Maker rebates in all tiers for Priority Customer orders in non-Penny Classes is equitable and not unfairly discriminatory because it will apply equally to all market participants who provide Priority Customer orders in such classes.

Proposals To Amend the Market Maker and Professional Origins To Increase Maker Rebates in Certain Tiers and Increase Taker Fees in all Tiers in Non-Penny Classes

The Exchange believes its proposal to amend the Market Maker and Professional origins to increase the Maker rebates in tiers 1 and 2 from (\$0.30) to (\$0.55) per contract for Market Maker and Professional orders in non-Penny Classes that trade against all origins is reasonable, equitable and not unfairly discriminatory because it would further incentivize Market Maker and Professional orders to the Exchange. The Exchange believes that this may, in turn, encourage Members to submit more Market Maker and Professional orders, leading to increased liquidity on the Exchange to the benefit of all market participants by providing more trading opportunities and tighter spreads. The Exchange believes the proposed increased Maker rebates in tiers 1 and 2 for Market Maker and Professional orders in non-Penny Classes is equitable and not unfairly discriminatory because it will apply equally to all market participants who provide Market Maker and Professional orders in such classes.

The Exchange believes the proposal to amend the Market Maker and Professional origins to increase Taker fees to \$1.20 per contract in all tiers in non-Penny Classes is reasonable, equitably allocated, and not unfairly discriminatory because, even with the proposed increase, the Exchange believes the proposed Taker fees will

not discourage Market Maker and Professional order flow. The Exchange notes that despite the changes proposed herein, the Exchange's proposed Taker fee of \$1.20 per contract for the Market Maker and Professional origin for all tiers in non-Penny Classes remains competitive with (and lower than) the Taker fees for similar executions that are charged by other equity options exchanges.²⁶

The Exchange believes that even with the proposed increase, the Exchange's Taker fees for Market Maker and Professional transactions in non-Penny Classes will continue to encourage such market participants to remove liquidity from the Exchange. In turn, this should continue to contribute to a deep and liquid market to the benefit of all market participants and allow the Exchange to maintain its attractiveness as a trading venue. The Exchange further believes the proposed increased Taker fee is equitable and not unfairly discriminatory because the proposed increased fees will apply to all Market Maker and Professional origin orders in non-Penny Classes, regardless of volume.

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

The Exchange does not believe that the proposed rule changes will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

Intra-Market Competition

The Exchange does not believe that any of the proposed changes will impose any burden on intra-market competition. The Exchange believes its proposal to amend the Priority Customer origin to increase the Maker rebates in all tiers for Priority Customer orders in non-Penny Classes that trade against all origins will not impose any burden on intra-market competition. Instead, the Exchange believes this proposed change will promote competition because it will further incentivize Priority Customer orders to the Exchange. The Exchange believes that this may, in turn, encourage Members to submit more Priority Customer orders, leading to increased liquidity on the Exchange to the benefit of all market participants by providing more trading opportunities and tighter spreads.

Similarly, the Exchange believes its proposal to amend the Market Maker and Professional origins to increase the Maker rebates in tiers 1 and 2 for Market Maker and Professional orders in non-

Penny Classes that trade against all origins will not impose any burden on intra-market competition. Instead, the Exchange believes this proposed change will promote competition because it will further incentivize Market Maker and Professional orders to the Exchange. The Exchange believes that this may, in turn, encourage Members to submit more Market Maker and Professional orders, leading to increased liquidity on the Exchange to the benefit of all market participants by providing more trading opportunities and tighter spreads.

The Exchange believes that its proposal to increase Taker fees for Market Maker and Professional transactions in non-Penny Classes will not impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because these changes are for business and competitive reasons. The Exchange notes that despite the increases proposed herein, the Exchange's fee remains competitive with, and lower than, the taker fee charged by other exchanges for similar executions in non-penny classes by those exchanges market makers and professional customers.²⁷

Inter-Market Competition

The Exchange does not believe that the proposed changes will impose any burden on inter-market competition and the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. There are currently 18 registered options exchanges competing for order flow. Based on publicly-available information, and excluding index-based options, no single exchange had more than approximately 12–13% of the multiply-listed equity options market share for the month of April 2026.²⁸ Therefore, no exchange possesses significant pricing power. More specifically, the Exchange had a market share of approximately 1.85% of executed volume of multiply-listed equity options for the month of April 2026.²⁹

In such an environment, the Exchange must continually adjust its rebates and tiers to remain competitive with other options exchanges. Because competitors are free to modify their own fees and tiers in response, and because market

²⁷ See *supra* notes 18 and 19.

²⁸ See *supra* note 24.

²⁹ See *id.*

²⁶ See *supra* notes 18 and 19.

participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited. The Exchange believes that the proposed rule changes reflect this competitive environment because they modify the Exchange's tiers and rebates in a manner that encourages market participants to continue to provide liquidity and to send order flow to the Exchange.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act,³⁰ and Rule 19b-4(f)(2)³¹ thereunder. 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-PEARL-2026-25 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-2026-25. 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-2026-25 and should be submitted on or before July 8, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³²

Stephanie J. Fouse,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105678; File No. SR-CBOE-2026-044]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Order Approving a Proposed Rule Change To Permit the Listing of A.M.-Settled Options on the S&P 500 Index That Expire on Any Monday, Tuesday, Wednesday, Thursday, or Friday (Other Than the Third Friday-of-the-Month or Days That Coincide With an End-of-Month Expiration) and Expire on the Last Trading Day of the Month

June 12, 2026.

I. Introduction

On April 27, 2026, Cboe Exchange, Inc. ("Cboe" 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 thereunder,² a proposed rule change to permit the listing of A.M.-settled options on the S&P 500 Index ("SPX") that expire (1) on any Monday, Tuesday, Wednesday, Thursday, or Friday (other than the third Friday-of-the-month or days that coincide with an end-of-month expiration) and (2) the last trading day of the month. The

proposed rule change was published for comment in the **Federal Register** on May 1, 2026.³ This order approves the proposed rule change.

II. Description of the Proposed Rule Change

Under the Exchange's Nonstandard Expirations Program, the Exchange can open for trading (i) P.M.-settled weekly expirations on any broad-based index eligible for standard options trading and on Cboe Bitcoin U.S. ETF Index ("CBTX"), Cboe Mini Bitcoin U.S. ETF Index ("MBTX"), and the Cboe Magnificent 10 Index ("MGTN") to expire on any Monday, Tuesday, Wednesday, Thursday, or Friday (other than the third Friday-of-the-month ("Expiration Friday") or days that coincide with an end-of-month expiration) ("Weekly Expirations") and (2) P.M.-settled end-of-month expirations on the last trading day of the month ("EOM Expirations" or "EOMs") on any broad-based index eligible for standard options trading and on CBTX, MBTX, and MGTN to expire on last trading day of the month.⁴ With respect to SPX options, the Exchange can open for trading standard monthly expirations with A.M.-settlement on Expiration Friday,⁵ Weekly Expirations with P.M.-settlement,⁶ and EOM Expirations with P.M.-settlement.⁷

The Exchange proposes to amend its Nonstandard Expirations Program to permit the Exchange to open for trading A.M.-settled Weekly Expirations and A.M.-settled EOM Expirations on SPX (collectively, "A.M.-settled Nonstandard SPX Options").⁸ The Exchange states that the proposed A.M.-settled Nonstandard SPX Options would be subject to all provisions of Rule 4.13 and treated the same as A.M.-settled options on SPX that expire on Expiration Friday, as well as P.M.-settled Weekly Expirations and EOM

³ See Securities Exchange Act Release No. 105320 (Apr. 28, 2026), 91 FR 23499 ("Notice"). The Commission received no comments on the Notice.

⁴ See Notice, *supra* note 3, at 23500.

⁵ See Rule 4.13(a)(2) and (3).

⁶ See Rule 4.13(e)(1).

⁷ See Rule 4.13(e)(2).

⁸ See Notice, *supra* note 3, at 23500. The Exchange also proposes conforming amendments to Rules 4.13(e)(1) and (2) to replace certain existing references to "Weekly Expirations" with "P.M.-settled Weekly Expirations," to reflect that those provisions are applicable to P.M.-settled options series and to distinguish them from the A.M.-settled Weekly Expirations proposed. See *id.* at 23500, n. 22. The Exchange also proposes to remove language stating that Weekly Expirations and EOMs shall be P.M.-settled. See proposed Rule 4.13(e)(1), (2). The Exchange states that there are no changes to the P.M.-settled Weekly Expirations or EOMs as a result of the proposed change. See *id.* at 23500, n. 22.

³⁰ 15 U.S.C. 78s(b)(3)(A)(ii).

³¹ 17 CFR 240.19b-4(f)(2).

³² 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Expirations on SPX.⁹ The maximum number of expirations that may be listed for each A.M.-settled Nonstandard SPX Option would be the same as the maximum number of expirations permitted in Rule 4.13(a)(2) for standard options on SPX.¹⁰ Under the proposal, A.M.-settled Weekly Expirations on SPX need not be for consecutive Monday, Tuesday, Wednesday, Thursday, or Friday expirations as applicable; however, the expiration date of a nonconsecutive expiration may not be beyond what would be considered the last expiration date if the maximum number of expirations were listed consecutively.¹¹ A.M.-settled Weekly Expirations that are first listed on SPX may expire up to four weeks from the actual listing date.¹²

Similar to A.M.-settled Weekly Expirations on SPX, Choe proposes that A.M.-settled EOM Expirations on SPX need not be for consecutive end of month expirations; however, the expiration date of a non-consecutive expiration may not be beyond what would be considered the last expiration date if the maximum number of expirations were listed consecutively.¹³ A.M.-settled EOM Expirations on SPX that are first listed may expire up to four weeks from the actual listing date.¹⁴ If the Exchange lists A.M.-settled EOM Expirations on SPX and A.M.-settled Weekly Expirations on SPX, the Exchange would list an A.M.-settled EOM Expiration on SPX instead of an A.M.-settled Weekly Expiration on SPX that expires on the same day.¹⁵ Other expirations in the same class would not be counted as part of the maximum number of A.M.-settled Weekly Expirations or EOM Expirations on SPX.¹⁶

The Exchange also proposes to amend Rule 5.1(b)(2)(C) in connection with the proposed addition of A.M.-settled Nonstandard SPX Options.¹⁷ Currently, Rule 5.1(b)(2)(C) states in relevant part that on their last trading day, Regular Trading Hours for Nonstandard Expirations are from 9:30 a.m. to 4:00 p.m.¹⁸ The Exchange proposes to replace the reference to “Nonstandard Expirations” with “P.M.-Settled Nonstandard Expirations.”¹⁹

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.²⁰ In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,²¹ which requires, among other things, 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 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.

In support of its proposal, the Exchange states permitting A.M.-settled Nonstandard SPX Options along with A.M.-settled standard expirations on SPX (as well as P.M.-settled Nonstandard Expirations on SPX) will allow investors to purchase options on SPX in a manner more aligned with specific timing needs, which may reduce the premium cost of buying protection.²² The Exchange states that expanding its SPX options offerings to include A.M.-settled Nonstandard SPX Options will provide investors with additional means of managing their risk exposures and carrying out their investment objectives.²³ Further, the Exchange also states there is sufficient investor interest in and demand for A.M.-settled Nonstandard SPX Options to warrant adding these expirations.²⁴

In addition, the Exchange states that it does not believe increases in the number of options series and expirations will have any significant adverse economic impact on the futures, index, or underlying index component securities markets.²⁵ The Exchange states that it currently lists standard A.M.-settled expirations for SPX options along with P.M.-settled expirations.²⁶

²⁰ 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).

²¹ 15 U.S.C. 78f(b)(5).

²² See Notice, *supra* note 3, at 23501.

²³ See *id.*

²⁴ See *id.*

²⁵ See *id.* at 23502.

²⁶ See *id.* at 23500. In addition, the Exchange states that, for a period between 1987 to 1992, the Exchange listed and traded an A.M.-settled S&P 500 index option under the symbol NSX at the same time it listed and traded a P.M.-settled S&P 500 index option under symbol the SPX, and the Exchange did not observe any market disruptions as a result of offering both products. See *id.* at 23501.

The Exchange explains that it has not experienced any meaningful regulatory concerns, nor adverse impact on fair and orderly markets, in connection with the listing of standard A.M.-settled expirations SPX options concurrently with P.M.-settled expirations for SPX, nor with its Nonstandard Expirations Program more generally.²⁷ The Exchange represents that it has the necessary systems capacity to support any additional traffic associated with trading of A.M.-settled Nonstandard SPX Options and does not believe that its Trading Permit Holders will experience any capacity issues as a result of this proposal.²⁸ Finally, the Exchange represents that its existing surveillance and reporting safeguards in place are adequate to deter and detect possible manipulative trading which might arise from listing and trading A.M.-settled Nonstandard SPX Options.²⁹

As noted above, the Exchange may currently trade standard A.M.-settled SPX options on the same day as a P.M.-settled SPX options on Expiration Friday. The Exchange's proposal, which would permit additional A.M.-settled SPX option expirations, is reasonably designed as a limited expansion of the existing SPX index options expirations and may provide the investing public and other market participants more flexibility to closely tailor their investment and hedging decisions. The Exchange has represented that it has an adequate surveillance program in place to monitor trading in A.M.-settled Nonstandard SPX Options and has the necessary systems capacity to support the new options series.³⁰ The Exchange also represents that it will monitor the trading volume associated with any possible additional SPX options series listed as a result of the proposal and the effect of these additional series on market fragmentation and on the capacity of the Exchange's automated systems.³¹ The Commission expects the Exchange to continue to monitor any potential risks from large A.M.-settled positions and take appropriate action on a timely basis if warranted.

For these reasons, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act³² and the rules and regulations thereunder applicable to a national securities exchange.

²⁷ See *id.* at 23502.

²⁸ See *id.* at 23501.

²⁹ See *id.*

³⁰ See *id.*

³¹ See *id.*

³² 15 U.S.C. 78f(b)(5).

⁹ See Notice, *supra* note 3, at 23500.

¹⁰ See *id.*

¹¹ See *id.*

¹² See *id.*

¹³ See *id.*

¹⁴ See *id.*

¹⁵ See *id.*

¹⁶ See *id.*

¹⁷ See *id.*

¹⁸ See *id.*

¹⁹ See proposed Rule 5.1(b)(2)(C).

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,³³ that the proposed rule change (SR-CBOE-2026-044), be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁴

Stephanie J. Fouse,
Assistant Secretary.

[FR Doc. 2026-12157 Filed 6-16-26; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[OMB Control No. 3235-0057]

Agency Information Collection Activities; Submission for OMB Review; Comment Request; Extension: Regulation 14C (Commission Rules 14c-1 through 14c-7 and Schedule 14C)

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”) has submitted to the Office of Management and Budget this request for extension of the previously approved collection of information discussed below. The Commission also is requesting approval from OMB to designate this existing collection of information (OMB Control No. 3235-0057) as a “common form” for purposes of PRA submissions¹ because the Board

of Governors of the Federal Reserve System uses this information collection (under OMB Control No. 7100-0091).

Regulation 14C (17 CFR 240.14c-1 through 14c-7) and Schedule 14C (17 CFR 240.14c-101) set forth the requirements for the dissemination, content, and filing of the information statement required under Section 14(c) of the Securities Exchange Act of 1934. Those rules and schedule are intended to ensure that issuers that do not solicit proxies or consents provide all relevant security holders with material information as prescribed under the proxy rules. The information required by Schedule 14C is mandatory, and Schedule 14C filings are publicly available on the Commission’s Electronic Data Gathering, Analysis, and Retrieval (“EDGAR”) system. We estimate that Schedule 14C takes approximately 149.74 hours per response and is filed once per year by approximately 354 respondents, for a total of approximately 354 responses annually. We estimate that 75% of the 149.74 hours per response is carried internally by the respondent for annual reporting burden of 39,756 hours ((75% × 149.74 hours per response) × 354 responses). We estimate that 25% of the 149.74 hours per response is carried externally by outside professionals retained by the respondent at an estimated rate of \$600 per hour for a total annual cost burden of \$7,951,194 ((25% × 149.74 hours per response) × \$600 per hour × 354 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=202603-3235-004 or send an email comment to MBX.OMB.OIRA.SEC_desk_officer@omb.eop.gov within 30 days of the day after publication of this notice by July 20, 2026.

Dated: June 15, 2026.

J. Matthew DeLesDernier,
Deputy Secretary.

[FR Doc. 2026-12196 Filed 6-16-26; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105676; File No. SR-NYSE-2026-29]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Add Clarifying Language to the Description of Prospective Listing Rights Set Forth in Section 703.12(II)(A) of the NYSE Listed Company Manual

June 12, 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 June 2, 2026, New York Stock Exchange LLC (“NYSE” or the “Exchange”) filed with the Securities and Exchange Commission (the “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 add clarifying language to the description of Prospective Listing Rights set forth in Section 703.12(II)(A) of the NYSE Listed Company Manual. The proposed rule change is available on the Exchange’s website at www.nyse.com 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 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.

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

³³ 15 U.S.C. 78s(b)(2).

³⁴ 17 CFR 200.30-3(a)(12).

¹ See ROCIS PRA Module User Guide v. 8.2, at 110-111 (Mar. 2024), available at <https://www.rocis.gov/rocis/viewResources.do> (“A ‘common form’ is an information collection that can be used by two or more agencies, or government-wide, for the same purpose. The Common Forms Module [in ROCIS] allows a ‘host’ agency to obtain [OMB] approval of an information collection for use by one or more ‘using’ agencies. After OMB grants approval, any prospective using agency that seeks to collect identical information for the same purpose can obtain approval to use the ‘common form’ by providing its agency-specific information to OMB (e.g., burden estimates and number of respondents). . . . The host agency will indicate in the Federal Register notices that it is requesting approval of a common form and, if known, identify other agencies that may use the information collection. Both the Federal Register notices and the ICR should account only for the burden imposed by the host agency’s use of the common form. Once the host agency has received approval from OMB, any agency will be able to request OMB approval for its use of the common form in ROCIS by providing its agency specific information to OMB (e.g., burden estimates and number of

respondents). Additional public notice by those agencies will not be required.”)

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

1. Purpose

The NYSE recently amended Section 703.12(II) of the Manual to establish listing requirements for a new type of listed rights to be known as "Prospective Listing Rights."⁴ Under the rule, a Prospective Listing Right is 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. The Exchange now proposes to amend the definition of Prospective Listing Rights to specify that the Securities Act Registration Statement required for the listing of a series of Prospective Listing Rights must contain disclosure with respect to the transaction/business combination in connection with which such Prospective Listing Rights are being exercised. The proposed amendment is consistent with the intent of the Prospective Listing Rights provision as originally adopted and simply clarifies its application.

2. Statutory Basis

The Exchange believes that 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) of the Act⁶ in particular, in that it is designed 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. The proposed amendment does not change the effect of the existing rule text with respect to Prospective Listing Rights in any substantive way, but rather simply provides additional clarity as to its application, ensuring relevant disclosure with respect to the transaction/business combination in

connection with which Prospective Listing Rights are being exercised.

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. The proposed rule change is designed not to change the effect of the existing rule text with respect to Prospective Listing Rights in any substantive way, but rather simply provides additional clarity as to its application.

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) of the Act⁷ and Rule 19b-4(f)(6)⁸ thereunder. 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; or (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 Act⁹ and Rule 19b-4(f)(6)¹⁰ thereunder.

A proposed rule change filed under Rule 19b-4(f)(6)¹¹ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),¹² the Commission may 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 purpose of the proposal is to clarify the application of the listing standard with respect to Prospective Listing Rights without changing its substantive effect in any way, ensuring relevant disclosure with respect to the transaction/business combination in connection with which Prospective Listing Rights are being exercised. The Exchange also states that issuers seeking to list Prospective Listing Rights during that period will benefit from this clarification if the operative delay is waived. For these reasons, and because the proposed rule change does not raise any novel legal or regulatory issues, the Commission finds that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Therefore, the Commission hereby waives the 30-day operative delay and designates the proposed rule change to be operative upon filing.¹³

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 will institute proceedings 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-NYSE-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-NYSE-2026-29. This file number should be included on the

¹³ 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).

⁷ 15 U.S.C. 78s(b)(3)(A).

⁸ 17 CFR 240.19b-4(f)(6).

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the Exchange 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.

¹¹ 17 CFR 240.19b-4(f)(6).

¹² 17 CFR 240.19b-4(f)(6)(iii).

⁴ See Securities Exchange Act Release No. 105512 (May 18, 2026); 91 FR 30005 (May 21, 2026) (SR-NYSE-2026-05).

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

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-NYSE-2026-29 and should be submitted on or before July 8, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁴

Stephanie J. Fouse,
Assistant Secretary.

[FR Doc. 2026-12158 Filed 6-16-26; 8:45 am]

BILLING CODE 8011-01-P

SMALL BUSINESS ADMINISTRATION

[Disaster Declaration #21644; California Disaster Number CA-20044 Declaration of Economic Injury]

Administrative Declaration of an Economic Injury Disaster for the State of California

AGENCY: U.S. Small Business Administration.

ACTION: Notice.

SUMMARY: This is notice of an Economic Injury Disaster Loan (EIDL) declaration for the state of CALIFORNIA dated June 11, 2026.

Incident: Garden Grove Hazmat Incident.

DATES: Issued on June 11, 2026.

Incident Period: May 21, 2026 through May 29, 2026.

Economic Injury (EIDL) Loan Application Deadline Date: March 11, 2027.

ADDRESSES: Visit the SBA Loan Portal at <https://lending.sba.gov> to apply for a disaster assistance loan.

FOR FURTHER INFORMATION CONTACT: Jennifer Talarico, 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 EIDL declaration, applications for disaster loans may be submitted online using the SBA 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: Orange.

Contiguous Counties:

California: Los Angeles, Riverside, San Bernardino, San Diego.

The Interest Rates are:

	Percent
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 economic injury is 216440.

The state which received an EIDL declaration is CALIFORNIA.

(Catalog of Federal Domestic Assistance Number 59008)

(Authority: 13 CFR 123.3(b).)

James Stallings,

Associate Administrator, Office of Disaster Recovery & Resilience.

[FR Doc. 2026-12177 Filed 6-16-26; 8:45 am]

BILLING CODE 8026-09-P

SMALL BUSINESS ADMINISTRATION

[License No. 30002224]

LNC Partners III-SBIC, L.P.; Notice Seeking Exemption Under Section 312 of the Small Business Investment Act, Conflicts of Interest

Notice is hereby given that *LNC Partners III-SBIC, L.P.*, 901 N Glebe Road, Suite 1250 Arlington, VA 22203, Federal Licensee under the Small Business Investment Act of 1958, as amended ("the Act"), in connection with financings of a small business, has sought an exemption under Section 312 of the Act and 13 CFR 107.730, *Financings which Constitute Conflicts of Interest* of the Code of Federal Regulations. *LNC Partners III-SBIC, L.P.* proposes to provide financing to *West Physics Consulting, LLC*, 3825 Paces Walk SE, Suite 250 Atlanta, GA 30339 to support the Company's growth.

The financing is brought within the purview of 13 CFR 107.730(a) of the regulations because *LNC Partners I Continuation Fund L.P.* and *LNC Partners I Continuation Fund-A L.P.* are Associates of *LNC Partners III-SBIC, L.P.*, and own more than ten percent of *West Physics Consulting, LLC*. *LNC Partners I Continuation Fund L.P.* and *LNC Partners I Continuation Fund-A L.P.* are Associates by virtue of Common Control, as those terms are defined in § 107.50. Therefore, this transaction is considered a financing which constitutes a conflict of interest.

Notice is hereby given that any interested person may submit written comments on the transaction, within fifteen days of the date of this publication, to the Associate Administrator, Office of Investment and Innovation, U.S. Small Business Administration, 409 Third Street SW, Washington, DC 20416.

Paul Salgado,

Director, Investment Portfolio Management, Office of Investment and Innovation.

[FR Doc. 2026-12180 Filed 6-16-26; 8:45 am]

BILLING CODE 8026-09-P

DEPARTMENT OF STATE

[Public Notice: 13048]

Title: Notice of Public Meeting To Prepare for the International Maritime Organization's 137th Session of the Council

The Department of State will conduct a public meeting at 10:30 a.m. on Tuesday, June 30, 2026, by teleconference. The primary purpose of the meeting is to prepare for the International Maritime Organization's (IMO) 137th Session of the Council (C 137) to be held at IMO Headquarters in London, United Kingdom from Monday, July 06, 2026, to Friday, July 10, 2026.

The agenda items to be considered include:

- Adoption of the agenda
- Report of the Secretary-General on credentials
- Rules of Procedure
- Strategy and planning:
 - Strategy and planning
 - Internal Oversight, Ethics and Joint Inspection Unit
- Resource management:
 - Human resources matters
 - Financial reports
 - Report on Member State contributions
- Enhancement of Multilingualism
- Enhancement of GISIS
- IMO Member State Audit Scheme
- Report of the Maritime Safety Committee

¹⁴ 17 CFR 200.30-3(a)(12) and (59).

- Report of the Marine Environment Protection Committee
- Report of the Legal Committee
- Report of the Facilitation Committee
- Report of the Technical Cooperation Committee
- Global maritime training institutions:
 - World Maritime University
 - IMO International Maritime Law Institute
- External relations:
 - Relations with the United Nations and the specialized agencies
 - Relations with intergovernmental and non-governmental organizations
 - International Days established by IMO
 - IMO Awards
- Protection of vital shipping lanes
- Report on the status of conventions
- Place, date and duration of the next session of the Council (C 138)
- Supplementary agenda items, if any

Please note: The IMO may, on short notice, adjust the Council 137 agenda to accommodate any constraints associated with the meeting. Although no changes to the agenda are anticipated, if any are necessary, notice of the changes will be provided to those who RSVP.

Those who plan to participate may contact the meeting coordinator, LCDR Amy Gayman, by email at Amy.E.Gayman@uscg.mil, by phone at (571) 608–8882, or in writing at United States Coast Guard (CG–5PS), ATTN: LCDR Amy Gayman, 2703 Martin Luther King Jr. Ave. SE Stop 7509, Washington DC 20593–7509, by June 26th, 2026. Members of the public needing reasonable accommodation should advise LCDR Amy Gayman no later than June 26th, 2026. Requests made after that date will be considered but might not be possible to fulfill.

Additional information regarding this and other IMO public meetings may be found at: <https://www.dco.uscg.mil/IMO>.

(Authority: 22 U.S.C. 2656 and 5 U.S.C. 552)

Emily C. Miletello,

Coast Guard Liaison Officer, Office of Ocean and Polar Affairs, Department of State.

[FR Doc. 2026–12211 Filed 6–16–26; 8:45 am]

BILLING CODE 4710–09–P

SURFACE TRANSPORTATION BOARD

[Docket No. FD 36940]

3i RR Holdings GP LLC, et al. and Regional Rail, LLC—Control Exemption—Massachusetts Central Railroad Corporation

3i RR Holdings GP LLC; 3i RR Holdings Partnership L.P.; 3i RR

Intermediate Holdings LLC; 3i RR LLC; Regional Rail Holdings, LLC; and Regional Rail Sub Holdings LLC (collectively, 3i RR) and Regional Rail, LLC (Regional Rail),¹ each a noncarrier, have filed a verified notice of exemption under 49 CFR 1180.2(d)(2) to acquire control of Massachusetts Central Railroad Corporation (MCER). MCER is a Class III rail carrier that owns or operates approximately 25 miles of rail line between Palmer, Mass., and South Barre, Mass., and is currently controlled by The John J. Pondelli, Jr. Family Trust (the Trust).

According to the verified notice, Regional Rail will acquire all of the issued and outstanding shares of MCER pursuant to a Stock Purchase Agreement to be entered into with MCER and the Trust.² Upon consummation, Regional Rail would obtain direct control, and 3i RR would obtain indirect control, of MCER.

According to the verified notice: (1) the rail lines of MCER do not connect with the lines of the rail carriers controlled by 3i RR and Regional Rail; (2) the transaction is not part of a series of anticipated transactions that would result in such a connection; and (3) no Class I carrier is involved in the transaction. Therefore, the proposed transaction is exempt from the prior approval requirements of 49 U.S.C. 11323. *See* 49 CFR 1180.2(d)(2).

The earliest the transaction may be consummated is July 1, 2026, the effective date of the exemption (30 days after the verified notice was filed).

Under 49 U.S.C. 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. However, 49 U.S.C. 11326(c) does not provide for labor protection for transactions under 49 U.S.C. 11324 and 11325 that involve only Class III rail carriers. Because this transaction involves Class III rail carriers only, the Board, under the statute, may not impose labor protective conditions for this transaction.

If the verified notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the effectiveness of

¹ According to the verified notice, Regional Rail currently directly controls 14 Class III rail carriers. Regional Rail, in turn, is controlled by 3i RR.

² Public and confidential versions of the Stock Purchase Agreement were filed with the verified notice. The confidential version was submitted under seal concurrently with a motion for protective order, which was addressed in a separate decision.

the exemption. Petitions to stay must be filed no later than June 24, 2026 (at least seven days before the exemption becomes effective).

All pleadings, referring to Docket No. FD 36940, must be filed with the Surface Transportation Board either via e-filing on the Board's website or in writing addressed to 395 E Street SW, Washington, DC 20423–0001. In addition, a copy of each pleading must be served on 3i RR's and Regional Rail's representative, Thomas J. Litwiler, Fletcher & Sippel LLC, 29 North Wacker Drive, Suite 800, Chicago, IL 60606–3208.

According to 3i RR and Regional Rail, this action is categorically excluded from environmental review under 49 CFR 1105.6(c) and from historic preservation reporting requirements under 49 CFR 1105.8(b).

Board decisions and notices are available at www.stb.gov.

Decided: June 12, 2026.

By the Board, Scott M. Zimmerman, Acting Chief Counsel, Office of Chief Counsel.

Kenyatta Clay,

Clearance Clerk.

[FR Doc. 2026–12120 Filed 6–16–26; 8:45 am]

BILLING CODE 4915–01–P

DEPARTMENT OF TRANSPORTATION

Federal Highway Administration

[Docket No. FHWA–2026–0694]

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 July 17, 2026.

ADDRESSES: You may submit comments identified by DOT Docket ID Number 0694 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:

Christina Currier, christina.currier@dot.gov, or Stephanie James, stephanie.james@dot.gov, Office of Infrastructure, 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 13, 2026, at [91 FR 12483]. The notice received 1 comment. The comment and FHWA's response are below:

The South Dakota Department of Transportation (SDDOT) submitted a formal response that focuses on clarifying who is required to report, reducing reporting frequency, and addressing technical challenges in data collection.

FHWA Response

On Applicability and Respondents: The notice defines “Respondents” as 50 State DOTs, local/state governments, territories, and educational institutions that may apply. The collection is specifically titled “Performance Measures for Highway Construction Training Program (HCTP) Grant,” supporting the interpretation that these measures apply only to recipients of the HCTP grant.

On Reporting Frequency: The NOFO required quarterly and annual performance measure reporting and the sixteen current recipients have not expressed concerns about this frequency as it is common in the workforce development industry.

On Administrative Burden: The FHWA estimates the “Average Burden per Response” to be 20 minutes per form. SDDOT's comment suggests that the actual time required to gather and verify contractor data (such as median wages and six-month retention) may significantly exceed this 20-minute estimate. FHWA understands that specific data may be difficult to obtain but requests that recipients provide readily available data.

Title: Performance Measures for Highway Construction Training Program (HCTP) Grant.

Background: The demand for highway construction, maintenance, and operations workers is growing, while at the same time, emerging technologies require these workers to have new skills. According to a 2022 national survey by the Associated General Contractors of America (AGC), more than 70 percent of construction firms reported difficulty finding qualified trade and craft workers and 90 percent reported difficulty filling salaried positions. Government agencies, trade organizations, private agencies, and local and Tribal communities nationwide need new, collaborative approaches to meeting this challenge.

The predecessor to the HCTP, the Transportation Education Development Program, was originally established as a pilot program in 2005 by the Safe, Accountable, Flexible, Efficient, Transportation Equity Act: A Legacy for Users (Pub. L. 109–59) to provide grants to institutions of higher education to enhance transportation education and workforce development through “partnership[s] with industry and State departments of transportation (State DOT).” Now codified at 23 U.S.C. 504(f), amendments in Infrastructure Investment Jobs Act (IIJA) changed the program name to Transportation Education and Training Development and Deployment Program, expanded the type of entities eligible for grants and the activities that can be funded, and for the first time made State DOTs eligible grant recipients. The program will now be known as HCTP.

In 2016, FHWA collaborated with the American Association of State Highway and Transportation Officials, AGC, the American Road & Transportation Builders Association, and the U.S. Department of Labor's Employment and Training Administration to establish the Highway Construction Workforce Partnership (HCWP) Pilot Program. The two-year HCWP Pilot Program brought together working groups of highway, education, and workforce system representatives in six cities and six states to recruit, train, and place individuals into highway occupations.

In 2021, HCWP was selected as a focus program for the FHWA's Every Day Counts–6 (EDC–6) Program, a State-based model to identify and rapidly deploy proven but under-used innovations. The program was renamed the Strategic Workforce Development (SWD) Initiative and was also a focus program in EDC–7. The SWD has been adopted by 43 States. These programs developed valuable resources for

workforce development stakeholders, which can be found in the SWD Toolkit available at https://www.fhwa.dot.gov/innovativeprograms/centers/workforce_dev/hcwp/toolkit/. The HCTP grants will continue to build on the lessons learned through the HCWP and the SWD Initiative. This opportunity represents \$4,226,871 in funding available to applicants at no more than \$300,000 for each award.

This collection request, included in the NOFO for the HCTP Grant requirements, provides a resource to track the progress of the awarded programs through the period of performance of up to two years. The following performance measures are quarterly and are as follows: the number of entrants, the number of completed programs, the number of job placements, the median wages at time of hire and their progression at 180 days into the job placement, the number of trainees retained, and, if an educational institution, the number of enrollees in a particular curriculum. There are two remaining performance measures to be submitted annually. They are both related to educational institutions and the number of credentials attained with the corresponding skill gains in post-secondary educational opportunities.

Respondents: 50 State DOTs, local and state governments, District of Columbia, Commonwealth of Puerto Rico, United States territories of American Samoa, Guam, N. Mariana Is., and the Virgin Islands (4 territories), and educational institutions may apply.

Frequency: Performance Measures for the HCTP Grant must be submitted quarterly and annually, respectively.

Estimated Average Burden per Response: 2 hours per response.

Estimated Total Annual Burden Hours: 160 hours total burden.

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: June 12, 2026.

Jazmyne Lewis,

Information Collection Officer.

[FR Doc. 2026–12134 Filed 6–16–26; 8:45 am]

BILLING CODE 4910–22–P

DEPARTMENT OF TRANSPORTATION

Federal Motor Carrier Safety Administration

[Docket No. FMCSA–2026–0892]

Commercial Driver's License: Virginia Department of Motor Vehicles; Application for Exemption

AGENCY: Federal Motor Carrier Safety Administration (FMCSA), Department of Transportation (DOT).

ACTION: Notice of application for exemption; request for comments.

SUMMARY: FMCSA requests public comment on the application of the Virginia Department of Motor Vehicles (VA DMV) for an exemption from the Commercial Driver's License (CDL) requirements to permit the Commonwealth of Virginia to extend the validity of CDLs and Commercial Learner's Permits (CLPs) during State-declared emergencies. FMCSA is required by statute to publish a notice explaining each exemption request. This notice does not indicate what decision FMCSA will ultimately reach on the request. After reviewing the application, safety analyses, and public comments submitted, FMCSA will grant or deny the exemption.

DATES: Comments must be received on or before July 17, 2026.

ADDRESSES: You may submit comments identified by Docket Number FMCSA–2026–0892 by any of the following methods:

- **Federal eRulemaking Portal:** www.regulations.gov. See the Public Participation and Request for Comments section below for further information.

- **Mail:** Dockets Operations, U.S. Department of Transportation, 1200 New Jersey Avenue SE, W58–213, West Building, Washington, DC 20590–0001.

- **Hand Delivery or Courier:** 1200 New Jersey Avenue SE, W58–213, West Building, Washington, DC 20590–0001, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

Fax: (202) 493–2251. Each submission must include the Agency name and the docket number (FMCSA–2026–0892) for this notice. Note that DOT posts all comments received without change to www.regulations.gov, including any personal information included in a comment. Please see the Privacy Act heading below.

Privacy Act: In accordance with 49 U.S.C. 31315(b), DOT solicits comments from the public to better inform its exemption process. DOT posts these comments, including any personal information the commenter provides, to www.regulations.gov, as described in the system of records notice DOT/ALL–14 FDMS (Federal Docket Management System (FDMS)), which can be reviewed at <https://www.transportation.gov/individuals/privacy/privacy-act-system-records-notices>. The comments are posted without edit and are searchable by the name of the submitter.

FOR FURTHER INFORMATION CONTACT: Mr. Richard Clemente, FMCSA Driver and Carrier Operations Division; Office of Carrier, Driver and Vehicle Safety Standards, richard.clemente@dot.gov. If you have questions on viewing or submitting material to the docket, contact Dockets Operations at (202) 366–9826.

SUPPLEMENTARY INFORMATION:

I. Public Participation and Request for Comments

FMCSA encourages you to participate by submitting comments and related materials.

A. Submitting Comments

If you submit a comment, please include the docket number for this notice (FMCSA–2026–0892), indicate the specific section of this document to which the comment applies, and provide a reason for your suggestions or recommendations. You may submit your comments and material online or by fax, mail, or hand delivery, but please use only one of these means. FMCSA recommends that you include your name and a mailing address, an email address, or a phone number in the body of your document so the Agency can contact you if it has questions regarding your submission.

To submit your comment online, go to <https://www.regulations.gov/docket/FMCSA-2026-0892/document>, click on this notice, click “Comment,” and type your comment into the text box on the following screen.

If you submit your comments by mail or hand delivery, submit them in an unbound format, no larger than 8½ by 11 inches, suitable for copying and electronic filing.

FMCSA will consider all comments and material received during the comment period. Comments received after the comment closing date will be filed in the public docket and will be considered to the extent practicable.

B. Confidential Business Information (CBI)

CBI is commercial or financial information that is both customarily and actually treated as private by its owner. Under the Freedom of Information Act (5 U.S.C. 552), CBI is exempt from public disclosure. If your comments responsive to the notice contain commercial or financial information that is customarily treated as private, that you actually treat as private, and that is relevant or responsive to the notice, it is important that you clearly designate the submitted comments as CBI. Please mark each page of your submission that constitutes CBI as “PROPIN” to indicate it contains proprietary information. FMCSA will treat such marked submissions as confidential under the Freedom of Information Act, and they will not be placed in the public docket of the notice. Submissions containing CBI should be sent to Brian Dahlin, Chief, Regulatory Evaluation Division, Office of Policy, FMCSA, 1200 New Jersey Avenue SE, Washington, DC 20590–0001 or via email at brian.g.dahlin@dot.gov. At this time, you need not send a duplicate hardcopy of your electronic CBI submissions to FMCSA headquarters. Any comments FMCSA receives not specifically designated as CBI will be placed in the public docket for this notice.

C. Viewing Comments and Documents

To view comments, as well as any documents mentioned in this preamble as being available in the docket, go to <https://www.regulations.gov>, insert FMCSA–2026–0892 in the keyword box, select the document tab and choose the document to review. To view comments, click this notice, then click “Browse Comments.” If you do not have access to the internet, you may view the docket by visiting Dockets Operations in room W58–213 of the DOT West Building, 1200 New Jersey Avenue SE, West Building, Washington, DC 20590–0001, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. To be sure someone is there to help you, please call (202) 366–9317 or (202) 366–9826 before visiting Dockets Operations.

II. Legal Basis

FMCSA has authority under 49 U.S.C. 31136(e) and 31315(b) to grant exemptions from the Federal Motor Carrier Safety Regulations (FMCSRs). FMCSA must publish a notice of each exemption request in the **Federal Register** (49 CFR 381.315(a)). The Agency must provide the public an

opportunity to inspect the information relevant to the application, including the applicant's safety analysis. The Agency must provide an opportunity for public comment on the request.

The Agency reviews the application, safety analyses, and public comments submitted and determines whether granting the exemption would likely achieve a level of safety equivalent to, or greater than, the level that would be achieved absent such exemption, pursuant to the standard set forth in 49 U.S.C. 31315(b)(1). The Agency must publish its decision in the **Federal Register** (49 CFR 381.315(b)). If granted, the notice will identify the regulatory provision from which the applicant will be exempt, the effective period, and all terms and conditions of the exemption (49 CFR 381.315(c)(1)). If the exemption is denied, the notice will explain the reason for the denial (49 CFR 381.315(c)(2)). The exemption may be renewed (49 CFR 381.300(b)).

III. Applicant's Request

Current Regulatory Requirements

Under 49 CFR 383.25(c), a CLP must be valid for no more than one year from the initial date of issuance without requiring the holder to retake general and endorsement knowledge tests. CLPs issued for less than a year may be renewed, but the total validity cannot exceed one year from the initial issuance date. Sections 383.73(b), (c), (d), and (e) set forth requirements for State Driver Licensing Agencies (SDLAs) to issue, transfer, renew, or upgrade, a CDL. The SDLA cannot make a CDL valid for more than 8 years from the date of issuance.

Under 49 CFR 390.23(b), an emergency declared by the Governor of a State triggers automatic relief from the hours-of-service requirements in 49 CFR 395.3 and 395.5 to a motor carrier or driver providing direct assistance during the emergency. The automatic relief does not extend to the CDL requirements in 49 CFR part 383.

Applicant's Request

The VA DMV seeks an exemption from the requirements in 49 CFR 383.25(c) and 49 CFR 383.73(b), (c), (d), and (e), to permit the Commonwealth of Virginia to extend the validity of CDLs and CLPs during declared emergencies. Specifically, the VA DMV seeks to extend the validity of CDLs and CLPs for up to 90 days when the Governor has: (1) declared a state of emergency; or (2) issued an executive order or directive expressly authorizing extensions of CDLs and CLPs. The requested exemption would not apply to

non-domiciled CDLs or CLPs issued pursuant to 49 CFR 383.71(f). The exemption would apply only to individuals who were issued a CDL or CLP after previously presenting proof of citizenship or lawful permanent residency as listed in Table 1 to 49 CFR 383.71.

According to the VA DMV, during declared states of emergency, including severe weather events, natural disasters, and other statewide disruptions, access to DMV facilities and services may be significantly limited. Such disruptions may include temporary office closures, reduced staffing levels, system outages, travel restrictions, and other safety concerns affecting in-person services, which may prevent otherwise qualified commercial drivers from completing timely renewals through no fault of their own. Commercial drivers may face the loss of driving privileges due to circumstances beyond their control, which may result in workforce shortages and disruptions to the transportation of essential goods and services, particularly during emergency response and recovery efforts.

Virginia Code 46.2–330(A) and 46.2–223(15) authorize the Commissioner to extend the validity of expiring driver's licenses for up to 90 days when the DMV is unable to process renewals due to circumstances beyond its control and such action is authorized by the Governor during a declared emergency. However, the applicant notes that this authority does not extend to CDLs due to Federal requirements.

Applicant's Equivalent Level of Safety

The VA DMV believes the exemption would not compromise safety. The applicant explains that it will implement internal administrative controls to ensure appropriate use of this exemption, if granted, including system tracking of extended credentials, documentation of emergency declarations and executive directives, record retention, and audit capability. The VA DMV indicates that all records will be made available to FMCSA upon request.

The applicant indicates that it has a strong history of administering federally regulated programs in compliance with FMCSA standards and has successfully operated under prior exemptions, including those related to the Skills Performance Evaluation program. VA DMV states that the exemption would provide it with limited and carefully controlled flexibility to respond to extraordinary circumstances while maintaining a level of safety that is equivalent to or greater than that

provided under existing Federal regulations.

A copy of VA DMV's application for exemption is available for review in the docket for this notice.

IV. Request for Comments

In accordance with 49 U.S.C. 31315(b), FMCSA requests public comment from all interested persons on VA DMV's application for an exemption to permit the Commonwealth of Virginia to temporarily extend the validity of CDLs and CLPs during declared emergencies. All comments received before the close of business on the comment closing date will be considered and will be available for examination in the docket at the location listed under the **ADDRESSES** section of this notice.

Comments received after the comment closing date will be filed in the public docket and will be considered to the extent practicable. In addition to late comments, FMCSA will also continue to file, in the public docket, relevant information that becomes available after the comment closing date. Interested persons should continue to examine the public docket for new material.

Larry W. Minor,

Associate Administrator for Policy.

[FR Doc. 2026–12173 Filed 6–16–26; 8:45 am]

BILLING CODE 4910–EX–P

DEPARTMENT OF TRANSPORTATION

Federal Railroad Administration

Notice of Amendment for the Fiscal Year 2025 and Fiscal Year 2026 Consolidated Rail Infrastructure and Safety Improvements Program

AGENCY: Federal Railroad Administration (FRA), Department of Transportation (DOT).

ACTION: Notice.

SUMMARY: On April 20, 2026, FRA published a notice in the **Federal Register** announcing the availability of funding and procedures to obtain grant funding for eligible projects for the Fiscal Year (FY) 2025–2026 Consolidated Rail Infrastructure and Safety Improvements (CRISI) grant program. FRA is extending the deadline for applications for the FY 2025–2026 CRISI grant program from June 22, 2026, at 11:59 p.m. Eastern Time (ET) to June 25, 2026, at 11:59 p.m. ET. The full text of the Notice of Funding Opportunity (NOFO) can be found at <https://www.Grants.gov> using the funding opportunity ID FR–CRS–26–001.

DATES: Applications for funding under this solicitation are due no later than 11:59 p.m. Eastern Time (ET) June 25, 2026. Applications that are incomplete or received after 11:59 p.m. ET June 25, 2026, will not be considered for funding. FRA reserves the right to modify this deadline. See Section 4 of the reissued NOFO for additional information on the application process.

ADDRESSES: Applicants must submit all application materials, in their entirety, through <https://www.Grants.gov>. FRA is committed to ensuring that information is available in appropriate alternative formats to meet the requirements of persons who have a disability. If you require an alternative version of files provided, please contact FRA-NOFO-Support@dot.gov.

FOR FURTHER INFORMATION CONTACT: For further information concerning this notice, grant application submission, and processing questions, please contact FRA-NOFO-Support@dot.gov.

Robert Andrew Feeley,
Deputy Administrator.

[FR Doc. 2026–12135 Filed 6–16–26; 8:45 am]

BILLING CODE 4910–06–P

DEPARTMENT OF THE TREASURY

Community Development Financial Institutions Fund

Notice of Information Collection and Request for Public Comment

ACTION: Notice and request for public comment.

SUMMARY: The U.S. Department of the Treasury, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections, as required by the Paperwork Reduction Act of 1995, Public Law 104–13 (44 U.S.C. 3506(c)(2)(A)). Currently, the Community Development Financial Institutions Fund (CDFI Fund), U.S. Department of the Treasury, is soliciting comments concerning the New Markets Tax Credit Program (NMTC Program) Allocation and Qualified Equity Investment Tracking System (AQEI).

DATES: Written comments must be received on or before August 17, 2026, to be assured of consideration.

ADDRESSES: You may submit comments via the Federal eRulemaking Portal at www.regulations.gov. Follow the instructions on the website for the submission of comments. In general, all

comments will be available for inspection at www.regulations.gov. Comments, including attachments and other supporting materials, are part of the public record. Do not submit any information in your comments or supporting materials that you consider confidential or inappropriate for public disclosure.

FOR FURTHER INFORMATION CONTACT:

Requests for additional information should be directed to Trefor Henry, Acting Program Manager, CDFI Fund, U.S. Department of the Treasury, 1500 Pennsylvania Avenue NW, Washington, DC 20220, (202) 653–0423 (not a toll-free number). Other information regarding the CDFI Fund and its programs may be obtained on the CDFI Fund website at <https://www.cdfifund.gov>.

SUPPLEMENTARY INFORMATION:

Title: Allocation and Qualified Equity Investment Tracking System.

OMB Number: 1559–0024.

Abstract: Title I, subtitle C, section 121 of the Community Renewal Tax Relief Act of 2000 (the Act), as enacted by section 1(a)(7) of the Consolidated Appropriations Act, 2001 (Pub. L. 106–554, December 21, 2000), amended the Internal Revenue Code (IRC) by adding IRC § 45D, New Markets Tax Credit. In July 2025, the One Big Beautiful Bill Act (Pub. L. 119–21) permanently authorized the NMTC Program.

Pursuant to IRC § 45D, the Department of the Treasury, through the CDFI Fund, administers the NMTC Program, which provides an incentive to investors in the form of tax credits over seven years and stimulates the provision of private investment capital that, in turn, facilitates economic and community development in low-income communities. In order to qualify for an allocation of NMTC Program authority, an entity must be certified as a qualified Community Development Entity and submit an allocation application to the CDFI Fund. Upon receipt of such applications, the CDFI Fund conducts a competitive review process to evaluate applications for the receipt of NMTC Program allocations. Entities selected to receive an NMTC Program allocation must enter into an Allocation Agreement with the CDFI Fund. The Allocation Agreement contains the terms and conditions, including all reporting requirements, associated with the receipt of a NMTC Program allocation. The CDFI Fund requires each Allocatee to use an electronic data collection and submission system, known as the Allocation and Qualified Equity Investment Tracking System (AQEI), to report on the information

related to its receipt of a Qualified Equity Investment. The CDFI Fund developed the AQEI to, among other things: (1) enhance the Allocatee's ability to report to the CDFI Fund timely information regarding the issuance of its Qualified Equity Investments; (2) enhance the CDFI Fund's ability to monitor the issuance of Qualified Equity Investments to ensure that no Allocatee exceeds its allocation authority and to ensure that Qualified Equity Investments are issued within the timeframes required by the Allocation Agreement and IRC § 45D; (3) provide the CDFI Fund with basic investor data that can be aggregated and analyzed in connection with NMTC Program evaluation efforts; and (4) provide the CDFI Fund with information about the status of Qualified Active Low-Income Community Businesses and Qualified Low-Income Community Investments at the end of the tax credit compliance period.

Current Actions: Renewal of Existing Information Collection.

Type of Review: Regular.

Affected Public: NMTC Program Allocatees.

Estimated Number of Respondents: 202.

Frequency of Responses: Annually.
Estimated Total Number of Annual Responses: 1,010.

Estimated Annual Time per Respondent: 1.5 hours.

Estimated Total Annual Burden Hours: 1,515 hours.

Requests for Comments: Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval. All comments will become a matter of public record. Comments are invited on: (a) whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information has practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; (d) ways to minimize the burden of the collection of information on respondents, including through the use of technology; and (e) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services required to provide information. An agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless the collection of information displays a valid OMB control number. Current reporting requirements are on the CDFI Fund website at <https://www.cdfifund.gov/>. Current versions of the AQEI and QEI

Closeout Report guidance is available at <https://www.cdfifund.gov/amis-reporting>.

(Authority: 12 U.S.C. 4701 *et seq.*; 26 U.S.C. 45D.)

Dated: June 15, 2026.

Alexandria Smith,

Acting Director, Community Development Financial Institutions Fund.

[FR Doc. 2026–12187 Filed 6–16–26; 8:45 am]

BILLING CODE 4810–70–P

DEPARTMENT OF THE TREASURY

Privacy Act of 1974; System of Records

AGENCY: Department of the Treasury, Departmental Offices.

ACTION: Notice of a new system of records.

SUMMARY: In support of Executive Order 14395, *Establishing the Task Force To Eliminate Fraud*, and Executive Order 14249, *Protecting America's Bank Account Against Fraud, Waste, and Abuse*, the Department of the Treasury ("Treasury" or "the Department") proposes to establish a new system of records titled "Department of the Treasury, Treasury .032—Federal Program Waste, Fraud, and Abuse Tip Intake and Referral Records." This system will enable Treasury to receive, maintain, review, triage, and refer tips, complaints, allegations, leads, supporting information, and related correspondence submitted by members of the public concerning suspected waste, fraud, abuse, improper payments, misuse of Federal funds, or other misconduct affecting Federal programs. Treasury will use the records to determine the appropriate Federal agency, inspector general, law enforcement agency, or other authorized entity to which a tip should be referred for review, investigation, audit, oversight, enforcement, recovery, program-integrity, or other lawful action.

DATES: Submit comments on or before July 17, 2026. This new system will be effective upon publication. The routine uses will be effective on July 17, 2026 unless Treasury receives comments and determines that changes to the system of records notice are necessary.

ADDRESSES: Comments may be submitted to the Federal eRulemaking Portal electronically at <http://www.regulations.gov> via docket number SORN—TREAS—DO—2026–0463. Comments can also be mailed to U.S. Department of the Treasury, Attention: Ryan Law, Deputy Assistant Secretary

for Privacy, Transparency, and Records, 1500 Suite #8100, JBAB, 250 Murray Lane SW, Bldg. 410/Door 123, Washington, DC 20222. Treasury encourages comments to be submitted via <https://www.regulations.gov>. All comments received, including attachments and other supporting documents, are part of the public record and subject to public disclosure. All comments received will be posted without change to www.regulations.gov, including any personal information provided. You should submit only information that you wish to make publicly available.

FOR FURTHER INFORMATION CONTACT: For general questions about this notice and privacy issues, please contact: Ryan Law, Deputy Assistant Secretary for Privacy, Transparency, and Records at U.S. Department of the Treasury, 1500 Suite #8100, JBAB, 250 Murray Lane SW, Bldg. 410/Door 123, Washington, DC 20222; telephone: (202) 622–5710.

SUPPLEMENTARY INFORMATION: Treasury is establishing this system to support the receipt and appropriate referral of information from the public via www.fraud.gov regarding suspected waste, fraud, abuse, improper payments, misuse of Federal funds, or other misconduct affecting Federal programs. Executive Order 14249, *Protecting America's Bank Account Against Fraud, Waste, and Abuse*, states that it is the policy of the United States to defend against financial fraud and improper payments and directs Treasury-related activity to support fraud prevention and payment integrity. Executive Order 14395, *Establishing the Task Force To Eliminate Fraud*, directs a comprehensive national strategy to stop fraud, waste, and abuse in Federal benefit programs and includes Treasury, DOJ, inspectors general, and other agencies in coordinated anti-fraud work.

Dated: June 12, 2026.

Ryan Law,

Deputy Assistant Secretary for Privacy, Transparency, and Records.

SYSTEM NAME AND NUMBER:

Department of the Treasury, .032 Federal Program Waste, Fraud, and Abuse Tip Intake and Referral Records.

SECURITY CLASSIFICATION:

Unclassified.

SYSTEM LOCATION:

Records are maintained by the Department of the Treasury, Treasury Common Services Center (TCSC), 1500 Pennsylvania Avenue NW, Washington, DC 20006.

SYSTEM MANAGER(S):

Treasury's Chief Information Officer, U.S. Department of the Treasury, 1500 Pennsylvania Avenue NW, Washington, DC 20006. Email: ciofrontoffice@treasury.gov.

AUTHORITY FOR MAINTENANCE OF THE SYSTEM:

31 U.S.C. 321(a)(7); 31 U.S.C. 3351 *et seq.*; 44 U.S.C. 3101; Executive Order 14249, *Protecting America's Bank Account Against Fraud, Waste, and Abuse*; Executive Order 14395, *Establishing the Task Force To Eliminate Fraud*.

PURPOSE(S) OF THE SYSTEM:

The purpose of this system is to enable Treasury to:

1. Receive and maintain tips, complaints, allegations, leads, referrals, and supporting information submitted by members of the public via www.fraud.gov concerning suspected waste, fraud, abuse, improper payments, misuse of Federal funds, or other misconduct affecting Federal programs;
2. Review, validate for completeness, de-duplicate, categorize, and triage such information;

3. Identify the Federal agency or Office of Inspector General with program responsibility, audit responsibility, oversight responsibility, or enforcement authority over the subject matter of the tip;

4. Refer tips and related information to the appropriate Federal agency, including the Department of Justice, the Federal Bureau of Investigation, a relevant Office of Inspector General, or another Federal agency or component for review and action;

5. Coordinate with Federal agencies regarding referrals, status, outcomes, duplicate submissions, urgent threats, or related program-integrity matters;

6. Protect Federal funds, promote payment integrity, identify or prevent improper payments, and support the detection, prevention, investigation, recovery, or remediation of waste, fraud, and abuse in Federal programs; and

7. Maintain records necessary to administer the intake and referral process, including audit logs, correspondence, disposition records, and referral histories.

CATEGORIES OF INDIVIDUALS COVERED BY THE SYSTEM:

This system may contain records about:

1. Individuals who submit tips, complaints, allegations, leads, inquiries, or supporting information to Treasury via www.fraud.gov;

2. Individuals identified by submitters as subjects, witnesses, victims,

beneficiaries, recipients, payees, providers, contractors, grantees, subrecipients, vendors, employees, agents, intermediaries, facilitators, or other persons associated with suspected waste, fraud, abuse, improper payments, misuse of Federal funds, or other misconduct; and

3. Individuals whose information appears in supporting materials submitted to Treasury.

CATEGORIES OF RECORDS IN THE SYSTEM:

Records in this system may include:

1. Tip, complaint, allegation, referral, or lead information submitted to Treasury via www.fraud.gov;

2. Submitter contact information, such as full name (first, middle, middle initial, last), aliases, business name, mailing address, email address, telephone number, organizational affiliation, and preferred method of contact;

3. Information concerning subjects of tips, including full name, aliases, date of birth, address, telephone number, email address, employer, business name, role, program participation, recipient or payee status, provider status, vendor status, grantee status, contractor status, account identifiers, transaction identifiers, award identifiers, grant identifiers, contract identifiers, payment identifiers, or other identifying information provided by the submitter or developed during triage;

4. Descriptions of suspected waste, fraud, abuse, improper payments, misuse of Federal funds, eligibility violations, false statements, false claims, kickbacks, conflicts of interest, identity misuse, organized fraud schemes, program-integrity vulnerabilities, or related misconduct;

5. Program, agency, benefit, grant, contract, payment, award, transaction, or account information relevant to the tip;

6. Supporting documents, photographs, screenshots, audio, video, messages, correspondence, spreadsheets, links, metadata, or other materials submitted by the public or obtained during Treasury's intake and triage process;

7. Treasury triage notes, risk indicators, categorizations, jurisdictional determinations, referral decisions, duplicate-tip determinations, status information, and disposition information;

8. Referral records, including receiving agency, office, or component; date of referral; referral method; acknowledgement of receipt; referral status; and related correspondence;

9. Communications with submitters, receiving agencies, inspectors general,

law enforcement agencies, or other authorized entities;

10. Records concerning consent, anonymity, confidentiality requests, whistleblower-related assertions, and limitations on further contact; and

11. Audit logs, access logs, system-generated metadata, case identifiers, user identifiers, and administrative records necessary to operate, secure, and audit the system.

RECORD SOURCE CATEGORIES:

Information in this system may be obtained from:

1. Members of the public who submit tips, complaints, allegations, leads, or supporting materials via www.fraud.gov;

2. Federal agencies including inspectors general and law enforcement agencies;

3. State, local, Tribal, territorial government entities, where appropriate and authorized;

4. Treasury records and systems, to the extent necessary for intake, triage, de-duplication, referral, audit, security, or program administration;

5. Publicly available sources;

6. Contractors, consultants, detailees, or agents acting on behalf of Treasury; and

7. System-generated metadata, audit logs, and administrative records.

ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM, INCLUDING CATEGORIES OF USERS AND PURPOSES OF SUCH USES:

In addition to those disclosures generally permitted under the Privacy Act of 1974, 5 U.S.C. 552a(b), records and/or information or portions thereof maintained as part of this system may be disclosed outside Treasury as a routine use pursuant to 5 U.S.C. 552a(b)(3) as follows:

(1) To the United States Department of Justice ("DOJ"), for the purpose of representing or providing legal advice to the Department in a proceeding before a court, adjudicative body, or other administrative body before which the Department is authorized to appear, when such proceeding involves:

(a) The Department or any component thereof;

(b) Any employee of the Department in his or her official capacity;

(c) Any employee of the Department in his or her individual capacity where the Department of Justice or the Department has agreed to represent the employee; or

(d) The United States, when the Department determines that litigation is likely to affect the Department or any of its components; and the use of such records by the DOJ is deemed by the DOJ or the Department to be relevant

and necessary to the litigation provided that the disclosure is compatible with the purpose for which records were collected;

(2) To a Federal, State, or local law enforcement authority or other appropriate entity charged with the responsibility for investigating or prosecuting such violation or charged with enforcing or implementing such law, when a record, either alone or in conjunction with other information indicates a violation or potential violation of law that is criminal, civil, or regulatory in nature, and the disclosure is compatible with the purpose for which the records were collected;

(3) To a Congressional office in response to an inquiry made at the request of, and on behalf of, the individual to whom the record pertains;

(4) To the National Archives and Records Administration (NARA) pursuant to records management inspections being conducted under the authority of 44 U.S.C. 2904 and 2906;

(5) To appropriate agencies, entities, and person when (1) the Department of the Treasury suspects or has confirmed that there has been a breach of the system of records; (2) the Department of the Treasury has determined that as a result of the suspected or confirmed breach there is a risk of harm to individuals, the Department of the Treasury (including its information systems, programs, and operations), the Federal Government, or national security; and (3) the disclosure made to such agencies, entities, and persons is reasonably necessary to assist in connection with the Department of the Treasury's efforts to respond to the suspected or confirmed breach or to prevent, minimize, or remedy such harm; and

(6) To another Federal agency or Federal entity, when the Department of the Treasury determines that information from this system of records is reasonably necessary to assist the recipient agency or entity in (1) responding to a suspected or confirmed breach or (2) preventing, minimizing, or remedying the risk of harm to individuals, the recipient agency or entity (including its information systems, programs, and operations), the Federal Government, or national security, resulting from a suspected or confirmed breach.

(7) To contractors, subcontractors, grantees, experts, consultants, detailees, shared-service providers, or other persons or entities performing or working on a contract, service, grant, cooperative agreement, interagency agreement, or other assignment for

Treasury when the disclosure is necessary to assist Treasury in operating, maintaining, securing, improving, auditing, evaluating, or administering the system.

POLICIES AND PRACTICES FOR STORAGE OF RECORDS:

Records in this system are stored electronically in secure facilities.

POLICIES AND PRACTICES FOR RETRIEVAL OF RECORDS:

Records may be retrieved by the case number that is assigned to each individual's submission, or by an individual's name, email address, or another personal identifier.

POLICIES AND PRACTICES FOR RETENTION AND DISPOSAL OF RECORDS:

Records in this system will be maintained and disposed in accordance with National Archives and Records Administration (NARA) retention schedules. The Department of the Treasury is in the process of developing a new records schedule for submission to NARA. Until the new schedule is approved, the records will be treated as permanent.

ADMINISTRATIVE, TECHNICAL, AND PHYSICAL SAFEGUARDS:

Records in this system are safeguarded in accordance with the Treasury Shared Services Enterprise Cybersecurity Program Policy. Strict security access, multi-factor authentication and audit logging controls have been imposed to minimize the risk of compromising the information that is being stored. Access to the computer system containing the records in this system is limited to those individuals who have a need to know the information for the performance of their official duties and who have appropriate clearances.

RECORD ACCESS PROCEDURES:

See "Notification Procedures" below.

CONTESTING RECORD PROCEDURES:

See "Notification Procedures" below.

NOTIFICATION PROCEDURES:

Individuals seeking notification of and access to any record contained in this system of records, or seeking to contest its content, may submit a request in writing, in accordance with Treasury's Privacy Act regulations (located at 31 CFR 1.26), to the Freedom of Information Act (FOIA) and Transparency Liaison, whose contact information can be found at <https://home.treasury.gov/footer/freedom-of-information-act> under "FOIA Requester Service Centers and FOIA Liaison." If

an individual believes more than one bureau maintains Privacy Act records concerning him or her, the individual may submit the request to the Office of Privacy, Transparency, and Records, FOIA and Transparency, Department of the Treasury, 1500 Pennsylvania Ave. NW, Washington, DC 20220.

No specific form is required, but a request must be written and:

- Be signed and either notarized or submitted under 28 U.S.C. 1746, a law that permits statements to be made under penalty of perjury as a substitute for notarization;
- State that the request is made pursuant to the FOIA and/or Privacy Act disclosure regulations;
- Include information that will enable the processing office to determine the fee category of the user;
- Be addressed to the bureau that maintains the record (in order for a request to be properly received by the Department, the request must be received in the appropriate bureau's disclosure office);
- Reasonably describe the records;
- Give the address where the determination letter is to be sent;
- State whether or not the requester wishes to inspect the records or have a copy made without first inspecting them; and
- Include a firm agreement from the requester to pay fees for search, duplication, or review, as appropriate. In the absence of a firm agreement to pay, the requester may submit a request for a waiver or reduction of fees, along with justification of how such a waiver request meets the criteria for a waiver or reduction of fees found in the FOIA statute at 5 U.S.C. 552(a)(4)(A)(iii).

EXEMPTIONS PROMULGATED FOR THE SYSTEM:

Pursuant to 5 U.S.C. 552a(k)(2), portions of this system of records may be exempt from 5 U.S.C. 552a(c)(3), (d), (e)(1), (e)(4)(G), (H), and (I), and (f), to the extent that the records consist of investigatory material compiled for law enforcement purposes.

HISTORY:

None.

[FR Doc. 2026-12147 Filed 6-16-26; 8:45 am]

BILLING CODE 4810-AK-P

DEPARTMENT OF THE TREASURY

Agency Information Collection Activities; Proposed Collection; Comment Request; Fraud.gov Federal Program Waste, Fraud, and Abuse Tip Intake and Referral System

AGENCY: Departmental Offices, U.S. Department of the Treasury.

ACTION: Notice of information collection; request for comment.

SUMMARY: The Department of the Treasury, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other federal agencies to comment on the proposed information collection listed below, in accordance with the Paperwork Reduction Act of 1995.

DATES: Written comments must be received on or before August 17, 2026.

ADDRESSES: Send comments regarding the burden estimate, or any other aspect of the information collection, including suggestions for reducing the burden, to Treasury PRA Clearance Officer, 1750 Pennsylvania Ave. NW, Suite 8100, Washington, DC 20220, or email at PRA@treasury.gov.

FOR FURTHER INFORMATION CONTACT:

Copies of the submissions may be obtained from Spencer W. Clark by emailing PRA@treasury.gov, calling (202) 927-5331, or viewing the entire information collection request at www.reginfo.gov.

SUPPLEMENTARY INFORMATION:

Title: *Fraud.gov* Federal Program Waste, Fraud, and Abuse Tip Intake and Referral System.

OMB Control Number: 1505-NEW.

Type of Request: New collection of information.

Description: The Department of the Treasury proposes a new electronic information collection associated with *Fraud.gov*, a government-wide intake and referral portal for members of the public to report suspected waste, fraud, abuse, improper payments, misuse of Federal funds, and related misconduct affecting Federal programs. The collection supports Treasury's implementation of Executive Order 14249, "Protecting America's Bank Account Against Fraud, Waste, and Abuse," and Executive Order 14395, "Establishing the Task Force To Eliminate Fraud."

On behalf of the Task Force to Eliminate Fraud, Treasury proposes to collect information necessary to receive, review, triage, categorize, de-duplicate, and refer allegations to the appropriate Federal agency, inspector general, law enforcement organization, or other authorized entity for review and potential action. The collection also supports program integrity, payment integrity, oversight, fraud prevention, and related administrative functions. The new tip intake form hosted on *Fraud.gov* allows respondents to provide a narrative description of their allegations, supporting documentation, contact information and related

information necessary to evaluate and route submissions. An artificial intelligence tool will process the initial entry and populate it into standardized fields, along with suggested routing recommendations, which respondents can review and edit before submitting. The tool is intended to assist with standardization and routing recommendations; respondents may review and edit populated fields before submission, and Treasury personnel will apply appropriate review and quality-control procedures before referral.

Form: *Fraud.gov* Tip Intake Form.

Affected Public: Individuals and households.

Estimated Number of Respondents: 80,000.

Frequency of Response: Once, On occasion.

Estimated Total Number of Annual Responses: 80,000.

Estimated Time per Response: 30 minutes.

Estimated Total Annual Burden Hours: 40,000.

Request for Comments: Comments submitted in response to this notice will be summarized and included in the request for Office of Management and Budget approval. All comments will become a matter of public record. Comments are invited on: (a) whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information on respondents, including through the use of technology; and (e) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services required to provide information.

Authority: 44 U.S.C. 3501 *et seq.*

Spencer W. Clark,

Treasury PRA Clearance Officer.

[FR Doc. 2026-12218 Filed 6-16-26; 8:45 am]

BILLING CODE 4810-AK-P

DEPARTMENT OF VETERANS AFFAIRS

[OMB Control No. 2900-0011]

Agency Information Collection Activity: Application for Reinstatement (Insurance Lapsed More Than 6 Months) Government Life Insurance and/or Total Disability Income Provision and Application for Reinstatement of Veterans Affairs Life Insurance (VALife) (Insurance Lapsed More than 6 Months)

AGENCY: Veterans Benefits Administration, Department of Veterans Affairs.

ACTION: Notice.

SUMMARY: Veterans Benefits Administration (VBA), Department of Veterans Affairs (VA), is announcing an opportunity for public comment on the proposed collection of certain information by the agency. Under the Paperwork Reduction Act (PRA) of 1995, Federal agencies are required to publish notice in the **Federal Register** concerning each proposed collection of information, including each proposed extension of a currently approved collection, and allow 60 days for public comment in response to the notice.

DATES: Comments must be received on or before August 17, 2026.

ADDRESSES: Comments must be submitted through www.regulations.gov.

FOR FURTHER INFORMATION CONTACT:

Program-Specific information: Kendra McCleave, 202-461-9760, Kendra.Mccleave@va.gov.

VA PRA information: Dorothy Glasgow, 202-461-1084, VAPRA@va.gov.

SUPPLEMENTARY INFORMATION: Under the PRA of 1995, Federal agencies must obtain approval from the Office of Management and Budget (OMB) for each collection of information they conduct or sponsor. This request for comment is being made pursuant to Section 3506(c)(2)(A) of the PRA.

With respect to the following collection of information, VBA invites comments on: (1) whether the proposed collection of information is necessary

for the proper performance of VBA's functions, including whether the information will have practical utility; (2) the accuracy of VBA'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 respondents, including through the use of automated collection techniques or the use of other forms of information technology.

Title: Application for Reinstatement (Insurance Lapsed More than 6 Months) Government Life Insurance and/or Total Disability Income Provision (29-352).

Application for Reinstatement of Veterans Affairs Life Insurance (VALife) (Insurance Lapsed More than 6 Months) (29-352R).

OMB Control Number: 2900-0011. <https://www.reginfo.gov/public/do/PRAsearch> (Once at this link, you can enter the OMB Control Number to find the historical versions of this Information Collection).

Type of Review: Extension without change of a currently approved collection.

Abstract: These forms are used by Veterans who are requesting a reinstatement of their lapsed life insurance policies.

Affected Public: Individuals and households.

Estimated Annual Burden: 1,125 hours.

Estimated Average Burden per Respondent: 22.5 minutes.

Frequency of Response: On occasion.

Estimated Number of Respondents: 3,000.

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. 2026-12212 Filed 6-16-26; 8:45 am]

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Part II

Securities and Exchange Commission

17 CFR Parts 240 and 242

The Trade-Through Rule and Locked and Crossed Markets Provisions of
Regulation NMS; Proposed Rule

SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 240 and 242

[Release No. 34–105655; File No. S7–2026–20]

RIN 3235–AN50

The Trade-Through Rule and Locked and Crossed Markets Provisions of Regulation NMS

AGENCY: Securities and Exchange Commission.

ACTION: Proposed rule.

SUMMARY: The Securities and Exchange Commission (“Commission” or “SEC”) is proposing amendments to Regulation NMS (“Regulation NMS”) under the Securities Exchange Act of 1934 (“Exchange Act”). The proposed amendments would rescind the trade-through rule for NMS stocks, the provision regarding locking and crossing quotations for NMS stocks, and certain defined terms. The proposed amendments would also make conforming changes to other related provisions.

DATES: Comments should be received on or before August 17, 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/s7-2026-20/amendments-regulation-nms>); or
- Send an email to rule-comments@sec.gov. Please include File Number S7–2026–20 on the subject line.

Paper Comments

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

All submissions should refer to File Number S7–2026–20. 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/rules-regulations/public-comments/s7-2026-20>). 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.

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 materials will be made available on our 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/2026/06/s7-2026-20>).

FOR FURTHER INFORMATION CONTACT:

Theodore S. Venuti, Assistant Director; Kevin Brennan, Special Counsel; Sarah Counts, Special Counsel; Jennifer Dodd, Special Counsel; David Liu, Special Counsel; Gita Subramaniam, Special Counsel, at (202) 551–5500, Office of Market Supervision, Division of Trading and Markets, U.S. Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549.

SUPPLEMENTARY INFORMATION: The Commission is proposing amendments for public comment to the following rules.

Commission reference	CFR citation (17 CFR)
Exchange Act:	
Rule 15c3–5	§ 240.15c3–5
Rule 15b9–1	§ 240.15b9–1
Regulation NMS:	
Rule 600	§ 242.600
Rule 610	§ 242.610
Rule 611	§ 242.611

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I. Introduction

A. Overview of Proposal

Rule 611 of Regulation NMS was adopted in 2005 and established intermarket protection against trade-throughs for all national market system stocks. A trade-through occurs when one trading center executes an order at a price that is inferior to the price of a protected quotation displayed by another trading center. Rule 610(e) was also adopted in 2005 under Regulation NMS and contains restrictions on locking and crossing quotations in national market system stocks. A locked market occurs when the best bid price equals the best offer price, and a crossed market occurs when the best bid price is higher than the best offer price.

Since the adoption of these rules, the structure of the U.S. equity markets has evolved dramatically, and today's markets are highly automated, interconnected, fast, and competitive. While a goal of Rule 611 was to incentivize displayed liquidity, since its adoption the percentage of orders interacting with non-displayed liquidity on- and off-exchange has consistently increased. In addition, since the adoption of Rules 611 and 610(e), U.S. equity markets have become increasingly fragmented and complex.

The Commission is proposing to rescind Rules 611 and 610(e) under Regulation NMS. Rules 611 and 610(e) have led to a myriad of consequences in today's trading environment, including increased costs and market structure complexity, limiting order handling and execution choice, and contributing to exchange proliferation and fragmentation of trading on equity exchanges. Moreover, technologies, particularly with respect to access and order handling and routing, have advanced significantly and obviate any continued need for Rule 611, which was adopted at a time when exchanges and market participants were not as well connected and many linkages that did exist were relatively slow. Also, given this highly automated and interconnected nature of our equity markets today, Rule 611 is not needed to backstop a broker's duty of best execution to seek the most favorable terms for customer orders reasonably available under the circumstances. Similarly, such increases in automation and interconnectivity, as well as increases in market participant access to market data, obviate the need for Rule 610(e). Rescinding Rules 611 and 610(e)

would reduce compliance costs and benefit U.S. equity markets by eliminating regulations to allow competition, innovation, and other market forces to shape the U.S. equity market's continued evolution.

B. Background

Congress, through section 11A of the Exchange Act ("section 11A"),¹ charged the Commission in 1975 with facilitating the establishment of a national market system, and identified five key components for such a system to function properly: (1) economically efficient execution of securities transactions; (2) fair competition among broker-dealers, among exchange markets, and between exchange markets and non-exchange markets; (3) price transparency; (4) best execution of investor orders; and (5) an opportunity, consistent with economic efficiency and best execution, for investor orders to meet without the participation of a dealer.² Following the adoption of section 11A, over the next three decades the Commission sought to facilitate the development of the national market system for NMS securities³ by adopting rules, and working with various self-regulatory organizations ("SROs") to adopt rules and establish national market system plans ("NMS Plans"), relating to, among other things, linkages between markets; the collection, consolidation, and dissemination of quotation and transaction information; the display of quotations; and intermarket price protection.⁴

The years leading up to 2005 were a time of considerable transformation for the secondary markets for U.S. listed equities. In particular, "the equity markets [had] experienced sweeping changes, ranging from new technologies to new types of markets to the initiation of trading in penny increments"⁵ and a majority of the Commission at that time believed there was an "inescapable" and "pressing" need to modernize the

national market system.⁶ Significant increases in the usage of electronic trading systems resulted in more transparent order handling and routing practices; at the same time, intensifying competition drove commissions lower and penny pricing reshaped the mechanics of trading.⁷ After the "culmination of a long and comprehensive rulemaking process,"⁸ and while acknowledging the wide range of different opinions on many contentious issues,⁹ the Commission adopted Regulation NMS in 2005, which it described as "a series of initiatives designed to modernize and strengthen the national market system" for NMS securities.¹⁰

In adopting Regulation NMS, the Commission stated that it sought to promote certain principles and objectives for the national market system, namely: (1) competition among markets and competition among orders; and (2) serving the interests of long-term investors and listed companies.¹¹ At the same time, the Commission acknowledged that its primary challenge in facilitating the establishment of a national market system was to maintain an appropriate competitive balance, stating that it particularly sought to avoid the two extremes of "[i]solated markets that trade an NMS stock without regard to trading in other markets and thereby fragment the competition among buyers and sellers in that stock" and "a totally centralized system that loses the benefits of vigorous competition and innovation among individual markets."¹²

Under Regulation NMS, the Commission consolidated the then-existing national market system rules previously adopted under section 11A¹³

⁶ *Id.* at 37497. *But see* Dissent of Commissioners Cynthia A. Glassman and Paul S. Atkins to the Adoption of Regulation NMS, *id.* at 37639–43 ("Joint NMS Dissent").

⁷ *See* Remarks at the Roundtable on Trade-Through Prohibitions by Paul S. Atkins, Chairman, Commission (Sept. 18, 2025), available at <https://www.sec.gov/newsroom/speeches-statements/atkins-091825-remarks-roundtable-trade-through-prohibitions> ("Chairman Remarks at First TTR Roundtable").

⁸ NMS Adopting Release at 37498; *see also id.* at 37497–98 (describing in detail the process the Commission engaged in prior to adopting Regulation NMS in 2005).

⁹ *Id.* at 37497.

¹⁰ *Id.* at 37496.

¹¹ *Id.* at 37498–501.

¹² *Id.* at 37499.

¹³ The national market system rules predating Regulation NMS are the requirements relating to: NMS defined terms (Rule 600, previously Exchange Act Rule 11Aa2–1); public dissemination of trade reports (Rule 601, previously Exchange Act Rule 11Aa3–1) and quotations (Rule 602, previously Exchange Act Rule 11Ac1–1 and commonly

¹ 15 U.S.C. 78k–1.

² Exchange Act section 11A(a)(1)(C)(i) through (v); 15 U.S.C. 78k–1(a)(1)(C)(i) through (v).

³ Rule 600(b)(64) of Regulation NMS defines "NMS security" to include "any security or class of securities for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan, or an effective national market system plan for reporting transactions in listed options." *See* 17 CFR 242.600(b)(64). In other words, NMS securities include NMS stocks and listed options.

⁴ *See* Securities Exchange Act Release No. 49325 (Feb. 26, 2004), 69 FR 11126 (Mar. 9, 2004) ("NMS Proposing Release") at 11130–31. *See also infra* note 13.

⁵ *See* Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005) ("NMS Adopting Release") at 37497.

and adopted several significant new rules, including Rule 611 (relating to restrictions on trade-throughs), Rule 610 (relating to access to quotations and restrictions on locking and crossing quotations), Rule 612 (relating to minimum increments for orders and quotations), and Rule 603 (relating to the distribution, consolidation, and display of market data).¹⁴ Thus, as originally adopted in 2005, Regulation NMS consisted of twelve rules, along with a definitional rule (Rule 600).¹⁵

Rule 611 (referred to in the NMS Adopting Release as the “order protection rule,” and referred to herein as the “trade-through rule”) was the core of the rules adopted by the Commission in Regulation NMS and established intermarket protection against trade-throughs¹⁶ for all NMS stocks. In adopting Rule 611, the Commission emphasized that intermarket price protection was designed to promote national market system objectives by promoting the use of displayed “non-marketable” limit orders (orders with limit prices that are not immediately executable at current quoted prices)¹⁷ and minimizing the

referred to as the “Quote Rule”); distribution, consolidation and display of quotes and transactions in NMS stocks (Rule 603, previously Exchange Act Rule 11Ac1-2 and commonly referred to as the “Vendor Display Rule”); public display of customer limit orders (Rule 604, previously Exchange Act Rule 11Ac1-4 and commonly referred to as the “Limit Order Display Rule”); public disclosure of order execution and routing information (Rules 605, previously Exchange Act Rule 11Ac1-5, and 606, previously Exchange Act Rule 11Ac1-6); customer account statements (Rule 607, previously Exchange Act Rule 11Ac1-3); national market system plans (Rule 608, previously Exchange Act Rule 11Aa3-2); and registration of securities information processors (“SIPs”) (Rule 609, previously Exchange Act Rule 11Ab2-1).

¹⁴ See 17 CFR 242.611, 17 CFR 242.610, 17 CFR 242.612, and 17 CFR 242.603, respectively.

¹⁵ 17 CFR 242.600–612. Subsequent to the adoption of Regulation NMS in 2005, the Commission adopted: Rule 613 of Regulation NMS, which required national securities exchanges and national securities associations to submit a national market system plan to create, implement, and maintain a consolidated audit trail with respect to the trading of NMS securities (“CAT”) (Securities Exchange Act Release No. 67457 (July 18, 2012), 77 FR 45722 (Aug. 1, 2012) (“CAT Adopting Release”)); and Rule 614, relating to the registration and responsibilities of competing consolidators (Securities Exchange Act Release No. 90610 (Dec. 9, 2020), 86 FR 18596 (Apr. 9, 2021) (“Market Data Infrastructure Adopting Release”). Currently, Regulation NMS consists of fourteen substantive rules. 17 CFR 242.600–614.

¹⁶ A “trade-through” means “the purchase or sale of an NMS stock during regular trading hours, either as principal or agent, at a price that is lower than a protected bid or higher than a protected offer.” 17 CFR 242.600(b)(105).

¹⁷ Trade-through protection for displayed non-marketable limit orders was designed to encourage the use of such orders by increasing the likelihood of their receiving an execution in a timely manner,

extent to which investor market orders and marketable limit orders are executed at inferior prices.¹⁸

Broadly speaking,¹⁹ Rule 611 requires “trading centers”²⁰ (which encompass national securities exchanges (“exchanges”),²¹ alternative trading systems (“ATSs”),²² over-the-counter (“OTC”) market makers, and any other broker-dealer that executes orders internally) to establish, maintain, and enforce written policies and procedures reasonably designed to prevent trade-throughs,²³ *i.e.*, the execution of an order at a price that is inferior to the price of a “protected quotation.”²⁴ To be “protected,” a quotation must be immediately and automatically accessible up to its full displayed size and must be the best-priced quotation (highest bid to buy and lowest offer to sell) in round-lot sizes²⁵ of an exchange

as greater use of displayed limit orders was believed to improve the price discovery process and contribute to increased liquidity and depth. NMS Adopting Release at 37505–07.

¹⁸ Trade-through protection for market and marketable limit orders was designed both to prevent unfairness to investors and to facilitate broker-dealers’ ability to achieve best execution of their customer orders. If a broker-dealer routes an order to a trading venue that cannot execute the order at the best price, the venue cannot simply execute the order at an inferior price. It can either cancel the order back to the broker-dealer or route the order to another venue that will execute the order at the best price or better. See NMS Adopting Release at 37505–07.

¹⁹ See *infra* section II.A. for a more detailed discussion of Rule 611’s requirements and exceptions.

²⁰ 17 CFR 242.600(b)(106) (definition of “trading center”).

²¹ See *infra* note 22.

²² Section 3(a)(1) of the Exchange Act defines an “exchange” as “any organization, association, or group of persons. . . which constitutes, maintains, or provides a market place or facilities for bringing together purchasers and sellers of securities or for otherwise performing with respect to securities the functions commonly performed by a stock exchange as that term is generally understood. . . .” 15 U.S.C. 78c(a)(1). Exchange Act Rule 3b-16(a) provides a functional test to assess whether a trading system meets the definition of “exchange” under section 3(a)(1) of the Exchange Act. Under Rule 3b-16(a), an organization, association, or group of persons “constitutes, maintains, or provides a market place or facilities for bringing together purchasers and sellers of securities” if it (1) brings together the orders for securities of multiple buyers and sellers; and (2) uses established, non-discretionary methods (whether by providing a trading facility or by setting rules) under which such orders interact with each other, and the buyers and sellers entering such orders agree to the terms of a trade. See 17 CFR 240.3b-16(a). A national securities exchange and ATS each meet the definition of exchange under section 3(a)(1) of the Act and Rule 3b-16(a) thereunder but are subject to different registration requirements. When used herein, “exchange” is used to mean “national securities exchange” unless the context specifies otherwise.

²³ See *supra* note 16.

²⁴ 17 CFR 242.600(b)(82) (definition of “protected quotation”); see also 17 CFR 242.600(b)(81) (definition of “protected bid or protected offer”).

²⁵ By its terms, Rule 611 only applies to round lots, as “quotation” is defined in Rule 600(b)(86) as

or a national securities association (currently the Financial Industry Regulatory Authority, Inc. (“FINRA”)) is the only registered national securities association and it operates the Alternative Display Facility (“ADF”).²⁶

Accordingly, Rule 611 provides for intermarket price priority of an exchange’s or the ADF’s best bid and offer (“BBO”);²⁷ it does not establish time priority among quotations at different trading centers, nor does it protect “depth-of-book” quotations (quotations with prices outside an exchange’s BBO). Rule 611 also provides certain exceptions to its requirements, including an “intermarket sweep order” (“ISO”)²⁸ exception that allows, among other things, a trader simultaneously to sweep multiple price levels outside of a protected quotation, as long as one or more ISOs, as necessary, are routed at the same time to execute against the full displayed size of any protected quotations with better prices.²⁹

Another significant new rule adopted by the Commission under Regulation NMS was Rule 610 of Regulation NMS.³⁰ Rule 610 contains provisions relating to fair access to quotations, and includes, among other things, a cap on the fees a trading center may impose for access to quotations and restrictions on locked and crossed markets.³¹ In

“a bid or offer,” which, in turn, is defined in Rule 600(b)(16) to be the bid price or the offer price communicated by a member of a national securities exchange or member of a national securities association to any broker or dealer, or to any customer, at which it is willing to buy or sell one or more “round lots” of an NMS security, as either principal or agent, but shall not include indications of interest. In 2024, the Commission amended the definition of “round lot” to implement a tiered approach based on an NMS stock’s average closing price on its primary listing exchange. The change to the definition of “round lot” went into effect in November 2025. See Securities Exchange Act Release No. 101070 (Sept. 18, 2024), 89 FR 81620 (Oct. 8, 2024) (“2024 Regulation NMS Amendments”).

²⁶ See also *infra* note 90 and accompanying text (discussing the ADF, which currently has no active quoting participants).

²⁷ 17 CFR 242.600(b)(15) (definition of “best bid and best offer”); see also 17 CFR 242.600(b)(16) (definition of “bid or offer”).

²⁸ 17 CFR 242.600(b)(47) (definition of “intermarket sweep order”).

²⁹ This allows, for example, a block trader to access large-sized quotations at prices outside protected quotations.

³⁰ See *infra* section III.A. for a more detailed discussion of Rule 610’s requirements.

³¹ See Rule 610(a) through (f). With respect to access fee caps under paragraph (c) of Rule 610, when first adopted in 2005 the Commission limited exchange fees for accessing protected quotations with prices of \$1 or greater to 0.3 cents per share (or 30 cents per 100 shares). Subsequently, in 2024, the Commission amended Rule 610(c) to reduce the access fee caps to \$0.001 (or 10 mills) per share for NMS stocks with prices of \$1 or greater. At the same time, the Commission established a second

particular and relevant to this release, Rule 610(e) requires each exchange and national securities association to implement rules requiring members reasonably to avoid displaying quotations that lock or cross protected quotations.³² The Commission stated that “[t]he restrictions on locking or crossing quotations, in conjunction with [Rule 611], should encourage trading against displayed quotations and enhance the depth and liquidity of the markets.”³³

As discussed above, the Commission approved Regulation NMS at a time of considerable transformation in the U.S. equity markets.³⁴ Since the adoption of Regulation NMS in 2005, U.S. securities markets have evolved further and continue to evolve and innovate. Trading has moved from two traditional models of equity market structure that had dominated trading prior to 2005—namely, floor-based auctions for stocks listed on the New York Stock Exchange LLC (“NYSE”) and dealer-based competition for stocks listed on the Nasdaq Stock Market LLC (“Nasdaq”)—to evolve into today’s highly automated, electronic market structure model where exchange-listed stocks trade on a wide range of different types of electronic trading centers, connected by private linkages, including exchanges, ATSSs, single-dealer trading platforms (“SDPs”),³⁵ and other broker-dealer trading systems. Rapid changes in technology led to the rise of sophisticated algorithmic trading strategies and high-volume proprietary trading firms.

Moreover, since the adoption of Regulation NMS in 2005, the number of national securities exchanges for NMS stocks has proliferated, further fragmenting the trading landscape.

minimum pricing increment of \$0.005 under Rule 612 for quoting certain “tick constrained” NMS stocks and adopted new definitions of “round lot” and “odd-lot information.” See 2024 Regulation NMS Amendments. The changes to the access fee cap in Rule 610(c) and the minimum pricing increment in Rule 612 have yet to be implemented. See *infra* note 76.

³² 17 CFR 242.610(e). A locking quotation is when a bid is displayed with a price equal to the price of a previously displayed offer, or when an offer is displayed with a price equal to the price of a previously displayed bid. A crossing quotation is when a bid is displayed with a price higher than the price of a previously displayed offer, or when an offer is displayed with a price lower than the price of a previously displayed bid.

³³ NMS Adopting Release at 37584.

³⁴ See *supra* notes 5–7 and accompanying text.

³⁵ An SDP is a type of business operated by some OTC market makers which primarily seeks to attract the orders of institutional investors for internal execution. See *Where Do Stocks Trade?*, FINRA (Sept. 28, 2023) available at <https://www.finra.org/investors/insights/where-do-stocks-trade> (for further discussion about SDPs).

Currently, there are 17 operating national securities exchanges that trade NMS stocks and three exchanges approved to trade NMS stocks but not yet operating,³⁶ as compared to eight national securities exchanges that traded NMS stocks in 2005 (plus Nasdaq, which did not become an exchange until 2006).³⁷

There has also been a significant increase in the volume and proportion of trading executing against non-displayed liquidity.³⁸ Since the adoption of Rule 611, fragmentation among non-displayed venues has occurred as trading volumes in U.S. equities have increased on off-exchange venues, such as ATSSs, SDPs, and wholesalers,³⁹ with the market share of off-exchange trading steadily increasing in the last decade, and, since the end of 2024, now regularly exceeding 50% of overall volume.⁴⁰ Even on exchanges,

³⁶ The 17 operating national securities exchanges are: Cboe BYX Exchange, Inc. (“Cboe BYX”); Cboe BZX Exchange, Inc. (“Cboe BZX”); Cboe EDGA Exchange, Inc. (“Cboe EDGA”); Cboe EDGX Exchange, Inc. (“Cboe EDGX”); Investors Exchange LLC (“IEX”); Long-Term Stock Exchange, Inc. (“LTSE”); MEMX LLC (“MEMX”); MIAx Pearl, LLC (“MIAx PEARL”); Nasdaq Texas, LLC. (“Nasdaq TX”); Nasdaq PHLX LLC (“Nasdaq Phlx”); The Nasdaq Stock Market LLC (“Nasdaq”); NYSE; NYSE American LLC (“NYSE American”); NYSE Arca, Inc. (“NYSE Arca”); NYSE Texas, Inc. (“NYSE Texas”); NYSE National, Inc. (“NYSE National”); and 24X National Exchange LLC (“24X”). The three national securities exchanges approved to trade NMS stocks, but not yet operating, are: Green Impact Exchange, LLC (“GIX”); MX2 LLC (“MX2”) and Texas Stock Exchange LLC (“TXSE”).

³⁷ See NMS Adopting Release at 37576, n.730 (listing the eight national securities exchanges that traded NMS stocks in 2005).

³⁸ See, e.g., Staff of the Division of Trading and Markets, *Trade Through Roundtable Supporting Data*, pp. 10–15 (Sept. 12, 2025), available at: <https://www.sec.gov/files/trade-through-roundtable-supporting-data.pdf> (providing measures of the number of round lots at the best bid and number best bids from 2015–2025); see also Memorandum re: Rule 611 of Regulation NMS from SEC Division of Trading and Markets to SEC Market Structure Advisory Committee, dated Apr. 30, 2015 at 21, available at <https://www.sec.gov/spotlight/emsac/memo-rule-611-regulation-nms.pdf> (“EMSAC Market Structure Memo”).

³⁹ Wholesalers fall within the definition of an OTC market maker in Rule 600(b)(75) of Regulation NMS—any dealer that holds itself out as being willing to buy from and sell to its customers, or others, in the United States, an NMS stock for its own account on a regular or continuous basis otherwise than on a national securities exchange in amounts of less than block size. The term “wholesaler” is not defined in Regulation NMS but commonly refers to an OTC market maker that seeks to attract orders from broker-dealers that service the accounts of retail investors.

⁴⁰ For example, from February 2005 to February 2014, the total percentage of volume executed by non-displayed ATSSs and broker-dealers rose from 29.4% to 38.6% for Nasdaq-listed stocks and from 13.0% to 34.6% for NYSE-listed stocks. See EMSAC Market Structure Memo at 9–12. From February 2014 to January 2026, these off-exchange volumes have risen even further, with total percentage of volume executed off-exchange for Nasdaq-listed

the percentage of volume executed against liquidity that is not displayed (*i.e.*, is “hidden” or “dark”) has steadily increased.⁴¹

The U.S. equities markets are continuing to evolve rapidly. Advances in technology and increased automation and efficiencies have recently enabled settlement times to shrink⁴² and have made near 24 hour equity trading a reality.⁴³ In addition, innovative

stocks climbing to 51.9% and NYSE-listed stocks climbing to 47%. See 2026 Data Update of the 2015 EMSAC Market Structure Memo, by Staff of the Office of Analytics and Research, Division of Trading and Markets (June 11, 2026), available at <https://www.sec.gov/rules-regulations/public-comments/s7-2026-20>. See *The Volume Explosion No One Saw Coming*, by Jeff O’Connor, Liquidnet (Oct. 20, 2025) (noting that off-exchange volumes first began to consistently clear 50% of total market volumes in Q4 of 2024). See also Rosenblatt *Trading Talk—Market Structure Analysis* (Feb 6, 2026). For daily and monthly summaries of NMS stock volumes executed on each exchange or reported to each trade reporting facility, see https://www.cboe.com/us/equities/market_statistics/historical_market_volume/.

⁴¹ See, e.g., Summary Metrics by Exchange, available at <https://www.sec.gov/data-research/sec-markets-data/marketstructuredata-exchange>. Analysis of this data indicates, for example, that in the first quarter of 2015, the median proportion of equity exchange volume executed against non-displayed orders for stocks was 16.0%, but in the second quarter of 2025, it was 30.7%, and that comparable numbers for ETPs were 12% and 16.6%. This change was an increase of 92% for stocks and 38% for ETPs. Similarly, in the first quarter of 2015, the exchange with the smallest proportion of volume executed against hidden orders for stocks had 3.7% and the largest 28.4%, but in the second quarter of 2025, the smallest had 13.7% and the largest had 54.6%. In the first quarter of 2015, the exchange with the smallest proportion of volume executed against hidden orders for ETPs had 1.5% and the largest 17.1%, but in the second quarter of 2025, the smallest had 5.6% and the largest had 43.1%. This analysis is based on quarterly averages of the “etp_hidden_volume” and “stock_hidden_volume” data for each exchange, and excluded one exchange that consistently executed nearly all trades against non-displayed liquidity. See also *It’s Darkest in the Middle of the Day*, by Phil Mackintosh, Nasdaq, available at <https://www.nasdaq.com/articles/its-darkest-middle-day> (discussing off-exchange market share rising above 50% for the first time in 2025 and lit price discovery (exchange trades at the NBBO) at around 30% during portions of the trading day).

⁴² See Securities Exchange Act Release No. 96930 (Feb. 15, 2023), 88 FR 13872 (Mar. 6, 2023) (Shortening the Securities Transaction Settlement Cycle).

⁴³ National securities exchanges have recently been approved to trade NMS stocks on an almost 24/5 basis. See Securities Exchange Act Release Nos. 102400 (Feb. 11, 2025), 90 FR 9794 (Feb. 18, 2025) (order approving NYSE Arca Inc. proposal to lengthen its trading session to 22 hours per day, 5 days per week); 101777 (Nov. 27, 2024); 89 FR 97092 (order approving application of 24X National Exchange, LLC for registration as a national securities exchange and to trade 23 hours per day, 5 days per week, once the SIPs are able to concurrently collect, consolidate, process and disseminate consolidated data at all times during that time). In addition, certain ATSSs make NMS stocks available for trading during the overnight session.

technology such as distributed ledger technology (“DLT”) allows issuers to tokenize a security by issuing it in the format of a crypto asset and facilitate trading among market participants.⁴⁴ The use of DLT, including smart contract applications undergirding automated market makers, has introduced new methods of trading securities and opened access to such trading to various types of market participants. Such innovative technology also raises challenges and questions relating to current equities market structure and the application of current regulatory requirements.⁴⁵

Given the importance of the U.S. national market system, the Commission and its staff have periodically engaged in assessments of equity market structure over the two decades since the adoption of Regulation NMS,⁴⁶ most recently examining the impact of Rule 611 and related rules on equity market structure. To this end, the Commission held two public roundtables in late 2025 and engaged a range of panelists, including representatives from exchanges, ATSS, retail and institutional broker-dealers, investor advocacy groups, academics, and regulators.⁴⁷ In

conjunction with the TTR Roundtables, the Commission also welcomed public comments regarding issues relating to Rule 611 and related rules.⁴⁸ Through the TTR Roundtables and the public comment process, the Commission received a wide range of input on Regulation NMS broadly, and the current Rule 611 trade-through prohibition specifically, from a variety of market participants, including industry groups, exchanges, broker-dealers, financial services firms, and individual investors. While some commenters⁴⁹ indicated support for the trade-through rule in its current form,⁵⁰ many commenters criticized Rule 611⁵¹ and its effect on equity market structure.⁵²

First TTR Roundtable can be found at: <https://www.sec.gov/newsroom/meetings-events/roundtable-trade-through-prohibitions> (“First TTR Roundtable Transcript”). Data analysis supporting this roundtable can be found at: <https://www.sec.gov/files/trade-through-roundtable-supporting-data.pdf>. The second Roundtable on Rule 611 (“Second TTR Roundtable”) and, together with the First TTR Roundtable, the “TTR Roundtables”) was held in Austin, TX on December 16, 2025. A transcript and webcast of the Second TTR Roundtable can be found at: <https://www.sec.gov/newsroom/meetings-events/roundtable-rule-611-regulation-nms> (“Second TTR Roundtable Transcript”). A broad overview from the roundtables is summarized below.

⁴⁸ See <https://www.sec.gov/comments/4-862/4-862.htm>.

⁴⁹ The term “commenters” throughout this document refers to both the panelists at the TTR Roundtables and those who submitted written comments.

⁵⁰ See, e.g., letter from Allen Spence (Aug. 13, 2025) at 1–2; letter from R. T. Leuchtkafer (Aug. 25, 2025) (“Leuchtkafer Letter”) at 4; letter from Haoxiang Zhu, Associate Professor of Finance, MIT Sloan School of Management (Dec. 15, 2025) (“Zhu Letter”) at 1; First TTR Roundtable Transcript at 36 (Julie Andress, Securities Traders Association and KeyBanc Capital Markets). Some of these commenters also expressed support for maintaining other aspects of Regulation NMS, such as Rule 610(e)’s prohibition on locked and crossed markets. See, e.g., Leuchtkafer Letter at 5–6; letter from Christopher Nagy, Research Director, Healthy Markets Association (Dec. 12, 2025) (“Healthy Markets Letter II”) at 2 n.7.

⁵¹ See, e.g., letter from James J. Angel, Associate Professor, Georgetown University, McDonough School of Business (Sept. 1, 2025) (“J. Angel Letter”) at 1, 16; letter from Matt Billings, President, Robinhood Financial, LLC and Robinhood Securities, LLC (Sept. 16, 2025) (“Robinhood Letter”) at 2–5; letter from Raz Tirosch and Calvin Hayes, Jane Street (Sept. 23, 2025) (“Jane Street Letter”) at 2 (stating the continuation of Rule 611 “imposes negative externalities”); letter from Joseph Saluzzi, Partner, Themis Trading LLC (Dec. 17, 2025) at 3 (calling Rule 611 flawed and offering reforms).

⁵² See, e.g., letter from Ari Burstein, General Counsel, Imperative Execution, IntelligentCross (Sept. 17, 2025) (“IntelligentCross Letter”) at 3–4; Kelvin To, Founder and President, Data Boiler Technologies, *Can Order Protection be replaced by Competing Market Forces?* (Sept. 8, 2025) (“Data Boiler Comment”) at 1, 4; letter from John A. Zecca, Executive Vice President, Global Chief Legal, Risk & Regulatory Officer, Nasdaq (Sept. 24, 2025) (“Nasdaq Letter I”) at 1–2.

In particular, some commenters questioned whether the trade-through rule is at least partly to blame for the substantial increase in the number of exchanges and excessive fragmentation of liquidity among trading venues.⁵³ Some commenters contended that, by requiring market participants to consider the protected quotations of all exchanges and to route orders to execute against those quotations in certain contexts, Rule 611 enables more exchanges to stay in business than may have otherwise been the case.⁵⁴ Similarly, some commenters argued that the proliferation of exchanges increases costs and complexity for market participants by, for example, requiring them to connect to each exchange, directly or indirectly, and to pay for and monitor market data from each exchange, regardless of such venue’s utility.⁵⁵

Some commenters also attributed other market structure concerns to Rule 611. For example, some stated that the trade-through rule has indirectly led to more non-displayed trading by constraining the nature of competition on displayed venues to factors such as speed and fees.⁵⁶ In addition, some commenters stated that Rule 611 has led to unnecessary costs and complexity for market participants⁵⁷ and to the proliferation of complex order types.⁵⁸ Others have stated that the trade-through rule has harmed institutional investors that seek to trade in large size by forcing them to access small-sized quotations that may signal their trading intentions to short-term proprietary traders.⁵⁹ Commenters critical of Rule 611 generally contended that it has not

⁵³ See, e.g., Robinhood Letter at 3–5; letter from William O’Brien, Former CEO, Direct Edge (Sept. 16, 2025) (“O’Brien Letter”) at 5; First TTR Roundtable Transcript at 57 (Pankil Patel, Bank of America), at 277 (Daniel Gerhardtstein, FIA Principal Traders Group and Jump Trading Group).

⁵⁴ See, e.g., Jane Street Letter at 2; First TTR Roundtable Transcript at 235 (Mehmet Kinak, T. Rowe Price).

⁵⁵ See, e.g., Robinhood Letter at 2, 5; First TTR Roundtable Transcript at 68–69 (Pankil Patel, Bank of America).

⁵⁶ See, e.g., Nasdaq Letter I at 1–2. Non-displayed trading is sometimes referred to as “dark” liquidity and can include off-exchange trading as well as non-displayed (or “hidden”) liquidity on exchanges. Displayed trading is sometimes referred to as “lit” trading.

⁵⁷ See, e.g., Robinhood Letter at 5; O’Brien Letter at 6.

⁵⁸ See, e.g., Robinhood Letter at 4; FIA PTG Position Paper—Regulation NMS: A Renewed Call for Reform, FIA PTG Principal Traders Group, Sept. 2025 (“FIA PTG Paper”) at 4; First TTR Roundtable Transcript at 78–80 (Maureen O’Hara, Cornell University, SC Johnson Graduate School of Management), at 169 (Armando Diaz, PureStream).

⁵⁹ See, e.g., letter from Christopher Nagy, Research Director, Healthy Markets Association (Sept. 16, 2025) (“Healthy Markets Letter I”) at 8.

⁴⁴ See Statement on Tokenized Securities; Division of Corporation Finance, Division of Investment Management, Division of Trading and Markets; Commission, Jan. 28, 2026, available at <https://www.sec.gov/newsroom/speeches-statements/corp-fin-statement-tokenized-securities-012826-statement-tokenized-securities>.

⁴⁵ See, e.g., *Beyond Reg NMS: A Market Structure Framework for the Modern Era*, Michael Cahill, CEO, and Brandon Ferrick, General Counsel, Duoro Labs LLC (“Duoro Labs Paper”), at 18–19.

⁴⁶ For example, in 2010 the Commission conducted a broad review of equity market structure and invited public comment on a wide range of market structure issues, including high frequency trading, order routing, market data linkages, and liquidity. See Securities Exchange Act Release No. 61358 (Jan. 14, 2010), 75 FR 3594 (Jan. 21, 2010) (“Concept Release on Equity Market Structure”). In 2015 the Commission established an Equity Market Structure Advisory Committee (“EMSAC”) to provide the Commission with “diverse perspectives on the structure and operations of the U.S. equities markets, as well as advice and recommendations on matters related to equity market structure.” See Securities Exchange Act Release No. 74092 (Jan. 20, 2015), 80 FR 3673 (Jan. 23, 2015). The EMSAC used its inaugural meeting in May 2015 to focus on Rule 611. See <https://www.sec.gov/newsroom/press-releases/2015-70> and EMSAC Market Structure Memo at 18. See also *supra* note 15 (discussing amendments to Regulation NMS following its 2005 adoption). Even preceding the adoption of Regulation NMS, the Commission and its staff have undertaken periodic reevaluations of market structure. See, e.g., Concept Release on Market Fragmentation, 65 FR 10577 (Feb. 28, 2000); *Market 2000: An Examination of Current Equity Market Developments*, Division of Market Regulation, Commission (Jan. 1994) (“Market 2000 Study”).

⁴⁷ The first *Roundtable on Trade-Through Prohibitions* (“First TTR Roundtable”) was held at the Commission’s Washington DC headquarters on September 18, 2025. A transcript and webcast of the

succeeded in achieving the Commission's stated objective of enhancing the reward for the display of limit orders and has produced negative unintended consequences for market participants.⁶⁰

Based on these critiques, some commenters recommended rescinding Rule 611 in its entirety.⁶¹ Other commenters offered alternatives to rescission of Rule 611, including modifications to Rule 611⁶² or modifications to other aspects of Regulation NMS instead.⁶³ Several commenters described the interconnectedness of the trade-through rule with best execution obligations⁶⁴ and some commenters recommended, in light of possible changes to Rule 611, consideration of ways to support best execution compliance.⁶⁵ Some commenters suggested that if the Commission rescinds Rule 611, it would need to change other parts of Regulation NMS, including eliminating or modifying the access fee caps set forth in Rule 610(c)⁶⁶ or the prohibition on locked and crossed markets in Rule 610(e).⁶⁷

The Commission is cognizant of the complex and interconnected nature of our equity market structure and believes that proceeding with any changes requires taking a holistic view to help ensure that changes result in improvements in, and not a

deterioration of, our national market system. Changes to a single rule could have profound effects, both expected and unexpected, on a multitude of other rules and aspects of market structure. Thus, changes to, and modernizations of, the U.S. regulatory structure for our equity markets should be done through a deliberative and calibrated process that is designed to result in improved market efficiency and reduced costs and complexity for investors.

Based on the experience of the Commission and its staff overseeing the equity markets and taking into consideration the input from panelists at the TTR Roundtables and other comments received, the Commission is proposing certain targeted changes to Regulation NMS. Specifically, as described below in greater detail, the Commission proposes to:

- Rescind Rule 611 of Regulation NMS in its entirety;⁶⁸
- Rescind Rule 610(e) of Regulation NMS in its entirety;⁶⁹ and
- Make conforming revisions to Regulation NMS and other Commission rules to reflect the rescission of Rules 611 and 610(e), including amending the definitional rule of Rule 600 to rescind terms that would no longer be necessary to retain in Regulation NMS given the proposed rescissions of Rules 611 and 610(e).⁷⁰

The Commission understands these proposed changes could impact related aspects of equity market structure. To the extent other changes may be warranted to Commission rules, SRO rules, and NMS Plans⁷¹ in light of this proposal, the Commission requests market participants to submit comments explaining these market structure impacts and other needed changes.⁷²

⁶⁰ See *infra* section II.

⁶¹ See *infra* section III.

⁶² See *infra* section IV. Specifically, the provisions of Regulation NMS that are proposed to be rescinded are Rules 600(b)(6), (7), (47), (54), (81), (82) and (105); the provisions of Regulation NMS that are proposed to be revised are Rules 600(b)(26), (72), and (89), and Rule 610(c); and the other Commission rules that are proposed to be revised are Rules 15c3-5 and 15b9-1 under the Exchange Act.

⁶³ See Rule 608 (Filing and amendment of national market system plans), 17 CFR 242.608, which allows two or more SROs, acting jointly, or the Commission itself to propose amendments to effective NMS Plans.

⁶⁴ Listed options have their own rules prohibiting trade-throughs and locked and crossed markets, which is set forth in the Options Order Protection and Locked/Crossed Market Plan, a Commission approved NMS Plan. See *infra* note 83. The options markets are materially different than the equities markets in a number of ways. For example, as highlighted by commenters, there is no off-exchange trading in listed options, options are more commonly quote-driven versus order-driven, and there are a great deal more listed options than listed equities. See, e.g., First TTR Roundtable Transcript

Such areas for comment may include, but are not limited to: (i) whether, and to what extent, best execution requirements and guidance should be updated if the proposed amendments to Regulation NMS are adopted;⁷³ (ii) whether, and to what extent, revisions should be made to market data revenue allocation formulas;⁷⁴ (iii) whether, and to what extent, conforming changes would be required to SRO rules and NMS Plan provisions if the proposed

at 94–98 (Chris Isaacson, Cboe Global Markets, Inc.; Chris Solgan, MIA Exchange Group). These differences between the equities and options markets necessitate a separate review of the options markets to determine if any structural changes are warranted. To that end, the Commission hosted a roundtable on April 16, 2026, to discuss listed options market structure, including facilitating competition in a quote driven market, evaluating the customer experience, and identifying opportunities and challenges for continued growth. See <https://www.sec.gov/newsroom/press-releases/2026-24-sec-announces-roundtable-options-market-structure-reform>.

⁷³ A broker's duty of best execution derives from common law agency principles and fiduciary obligations, and is incorporated implicitly, through judicial and Commission decisions, in the antifraud provisions of the Federal securities laws. Securities Exchange Act Release No. 37619A, 61 FR 48290, 48322 (Sept. 12, 1996) ("Order Execution Obligations Adopting Release"), citing Market 2000 Study at V–1, 2 and sources cited therein. The Commission has stated that the duty of best execution requires broker-dealers to execute customers' trades at the most favorable terms reasonably available under the circumstances. *Id.* FINRA's best execution rule (FINRA Rule 5310) requires FINRA member firms to "use reasonable diligence to ascertain the best market" for a customer order for a securities transaction and to execute in such market to provide the customer with a price that is "as favorable as possible under prevailing market conditions." FINRA Rule 5310(a)(1).

⁷⁴ The Commission recognizes that the quality of consolidated data, including the national best bid and national best offer ("NBBO"), is critical to the health of our markets. When the Commission adopted Regulation NMS, it also implemented a new market data formula for revenue allocation among the relevant SROs, essentially allocating half of market data revenues to trading and half to quoting. See NMS Adopting Release at 37557–70. Some have criticized the formula's quoting component, which they argued has contributed to the creation of new exchanges and subsidizes exchanges that quote but rarely trade, thus providing minimal value to market participants. See, e.g., Jane Street Letter; FIA PTG Paper; McKay Letter. On June 2, 2026, the members of the CT Plan LLC ("CT Plan") filed Amendment No. 3 to the CT Plan pursuant to Rule 608 of Regulation NMS (proposing certain revisions to the provisions of the plan that govern the allocation of net revenues received under the CT Plan among its members to impose a limit on the ratio of revenue distributed to each individual member that is attributable to its quoting activity compared to revenue such member receives for trading activity under the revenue formula). The CT Plan was approved in November 2024 to become the successor to and replacement for the Nasdaq UTP Plan and the CTA/CQ Plans. See Securities Exchange Act Release No. 101672 (Nov. 20, 2024), 89 FR 94924 (Nov. 29, 2024) ("CT Plan Approval Order"). The CT Plan is expected to begin disseminating quote and trade data in the second quarter of 2027. See CT Plan FAQs, available at <https://thectplanllc.com/faqs/>.

⁶⁰ See, e.g., First TTR Roundtable Transcript at 57 (Pankil Patel, Bank of America), 144–45 (Adam Nunes, Hudson River Trading).

⁶¹ See, e.g., Second TTR Roundtable Transcript at 51–52 (Mehmet Kinak, T. Rowe Price), at 52–53 (Dmitry Bulkin, Bernstein), at 53 (Brett Redfearn, Panorama Financial Markets Advisory); Robinhood Letter at 2; O'Brien Letter at 7.

⁶² See, e.g., Healthy Markets Letter I at 8–10; Zhu Letter at 1–2; letter from Timothy J. Boyle, Chief Operating Officer, McKay Brothers, LLC (Sept. 5, 2025) ("McKay Letter").

⁶³ See, e.g., letter from Patrick Sexton, EVP, General Counsel, and Corporate Secretary, Cboe Global Markets, Inc. (Dec. 15, 2025) ("Cboe Letter II") at 3–6.

⁶⁴ See, e.g., letter from Adrian Griffiths, Head of Market Structure, MEMX LLC (Sept. 18, 2025) ("MEMX Letter") at 9–10 n.9; Healthy Markets Letter I at 5; FIA FTG Paper at 2–3; Jane Street Letter at 1–2.

⁶⁵ See, e.g., Nasdaq Letter I at 3–7; McKay Letter at 2–3; Healthy Markets Letter II at 6–7.

⁶⁶ See, e.g., letter from Patrick Sexton, EVP, General Counsel, and Corporate Secretary, Cboe Global Markets, Inc. (Sept. 15, 2025) ("Cboe Letter I") at 4; Nasdaq Letter I at 4; Second TTR Roundtable Transcript at 34–35 (Kevin Tyrell, New York Stock Exchange). See also O'Brien Letter at 7 (recommending the Commission rescind Rule 611 and modify Rules 605 (disclosure of order execution information) and 612 (minimum pricing increment)).

⁶⁷ See, e.g., MEMX Letter at 17–18; FIA PTG Paper at 6; Cboe Letter I at 4–5; First TTR Roundtable Transcript at 129–130 (Jonathan Kellner, MEMX); Second TTR Roundtable Transcript at 55 (Brett Redfearn, Panorama Financial Markets Advisory).

amendments to Regulation NMS are adopted;⁷⁵ and (iv) whether, and to what extent, the access fee caps under Rule 610(c) under Regulation NMS should be revised.⁷⁶

⁷⁵ For example, if the proposed amendments to Regulation NMS are adopted, SROs would no longer be required to have rules restricting trade-throughs and locking or crossing quotations. In such a case, the Commission believes, that most, if not all, SROs would seek to amend rules originally designed for compliance with Rules 611 and 610(e). Similarly, if the proposed amendments to Regulation NMS are adopted, key terms such as “protected quote,” “trade-through,” and “intermarket sweep orders” would no longer be defined in Regulation NMS and SRO rulebooks would need to redefine or eliminate such terms. In addition, the text of certain NMS Plans may reference Regulation NMS requirements or defined terms that are being proposed to be rescinded and plan participants may choose to amend such plans. For example, the NMS Plans relating to the collection, consolidation, processing and dissemination of consolidated equity market data by the SIPs, including the CT Plan, the Nasdaq UTP Plan and the CTA/CQ Plan, currently determine “quote credits” based on certain automated quotations that do not lock or cross a previously displayed automated quotation. *See* CT Plan Approval Order; Securities Exchange Release Nos. 104670 (Jan. 22, 2026), 91 FR 3609 (Jan. 27, 2026) (Notice of Filing of the Fifty-Fifth Amendment to the Joint Self-Regulatory Organization Plan Governing the Collection, Consolidation and Dissemination of Quotation and Transaction Information for Nasdaq-Listed Securities Traded on Exchanges on an Unlisted Trading Privileges Basis); and 104665 (Jan. 22, 2026), 91 FR 3602 (Jan. 27, 2026) (Notice of Filing of Fortieth Substantive Amendment to the Second Restatement of the CTA Plan and Thirty-First Substantive Amendment to the Restated CQ Plan). As discussed further below, the Commission is proposing to rescind the defined term “automated quotation” and to eliminate the prohibitions on locking and crossing markets. As a result, plan participants may determine to amend such plans to revise how “quote credits” are determined under the plans. *But see, e.g.,* Second TTR Roundtable Transcript at 56 (Brett Redfearn, Panorama Financial Markets Advisory) (stating that even if the Commission rescinds the prohibition on locked and crossed markets, the SIP revenue allocation formula should not reward participants for actively locking or crossing a market). *See also, e.g.,* section VI.A.1. of the NMS Plan to Address Extraordinary Market Volatility (“Limit Up/Limit Down Plan”), available at <https://www.lulplan.com/plans> (which excludes from certain requirements of the plan “transactions excepted or exempt from Rule 611 under Regulation NMS”); section 8.1.2. of Appendix D of the Limited Liability Company Agreement of Consolidated Audit Trail, LLC, dated Aug. 29, 2019, available at https://catnmsplan.com/sites/default/files/2026-01/LLC_Agreement_of_Consolidated_Audit_Trail_LLC-as-of-01.13.26.pdf (referencing “protected best bid and offer”).

⁷⁶ Rule 610(c) was adopted at the same time as Rule 611 and Rule 610(e), and was designed to promote fair and non-discriminatory access to quotations displayed in the national market system, ensure the fairness and accuracy of displayed quotations by establishing an outer limit on the cost of accessing such quotations, and preclude trading centers that posted protected quotations from raising their fees in an attempt to take improper advantage of the trade-through protections. *See* 2024 Regulation NMS Amendments at 81643–44. In 2024, the Commission adopted amendments to the Rule 610(c) access fee caps in conjunction with changes to Rule 612 of Regulation NMS (Minimum Pricing Increment). *See* 2024 Regulation NMS

II. Rule 611

Rule 611 was adopted as the most significant and controversial piece of Regulation NMS.⁷⁷ At the time, the Commission believed that, in adopting Rule 611: (1) investors, particularly retail investors, would be assured that orders would be filled at the best prices, thereby giving them greater confidence that they would be treated fairly when they participated in the equity markets; and (2) the promotion of the best displayed and accessible prices would promote deep and stable markets that minimized investor transaction costs.⁷⁸ Rule 611 was the centerpiece of Regulation NMS and has been likened to the “head of an octopus” because of its ability to impact many different areas of equity market structure.⁷⁹ Rule 611 has recently been analogized to the scaffolding of the national market system, akin to a temporary structure that can now be taken down because it is no longer necessary.⁸⁰

A. Description of Rule 611

1. Intermarket Price Protection

The core of Rule 611 is paragraph (a)(1), which promotes intermarket price protection of orders by restricting the execution of trades on one venue at prices that are inferior to displayed quotations at another venue. Specifically, it requires a “trading

Amendments. These amendments to Rules 610(c) and 612 are scheduled to be implemented in November 2026. *See* Securities Exchange Act Release No. 104172 (Oct. 31, 2025), 90 FR 51418 (Nov. 17, 2025) (“2025 Temporary Exemptive Relief”). However, on Feb. 26, 2026, the Commission received a request for exemptive relief from the November 2026 implementation deadline, which request was published for comment on Mar. 20, 2026. *See* Securities Exchange Act Release No. 105058 (Mar. 20, 2026), 91 FR 14602 (Mar. 25, 2026). *See also infra* notes 231–238 and accompanying text (discussing access fee caps and locked and crossed markets).

⁷⁷ *See, e.g.,* NMS Adopting Release at 37498 (“Clearly, the Order Protection Rule was most controversial and attracted the most public comment and attention.”); *see also* Joint NMS Dissent at 37633–35.

⁷⁸ NMS Adopting Release at 37498.

⁷⁹ *See* First TTR Roundtable Transcript at 45–46 (Katie Kolchin, SIFMA) (“Like the octopus, market structure involves many moving, interconnected pieces, and Rule 611 represents the head of this octopus. If you move or change one piece, other parts could move as well.”). *See also supra* notes 66–67 and accompanying text (relating to other areas of Regulation NMS commenters believed to be closely connected to Rule 611).

⁸⁰ *See* First TTR Roundtable Transcript at 123 (Jim Angel, Georgetown University). *See also* J. Angel Letter; Jane Street Letter at 2 (stating that modern automated electronic markets have now evolved beyond the baseline requirements of Rule 611 and that “[w]hile arguably Rule 611 served a historical function, its continuation imposes negative externalities on market participants”).

center”⁸¹ to establish, maintain, and enforce written policies and procedures that are reasonably designed to prevent trade-throughs on that trading center of “protected quotations,”⁸² unless one of the exceptions to the trade-through restrictions set forth in paragraph (b) of the rule applies. A “trade-through” is defined as the purchase or sale of an “NMS stock”⁸³ during “regular trading hours”⁸⁴ either as agent or principal, at a price that is lower than a protected bid or higher than a protected offer.⁸⁵

The definition of “protected bid or protected offer”⁸⁶ (collectively, “protected quotations”) includes several key elements. First, they must be “automated quotations”⁸⁷ displayed by

⁸¹ Rule 600(b)(106) defines “trading center” to mean “a national securities exchange or national securities association that operates an SRO trading facility, an alternative trading system, an exchange market maker, an OTC market maker, or any other broker or dealer that executes orders internally by trading as principal or crossing orders as agent.” 17 CFR 242.600(b)(106). Trading center is defined broadly to include venues that execute trades in today’s equity market structure, including registered exchanges, ATSs, OTC market makers, and any other broker-dealers that execute orders internally, whether as principal or agent.

⁸² Rule 600(b)(82) provides that “protected quotation” means “a protected bid or a protected offer.” 17 CFR 242.600(b)(82). Rule 600(b)(81) provides that a “protected bid or protected offer” means “a quotation in an NMS stock that: (i) is displayed by an automated trading center; (ii) is disseminated pursuant to an effective national market system plan; and (iii) is an automated quotation that is the best bid or best offer of a national securities exchange, or the best bid or best offer of a national securities association.” 17 CFR 242.600(b)(81).

⁸³ An NMS stock generally means any exchange-listed security (other than listed options) for which consolidated market data is disseminated. Rule 600(b)(65) defines an “NMS stock” to mean “any NMS security other than an option.” 17 CFR 242.600(b)(65). *See supra* note 3 (defining NMS security). Listed options have their own trade-through rule, which is set forth in the Options Order Protection and Locked/Crossed Market Plan. That NMS Plan introduced features to the listed options markets analogous to Rule 611 for the equity markets, including requiring its participants to establish, maintain and enforce written policies and procedures that are reasonably designed to prevent trade-throughs, and provided for a number of exceptions to the trade-through requirement (including ISOs). In addition, the plan requires participants to have rules to reasonably avoid displaying locked and crossed markets. *See* Securities Exchange Act Release No. 60405 (July 30, 2009), 74 FR 39362 (Aug. 6, 2009).

⁸⁴ Rule 600(b)(88) defines “regular trading hours” to mean “the time between 9:30 a.m. and 4:00 p.m. Eastern Time, or such other time as is set forth in the procedures established pursuant to 17 CFR 242.605(a)(2).” 17 CFR 242.600(b)(88).

⁸⁵ 17 CFR 242.600(b)(105) (definition of “trade-through”).

⁸⁶ *See supra* note 82.

⁸⁷ Rule 600(b)(6) defines the term “automated quotation” as “a quotation displayed by a trading center that: (i) permits an incoming order to be marked as immediate-or-cancel; (ii) immediately and automatically executes an order marked as immediate-or-cancel against the displayed quotation up to its full size; (iii) immediately and

an “automated trading center.”⁸⁸ The definitions of automated trading center and automated quotation generally require that quotations must be immediately and automatically executable, without any programmed delay.⁸⁹ Second, to be protected, a quotation must be disseminated in the consolidated market data feeds. Consequently, Rule 611 does not apply when the consolidated market data feeds are not operating. Third, to be protected, a quotation must be the “best bid” (highest-priced bid) or “best offer” (lowest-priced offer) of an exchange or a national securities association (currently FINRA through its ADF). Currently, 17 exchanges quote and trade NMS stocks but there are no active quoting participants in the ADF,⁹⁰ which means that, practically, Rule 611 only applies to the best round-lot prices on an exchange. Rule 611 does not cover any additional depth-of-book prices (lower prices for bids and higher prices for offers) that are outside the best prices displayed by an automated trading center.

Rule 611 restricts trades at prices worse than a protected quotation,

automatically cancels any unexecuted portion of an order marked as immediate-or-cancel without routing the order elsewhere; (iv) immediately and automatically transmits a response to the sender of an order marked as immediate-or-cancel indicating the action taken with respect to such order; and (v) immediately and automatically displays information that updates the displayed quotation to reflect any change to its material terms.” 17 CFR 242.600(b)(6).

⁸⁸ Rule 600(b)(7) defines the term “automated trading center” as “a trading center that: (i) has implemented such systems, procedures, and rules as are necessary to render it capable of displaying quotations that meet the requirements for an automated quotation set forth in [Rule 600(b)(6)]; (ii) identifies all quotations other than automated quotations as manual quotations; (iii) immediately identifies its quotations as manual quotations whenever it has reason to believe that it is not capable of displaying automated quotations; and (iv) has adopted reasonable standards limiting when its quotations change from automated quotations to manual quotations, and vice versa, to specifically defined circumstances that promote fair and efficient access to its automated quotations and are consistent with the maintenance of fair and orderly markets.” 17 CFR 242.600(b)(7).

⁸⁹ See NMS Adopting Release at 37534 (“The term “immediate” precludes any coding of automated systems or other type of intentional device that would delay the action taken with respect to a quotation.”). In 2016, the Commission updated its interpretation of the term “immediate” given technological and market developments since the adoption of Regulation NMS and stated that “immediate” in the context of Regulation NMS does not preclude a *de minimis* intentional delay—i.e., a delay so short as to not frustrate the purposes of Rule 611 by impairing fair and efficient access to an exchange’s quotations. See Securities Exchange Act Release No. 78102 (June 17, 2016), 81 FR 40785 (June 23, 2016).

⁹⁰ See <https://www.finra.org/filing-reporting/alternative-display-facility-adf> (stating “[c]urrently, there are no active quoting ADF participants.”).

though it does not affirmatively require the routing of orders to trading centers that are displaying the best prices. Any trading center is free to execute trades at prices that are equal to or better than a protected quotation, regardless of whether such trading center is currently quoting at that price or is a non-displayed trading center that never displays quotations.⁹¹ Thus, for example, Rule 611 does not prohibit the execution of trades on non-displayed trading centers (non-displayed ATs which are sometimes referred to as “dark pools,” off-exchange market makers, and other broker-dealers that execute orders internally) at prices that match displayed prices at displayed trading centers. Moreover, Rule 611 does not mandate transparency or force investors to display their trading interest when they wish not to do so.⁹² Any investor can choose not to display an order, whether on an exchange or a non-displayed trading center, and such orders can be executed as long as they are executed at NBBO prices or better.

2. Exceptions under Rule 611(b)

Paragraph (b) of Rule 611 sets forth nine exceptions to the trade-through restrictions of paragraph (a). Two of the most significant of these involve the use of intermarket sweep orders.⁹³ ISOs are defined as limit orders that are routed, as necessary, to execute against the full displayed size of all protected quotations with prices that are better than the price of the ISO. Thus, while ISOs are exceptions to Rule 611, they remain consistent with the trade-through rule’s objective of promoting intermarket price priority. One ISO exception allows a trading center to execute a trade immediately at any size

⁹¹ Stated another way, Rule 611 does not require orders to be routed to execute against displayed quotations before trades could be executed at matching prices (sometimes referred to as a “trade-at” restriction).

⁹² For example, Rule 604 of Regulation NMS provides an exception from display for all block-sized limit orders (unless the customer requests display), as well as an exception for limit orders of any size for which the customer expressly requests non-display. Rule 604 of Regulation NMS (Display of Customer Limit Orders), 17 CFR 242.604.

⁹³ Rule 600(b)(47) defines an “intermarket sweep order” to mean “a limit order for an NMS stock that meets the following requirements: (i) when routed to a trading center, the limit order is identified as an intermarket sweep order; and (ii) simultaneously with the routing of the limit order identified as an intermarket sweep order, one or more additional limit orders, as necessary, are routed to execute against the full displayed size of any protected bid, in the case of a limit order to sell, or the full displayed size of any protected offer, in the case of a limit order to buy, for the NMS stock with a price that is superior to the limit price of the limit order identified as an intermarket sweep order. These additional routed orders also must be marked as intermarket sweep orders.” 17 CFR 242.600(b)(47).

and price as long as it simultaneously routes ISOs to execute against any better-priced protected quotations.⁹⁴ The other ISO exception allows a trading center to execute an order it receives immediately at any size and price when the order is identified as an ISO.⁹⁵ This exception enables order routers to control the execution of their own orders, while effectively relieving trading centers of the necessity of checking protected quotations at other trading centers. For example, if an order router wishes to immediately access a large-sized quotation with a price inferior to protected quotations at other trading centers, it can route an ISO to execute against the large-sized quotation, while simultaneously routing additional ISOs to execute against all of the better-priced protected quotations.

Another significant exception to Rule 611 is the “one-second window.”⁹⁶ This exception was primarily designed to deal with the practical difficulties that existed when Regulation NMS was adopted of preventing intermarket trade-throughs during a fast-moving market when quotations can change rapidly (sometimes referred to as “flickering quotes”).⁹⁷ This exception provides that if a trade is executed at a price that would not have been a trade-through of protected quotations as they stood at any point within the previous one second (the one-second window), then the trade is excepted from Rule 611.

Other exceptions to Rule 611 include: (1) the “self-help” remedy that allows market participants to disregard the protected quotations of trading centers that are experiencing systems problems;⁹⁸ (2) transactions that are not “regular way contracts”;⁹⁹ (3) single-priced opening, reopening, and closing transactions;¹⁰⁰ (4) trades during a

⁹⁴ Rule 611(b)(6); 17 CFR 242.611(b)(6).

⁹⁵ Rule 611(b)(5); 17 CFR 242.611(b)(5).

⁹⁶ Rule 611(b)(8); 17 CFR 242.611(b)(8).

⁹⁷ In adopting the exception in 2005, the Commission stated that it “generally does not believe that the benefits would justify the costs imposed on trading centers of attempting to implement an intermarket price priority rule at the level of sub-second time increments.” NMS Adopting Release at 37523. The Commission emphasized, however, that the exception is not an exception to the duty of best execution. For example, a broker-dealer that owes a duty of best execution to its customers cannot disregard a quotation for purposes of best execution if experience shows that it is likely to be accessible. *Id.* at n. 213 (“In making a best execution determination, for example, a broker-dealer cannot rely on the Rule’s exception for flickering quotations to justify ignoring a recently displayed, better-priced quotation when experience shows that the quotation is likely to be accessible.”).

⁹⁸ Rule 611(b)(1); 17 CFR 242.611(b)(1).

⁹⁹ Rule 611(b)(2); 17 CFR 242.611(b)(2).

¹⁰⁰ Rule 611(b)(3); 17 CFR 242.611(b)(3).

crossed market when a protected bid is higher than a protected offer;¹⁰¹ (5) trades executed at benchmark prices rather than current quoted prices (such as volume-weighted average price (“VWAP”) transactions and other types of average price transactions);¹⁰² and (6) transactions in “stopped orders.”¹⁰³ The Commission has also issued several exemptions from Rule 611.¹⁰⁴

B. Proposed Rescission of Rule 611

The Commission proposes to rescind Rule 611 in its entirety. The Commission recognizes that our national market system is complex and interconnected, and that any changes could impact other parts of the national market system and result in unintended consequences. It is precisely for these reasons that the Commission has sought the input of market participants in assessing Regulation NMS and Rule 611 in advance of formulating this proposal.¹⁰⁵

The Commission has engaged in a broad assessment of the regulatory environment since the adoption of Rule 611 and the economic effects of Rule 611¹⁰⁶ and has taken into consideration the comments and input received. Based on its assessment, rescinding Rule 611 and its trade-through restrictions may be appropriate and beneficial for the national market system and, in particular, our equity markets. As discussed in more detail below, Rule 611 has contributed to a myriad of

consequences that have resulted in costs to market participants. In addition, equity markets have significantly evolved since 2005 such that the trade-through prohibition in Rule 611 may no longer be needed in our current equity markets because of advancements in technologies, particularly with respect to access and order handling and routing.¹⁰⁷ Also, best execution obligations should continue to ensure brokers use reasonable diligence to secure the most favorable terms for customer orders.¹⁰⁸ Moreover, removing the trade-through prohibition of Rule 611 would allow market participants greater freedom in order handling execution and routing decisions, which could promote competition and foster innovation among trading centers and executing brokers.

In general, our equity markets are well served by allowing competition, innovation, and other market forces, rather than prescriptive requirements on market participants, to shape their continued evolution to the greatest extent possible. If Rule 611 were to be rescinded, U.S. equity markets may benefit from reduced costs associated with the reduction in market structure complexity and fragmentation, and competition, innovation, and other market forces would no longer be constrained by the restrictions of Rule 611.¹⁰⁹ Today’s trading environment is highly competitive, interconnected, and automated, which was not the case when the Commission adopted Rule 611. Rule 611 therefore is unnecessary given that the Commission’s concern expressed at the time of adoption of Rule 611 regarding the lack of mechanisms to connect markets is no longer relevant. Rule 611 also is not needed as a backstop to best execution given today’s highly automated, interconnected and competitive equity markets, where retail investors have widely available access to market data and execution quality information, and a broker’s duty to provide best execution would apply regardless.¹¹⁰

Accordingly, the Commission believes that rescission of Rule 611 would be in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets in that removing Rule 611 may, in furtherance of the goals of section 11A of the Exchange Act,¹¹¹ allow for more economically efficient executions of

securities transactions, the execution of investor orders in the best market, and remove impediments to competition.¹¹²

1. Allowing Market Forces To Shape Equity Market Structure

The goal of the changes proposed in this rulemaking is to strengthen our national market system and, in furtherance of section 11A of the Exchange Act,¹¹³ to allow for more economically efficient executions of securities transactions, and to remove impediments to competition,¹¹⁴ in order to help ensure that the U.S. remains the preeminent securities market in the world, where issuers, investors, and other market participants look to entrust their companies, savings, and capital. When the Commission adopted Regulation NMS in 2005, the U.S. equity markets were undergoing significant changes with respect to technology, trading, and competition. At this time of still-emerging and still-evolving technologies, the Commission adopted Regulation NMS, which set forth a uniform trade-through rule, in order to address inefficiencies in the equity market structure that existed at the time. Rule 611 resulted in market participants needing, as a practical matter, to connect, directly or indirectly, to all markets with protected quotations.¹¹⁵ Moreover, Rule 611 led to market participants focusing particularly on price and speed with respect to executing trades, as described further in sections II.B.2. and II.B.3 below. While this may be beneficial to the execution quality of retail orders, the overall execution quality for large institutional orders may be negatively affected.¹¹⁶ Moreover, Rule 611’s restriction on trading through protected quotations may have had the effect of incentivizing exchanges to adopt a particular trading protocol (*i.e.*, price-time matching), thereby reducing innovation in exchange trading models and limiting competition among exchanges.¹¹⁷

Markets are now once again undergoing a period of significant technological change.¹¹⁸ U.S. equity

¹⁰¹ Rule 611(b)(4); 17 CFR 242.611(b)(4).

¹⁰² Rule 611(b)(7); 17 CFR 242.611(b)(7).

¹⁰³ Rule 611(b)(9); 17 CFR 242.611(b)(9). In particular, Rule 611(b)(9) provides an exception for the execution by a trading center of an order for which, at the time of receipt of the order, the trading center had guaranteed an execution at no worse than a specified price (a “stopped order”), where: (i) the stopped order was for the account of a customer; (ii) the customer agreed to the specified price on an order-by-order basis; and (iii) the price of the trade-through transaction was, for a stopped buy order, lower than the national best bid in the NMS stock at the time of execution or, for a stopped sell order, higher than the national best offer in the NMS stock at the time of execution. *Id.*

¹⁰⁴ See Securities Exchange Act Release No. 54389 (Aug. 31, 2006), 71 FR 52829 (Sept. 7, 2006), as modified by Securities Exchange Act Release No. 57620 (Apr. 4, 2008), 73 FR 19271 (Apr. 9, 2008) (exemptive order for “qualified contingent trades”); Securities Exchange Act Release No. 54678 (Oct. 31, 2006), 71 FR 65018 (Nov. 6, 2006) (exemptive order for certain sub-penny trade-throughs); Securities Exchange Act Release No. 55884 (June 8, 2007), 72 FR 32926 (June 14, 2007) (exemptive order for certain error correction transactions); Securities Exchange Act Release No. 55883 (June 8, 2007), 72 FR 32927 (June 14, 2007) (exemptive order for certain print protection transactions); Securities Exchange Act Release No. 57621 (Apr. 4, 2008), 73 FR 19270 (Apr. 9, 2008) (exemptive order for non-convertible preferred securities).

¹⁰⁵ See, *e.g.*, *supra* notes 47–67 and accompanying text (discussing TTR Roundtables).

¹⁰⁶ See *infra* section VI.

¹⁰⁷ See *infra* section II.B.3.a.

¹⁰⁸ See *infra* section II.B.3.b.

¹⁰⁹ See *infra* section VI.C.1.

¹¹⁰ See Order Execution Obligations Adopting Release at 48323–24.

¹¹¹ Exchange Act section 11A(a)(1)(C); 15 U.S.C. 78k–1(a)(1)(C).

¹¹² See *id.* See also *supra* notes 1–2 and accompanying text (discussing section 11A).

¹¹³ Exchange Act section 11A(a)(1)(C); 15 U.S.C. 78k–1(a)(1)(C).

¹¹⁴ See *supra* notes 1–2 (discussing section 11A). See also section VI.D.1.a. (discussing the Commission’s Economic Analysis regarding the benefits of rescinding Rule 611).

¹¹⁵ See *infra* note 121 and accompanying text (discussing the practical need for market participants to connect to all markets).

¹¹⁶ See *infra* section VI.B.2.a. (discussing economic effects on large institutional orders).

¹¹⁷ See *infra* section VI.B.4.

¹¹⁸ See, *e.g.*, *supra* notes 42–45 and accompanying text (discussing the rapidly changing technology in today’s markets).

markets are highly competitive and resilient, and they should, whenever possible, be allowed to develop on their own. The Commission's involvement should be focused on those areas where its regulatory reach can improve their functioning.¹¹⁹ Thus, core to the Commission's proposal to rescind Rule 611 is that, where appropriate, market forces should shape U.S. equity market structure. By proposing to remove the regulatory restrictions contained in Rule 611, the Commission seeks to simplify the regulation and structure of our equity markets rather than continue to impose requirements and costs that are no longer necessary, and thus empower market participants to compete on merit and innovation—whether through service, price, technology, costs, or a combination thereof. The Commission believes that removing such restrictions could foster innovation in trading protocols and venue design and increase competition among trading centers and executing brokers.¹²⁰

2. Addressing the Adverse Consequences of Rule 611

a. Market Structure Complexity

Rule 611 and its numerous exceptions and exemptions have been at the core of the complexity in our equity market structure since the adoption of Regulation NMS in 2005. The prohibition against trade-throughs effectively requires market participants to connect or have routing capability to all exchanges and to monitor quotes and route orders to exchanges that they otherwise might choose not to do business with.¹²¹ This complexity may be particularly impactful for institutional and larger-sized orders where requirements may result in executions across multiple venues with varying fee structures and latencies,

potentially leading to worse overall execution quality than alternative approaches.¹²²

In addition, since the adoption of Rule 611, there has been a proliferation of order types offered by exchanges.¹²³ Many of these order types were developed in response to Rule 611 and other Regulation NMS-related requirements and are now commonplace among equity exchanges.¹²⁴ These order types include but are not limited to ISOs and “price to comply” orders and variations thereof.¹²⁵ When such order types are combined or interact with other similarly complex order types offered by trading venues, the resulting mix of combinations and permutations that need to be considered increases the complexity faced by market participants.¹²⁶ In addition, many order types themselves have one or more modifiers, which can add even more

market structure complexity,¹²⁷ which may increase costs to market participants.¹²⁸ Moreover, this complexity and the costs associated therewith may provide an advantage to more sophisticated market participants, such as high-tech algorithmic traders with expansive data and processing capacities who are more capable of managing increased complexity.¹²⁹

In addition to this equity market structure complexity, Rule 611's trade-through prohibition has contributed to an environment where speed has become the primary competitive advantage, allowing fast algorithms to capture price discrepancies.¹³⁰ As discussed below, Rule 611 has contributed to the fragmentation of displayed liquidity across numerous order books.¹³¹ This in turn creates latency arbitrage opportunities and has incentivized massive investment in low-latency infrastructure to gain a speed advantage over competitors, resulting in the rise of high-frequency traders (“HFTs”).¹³² In today's equity markets, participants are locked in a technology and latency arms race for speed,¹³³ and

¹²² See Jane Street Letter at 2. See also *infra* section VI.

¹²³ See Robinhood Letter at 4 (citing “Complaints Rise Over Complex U.S. Stock Orders,” by Herbert Lash, Reuters (Oct. 19, 2012)).

¹²⁴ Some commenters have stated that this increase in order types stems directly from Rule 611 and related Regulation NMS market structure requirements (such as Rule 610(e)'s prohibition on locking and crossing markets), and that such order types have been developed to enable market participants to take advantage of the complexities. See Nasdaq Letter I at 1–2 (citing EMSAC Market Structure Memo, *supra* note 46). See also First TTR Roundtable Transcript at 230 (Matt Billings, Robinhood), at 78–80 (Maureen O'Hara, Cornell University, SC Johnson Graduate School of Management), at 168 (Matt Mackenzie, Optiver), at 169 (Armando Diaz, PureStream); Robinhood Letter at 4; Healthy Markets Letter I at 9. One commenter stated that certain order types are “not designed to enhance execution quality but to comply with display rules while maintaining [SIP] visibility” See FIA PTG Paper at 4. See also First TTR Roundtable Transcript at 165–66 (Hubert De Jesus, BlackRock). See also First TTR Roundtable Transcript at 169 (Armando Diaz, PureStream) (noting that “the overwhelming majority of volume” on an exchange was using order types “that are meant to suppress or sidestep 611”), at 168 (Matt Mackenzie, Optiver).

¹²⁵ ISO order types are designed to allow market participants to avail themselves of the ISO exceptions under Rules 611(b)(5) through (6); 17 CFR 242.611(b)(5) through (6). “Price to comply” orders and variations thereof seek to automatically adjust an order's price to avoid locking or crossing markets. See, e.g., Nasdaq Rule 4702(b)(1). See also *supra* note 29 and accompanying text and section II.A.2. (discussing the ISO exceptions and order types) and *infra* section III.B.3. (discussing complexities associated with Rule 610(e)).

¹²⁶ See, e.g., First TTR Roundtable Transcript at 167 (Adam Nunes, Hudson River) (“[O]ne of the things that adds a great deal of complexity is that you have features to do one thing sitting on top of features to do another thing, and the combinations of those can get quite extreme.”); O'Brien Letter at 6–7 (discussing complexity attributable to Rule 611); Robinhood Letter at 4 (stating that “[t]here has also been an exponential increase in the number and complexity of order types offered by exchanges, with one source estimating that exchanges offer 2,000 variations of order types”).

¹²⁷ See, e.g., *Trading Talk—An In-Depth Look at Exchange Order Types*, Rosenblatt Securities Inc. (June 26, 2013) (“Rosenblatt Order Type Report”); *No Order Type Conspiracy*, Rosenblatt Study Says, by Editorial Staff, Traders Magazine (July 5, 2013) (discussing findings of Rosenblatt Order Type Report, including that “the proliferation of order types had indeed added to the complexities of the marketplace and that ‘undoubtedly creates opportunities for the savviest market participants.’”).

¹²⁸ See *infra* section VI.C.1. (discussing estimated cost savings due to reduced complexity if Rule 611 is rescinded). Some commenters stated that this complexity also increases risks to market IT infrastructure and systems. See, e.g., O'Brien Letter at 7. See also Robinhood Letter at 5; FIA PTG Paper at 4. One commenter stated that Rule 611's rigid requirements make the equity markets more “brittle” because of all the complexity they add. First TTR Roundtable Transcript at 291 (Cameron Smith, Texas Stock Exchange).

¹²⁹ See *infra* section VI.B.3.

¹³⁰ See First TTR Roundtable Transcript at 72–73 (Dave Lauer, Urvin Finance and We the Investors) (citing Rule 611 as a factor driving the “speed race”), at 218 (Vlad Khandros, OneChronos) (stating Rule 611 is exacerbating the “latency arms race”). See also Data Boiler Comment at 2 (stating that the trading community is in a “low-latency arms race”).

¹³¹ See *infra* section II.B.2.b.

¹³² See letter from Benjamin L. Schiffrin, Director of Securities Policy, Better Markets, Inc. (Sept. 18, 2025) (“Better Markets Letter”). This commenter states that HFTs pay the exchanges fees for high-speed proprietary data feeds, fees for market data, and fees for having their computers “co-located” in the exchanges' data centers. *Id.* at 3.

¹³³ See, e.g., First TTR Roundtable Transcript at 56–57 (Pankil Patel, Bank of America) (discussing a “more sophisticated technology arms race”), 218 (Vlad Khandros, OneChronos) (stating that there is a “latency arms race”), 219 (Jon Herrick, New York Stock Exchange) (discussing “the technological arms race that we're faced with”).

¹¹⁹ See *Horses and Bourses: Remarks at the 12th Annual Conference on Financial Market Regulation*, by Commissioner Hester M. Peirce (May 16, 2025), available at <https://www.sec.gov/newsroom/speeches-statements/peirce-remarks-financial-market-regulation-051625>.

¹²⁰ See *infra* section VI.D.1.

¹²¹ Rule 611 does not mandate that trading centers connect to all trading centers with protected quotes, or even that they have routing capabilities to reach such trading centers. Trading centers can operate without any routing capabilities so long as they abide by the trade-through restrictions of Rule 611 (*i.e.*, that, absent an exception under Rule 611(b), they not trade-through protected quotes at away markets); however, the practical effect of the rule for many market participants has been that they have routing capabilities to reach all trading centers with protected quotes, directly or indirectly. *Trade-Through Roundtable Supporting Data*, by Staff of the Office of Analytics and Research, Division of Trading and Markets (Sept. 9, 2025, revised Sept. 12, 2025) (“121 Analysis”), available at <https://www.sec.gov/files/trade-through-roundtable-supporting-data.pdf>.

the Commission believes that Rule 611 has contributed to this.

The Commission believes that rescinding Rule 611 would reduce the complexity in our equity market structure that has occurred since its adoption in 2005, which would in turn reduce costs for market participants and foster innovation and competition.

b. Exchange Proliferation and Fragmentation

Rule 611's trade-through restrictions have contributed to greater fragmentation in the U.S. equity markets. Rule 611 effectively lowered barriers to entry for exchanges by giving all exchanges, no matter their trading volume or other competitive distinctions, an opportunity to display a protected quotation, and thus avail themselves of guaranteed market data and connectivity revenue as market participants are effectively required to connect, directly or indirectly, to their markets. As a result, Rule 611 and Regulation NMS have contributed to the proliferation of exchanges in our equity markets.¹³⁴ To be clear, the Commission welcomes competition and believes that exchanges that introduce innovations to our markets, such as providing new ways to trade, can benefit the national market system overall. However, the Commission believes that Rule 611 has distorted incentives in the U.S. equity markets by providing new exchanges with protected quotation status at their inception, essentially guaranteeing that market participants must connect to them and subscribe to their market data feeds,¹³⁵ and this has led to a proliferation of exchanges.

¹³⁴ See, e.g., O'Brien Letter at 5; Robinhood Letter at 3–4; FIA PTG Paper at 3–4; First TTR Roundtable Transcript at 181–82 (Hubert De Jesus, BlackRock). See also *infra* section II.B.2.b. (discussing exchange proliferation).

¹³⁵ As one commenter stated, “[a]ll a new venue needs to do is post a quotation and the entire market must connect to its infrastructure, code to its systems and re-shape its trading algorithms to accommodate it.” See O'Brien at 5. See also FIA PTG Letter at 4; Robinhood Letter at 4 (stating that six exchanges account for approximately 80% of the volume traded on all exchanges while 10 exchanges individually account for less than a 2% market share); First TTR Roundtable Transcript at 49, 72–73 (Dave Lauer, Urvin Finance and We the Investors) (stating that most of the additional exchanges have been “copycat” exchanges), at 288–89 (Mehmet Kinak, T.Rowe Price) (stating that the additional exchanges have not offered anything to differentiate themselves from existing exchanges), at 277 (Daniel Gerhardtstein, FIA Principal Traders Group and Jump Trading Group) (stating that “Rule 611 creates artificial incentives for the establishment of new exchanges” and that “[a]chieving the protected quote status provides exchanges with guaranteed revenue through the forced connectivity, market data, and access fees, without regard to new value delivered to market participants”).

This proliferation of exchanges has increased fragmentation of trading on equity exchanges, spreading market share across the increasing number of exchanges, resulting in a dispersal of liquidity.¹³⁶ This dispersal of displayed liquidity across numerous exchange order books increases routing complexity and potentially thins size at each exchange's best quotations.¹³⁷ This fragmentation is particularly impactful for large and institutional orders because, as the fragmentation of displayed liquidity increases, institutional child orders face more venues with small top-of-book sizes, which raises the complexity and cost of routing to meet the requirements of Rule 611. This greater dispersion across exchanges can make institutional trading intentions easier to detect, which can increase slippage and hurt the overall execution quality of the parent order.¹³⁸

Moreover, with the increase in the number of U.S. equity exchanges, costs for market participants have increased due to the need to connect to trading centers with protected quotes, maintain such connections and routing capabilities thereto, and subscribe to their market data feeds.¹³⁹ These costs

¹³⁶ See, e.g., Better Markets Letter at 1–2; FIA PTG Paper at 2 (stating that during the first half of 2025, no exchange had more than 20% market share based on notional volume and 9 exchanges had market share of less than 1%, and that the primary listing exchanges had a combined market share of less than 30% over the first half of 2025 (citing Cboe Exchange Inc, Historical Market Data Volume, available at https://www.cboe.com/us/equities/market_statistics/historical_market_volume/)). See also *infra* section II.B.2.b. (discussing exchange proliferation and fragmentation of displayed liquidity).

¹³⁷ See *infra* section VI.B.2.c.

¹³⁸ See *infra* section VI.B.2.

¹³⁹ See, e.g., O'Brien Letter at 6–7; Robinhood Letter at 3–5; FIA PTG Paper at 1 (stating that major firms spend millions annually on market data and connectivity fees to all U.S. exchanges), 3. See also Jane Street at 2 (stating that these types of costs were a “regulated subsidy for venue proliferation, as new exchanges can effectively mandate that certain market participants purchase their connectivity and market data services”); First TTR Roundtable Transcript at 51, 70–71 (Joe Mecane, Citadel), at 56–58 (Pankil Patel, Bank of America) (discussing increased costs for infrastructure, colocation/connectivity, and market data), at 48, 72–73 (Dave Lauer, Urvin Finance and We the Investors), at 232–233, 277 (Daniel Gerhardtstein, FIA Principal Traders Group and Jump Trading Group) (stating that “[a]chieving the protected quote status provides exchanges with guaranteed revenue through forced connectivity, market data, and access fees, without regard to new value delivered to market participants”), at 246 (Vlad Khandros, OneChronos). Certain commenters have stated that some of the costs that emanate from Regulation NMS have come down due to advances in technology and competition, particularly in areas relating to routing. See, e.g., First TTR Roundtable Transcript at 158 (Allison Bishop, Proof Trading), at 160 (Jeff Starr, Schwab). See also First TTR Roundtable Transcript at 19–26 (Dan Mathisson,

include incurring connection, routing, and market data fees to certain exchanges that some participants feel may provide limited value, but that such participants must nevertheless incur due to the requirements of Rule 611.¹⁴⁰ In addition, market participants incur costs to monitor for pre-trade and post-trade compliance with Rule 611, which costs increase with the number of venues providing protected quotes.¹⁴¹

Without the requirements of Rule 611, market participants will no longer effectively be required to connect, directly or indirectly, to every exchange, which should reduce the connectivity, market data, routing, and compliance costs associated with such connections.¹⁴² In turn, this may result in fewer new exchanges and potentially fewer existing exchanges, as the

Commission, Division of Trading and Markets, Office of Analytics and Research). The Commission acknowledges that certain costs may have come down, however, costs resulting from the trade-through prohibition in Rule 611 still remain high because, in practice, Rule 611 results in market participants connecting to all protected markets, even if indirectly through connectivity providers, and rescission of Rule 611 should result in reduced costs for market participants.

¹⁴⁰ One commenter stated that, according to its calculations, the increased costs to the industry as a whole for connectivity, market data and options regulatory fees associated with small venues (*i.e.*, for equities venues with less than 2% market share and options venues with less than 4% market share) is approximately \$375 million a year, which is about two thirds of the total revenue for those 21 venues. See First TTR Roundtable Transcript at 51, 70–71 (Joe Mecane, Citadel Securities). This commenter, however, also stated that it did not believe that eliminating the trade-through rule would impact that cost significantly for a variety of reasons, including because firms are already connected to such venues and because firms' best execution obligations would make it difficult to simply disconnect from a venue to save costs. See *id.*

¹⁴¹ See, e.g., Robinhood Letter at 5; J. Angel Letter; First TTR Roundtable Transcript at 90 (Julie Andress, Securities Traders Association and KeyBanc Capital Markets) (discussing trade-through compliance).

¹⁴² See *infra* section VI.C.1. One commenter estimated that the fixed costs of connecting to U.S. equity exchanges are 350 percent greater than the average connection costs of the top ten markets that its firm trades in globally. First TTR Roundtable Transcript at 232–33 (Daniel Gerhardtstein, FIA Principal Traders Group and Jump Trading Group). Another commenter estimated its costs associated with onboarding new exchanges and connectivity maintenance costs to be \$1.5 million for onboarding and \$200,000 annually for maintenance. First TTR Roundtable Transcript at 68–69 (Pankil Patel, Bank of America) (stating that, with respect to onboarding a new exchange, the costs for his firm were estimated to be approximately \$1.5 million and included not just connectivity and market data, but costs associated with integration into the firm's ecosystem, such as “third party sourcing, procurement, technology, testing, hardware, CAD integration, [and] billing” and that ongoing maintenance costs were estimated at approximately \$200,000 per year, and included continued connectivity costs, maintaining upgrades, and ensuring surveillance systems were up-to-date, among other things).

exchange revenue streams currently associated with market data and connectivity fees would no longer be guaranteed as they currently are. In addition, without the requirements of Rule 611, market participants will have greater choice in determining which trading center provides the best market for execution of their orders given their investment objectives. Among other things, if the Commission were to rescind Rule 611, market participants would have more flexibility to send their orders to trading centers that have a consistently higher volume of order flow, more reliable speed of execution, or lower adverse selection costs, if they are not constrained by requirements to first route to execute against any protected quotation. Fragmentation may be reduced as broker-dealers concentrate their orders on more liquid trading centers with better execution quality. In turn, trading centers would have more flexibility to innovate and compete for order flow on factors other than price and speed. And rescinding Rule 611 would allow institutional investors more flexibility to route child orders, thereby allowing them to avoid trading at exchanges that may increase their information leakage and reducing slippage.¹⁴³ Accordingly, rescinding Rule 611 could lead to reduced exchange fragmentation, enable competition and innovation among trading venues, reduce costs, and remove unnecessary regulatory requirements that may advantage some market participants over others in today's equity markets.

3. Rule 611 Is Unnecessary

a. Technology Has Advanced Significantly

When the Commission adopted Rule 611 and Regulation NMS, one of its goals was to seek the proper balance between competition among markets and competition among orders, and the Commission stated that investors “must be assured that they are participants in a system which maximizes the opportunities for the most willing seller to meet the most willing buyer.”¹⁴⁴ The Commission expressed concern regarding market fragmentation and the absence of mechanisms and linkages “designed to assure that public investors are able to obtain the best price for securities regardless of the type or physical location of the market upon which his transaction may be executed.”¹⁴⁵ Following the adoption of

Regulation NMS in 2005, including Rule 611 and its trade-through protections, market participants moved quickly towards electrification of trading and invested in intermarket linkages and routing technologies for the equity markets.¹⁴⁶ One commenter stated that Rule 611 “helped spur investment in interlinkages between venues as routing technology was developing, and best execution practices were less sophisticated” and “served almost as ‘training wheels’ for the national market system, providing clear, objective standards for order routing processes.”¹⁴⁷ While it is possible that such changes would have occurred in our equity markets without the intervention of Regulation NMS and some have argued that it would have been preferable to allow the markets to evolve and develop such technology and processes more naturally through competitive forces,¹⁴⁸ the adoption of Rule 611’s requirements and Regulation NMS generally did push the U.S. equity markets toward automation and away from the inefficiencies that existed previously.¹⁴⁹ Currently, the U.S. equity markets are highly automated and interconnected and the Commission’s concern expressed at the time of Regulation NMS’s adoption in 2005 regarding the lack of mechanisms to connect markets is no longer an issue. Today’s market participants have quick, electronic access to the markets and state-of-the-art routing technology is widely available for those seeking it.¹⁵⁰ Liquidity providers now routinely provide enhanced execution results that surpass any minimum benefits of Rule 611, such as through price improvement relative to the national best bid and offer and the execution of orders at midpoint

prices.¹⁵¹ The Commission believes that these execution quality benefits are not dependent on Rule 611, but instead are due to the intense competition among liquidity providers and the availability of execution quality benchmarks and data,¹⁵² which will continue even if Rule 611 were to be rescinded.

The widely-available and fast routing capabilities and linkages in today’s equity markets contrast with the period before the adoption of Regulation NMS, when exchanges and market participants were not as well connected and many linkages that did exist were relatively slow.¹⁵³ Because of the advances in these technologies and the competition among liquidity providers since Regulation NMS’s adoption in 2005,¹⁵⁴ Rule 611 is no longer necessary to address the Commission’s concerns in 2005. As discussed above, while Rule 611 may have served a historical function, it also has resulted in adverse consequences in the equity markets.¹⁵⁵ As technological advancements have changed how the U.S. securities markets operate since the adoption of Regulation NMS, to remain effective, the Commission must continuously monitor the market environment and, as appropriate, adjust and modernize our rules, regulations, and oversight tools and activities. At this point, Rule 611 is unnecessary to the functioning of our equity markets, and the continued maintenance of the rule may inhibit innovation and the development of new technologies, products, and services that could enhance competition in the U.S. equity markets to the benefit of investors.¹⁵⁶

¹⁵¹ See Jane Street Letter at 2.

¹⁵² See, e.g., Rule 605 of Regulation NMS, 17 CFR 242.605 (requiring certain reporting entities to publicly disclose order execution quality statistics).

¹⁵³ See NMS Adopting Release at 37538–59 (describing linkages in 2005 for exchange-listed stocks through the Intermarket Trading System, or “ITS”, Plan, with “receiving markets generally having up to 30 seconds to respond”).

¹⁵⁴ See, e.g., J. Angel Letter at 12–13; O’Brien Letter at 5; Jane Street Letter at 2; First TTR Roundtable Transcript at 62–64 (Katie Kolchin, SIFMA), at 216, 234 (Mehmet Kinak, T. Rowe Price).

¹⁵⁵ See *supra* section II.B.2. (discussing market structure complexity, exchange proliferation and fragmentation, and costs to market participants).

¹⁵⁶ See also IntelligentCross Letter at 3 (“The elimination of the trade-through prohibitions would . . . foster a more competitive playing field among lit venues, and more easily facilitate the introduction of innovation to the displayed markets.”); Duoro Labs Paper (describing generally how the crypto market has evolved and innovated in the absence of prescriptive regulatory requirements and stating that, because of prescriptive rules like the trade-through rule, the equity markets “have not embraced mechanisms such as intents-based trading, automated market makers, decentralized price oracles, or atomic cross-

Continued

¹⁴³ See *infra* section VI.C.1.

¹⁴⁴ See NMS Adopting Release at 37499 (quoting H.R. Rep. 94–123, 94th Cong., 1st Sess. 50 (1975)).

¹⁴⁵ See *id.* at 37499, n.13.

¹⁴⁶ See J. Angel Letter at 11–13.

¹⁴⁷ Jane Street Letter at 2.

¹⁴⁸ See, e.g., Robinhood Letter at 2. See also Chairman Remarks at First TTR Roundtable.

¹⁴⁹ See, e.g., First TTR Roundtable Transcript at 62 (Katie Kolchin, SIFMA) (referring to the Intermarket Trading System that previously linked various stock exchanges); O’Brien Letter at 3 and Robinhood Letter at 3 (linking NYSE’s adoption of electronic quoting and trading to the status automated quotations under Rule 611).

¹⁵⁰ See First TTR Roundtable Transcript at 21–23 (Dan Mathisson, Commission, Division of Trading and Markets, Office of Analytics and Research) (discussing the Division of Trading and Markets’s analysis that showed that an overwhelming majority of firms outsource some or all of their routing and fewer than 20 firms directly connect to/trade on every exchange). While fewer than 20 firms have such direct connections, the practical effect of Rule 611 for nearly all trading centers has been that they incur costs for routing capabilities to reach all trading centers with protected quotes, whether directly or indirectly through a connectivity provider. See also *supra* notes 121 and 139–140 and accompanying text (costs of connecting to trading centers with protected quotes).

b. Rule 611 Is Not Needed as a Backstop to Best Execution

When adopted, Rule 611 was “designed to assure that public investors are able to obtain the best price for securities” given the absence of robust intermarket linkages at the time.¹⁵⁷ The Commission was concerned that investors “often may have difficulty monitoring whether their orders receive the best available prices.”¹⁵⁸ The Commission stated that “furthering the interests of these investors in obtaining best execution on an order-by-order basis is a vitally important objective that warrants adoption of [Rule 611.]”¹⁵⁹ The Commission further stated, in adopting Rule 611, that Rule 611 “will backstop a broker’s duty of best execution on an order-by-order basis by prohibiting the practice of executing orders at inferior prices, absent an applicable exception.”¹⁶⁰

A broker-dealer has a legal duty to seek best execution of customer orders.¹⁶¹ The duty of best execution predates the Federal securities laws and is derived from an implied representation that a broker-dealer makes to its customers.¹⁶² The duty of best execution is incorporated into SRO rules and, through judicial and Commission decisions, the antifraud provisions of the Federal securities laws.¹⁶³ This obligation requires that a “broker-dealer seek to obtain for its customer orders the most favorable terms reasonably available under the circumstances.”¹⁶⁴ In other words, broker-dealers should execute trades “at the best reasonably available price.”¹⁶⁵ And, as the Commission has recognized, price is a critical concern for investors.¹⁶⁶ In addition, the

domain settlement, which all emerged naturally in crypto”).

¹⁵⁷ See NMS Adopting Release at 37499, n.13.

¹⁵⁸ *Id.* at 37511.

¹⁵⁹ *Id.*

¹⁶⁰ *Id.* at 37516.

¹⁶¹ See, e.g., *Newton v. Merrill, Lynch, Pierce, Fenner & Smith, Inc.*, 135 F.3d 266, 269–70, 274 (3d Cir.), cert. denied, 525 U.S. 811 (1998).

¹⁶² See *id.* 135 F.3d at 270.

¹⁶³ See *supra* note 73.

¹⁶⁴ See *id.* (noting that a broker-dealer’s duty of best execution requires the execution of customer trades at the best reasonably available price, recognizing several terms in addition to price as relevant to best execution, and stating that a broker-dealer must also take into account order size, trading characteristics of the security, speed of execution, clearing costs, and the cost and difficulty of executing an order in a particular market). See also *id.* (Citing Order Execution Obligations Adopting Release).

¹⁶⁵ Reg NMS Adopting Release at 37538.

¹⁶⁶ See Securities Exchange Act Release No. 43590 (Nov. 17, 2000), 65 FR 75414, 75418 (Dec. 1, 2000) (“Order Execution and Routing Practice

Commission has described a non-exhaustive list of factors that may be relevant to broker-dealers’ best execution analysis. These factors include the size of the order,¹⁶⁷ speed of execution, clearing costs, the trading characteristics of the security involved, the availability of accurate information affecting choices as to the most favorable market center for execution and the availability of technological aids to process such information, and the cost and difficulty associated with achieving an execution in a particular market center.¹⁶⁸ FINRA Rule 5310 requires broker-dealers to use reasonable diligence to ascertain the best market for a security such that the price the customer receives is as favorable as possible under the prevailing market conditions.¹⁶⁹

As noted above, to comply with their best execution obligations, firms must consider a number of factors when handling and executing a customer’s order, which should include the best price.¹⁷⁰ When adopting Rule 611, the Commission made clear the duty of best execution requires broker-dealers to “periodically assess the quality of competing markets to assure that order flow is directed to the markets providing the most beneficial terms for their customer orders.”¹⁷¹ And, broker-

Release”) (“The Commission strongly believes, however, that most investors care a great deal about the quality of prices at which their orders are executed, and that an opportunity for more vigorous competition among market participants to provide the best quality of execution will enhance the efficiency of the national market system.”).

¹⁶⁷ It is the Commission’s understanding that when an institutional customer gives a large order to be executed on behalf of one account (e.g., a single mutual fund or pension fund), it expects the broker-dealer that handles and executes such large order to do so in a manner that ensures best execution is provided to the “parent” order. In other words, to the extent that a parent order is split into smaller “child” orders, the institutional customer expects the best execution analysis to evaluate whether the parent order was executed at the most favorable price possible under prevailing market conditions according to customer instructions. See, e.g., Concept Release on Equity Market Structure at 3604–3605 (measuring the transaction costs of institutional investors “can be extremely complex” because their “large orders often are broken up into smaller child orders and executed in a series of transactions” and “[m]etrics that apply to small order executions may miss how well or poorly the large order traded overall.”).

¹⁶⁸ See Order Execution and Routing Practice Release at 75418.

¹⁶⁹ See *supra* note 73.

¹⁷⁰ See *id.*; FINRA Rule 5310. Some have been critical of Rule 611 with respect to best execution, because its focus on displayed price did not take into account other factors that may be important to clients. See, e.g., FIA PTG Paper at 2–3. See also Prepared Remarks of Paul S. Atkins at the SEC Investor Advisory Committee, by Paul Atkins (June 10, 2021), available at <https://patomak.com/2021/06/10/prepared-remarks-of-paul-s-atkins-at-the-sec-investor-advisory-committee-june-10-2021/>.

¹⁷¹ Regulation NMS Adopting Release at 37538.

dealers “must examine their procedures for seeking to obtain best execution in light of market and technology changes and modify those practices if necessary to enable their customers to obtain the best reasonably available prices.”¹⁷²

Rule 611 is no longer needed to backstop a broker’s duty of best execution given the evolution of U.S. equity markets since 2005. Since the adoption of Rule 611, U.S. equity markets have become highly automated and interconnected, and routing technologies have become increasingly sophisticated, resulting in increasingly accessible prices for investors. In addition, since 2005, retail investor participation in the equity markets has significantly increased,¹⁷³ as has investor access to market data and execution quality information.¹⁷⁴ Given the evolution of the U.S. equity markets since 2005 and the widely available access to liquidity, market data, and execution quality information, the concern the Commission had in 2005, that Rule 611 was beneficial as a backstop to best execution because of investors’ difficulty monitoring whether their orders receive the best available prices and the absence of robust intermarket linkages, is no longer applicable.¹⁷⁵ Moreover, a broker’s duty to seek to obtain for its customer orders the most favorable terms reasonably available under the circumstances will continue to apply regardless of whether Rule 611 is rescinded. And a firm’s commercial and competitive incentives should result in the firm routing orders to execute against the best price at an away market when consistent with the

¹⁷² *Id.*; see also Order Execution Obligations Adopting Release at 48322–23.

¹⁷³ See, e.g., Caitlin McCabe, “New Army of Individual Investors Flexes Its Muscle,” *The Wall Street Journal* (Dec. 30, 2020), available at <https://www.wsj.com/articles/new-army-of-individual-investors-flexes-its-muscle-11609329600>.

¹⁷⁴ See, e.g., Rule 605 Amendments Adopting Release at section IX.C. (discussing the availability of certain information to, and how that information is used by, various types of market participants); Charles M. Jones, *Understanding the Market for U.S. Equity Market Data* (Aug. 31, 2018), available at <https://www.sec.gov/comments/4-729/4729-4545881-176154.pdf> at 3–8 (discussing available equity market data products and their uses). See also Robinhood Letter at 7 (stating that “[u]nlike any other moment in history, retail investors today have easy access to tools and platforms, educational resources, real-time market data and investment analytics”).

¹⁷⁵ As further discussed in section VI.C.2. *infra*, retail brokers route most of their customers’ marketable orders to off-exchange wholesalers, who usually internalize the order (i.e., execute the order in a principal capacity). As a consequence, most marketable retail orders do not directly interact with protected quotes. The majority of marketable retail orders are instead internalized off-exchange.

duty of best execution (rather than being required to do so by Rule 611).¹⁷⁶

For the reasons discussed above, the Commission proposes to rescind Rule 611 in its entirety.

C. Request for Comment

The Commission generally requests comment from the public on the proposed rescission of Rule 611. More specific requests for comment are set forth below. Responses supported by empirical data are particularly helpful.

1. Do commenters agree with the Commission's proposed rescission of Rule 611? Why or why not? Are there benefits to maintaining Rule 611?

2. If Rule 611 is rescinded, should any other rules (of Regulation NMS or otherwise) be modified or rescinded in addition to what the Commission is proposing herein?

3. Rather than rescinding Rule 611, should the Commission instead modify Rule 611? If so, please be specific and describe how Rule 611 should be modified. What advantages or disadvantages are there to such a modification in comparison to the proposed rescission? Please also describe how such a modification would address the adverse consequences the Commission has identified in section II.B.2.

4. Would the rescission of Rule 611 affect investor confidence? Why or why not? If it were to decrease investor confidence, how could that effect be mitigated?

5. Given best execution obligations and the current level of automation and interconnectedness of the U.S. equity markets, is Rule 611 still needed? Will a broker-dealer's processes to fulfill its best execution obligations be affected by rescission of Rule 611? What steps should be taken by the Commission and/or SROs with respect to best execution if the Commission were to rescind Rule 611? Is there a need for additional best execution guidance concerning retail order handling? Institutional order handling? If so, what should that guidance include and

should that guidance be principles-based or more prescriptive?

6. What impact has Rule 611 had on complexity in the equity markets, including but not limited to order types, exchange proliferation, and fragmentation? Will rescinding Rule 611 reduce the complexity in our equity market structure that has occurred since its adoption in 2005? Will rescinding Rule 611 reduce fragmentation of liquidity in the equity markets? Will rescinding Rule 611 reduce costs on market participants? If so, which costs and by how much?

7. What impacts have market technologies, including those relating to routing and connectivity, had on Rule 611? Have market technologies advanced to such a degree that Rule 611 is no longer needed? Why or why not?

8. Are the concerns regarding equity market structure that the Commission expressed when it adopted Rule 611 still relevant? Is Rule 611 necessary to the current functioning of our equity markets? Would the continued maintenance of Rule 611 inhibit innovation and the development of new technologies?

9. What is the impact of Rule 611 on the number of equity exchanges? What would be the impact of the rescission of Rule 611 on the number of equity exchanges? Would rescission of Rule 611 result in fewer or more equity exchanges? Why or why not?

10. What is the impact of Rule 611 on displayed liquidity? Would the rescission of Rule 611 result in more displayed liquidity, or instead more non-displayed liquidity? Why or why not? What steps, if any, should be taken to bolster displayed liquidity if Rule 611 were to be rescinded? How would the availability of displayed liquidity and the quality of the NBBO be impacted by the rescission of Rule 611?

11. What steps (if any) would broker dealers, exchanges, and other market participants need to take to implement a rescission of Rule 611? Are there any implementation concerns if the Commission were to rescind Rule 611? For example, if Rule 611 is rescinded how long should the implementation period be? Should implementation be done in phases or tranches (and if yes, please be specific to describe what should be phased and when)? Should the timing for implementation be tied to the timing for implementation rescission of Rule 610(e), if applicable? If so, in what way?

12. Are there any NMS Plan amendments that would be necessary or desirable if Rule 611 is rescinded? If so, which ones, why, and in what way?

13. Are there any amendments to SRO rules that would be necessary or desirable if Rule 611 is rescinded? If so, which ones, why, and in what way?

III. Rule 610(e)

As discussed above,¹⁷⁷ the adoption of Regulation NMS included the adoption of Rule 610, often referred to as the "Access Rule." Broadly, Rule 610 was designed to promote fair and non-discriminatory access to quotations displayed by NMS trading centers through a private linkage approach for all NMS stocks.¹⁷⁸ As originally adopted, Rule 610 primarily addressed: (1) the means of access to quotations; (2) the fees for accessing protected quotations and any other quotations that are the best bid or offer of a national securities exchange or national securities association; and (3) locking and crossing quotations.¹⁷⁹

In conjunction with the proposed rescission of Rule 611, the Commission is also proposing to rescind paragraph (e) of Rule 610, which sets forth restrictions on locking and crossing quotations. Advancements in the marketplace, including increased automation and interconnectivity, that have occurred since the time the rule was adopted may have rendered the rule no longer necessary. In addition, rescinding Rule 610(e) could reduce unnecessary complexity in the U.S. equity markets stemming from the rule's requirements. Rescission of Rule 610(e) would also facilitate the benefits of the rescission of the trade-through prohibition in Rule 611. The Commission is also proposing conforming changes to Rule 610(c) to reflect the proposed rescission of Rule 611 and the elimination of the concept of "protected quotations," as discussed in section IV.B. below.

A. Description of Rule 610(e)

Rule 610(e) of Regulation NMS addresses the locking and crossing of quotations.¹⁸⁰ Specifically, Rule 610(e) requires each national securities exchange and national securities association to establish, maintain, and enforce written rules that: (1) require their members to reasonably avoid displaying quotations¹⁸¹ that lock or

¹⁷⁶ See First TTR Roundtable Transcript at 26–29 (Arun Manoharan, Commission, Division of Trading and Markets, Office of Analytics and Research) (discussing analysis of trade-through rates during the second quarter of 2025, including that trade-through rates during periods when Rule 611's requirements did not apply (such as for odd-lot trades and pre- and after-market trading sessions) remained relatively low, at 2.4% or less); OAR Roundtable Analysis. See also *infra* section VI.C.1.c. (discussing analysis of trade-throughs of odd-lot quotes inside the NBBO for high-priced stocks, showing trade-through rates of 1–5% for trades that occur on exchange and trade-through rates of 11–19% for trades that occur off-exchange and are larger than one share).

¹⁷⁷ See *supra* section I.

¹⁷⁸ NMS Adopting Release at 37497.

¹⁷⁹ *Id.* at 37539.

¹⁸⁰ See *supra* note 32 (explaining locking and crossing quotations). The other paragraphs of Rule 610, broadly relating to access, are described generally in section I. *supra* note 31 and accompanying text.

¹⁸¹ As with respect to Rule 611, by its terms, Rule 610(e) only applies to round lots, as a result of the definition of "quotation." See *supra* note 25.

cross any protected quotation in an NMS stock, and displaying manual quotations¹⁸² that lock or cross any quotation in an NMS stock disseminated pursuant to an effective NMS Plan;¹⁸³ (2) are reasonably designed to assure the reconciliation of locked and crossed quotations in an NMS stock;¹⁸⁴ and (3) prohibit their members from engaging in a pattern or practice of displaying quotations that lock or cross any protected quotation in an NMS stock, or from displaying manual quotations that lock or cross any quotation in an NMS stock disseminated pursuant to an effective NMS Plan, other than displaying quotations that lock or cross any protected or other quotation as permitted by an exception contained in its rules established pursuant to Rule 610(e)(1).¹⁸⁵ The rule does not prohibit trading centers from displaying automated quotations that lock or cross the manual quotations of other trading centers.¹⁸⁶ Of note, Rule 610(e) also does not itself impose prohibitions on the locking and crossing of markets, but rather requires SROs to establish, maintain, and enforce rules that comply with the rule's requirements. Throughout this discussion, we refer to Rule 610(e)'s requirements generally as "locked and crossed market prohibitions."

Adoption of Rule 610(e) was driven by concerns over the rise in the incidence of locked and crossed markets at the time due to market fragmentation coupled with limitations on the level of interconnectivity among markets.¹⁸⁷ In

addition, the economic incentives created by access fee and liquidity rebate strategies at the time, as well as differences in the speed or certainty of access among market centers, were believed to be contributing to the increase in the frequency of locked markets.¹⁸⁸ The Commission believed that the practice of displaying quotations that lock or cross previously displayed quotations was inconsistent with fair and orderly markets and detracted from market efficiency.¹⁸⁹ Moreover, the Commission believed that reducing the instance of locked and crossed quotations would promote capital formation by providing market participants a clear picture of the true trading interest in a stock.¹⁹⁰

B. Proposed Rescission of Rule 610(e)

The Commission proposes to rescind Rule 610(e) in its entirety. Based on its assessment of the national market system,¹⁹¹ the Commission believes that the rescission of Rule 610(e) could benefit market participants by allowing for narrower spreads and improving price discovery.¹⁹² Furthermore, rescinding Rule 610(e) should reduce the prevalence of certain order types designed to automatically avoid displaying orders that lock or cross quotations thereby reducing market complexity, as well as burdensome compliance costs. Additionally, the concerns the Commission sought to address in 2005 with the adoption of

Rule 610(e), namely concerns about the level of automation and interconnectivity in the marketplace at that time, as well as the potential for investor confusion when markets become locked or crossed, are no longer prevalent in today's trading environment. As such, rescission of Rule 610(e) would appear to be in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets in that removing the prohibitions on locked and crossed markets may allow for more economically efficient executions of securities transactions, remove impediments to competition, and improve the quality and availability of information with respect to trading interest.¹⁹³ Rescission of Rule 610(e) would also facilitate the benefits of rescinding Rule 611, due to the connection between the two and the concept of "protected quotations."¹⁹⁴

1. Evolution of Market Structure and Investor Sophistication

Since the adoption of Regulation NMS, equity market structure has changed due, in part, to the many technological advancements that have altered the speed and nature of trading.¹⁹⁵ Computer-assisted trading tools are common and include smart order routing systems that are designed to deal with the large number of trading centers in the fragmented U.S. equity

¹⁸² Rule 600(b)(54) provides that a "manual quotation" means "any quotation other than an automated quotation." 17 CFR 242.600(b)(54).

¹⁸³ Rule 610(e)(1); 17 CFR 242.610(e)(1). In this regard, the rule distinguishes between protected automated quotations and manual quotations.

¹⁸⁴ Rule 610(e)(2); 17 CFR 242.610(e)(2). For example, the Commission stated that an SRO's rules must require the market participant responsible for displaying the locking or crossing quotation to take reasonable action to resolve the locked or crossed market. NMS Adopting Release at 37550.

¹⁸⁵ Rule 610(e)(3); 17 CFR 242.610(e)(3). Rule 610(e)(3), together with the reasonable avoidance directive of Rule 610(e)(1), was designed to recognize that locked and crossed markets may occur accidentally (such as during updating of quoting), and that SRO rules could include "ship and post" procedures that would require a member to first attempt to execute against a relevant displayed quotation while posting a quotation that could lock or cross such a quotation. NMS Adopting Release at 37550.

¹⁸⁶ NMS Adopting Release at 37503.

¹⁸⁷ See NMS Proposing Release at 11154–56. In establishing the NMS, Congress stated that "market fragmentation becomes of increasing concern in the absence of mechanisms designed to assure that public investors are able to obtain the best price for securities regardless of the type or physical locations of the market upon which his transaction may be executed." NMS Adopting Release at 37499, n.13 and accompanying text (citing H.R. Rep. 94–123, 94th Cong., 1st Sess. 50 (1975)).

¹⁸⁸ NMS Proposing Release at 11154–56. It was thought, for example, that market participants' unwillingness to pay the fee on the locked market, and preference to instead wait to receive the maker rebate, was a contributor to locked markets. See *id.* at 11156–57. Additionally, some believed that electronic communications network ("ECN") access fees exacerbated locked markets and that certain ECNs programmed their systems to lock the quote of other market participants automatically instead of routing to the other quote to force the contra-party to be a liquidity taker and thereby collect the associated access fee rebate for themselves. See *id.* at 11158.

¹⁸⁹ NMS Adopting Release at 37547. In particular, the Commission stated that "an automated quotation is entitled to protection from locking or crossing quotations" and that "[w]hen two market participants are willing to trade at the same quoted price, giving priority to the first-displayed automated quotation will encourage posting of quotations and contribute to fair and orderly markets." *Id.*

¹⁹⁰ NMS Adopting Release at 37596. For example, prior to the prohibition there could be an offer to sell at a certain price displayed on one market at the same price as an offer to buy on another market, but the orders could not meet because the two markets were not linked. As a result, some market centers at the time would perceive the quotes to be stale. See NMS Proposing Release at 11155.

¹⁹¹ See *supra* note 46 and accompanying text.

¹⁹² See *infra* section VI.C.2.a. (discussing the potential for narrower spreads for some stocks, including the possibility of a quoted spread of zero, which may, for some stocks, be closer to economic fundamentals).

¹⁹³ See *supra* note 2 (discussing section 11A); *infra* sections III.B.1., B.2. and B.3. (discussing, among other things, the potential for more efficient price discovery and opportunities for competition if Rule 610(e) is rescinded).

¹⁹⁴ Some market participants expressed a similar view about the interconnectedness of the rules. See, e.g., MEMX Letter at 17 (stating that the prohibition on locked and crossed markets is directly tied to trade-through protections); Nasdaq Letter I at 2–3 (stating that the prohibition against locked and crossed markets would be impacted by rescinding Rule 611); First TTR Roundtable Transcript at 43–44 (Chris Isaacson, Cboe Global Markets, Inc.), at 129–130 (Jonathan Kellner, MEMX), at 144 (Chris Nagy, Healthy Markets Association). See also First TTR Roundtable Transcript at 166 (Adam Nunes, Hudson River) (stating that Rule 611 and 610(e) are effectively the same rule "from an implementation and compliance standpoint"). Others stated that removing the prohibitions on locked and crossed markets was necessary to get the full benefit of rescinding the trade-through rule. See, e.g., Second TTR Roundtable Transcript, at 55–56 (Brett Redfearn, Panorama Financial Markets Advisory) (stating, that if eliminating Rule 611, it does make sense to eliminate the locked and crossed market provisions), at 58–59 (Oliver Sung, Cboe Global Markets) (stating that it seems logical to remove the locked and crossed prohibition to get the full benefit of 611 removal).

¹⁹⁵ Securities Exchange Act Release No. 99679 (Mar. 6, 2024), 89 FR 26428, 26429 (Apr. 15, 2024) ("Rule 605 Amendments Adopting Release") (citing Securities Exchange Act Release No. 96493 (Dec. 14, 2022), 88 FR 3786 (Jan. 20, 2023) (Rule 605 Amendments Proposing Release) at 3787–88 (Jan. 20, 2023)).

market structure. These tools also include trading systems with automated functionalities that enable orders to be submitted to the marketplace in ways that are far beyond the manual capacities of a human trader.¹⁹⁶ As the Commission has previously recognized, the U.S. securities markets have become almost entirely electronic and highly dependent on sophisticated trading and other technology, including complex and interconnected routing, market data, regulatory, surveillance and other systems.¹⁹⁷ At the same time, retail investor participation in the equity markets has significantly increased,¹⁹⁸ as has investor access to market data and execution quality information.¹⁹⁹ When the Commission proposed Rule 610(e), it recognized that, as automated executions become more prevalent, there may be less reason to lock a displayed quote.²⁰⁰ Given the evolution of the U.S. equity markets since 2005, Rule 610(e) may be no longer necessary and the concerns it sought to address in 2005 may be no longer relevant. For example, increases in market fragmentation at that time, and a lack of interconnectivity, resulted in a reduction in the interaction between orders displayed in competing market centers; and there were greater differences in speed among market centers than exist currently (*i.e.*, there were more markets that relied heavily on human traders to quote and trade, and which may not have adjusted their quotations as quickly as automated markets).²⁰¹ These kinds of

inefficiencies are no longer prevalent.²⁰² While the equity markets continue to be highly fragmented, with the greater automation and interconnectivity in today's equity market structure, and increased access to market data and execution quality information, market participants now have the tools necessary to better navigate them.

In addition, the potential for investor confusion that could result from removing the locked and crossed market prohibitions would be limited and, to the extent that it does occur initially, would diminish over time as market participants adjust their behavior in response to the new trading environment.²⁰³ Today's investors have significantly greater access to market data, execution quality information, and trading technologies,²⁰⁴ giving them the tools and market information necessary to navigate the equity markets even when they are locked. Also, any confusion from crossed markets should be mitigated by today's routing technology, speed of execution, and the resulting rate at which crossed markets are resolved.²⁰⁵

Additionally, eliminating restrictions on trading through protected quotations and displaying orders that lock or cross quotations would provide broker-dealers greater freedom when determining how to handle their customers' orders, including where to route those orders to achieve best execution.²⁰⁶ Among other things, if the Commission were to rescind the locked and crossed market prohibitions, and to

the extent permitted by SRO rules,²⁰⁷ market participants would have more flexibility to post their trading interest on trading centers that have a consistently higher volume of order flow, more reliable speed of execution, or lower adverse selection costs, if they are not constrained by requirements to first route to execute against any locking contra-side interest. In turn, trading centers would have more flexibility to compete for order flow.

2. Potential for Improved Price Discovery and Competition

Rescission of Rule 610(e) could also lead to improved price discovery and tighter spreads and foster competition among trading venues, which could benefit investors. Specifically, allowing locked markets could strengthen public price formation to the extent that locked markets are a natural consequence of competitive quoting, and that disallowing locked markets (as is the case currently) may arbitrarily widen spreads.²⁰⁸ Locked markets may be indicative of fair and efficient markets, and allowing them could lead to more advantageous pricing and cost savings for some investors.²⁰⁹ Additionally, a quotation that would qualify as a locking quotation for purposes of the prohibition may in fact not be a locking quotation if one were to consider the price with fees.²¹⁰ In this regard, the

²⁰⁷ Under Rule 610(e), the Commission requires exchanges to have rules that prohibit locked and crossed markets. As a result, if the Commission rescinds Rule 610(e), the exchanges would still have those rules and would need to decide whether to eliminate them. *See also infra* note 224.

²⁰⁸ *See, e.g.*, Cboe Letter I at 4–5. (stating that locked markets are a natural consequence of competitive quoting, provide optimal pricing for investors, and contribute to fair markets and that allowing locked markets would narrow or, in some cases, eliminate spreads to the benefit of investors); Second TTR Roundtable Transcript at 56–57 (Mehmet Kinak, T. Rowe Price) (stating that trading at the market is true price discovery and has benefits: there is no spread, no adverse selection, no information leakage).

²⁰⁹ *See infra* section VI.C.2.a. (discussing the potential benefits of rescinding Rule 610(e), including the potential for more advantageous pricing and a reduction in transaction costs for some stocks). *See also* Cboe Letter II at 6. This commenter stated that that locked markets occur naturally when quoting is competitive, are indicative of fair and efficient markets, and allowing them would lead to optimal pricing and cost savings to investors. This commenter also stated that the artificially wide spreads resulting from the prohibition on locked markets creates an opportunity for off-exchange venues to execute orders at better prices between such spreads that would not otherwise exist. *Id.*

²¹⁰ *See* NMS Proposing Release at 11159 (stating, at the time Rule 610(e) was proposed, that in addition to accidental locks, which are often resolved quickly, quotes also may lock because one or both quotes have an access fee attached, which increases the net price of trading with that quote,

Continued

¹⁹⁶ “Equity Market Structure Literature Review Part II: High Frequency Trading Staff of the SEC Division of Trading and Markets,” SEC, Mar. 14, 2014, available at https://www.sec.gov/marketstructure/research/hft_lit_review_march_2014.pdf.

¹⁹⁷ Securities Exchange Act Release No. 73639 (Nov. 19, 2024), 79 FR 72252 (Dec. 5, 2014) (“Regulation SCI Adopting Release”) at 72254. *See also supra* notes 146 and 150 and accompanying text (discussing technological developments since the adoption of Regulation NMS).

¹⁹⁸ *See, e.g.*, Caitlin McCabe, “New Army of Individual Investors Flexes Its Muscle,” *The Wall Street Journal* (Dec. 30, 2020), available at <https://www.wsj.com/articles/new-army-of-individual-investors-flexes-its-muscle-11609329600>.

¹⁹⁹ *See, e.g.*, Rule 605 Amendments Adopting Release at section IX.C. (discussing the availability of certain information to, and how that information is used by, various types of market participants); Charles M. Jones, *Understanding the Market for U.S. Equity Market Data* (Aug. 31, 2018), available at <https://www.sec.gov/comments/4-729/4729-4545881-176154.pdf> at 3–8 (discussing available equity market data products and their uses). *See also* Robinhood Letter at 7 (stating that “[u]nlike any other moment in history, retail investors today have easy access to tools and platforms, educational resources, real-time market data and investment analytics”).

²⁰⁰ NMS Proposing Release at 11159.

²⁰¹ *See, e.g., id.* at 11159.

²⁰² *See, e.g., infra* section VI.B.4.b. (discussing, among other things, the speed at which market participants are able to react in today's equity markets).

²⁰³ *See infra* note 241 and accompanying text; section VI.C.2.b. (discussing investor confusion as a potential cost associated with rescission of Rule 610(e)). Some commenters also stated that rescission of the crossed markets prohibition could lead to investor confusion. *See, e.g.*, Second TTR Roundtable Transcript at 64–65 (Dmitry Bulkin, Bernstein) (stating that retail brokers may need to take some time to educate their clients), at 65 (Mehmet Kinak, T. Rowe Price) (stating that self-directed or retail investors may not be confused by a locked market, but that crossed markets could lead to some investor confusion). Other commenters did not think that rescission would lead to investor confusion. *See, e.g.*, First TTR Roundtable Transcript at 145–147 (Adam Nunes, Hudson River).

²⁰⁴ *See supra* note 199 and accompanying text.

²⁰⁵ *See, e.g.*, Phil Mackintosh and Eugenio Piazza, *Locked, Crossed and Barrel* (Dec. 11, 2025) (analyzing the significance of locked and crossed markets to investors), available at <https://www.nasdaq.com/articles/locked-crossed-and-barrel>; Second TTR Roundtable at 57 (Mehmet Kinak, T. Rowe Price), at 59 (Oliver Sung, Cboe Global Markets) (stating that in a crossed market arbitrage opportunities would clear out crosses quickly).

²⁰⁶ *See supra* section II.B.3.b.

prohibition on display of locked quotations may be preventing the display of trading interest that would not be considered locking interest based on the net price (e.g., if the exchange fees associated with taking the locking offer would cause the order's effective price to be higher than its displayed price).

Moreover, allowing locked markets could foster competition between exchanges and other trading centers.²¹¹ A significant portion of trading in NMS stocks has migrated off exchange in recent years.²¹² The structure of the OTC market that permits the execution of orders more readily in finer increments has been a factor that contributes to this result.²¹³ Allowing locked markets means that the NBBO spread may, in some cases, be tightened to zero. Competition may drive OTC market makers to provide even better prices in the event of locked markets than they otherwise would currently. Allowing locked markets could also remove an impediment to competition in that market participants would have fewer restrictions on their selection of trading centers that best meet their trading objectives and trading centers could better compete for order flow based more fully on the merits of their system.

In fact, when the Commission originally proposed Rule 610(e), the Commission requested comment on the

and creates an undisclosed spread). Some market participants make a similar observation. *See, e.g.,* Second TTR Roundtable Transcript at 56–57 (Oliver Sung, Cboe Global Markets). *See also* FIA PTC Paper at 6 (stating that “[w]hile we are likely to see more locked markets in the absence of a prohibition, these prices represent the true state of supply and demand, accounting for the cost of access and other potential market frictions.”).

²¹¹ *See infra* sections VI.D.2.c. (discussing that rescission of Rule 610(e) may improve liquidity on exchanges for some stocks) and VI.D.2.e. (discussing that improved efficiency and liquidity on exchanges could, in turn, allow exchanges to better compete with off-exchange market makers for order flow).

²¹² *See supra* notes 39–41 and accompanying text.

²¹³ *See* 2024 Regulation NMS Amendments at 81643. *See also* Securities Exchange Act Release No. 96494 (Dec. 14, 2022), 87 FR 80266 (Dec. 29, 2022) (proposing release for the 2024 Regulation NMS Amendments) at 80273–74 (describing how the combination of the requirements of Rule 612 and differences in the underlying regulatory framework for exchanges, ATSS, and OTC market makers gives OTC market makers the ability to more readily trade in finer increments than exchanges and ATSS). In the 2024 Regulation NMS Amendments, the Commission stated that under Rule 612 as amended, the OTC Markets would continue to be able to trade more readily in comparatively smaller increments than exchanges and ATSS. As stated by one commenter, “the current prohibition on locked markets artificially widens spreads, creating an opportunity for off-exchange venues to execute orders at better prices between an artificially wide spread that would otherwise not exist.” Cboe Letter II at 6.

extent of the concerns arising from locked markets in particular, recognizing that some market participants stated that locked quotes convey *useful* price information, and that the ability to lock quotes enables markets to efficiently communicate their trading interest.²¹⁴ In addition, the Commission stated that the problem of apparent locked markets resulting from quotes with access fees attached may be reduced by the adoption of other access provisions of Regulation NMS.²¹⁵ For example, the Commission stated that if quoting market centers and quoting market participants have fair access to each other's quotations, and access fees are limited to *de minimis* levels, the economic incentives that currently encourage locked markets may diminish.²¹⁶ The Commission also recognized that as automated executions become more prevalent, there may be less reason to lock a displayed quote,²¹⁷ and specifically requested comment on the necessity of adopting restrictions on locked markets in the light of its proposed provisions governing intermarket access and access fees.²¹⁸ As discussed, the equity markets have become more automated and interconnected, diminishing the need for Rule 610(e).

Locked markets may occur naturally when quoting is competitive, and may represent greater price transparency, fairer competition, and more efficient markets that provide optimal pricing for investors.²¹⁹ Currently, even with the requirements of Rule 610(e), the NBBO may appear locked or crossed for part of each trading day; however, such occurrences are rare.²²⁰ If locked

²¹⁴ *See* NMS Proposing Release at 11159.

²¹⁵ *Id.*

²¹⁶ *Id.*

²¹⁷ *Id.*

²¹⁸ *Id.*

²¹⁹ *See infra* section VI.C.2.a. (discussing that locked markets can be a natural consequence of competitive quoting and that in certain circumstances the potential reduction in transaction costs from allowing locked markets could be significant).

²²⁰ *See infra* section VI.B.3. *See also* Mackintosh and Piazza, *supra* note 205 (reporting that while the NBBO may appear locked or crossed for part of each trading day, such occurrences are rare and more commonly involve the appearance of a *locked* market, and providing data that shows the appearance of locked and crossed markets happens much more frequently in lower-priced, tick-constrained stocks, and that locks and crosses resolve quickly). *Id.* This data includes an analysis of S&P 500 stocks and shows that on average, each stock is locked for around 2.5 seconds each day, and that markets are crossed far less—with an average of just 4.2 milliseconds each day. According to this market participant, the current rules mostly make the NBBO unlock “much faster than a human can blink” and they have evidence that market makers and arbitrageurs act very quickly to uncross markets. Their data also shows

markets were allowed, the Commission believes that spreads could narrow to zero for some securities, which could result in cost savings to investors.²²¹

3. Reduction in Complexity and Compliance Costs

Rescinding Rule 610(e) could reduce both unnecessary complexity in the marketplace and compliance costs. Notably, Rule 610(e) does not itself prohibit locked and crossed markets. Rather, the rule requires SROs to establish, maintain, and enforce rules for their members that require the avoidance of such behavior and the reconciliation of locked and crossed quotations, and all 20 of the exchanges approved to trade NMS stocks and FINRA have adopted such rules.²²² These rules generally require members to avoid entering orders that would create a locked or crossed market and, in some cases, mandate specific handling procedures for such orders, as discussed further below.²²³

The Commission believes that the requirements of Rule 610(e) have contributed to the proliferation of order types and attributes that cause the orders to be repriced, displayed at a price that does not represent the market participants' true trading interest, or that otherwise prohibit the acceptance of such orders, and which introduce complexity in the equity markets.²²⁴

that latency in both time to report and dissemination of SIP data appearing to be major contributing factors. *Id.*

²²¹ *See infra* section VI.C.2.a. *See also supra* note 209 and accompanying text.

²²² *See supra* note 207.

²²³ *See, e.g.,* NYSE Rule 7.37 (requiring, with certain exceptions, the exchange and its members to reasonably avoid displaying, and prohibiting the exchange and its members from engaging in a pattern or practice of displaying, any quotations that lock or cross the protected best bid or protected best offer); Nasdaq Rules 4702 and 4703 (providing order types and order attributes designed to prevent the locking or crossing of protected quotations, as well as orders on the Nasdaq book); FINRA Rule 6240 (requiring FINRA members, with certain exceptions, to reasonably avoid displaying, and not engage in a pattern or practice of displaying, any quotations that lock or cross a protected quotation, and any manual quotations that lock or cross a quotation previously disseminated pursuant to an effective NMS Plan); Cboe BYX Rule 11.20(b) (the BYX system shall not make available for dissemination, and BYX users shall reasonably avoid displaying, and shall not engage in a pattern or practice of displaying, any quotations that lock or cross a protected quotation, and any manual quotations that lock or cross a quotation previously disseminated pursuant to an effective national market system plan).

²²⁴ Some market participants expressed a similar view. *See, e.g.,* FIA PTC Paper at 4, 6 (citing the prohibition on locked and crossed markets as a factor in the proliferation of complex order types, such as price-to-comply orders); First TTR Roundtable at 166–69 (Adam Nunes, Hudson River Trading; Matt Mackenzie, Optiver) (discussing that a lot of the order types designed for compliance are

Some of these order types and attributes include re-pricing features that automatically adjust the order's displayed price to avoid locking or crossing quotations, such as "price-to-comply" and other re-pricing order types, and provide market participants with the ability to execute only on that market, and in some instances only against later arriving interest in order to ensure that the market participant entering such order will be the provider of liquidity.²²⁵ These repricing features may mask a market participant's true trading interests by, among other things, resulting in the display of the market participant's order at a price lower (for a buy order) or higher (for a sell order) than the price at which the market participant is willing to trade, primarily to avoid locking or crossing the market. For these reasons, the Commission believes that rescission of Rule 610(e) could allow more unconstrained competition among trading centers and among orders, could provide greater price transparency, and would provide more freedom to market participants to make trading and order handling

related to the lock-cross prohibitions), at 168–69 (Matt Mackenzie, Optiver) (stating that their firm uses approximately 50 complex order types and that the firm has to develop strategies to use such orders); Second TTR Roundtable at 59–60 (Oliver Sung, Choe Global Markets) (stating that currently it is necessary to have order types to hide and price slide orders that would otherwise lock the market and discussing, as an exchange operator, the number of order types and mechanisms created to, for example, prevent locking the market), at 60 (Kevin Tyrrell, New York Stock Exchange) (stating that it, an exchange operator, would be able to get rid of a lot of the order types that lead to investor confusion if Rule 610(e) were eliminated). *See also infra* sections VI.B.3. (discussing the development of specialized order types to comply with the prohibition on locked and crossed markets) and VI.C.2.a. (discussing potential benefits that could flow from elimination of such order types).

²²⁵ *See, e.g.*, Choe BYX Rule 11.9(g)(1) Display-Price Sliding (allowing an order that, at the time of entry, would create a violation of Rule 610 by locking or crossing a protected quotation of an external market, to be ranked at the locking price in the BYX book and displayed at one minimum price variation below the current NBB (for bids) or to one minimum price variation above the current NBO (for offers)); Nasdaq Texas Rules 4702 (b)(1)(A), (2)(B), and (4)(A) (describing the characteristics of the exchange's Price to Comply Order, Price to Display Order, and Post-Only Order types, respectively, and their design for compliance with Rule 610's locked and crossed market prohibitions). *See also* Rosenblatt Order Type Report at 10–36 (discussing various pricing mechanisms, including those that re-price to prevent locking or crossing the market and to keep interest on an exchange's order book). This report also states that the behavior of order types like the Post Only order type creates actionable information that "isn't inherently nefarious, but [that] a sophisticated trader can use to make a meal out of an investor who doesn't have the time, money or inclination to achieve an equal level of sophistication"). *Id.*

decisions based on the unique characteristics of their order flow.²²⁶

Importantly, rescission of Rule 610(e) would not create a requirement that SROs rescind their rules designed to comply with Rule 610(e)'s current prohibitions. Rather, market forces and consistency with the Exchange Act would dictate which rules and practices, if any, SROs and, as applicable, other trading centers, would seek to rescind or modify.²²⁷ The Commission anticipates, however, that most, if not all, SROs would seek to amend rules originally designed for compliance with Rule 610(e). Recognizing that some of these rules are reliant upon defined terms that the Commission is proposing to rescind from Regulation NMS (*e.g.*, "protected quotation"),²²⁸ however, the Commission is requesting comment on whether such defined terms should be retained or modified, even if Rules 611 and 610(e) are rescinded, as proposed.²²⁹

Additionally, the Commission believes that rescission of Rule 610(e) should eliminate certain compliance costs associated with monitoring and preventing locked and crossed markets.²³⁰ Depending on whether

²²⁶ As discussed above in the context of the proposed rescission of Rule 611, market participants should be more free to compete on merit, and not based on their ability to maneuver around regulatory strictures. *See supra* section II.B.1. *See also infra* section VI.B.4.f. (discussing potential impact on market participants' routing strategies and interference costs resulting from Rule 610(e)) and section VI.C.2.a. (discussing how reduced complexity could reduce costs to broker-dealers associated with their order routing logic).

²²⁷ SROs would be required to file any proposed changes to their rules with the Commission pursuant to 15 U.S.C. 78s(b) (section 19(b) of the Exchange Act) and the rules and regulations thereunder, and such changes would be subject to public notice and comment, and, if applicable, Commission approval. NMS Stock ATSs would be required to comply with the requirements of 17 CFR 242.304 (Rule 304 of Regulation ATS) for any changes to their practices and amend their publicly available disclosures on Form ATS-N, as applicable.

²²⁸ *See, e.g.*, Nasdaq Rulebook, Equity 2, section 5(e)(2)(A) (defining "protected quotation" as having the meaning set forth in Rule 600(b) of Regulation NMS); Choe BYX Rulebook, Chapter 1, Rule 1.5(t) (defining "protected bid," "protected offer," and "protected quotation" to mirror the definitions in Rule 600(b)(81) of Regulation NMS); *see also infra* note 258.

²²⁹ *See infra* section IV.C.

²³⁰ *See* sections VI.B. and VI.C.2.a. (discussing, respectively, the costs of, and potential benefits of rescinding, Rule 610(e), including the potential to reduce operating costs to exchanges related to compliance). *See also* FIA PTG Paper at 6 (stating that rescinding Rule 610(e) would eliminate elaborate systems designed to capture quote snapshots and satisfying intermarket sweep orders solely to demonstrate that a quote was not locked, crossed or traded through); First TTR Roundtable Transcript at 171–173 (Adam Nunes, Hudson River Trading) (discussing systems necessary to demonstrate compliance).

SROs modify their own rules to eliminate prohibitions on locked and crossed markets, market participants may also be able to reduce their costs associated with maintaining routing logic designed to avoid locking and crossing. Consistent with section 11A of the Exchange Act, removing unnecessary complexity and compliance costs could help to remove impediments to competition and foster efficiency. The level of any reduction in complexity or compliance costs would, however, be impacted by whether and how SROs determine to modify their own rules.

4. Crossed Markets

The Commission recognizes that elimination of the crossed markets prohibition could raise concerns over intentional crossing and market distortion in the absence of access fee caps²³¹ or net pricing, concerns that more illiquid symbols could remain crossed for significant periods of time, and concerns regarding the calculation of execution quality and price improvement in a crossed market.²³²

²³¹ Rule 610(c) provides an access fee cap that applies to protected quotations for NMS stocks and also applies to any other quotation of a trading center that is the best bid or offer of a national securities exchange or national securities association. Rule 610(c); 17 CFR 242.610(c). As discussed above, the rule was designed to promote fair and non-discriminatory access to quotations displayed in the national market system, ensure the fairness and accuracy of displayed quotations by establishing an outer limit on the cost of accessing such quotations, and preclude trading centers that posted protected quotations from raising their fees in an attempt to take improper advantage of the trade-through protections. *See supra* note 76 (citing 2024 Regulation NMS Amendments at 81643–44). Specifically, Rule 610(c) was designed to address the potential distortions caused by substantial, disparate fees, and was not intended to reduce access fees; rather, the fee limitation was designed to preclude individual trading centers from raising their fees substantially in an attempt to take improper advantage of strengthened protection against trade-throughs and the adoption of a private linkage regime. In particular, a purpose of the fee limitation was to address "outlier" trading centers that otherwise might charge high fees and pass most of the fees through as rebates to attract liquidity providers. It also was designed to preclude a trading center from charging high fees selectively to competitors. NMS Adopting Release at 37544–45; *see also supra* notes 31 and 76 (discussing amendments to Rule 610(c) adopted by the Commission in 2024, as well as the status of such amendments). As discussed below, while the Commission is not proposing to rescind Rule 610(c), the Commission is proposing to amend the rule to remove the reference to "protected quotations" given the proposed rescission of Rule 611 and related defined terms. *See infra* section IV.B.

²³² A number of commenters expressed greater concern about removing the crossed market prohibition as compared to the locked market prohibition and the increase in crossed markets that could result. *See, e.g.*, Second TTR Roundtable Transcript at 57–59 (Mehmet Kinak, T. Rowe Price;

Continued

However, arbitrage opportunities associated with crossed markets would likely cause them to be cleared quickly by market participants.²³³ Additionally, the Commission believes access fee caps are significant in helping to maintain the economic incentive for such arbitrage opportunities.²³⁴

In adopting Rule 610(e) the Commission recognized not only that markets occasionally lock or cross, but that locked and crossed markets may reflect market inefficiencies.²³⁵ Locked

Oliver Sung, Cboe Global Markets). One commenter stated that if the crossed market restriction were removed, a net pricing model would be needed so that people are not crossing the market intentionally. *See* Second TTR Roundtable Transcript at 57–58 (Mehmet Kinak, T. Rowe Price). Under a “net pricing model,” the displayed quote would reflect the “all-in” or ultimate execution price per share to the buyer or seller, inclusive of applicable exchange fees and rebates. This commenter expressed concern that without access fee caps or net pricing, the market would be distorted, which would cause market participants to be interested in crossing the market. *Id.* Another commenter stated that without the crossed market prohibition, more illiquid symbols could remain crossed all day because they are not traded much and no one is paying attention to them. *See* Second TTR Roundtable Transcript at 58–59 (Oliver Sung, Cboe Global Markets). One commenter raised concerns regarding the implications for market quality and stated that measuring quality of execution and price improvement is clear for locked quotes but needs to be thought through for crossed quotes. Second TTR Roundtable Transcript at 64–65 (Dmitry Bulkin, Bernstein) (questioning how to measure quality of execution for retail in the case of crossed quotes but stating that it is easy to measure price improvement in the case of locked quotes).

²³³ *See infra* section VI.B.3. (discussing the temporary profit opportunities from locked and crossed markets). Commenters also stated that in a crossed market, arbitrage opportunities would clear out crosses quickly. *See* Second TTR Roundtable at 57 (Mehmet Kinak, T. Rowe Price), and 59 (Oliver Sung, Cboe Global Markets). *See also* First TTR Roundtable Transcript at 145 (Adam Nunes, Hudson River); *supra* note 220.

²³⁴ Some commenters expressed consistent views. *See, e.g.,* Second TTR Roundtable at 55–56 (Brett Redfearn, Panorama Financial Markets Advisory) (supporting rescission of Rule 611 and 610(e), but stating that without the access fee caps there would be too many locked and crossed markets and the NBBO would be further degraded), and at 57 (Mehmet Kinak, T. Rowe Price) (stating support for eliminating locked markets but expressing concern that if there were no access fee caps, and no net pricing, the true market could become distorted, which may cause market participants to intentionally cross the market). As discussed herein, while the Commission is not proposing to eliminate or modify Rule 610(c) at this time, the Commission welcomes comment on this topic, including specifically in the context of the interplay between the access fee caps and the proposed rescission of Rules 611 and 610(e).

²³⁵ NMS Adopting Release at 37547. The Commission has also stated that “[w]hen the NBBO is crossed for a significant period of time, it raises serious questions regarding whether the quotes continue to provide a reliable benchmark for the statistical measures included in Rule 605.” Securities Exchange Act Release No. 105136 (Apr. 1, 2026), 91 FR 17313, at 17317 (Apr. 6, 2026) (Order Granting Limited Exemption Pursuant to Rule 605(b) of Regulation NMS Under the Securities

markets, however, may also reflect the existence of a market participant that is not truly willing to trade at the displayed locking price, but instead chooses to post interest at the locking price to receive a liquidity rebate.²³⁶ And the access fee caps were designed, in part, to address the potential distortions caused by substantial, disparate fees.²³⁷ With the access fee caps, there is a natural market incentive to resolve a crossed market in the form of the arbitrage opportunity for the liquidity taker, in that a liquidity taker could buy (sell) at the lower offer (higher bid) and sell (buy) at the higher bid (lower offer), locking in a risk-free profit. Without such caps, fees and rebates could become so large as to negate the arbitrage opportunity, which would disincentivize market participants from clearing a crossed market.²³⁸

The Commission believes that the access fee caps should serve to mitigate the risk that fees and rebates could become so large as to negate the arbitrage opportunity, and that the potential overall reductions in costs and complexity in the marketplace from

Exchange Act of 1934 from Rule 605 and Modifying and Rescinding Certain Exemptions Granted Pursuant to Rule 605 of Regulation NMS (“2026 Rule 605(b) Exemption”). The Commission has also outlined procedures for reporting entities to follow during locked and crossed markets, including when orders should be excluded entirely in the event of a persistent crossed market. *See* 2026 Rule 605(b) Exemption at 17317. *See also* Frequently Asked Questions: Rule 605 of Regulation NMS (Apr. 1, 2026) available at <https://www.sec.gov/rules-regulations/staff-guidance/trading-markets-frequently-asked-questions/frequently-asked-questions-rule-605-regulation-nms> (“Rule 605 FAQs”). The new Rule 605 FAQs will become effective on August 1, 2026, and the responses therein will supersede and replace the previous staff guidance regarding then Rule 11Ac1–5 and Rule 605. *See id.* Similar to the prior guidance, A19 of the new Rule 605 FAQs recognizes that if the NBBO is crossed for a significant period of time, it raises serious questions whether the quotes continue to provide a reliable benchmark for the statistical measures in Rule 605, and the Commission has therefore exempted all orders from the Rule that would require reference to an NBBO that has been crossed for 30 seconds or more (citing the 2026 Rule 605(b) Exemption at section II.A.). A19 also provides procedures for market centers, brokers, or dealers to follow under such circumstances and in light of the exemption. The responses to questions, and any other Commission staff statements, represent the views of the staff. They are not a rule, regulation, or statement of the Commission. Furthermore, the Commission has neither approved nor disapproved their content. These staff 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.

²³⁶ NMS Adopting Release at 37547.

²³⁷ *See supra* note 231.

²³⁸ Commenters also identified this potential risk. *See, e.g.,* Second TTR Roundtable Transcript at 55–59 (discussion of access fees in the context of crossed markets).

rescinding Rule 610(e) would mitigate any negative impacts of allowing crossed markets. Specifically, the access fee caps should create an opportunity for arbitrage in a crossed market. Given the minimum pricing increments for NMS stocks²³⁹ and the caps on the level of access fees,²⁴⁰ there would be potential net profit from rapidly resolving the cross (*i.e.*, the fees could never exceed the difference between the crossed bid and ask prices); and the Commission believes that the speed of trading technology in today’s equity markets and the economic incentives for arbitrage when a market is crossed will help to ensure that crossed markets will continue to be infrequent and quickly resolved.

The Commission also believes that to the extent crossed markets do occur and resolve quickly due to market forces, the potential for investor confusion is minimal and would be mitigated by the changes in technology, access to market data and investor sophistication discussed above in section III.B.1., and that the potential for investor confusion among less sophisticated investors would likely diminish over time as market participants adjust to the new trading environment and adapt their behaviors accordingly.²⁴¹ Additionally, SROs would have the flexibility to determine whether to retain their own rules originally designed to comply with the requirements of Rule 610(e) relating to the avoidance of crossed markets.

C. Request for Comment

The Commission generally requests comment from the public on the proposed rescission of Rule 610(e), including its relation to the proposed rescission of Rule 611. More specific requests for comment are set forth below. Responses supported by empirical data are particularly helpful.

14. Is Rule 610(e) necessary in today’s equity markets? Are any of the concerns the Commission identified when adopting Rule 610(e) still relevant? Should the Commission maintain any of the requirements of Rule 610(e) rather than rescind the entire rule? For example, should prohibitions on the display of crossed markets be maintained? Why or why not? Are there different concerns for liquid and illiquid securities that the Commission should

²³⁹ *See* Rule 612 (establishing the minimum pricing increment for NMS stocks); *supra* note 31.

²⁴⁰ *See* Rule 610(c) (providing limitations on the fees to access certain quotations); *supra* note 31. *See also infra* section IV.B.2. (discussing proposed conforming amendments to Rule 610(c)).

²⁴¹ *See infra* section VI.C.2.b. (discussing investor confusion as a potential cost associated with rescission of Rule 610(e)).

consider? Should SROs continue to be required to have rules designed to assure the reconciliation of locked or crossed quotations in an NMS stock? Why or why not?

15. Would the availability of liquidity and the quality of the NBBO be impacted by the rescission of Rule 610(e)? If so, how, and how might any such impact be mitigated?

16. Would the rescission of Rule 610(e) lead to investor confusion regarding the status of displayed quotations or whether displayed quotations accurately represent available trading interest? Why or why not? Would the possibility of crossed markets result in the potential for investor confusion? Why or why not, and if yes, how could the potential for such confusion be mitigated? Do investors have access to the tools and market information necessary to understand and navigate equity markets when they are locked or crossed? Why or why not?

17. If Rule 610(e) is rescinded, would there be an increase in frequency or duration of locked or crossed markets? Would locked or crossed markets, when they do occur, resolve quickly? Why or why not? Are there particular concerns associated with crossed markets for symbols that have certain characteristics, such as more illiquid symbols? Why or why not, and if yes, how could such concerns be mitigated?

18. How would the rescission of Rule 610(e) impact execution quality metrics? For example, do commenters have particular concerns regarding the potential impact on their average execution performance statistics, or concerns regarding how to calculate certain metrics for purposes of Rule 605 Reports that are not addressed by Commission staff responses to Frequently Asked Questions or related exemption?²⁴² If so, what are the concerns and why? How could these concerns be addressed?

19. What are the benefits to allowing the display of locked markets? Would allowing the display of locked markets lead to zero spreads and lower transaction costs for some stocks? Would it otherwise allow market participants to more accurately display their trading interests? If so, how? If not, why not? Are there additional impacts on the quality of markets that would result from the display of locked markets? For example, how would competition between trading centers be impacted? Would rescission of Rule 610(e) impact competition between

exchanges and other trading centers, such as ATSs? If so, how?

20. How might a broker-dealer's processes to fulfill its best execution obligations be affected by the rescission of Rule 610(e)?

21. Would rescinding Rule 610(e) reduce complexity? Why or why not? If so, how? Have the requirements of Rule 610(e) contributed to the proliferation of order types? Are such order types useful in the absence of Rule 610(e)? Why or why not? Do such order types obscure market participant's true trading interests? If so, How?

22. If trading centers were to eliminate order types and modifiers that are currently designed to facilitate compliance with Rule 610(e), would other complexities emerge? If so, what kinds of complexities and why? How would they impact market structure and investors?

23. Would rescission of Rule 610(e) reduce costs for market participants? If so, what costs would be reduced and by how much?

24. Would rescission of Rule 610(e), when taken together with the rescission of Rule 611, result in more displayed liquidity, or instead more non-displayed liquidity? Why or why not?

25. Because SROs would not be required to rescind rules relating to locked and crossed market prohibitions, would SROs continue to provide existing orders and modifiers, as well as other rules to prevent the locking and crossing of quotations internally or more broadly? Why or why not? Are there certain related rules that SROs would retain? If so, which ones and why?

26. Are there any implementation concerns if the Commission were to rescind Rule 610(e)? For example, if Rule 610(e) is rescinded how far out from the date of rescission should the implementation date be? Should implementation be done in phases or tranches (and if yes, please be specific to describe what should be phased and when)? Should the timing for implementation be tied to the timing for implementation rescission of Rule 611, if applicable? If so, in what way?

27. Are there any NMS Plan amendments that would be needed if Rule 610(e) is rescinded? If so, which ones, why, and in what way?

28. Would rescission of Rule 610(e)'s prohibitions result in improved price transparency and/or tighter spreads? Why or why not? Would market participants' ability to pursue their unique trading interests and strategies be improved? Why or why not? If so, how? Would rescission of Rule 610(e)'s prohibitions permit greater competition

among orders and/or trading venues? Why or why not? If so, how?

IV. Conforming Amendments to Regulation NMS Definitions and Related Rules

A. Description

Rule 600(b) sets forth the defined terms used in Regulation NMS. Some of the defined terms in Rule 600(b) outline the scope of obligations under, and exceptions to, Rules 611 and 610(e) and do not relate to any other provision of Regulation NMS. Such terms would no longer be necessary to maintain in Rule 600(b) if Rules 611 and 610(e) are rescinded as proposed.

In addition, certain Regulation NMS rules and other Commission rules cross-reference Rule 611 or Rule 610(e) and/or use terms defined in Rule 600(b) that solely relate to Rules 611 and 610(e). Such other Commission rules must be amended if Rules 611, 610(e), and related definitions in Rule 600(b) are rescinded.

B. Proposed Rescissions and Amendments to Related Rules

1. Proposed Rescission of Related Defined Terms in Rule 600(b) of Regulation NMS

In conjunction with the recommended rescission of Rules 611 and 610(e), the Commission proposes to rescind certain defined terms in Rule 600(b) that relate to Rules 611 and 610(e) and would no longer be necessary to maintain in Regulation NMS if such rules are rescinded.²⁴³ First, the Commission proposes to rescind Rule 600(b)(105), which defines the term "trade-through."²⁴⁴ This defined term identifies the scope of the activity that is restricted pursuant to Rule 611.²⁴⁵ If Rule 611 is rescinded, this definition is no longer necessary to retain in Regulation NMS.²⁴⁶

Next, the Commission proposes to rescind Rule 600(b)(81), which defines the term "protected bid or protected offer," and Rule 600(b)(82), which defines the term "protected quotation."²⁴⁷ These terms identify the

²⁴³ Several commenters indicated changes to Rule 611 should be accompanied by consideration of appropriate changes to defined terms. *See, e.g.*, Second TTR Roundtable at 78–82 (Valerie Bogard, Rosenblatt Securities; Jeff Brown, Texas Stock Exchange; Bill Harts, Long Term Stock Exchange).

²⁴⁴ *See supra* note 85 and accompanying text.

²⁴⁵ *See supra* section II.A.

²⁴⁶ The term "trade-through" is also used in Rule 600(b)(89), which defines the term "regulatory data." The Commission is proposing to amend the definition of "regulatory data" to eliminate references to "trade-through." *See infra* notes 261–266 and accompanying text.

²⁴⁷ *See supra* note 82.

²⁴² *See infra* note 235.

scope of quotations that are protected by Rule 611 and set forth a category of quotations that are subject to the locked and crossed market prohibitions pursuant to Rule 610(e).²⁴⁸ If Rules 611 and 610(e) are rescinded, these definitions are no longer necessary to retain in Regulation NMS.²⁴⁹

The Commission proposes to rescind Rule 600(b)(54), which defines the term “manual quotations.”²⁵⁰ This term is used in Rule 610(e) to set forth the scope of certain locking and crossing behavior prohibited by the rule.²⁵¹ If Rule 610(e) is rescinded, this definition is no longer necessary to retain in Regulation NMS.²⁵²

The Commission also proposes to rescind Rules 600(b)(6) and (7), which define the terms “automated quotation” and “automated trading center,” respectively.²⁵³ These terms are themselves used in Rule 600(b) to define the terms “manual quotation,” “protected bid,” and “protected offer.” The Commission is proposing to rescind the defined terms “manual quotation,” “protected bid,” and “protected offer.”²⁵⁴ As a result, the definitions of “automated quotation” and “automated trading center” are no longer necessary to retain in Regulation NMS.

Finally, the Commission proposes to rescind Rule 600(b)(47), which defines the term “intermarket sweep order.”²⁵⁵ This term is used to provide an exception to the requirements of Rule 611.²⁵⁶ If Rule 611 is rescinded, this

defined term is no longer necessary to retain in Regulation NMS.²⁵⁷

Some of the terms proposed to be rescinded in Regulation NMS, including “protected quotation,” “automated quotation,” “manual quotation,” and “intermarket sweep order,” are used in exchange and FINRA rules that were adopted pursuant to the requirements of Rules 611 and 610(e).²⁵⁸ The Commission believes that, if Rules 611 and 610(e) are rescinded, most, if not all, SROs would seek to amend their rules originally designed for compliance with Rules 611 and 610(e), including related defined terms. However, the Commission is requesting comment on whether there is a reason that such defined terms should be retained or modified, even if Rules 611 and 610(e) are rescinded, as proposed.²⁵⁹

2. Proposed Conforming Amendments to Other Rules in Regulation NMS

In conjunction with the proposed rescission of Rules 611 and 610(e) and related defined terms in Rule 600(b), the Commission proposes to amend certain other rules in Regulation NMS that reference the defined terms being proposed to be rescinded. First, Rule 610(c) of Regulation NMS, which sets forth a cap on the highest permitted level of fees a trading center may charge for access to the best quotations of a trading center, currently provides that such access fee cap is applicable to the execution of orders against a “protected quotation” and against any other quotation of a trading center that is the best bid or offer of a national securities exchange or national securities association.²⁶⁰ The Commission proposes to amend Rule 610(c) to eliminate the reference to “protected

an intermarket sweep order to execute against the full displayed size of the locked or crossed quotation. As discussed below, the Commission believes that, if Rule 610(e) is rescinded, most, if not all, SROs would seek to amend their rules originally designed for compliance with Rule 610(e). See *infra* notes 258–259 and accompanying text.

²⁵⁷ In order to avoid unnecessary confusion throughout the remainder of Regulation NMS, the Commission proposes to insert the word “Reserved” in the place of all defined terms proposed to be rescinded.

²⁵⁸ See, e.g., NYSE Rule 1.1(v) (defining “protected bid,” “protected offer”, and protected quotation”); NYSE Rule 7.37(a) (Order Execution and Routing); NYSE Rule 7.31(e)(3) (Orders and Modifiers); Nasdaq Rule Equity 1, section 1(a)(12) (defining “protected bid”, “protected offer”, “protected quotation”, and “intermarket sweep order”); Nasdaq Rule Equity 2, section 5(e) (Locked and Crossed Markets). These terms are also used in certain FINRA Rules. See, e.g., FINRA Rules 6282 (Transactions Reported by Members to ADF); 6380A (Transaction Reporting). See also *supra* note 228.

²⁵⁹ See *infra* section IV.C.

²⁶⁰ See *supra* note 76 and accompanying text for a description of Rule 610(c).

quotation.” As a result, Rule 610(c), as proposed to be amended, would apply to fees for the execution of an order against any quotation of the trading center that is the best bid or best offer of an exchange or association in an NMS stock.

Next, Regulation NMS includes provisions relating to the collection and dissemination of consolidated market data.²⁶¹ The definition of “consolidated market data”²⁶² includes, among other things, “core data”²⁶³ and “regulatory data.”²⁶⁴ The term “core data” is defined to include, among other things, “protected bids and protected offers,”²⁶⁵ and the term “regulatory data” is defined to include, among other things, “regulatory messages including . . . trade-through exempt indicators.”²⁶⁶ The Commission proposes to amend the definition of “core data” in Rule 600(b)(26) to eliminate the reference to “protected bid and protected offer” and to amend the definition of “regulatory data” in Rule 600(b)(89) to eliminate the reference to “trade-through exempt indicators.”

Finally, Rule 605 of Regulation NMS requires market centers, brokers, and dealers to make available standardized, monthly reports of statistical information concerning their order executions in NMS stocks.²⁶⁷ Such reports must include, among other things, information relating to the cumulative number of shares of the order size benchmark, which is a size improvement benchmark metric.²⁶⁸ The term “order size benchmark” is defined in Rule 600(b)(72) in relevant part as “the number of shares of the full displayed size of all protected bids at the same price as the national best bid at the time of order receipt, in the case of a market or limit order to sell, or the full displayed size of all protected offers at the same price as the national best offer at the time of order receipt, in the case of a market or limit order to buy.”²⁶⁹ The Commission proposes to revise the definition of “order size benchmark” to remove the concept of “protected bids” and “protected offers,” consistent with the proposed rescission of Rule 611 and related definitions. The

²⁶¹ See Rule 603(b); 17 CFR 242.603(b). See also Rule 614; 17 CFR 242.614.

²⁶² See Rule 600(b)(24); 17 CFR 242.600(b)(24).

²⁶³ See Rule 600(b)(26); 17 CFR 242.600(b)(26).

²⁶⁴ See Rule 600(b)(89); 17 CFR 242.600(b)(89).

²⁶⁵ See Rule 600(b)(26)(i)(E); 17 CFR 242.600(b)(26)(i)(E).

²⁶⁶ See Rule 600(b)(89)(ii)(B); 17 CFR 242.600(b)(89)(ii)(B).

²⁶⁷ See Rule 605; 17 CFR 242.605.

²⁶⁸ See Rule 605(a)(1)(ii)(R); 17 CFR 242.605(a)(1)(ii)(R).

²⁶⁹ See Rule 600(b)(72); 17 CFR 242.600(b)(72).

²⁴⁸ See *supra* sections II.A. and III.A. These terms are also currently used in the definitions of “trade-through” and “intermarket sweep order,” which definitions are being proposed to be rescinded. See *supra* note 244 and *infra* note 255 and accompanying text.

²⁴⁹ The term “protected quotation” is also currently used in Rule 610(c), which sets forth a cap on access fees imposed by trading centers. The terms “protected bid” and “protected offer” are also currently used in Rules 600(b)(26) and 600(b)(72), which define the terms “core data” and “order size benchmark,” respectively. The Commission is proposing to amend such rules to eliminate references to the terms “protected quotation,” “protected bid,” and “protected offer.” See *infra* section IV.B.2.

²⁵⁰ See *supra* note 182 and accompanying text.

²⁵¹ See *supra* section III.A.

²⁵² The term “manual quotation” is also currently used to define the term “automated trading center” in Rule 600(b)(7). This term is being proposed to be rescinded. See *infra* note 253 and accompanying text.

²⁵³ See *supra* notes 87–88.

²⁵⁴ See *supra* notes 247 and 252 and accompanying text.

²⁵⁵ See *supra* note 93.

²⁵⁶ See *supra* section II.A.2. This term also is used by exchanges and national securities associations (i.e., FINRA) to provide an exception to their prohibitions against locked and crossed markets. See, e.g., FINRA Rule 6240 and NYSE Rule 7.37, which each provide an exception to the locking and crossing prohibition if the member displaying the locking or crossing quotation simultaneously routed

Commission proposes to replace such references with references to bids and offers disseminated pursuant to an effective national market system plan. As discussed above, a key element of the definition of “protected quotation” is that it is disseminated pursuant to an effective national market system plan.²⁷⁰ The Commission believes it is important to Rule 605 that the bids and offers used to calculate the order size benchmark are disseminated on the SIPs and readily accessible to reporting entities.²⁷¹ As a result, the Commission proposes to retain this element in the definition of “order size benchmark” so that “order size benchmark” is defined in terms of the number of shares of the full displayed size of *all bids or offers disseminated pursuant to an effective national market system plan* at the same price as the NBBO, as applicable, at the time of order receipt.

Except as otherwise set forth herein, all other provisions of Regulation NMS would be retained and are not being proposed to be amended at this time.

3. Proposed Conforming Amendments to Rules Outside of Regulation NMS

In conjunction with the proposed rescission of Rules 611 and 610(e) and related definitions in Rule 600(b), the Commission proposes to amend certain Commission rules outside of Regulation NMS that reference the Regulation NMS rules and related definitions being proposed to be rescinded.

First, Rule 15c3–5 under the Exchange Act sets forth risk management controls for brokers or dealers with market access.²⁷² The rule sets forth an exception from most of its requirements where a broker-dealer “routes orders on behalf of an exchange or [ATS] for the purpose of accessing other trading centers with protected quotations in compliance with Rule 611 of Regulation NMS for NMS stocks, or in compliance with a national market

system plan for listed options.”²⁷³ The Commission proposes to amend this rule to remove the language excepting a broker-dealer routing orders for the purpose of accessing other trading centers with protected quotations in compliance with Rule 611 from the requirements of the rule. As a result, the exception set forth in Rule 15c3–5(b) would apply only to broker-dealers routing orders on behalf of an exchange or ATS for the purpose of accessing other trading centers in compliance with an NMS Plan for listed options (*i.e.*, the Options Order Protection and Locked/Crossed Markets Plan).²⁷⁴

Next, Rule 15b9–1 under the Exchange Act sets forth a limited exemption for certain exchange members from the requirements of section 15(b)(8) of the Exchange Act²⁷⁵ to become a member of a registered national securities association.²⁷⁶ The rule provides an exemption from the requirements of section 15(b)(8) for Commission-registered broker-dealers that effect off-member-exchange securities transactions where the broker or dealer does not carry customer accounts, is a member of at least one exchange, and effects off-member-exchange securities transactions that: (1) result solely from orders that are routed by an exchange of which the broker or dealer is a member in order to comply with Rule 611 of Regulation NMS or the Options Order Protection and Locked/Crossed Market Plan;²⁷⁷ or (2) are solely for the purpose of executing the stock leg of a stock-option order.²⁷⁸ The Commission proposes to amend Rule 15b9–1 to remove the exemption for broker-dealers that effect off-member-exchange securities transactions that result from orders that are routed by an exchange in order to comply with Rule 611. As a result, the exemption from section 15(b)(8) set forth in Rule 15b9–

1 would apply only to a broker-dealer that does not carry customer accounts, is a member of at least one exchange, and effects off-member-exchange securities transactions that: (1) result solely from orders that are routed by an exchange of which the broker or dealer is a member in order to comply with the Options Order Protection and Locked/Crossed Market Plan; or (2) are solely for the purpose of executing the stock leg of a stock-option order.

C. Request for Comment

The Commission generally requests comment from the public on the proposed rescission of certain defined terms in Rule 600(b) and the proposed modification of other Commission rules in connection with the proposed rescission of Rules 611 and 610(e). More specific requests for comment are set forth below. Responses supported by empirical data are particularly helpful.

29. Are the proposed rescissions of the defined terms in Rule 600(b) appropriate? Why or why not? Are there other defined terms set forth in Rule 600(b) that should be rescinded or modified? Are there any terms the Commission proposes to rescind that should be retained or modified? If so, why? For example, should the Commission retain or modify defined terms that are currently used in SRO rules?

30. Are the proposed amendments to other provisions of Regulation NMS to remove references to the rescinded defined terms appropriate? Why or why not? Are there any other amendments to Regulation NMS that are necessary or appropriate if the proposed rescissions of the defined terms in Rule 600(b) are adopted?

31. Are the proposed amendments described above to Commission rules outside of Regulation NMS that reference Rule 611, Rule 610(e), and related definitions appropriate? Why or why not? Are there any other Commission rules outside of Regulation NMS that the Commission should modify if Rule 611, Rule 610(e), and related defined terms are rescinded?

32. If the proposed amendments to Regulation NMS are adopted, should the Commission allow the SROs to determine whether any NMS Plans should be changed to reflect such amendments? Alternatively, should the Commission itself change any NMS Plans pursuant to Rule 608 of Regulation NMS to reflect the proposed amendments to Regulation NMS, should they be adopted? Why or why not?

²⁷⁰ See *supra* section II.A.1.

²⁷¹ See Rule 605 Amendments Adopting Release at 26478 (Apr. 15, 2024) (“Reporting entities will be able to capture information about these shares without relying on proprietary depth-of-book feeds because the SIP includes all protected bids and offers.”).

²⁷² 17 CFR 240.15c3–5. Specifically, the rule requires brokers or dealers with access to trading securities directly on an exchange or ATS, including those providing sponsored or direct market access to customers or other persons, and broker-dealer operators of an ATS that provide access to trading securities directly on their ATS to a person other than a broker or dealer, to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of this business activity. See Rule 15c3–5(b) under the Exchange Act.

²⁷³ See *id.* See also Securities Exchange Act Release No. 63241 (Nov. 3, 2010), 75 FR 69792, 69800 (Nov. 15, 2010) (File No. S7–03–10) (Final Rule adopting Risk Management Controls for Brokers or Dealers with Market Access).

²⁷⁴ The Options Order Protection and Locked/Crossed Markets Plan is a Commission-approved NMS Plan that contains trade-through provisions for listed options. See Securities Exchange Act Release No. 60405 (July 30, 2009), 74 FR 39362 (Aug. 6, 2009) (Order Approving the National Market System Plan Relating to Options Order Protection and Locked/Crossed Markets Submitted by the Chicago Board Options Exchange, Incorporated, International Securities Exchange, LLC, The NASDAQ Stock Market LLC, NASDAQ OMX BX, Inc., NASDAQ OMX PHLX, Inc., NYSE Amex LLC, and NYSE Arca, Inc.) (“Options Order Protection and Locked/Crossed Markets Plan”). See also *supra* note 83.

²⁷⁵ 15 U.S.C. 78o(b)(8).

²⁷⁶ 17 CFR 240.15b9–1.

²⁷⁷ See *supra* note 274.

²⁷⁸ See Rule 15b9–1 under the Exchange Act.

V. Paperwork Reduction Act

A. Rescission of Rule 611

Rule 611 currently contains one collection of information. The title for this existing collection of information is Order Protection Rule—Rule 611 of Regulation NMS. OMB approved this collection of information and assigned it OMB Control No. 3235–0600. Specifically, Rule 611 requires a trading center²⁷⁹ to establish, maintain, and enforce written policies and procedures reasonably designed to prevent trade-throughs on that trading center of protected quotations in NMS stocks, unless a valid exception applies, and, if relying on such an exception, that are reasonably designed to assure compliance with the terms of the exception. The nature and extent of the policies and procedures that a trading center is required to establish to comply with this requirement depends upon the type, size, and nature of the trading center. The purpose of the collection of information has been to help ensure that “trading centers” and their customers, subscribers, members, and employees, as applicable, generally avoid trade-throughs, unless a valid exception is applicable.

Rescission of Rule 611 would eliminate this collection of information and, therefore, would eliminate the associated compliance burdens for trading centers.

If the rescission of Rule 611 is approved, upon publication of the final rule in the **Federal Register**, the Commission will submit a request to OMB to discontinue OMB Control Number 3235–0600.²⁸⁰

B. Request for Comment

33. The Commission believes that this proposal would not impose any new collection of information requirement as defined by the Paperwork Reduction Act of 1995, as amended (“PRA”). The Commission requests comment on (a) whether the proposed rescission of Rules 611 and 610(e), and the related amendments to Regulation NMS definitions and related rules, would create any new, or revise any existing,

collection of information pursuant to the PRA and (b) to evaluate the accuracy of the Commission’s assessment that the proposed rescission of Rule 611 would eliminate the collection of information and its associated compliance burdens for respondents.

Persons submitting comments on the collection of information requirements should direct them to the OMB Desk Officer for the Securities and Exchange Commission, *MBX.OMB.OIRA.SEC_desk_officer@omb.eop.gov*, and should also send a copy of their comments to Secretary, Securities and Exchange Commission, using any of the methods in the **ADDRESSES** section, with reference to File Number S7–2026–20. Requests for materials submitted to OMB by the Commission with regard to this collection of information should be in writing, with reference to File Number S7–2026–20 and be submitted to the Securities and Exchange Commission, Office of FOIA/PA Services, 100 F Street NE, Washington, DC 20549–2736. As OMB is required to make a decision concerning the collection of information between 30 and 60 days after publication, a comment to OMB is best assured of having its full effect if OMB receives it within 30 days of publication.

VI. Economic Analysis

A. Introduction

The Commission is mindful of the economic effects, including the benefits and costs, of the proposed amendments.²⁸¹ The Commission has considered the economic effects of the proposed amendments and, wherever possible, the Commission has quantified the likely economic effects. The Commission is providing both a qualitative assessment and quantified estimates of the potential economic effects of the proposed amendments where feasible. The Commission has incorporated data and other information to assist it in the analysis of the economic effects of the proposed amendments. However, as explained in more detail below, the Commission is unable to quantify certain economic

effects because the Commission does not have, and in certain cases does not believe it can reasonably obtain, data that may inform the Commission on certain economic effects. Further, even in cases where the Commission has data, it is not practicable to quantify certain economic effects due to the number and type of assumptions necessary, which render any such quantification unreliable. Our inability to quantify certain costs, benefits, and effects does not imply that such costs, benefits, or effects are less significant.

In the years since Rules 611 and 610(e) of Regulation NMS were adopted, the structure of the U.S. equity markets has evolved dramatically. Additionally, these rules have contributed to a number of economic consequences for market participants, including regulatory compliance costs, market structure complexity, limitations on order handling and execution choices, exchange proliferation, and fragmentation of liquidity on equity exchanges. Furthermore, the Commission expects that in today’s markets the negative impact on investor execution quality from removing these rules would be minimal.²⁸² For these reasons, which are discussed further below,²⁸³ the Commission is proposing to rescind Rules 611 and 610(e).

B. Economic Baseline

The baseline against which the costs, benefits, and the effects on efficiency, competition, and capital formation of the proposed amendments are measured consists of the current state of the market; the current practices of national securities exchanges, other trading centers, and registered broker-dealers; and the current regulatory framework.²⁸⁴

²⁸² See *infra* section VI.C.1.b, discussing these minimal impacts.

²⁸³ See *infra* sections VI.B.2., VI.B.3., and VI.B.4., discussing current costs of these rules, and section VI.C.1.b., discussing the impact of rescinding Rule 611 on execution quality.

²⁸⁴ See, e.g., *Nasdaq v. SEC*, 34 F.4th 1105, 1111–14 (D.C. Cir. 2022). This baseline approach also follows Commission staff guidance on economic analysis for rulemaking. See SEC, *Current Guidance on Economic Analysis in SEC Rulemaking* 6 (Mar. 16, 2012), available at 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.”).

²⁷⁹ See *supra* note 81.

²⁸⁰ The Commission estimates that there are currently 305 trading centers subject to Rule 611. This estimate includes 20 exchanges (17 exchanges that trade NMS stocks + three exchanges that are approved but not yet operating) and 33 ATSs that trade NMS stocks. Based on data from CAT for January 2026, the estimate also includes 96 exchange market makers and 225 broker-dealers acting as OTC market maker or executing orders internally by trading as principal or crossing orders as agent. 69 broker-dealers are both exchange market makers and an OTC market maker or broker-dealer internalizing orders. 20 + 33 + 96 + 225 – 69 = 305 trading centers.

²⁸¹ Section 3(f) of the Exchange Act requires the Commission, whenever it engages in rulemaking and 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. Additionally, section 23(a)(2) of the Exchange Act requires the Commission, when making rules under the Exchange Act, to consider the impact such rules will have on competition. Section 23(a)(2) of the Exchange Act prohibits the Commission from adopting any rule that would impose a burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act.

1. Regulatory Baseline

a. Trading Center and Broker-Dealer Practices for Complying With Rule 611

In the years since the adoption of Rule 611, market participants have developed various practices to comply with its requirements, including practices for determining the best bid and offer on a given exchange, methods for ensuring execution systems comply with Rule 611's prohibitions, and practices for surveillance in accordance with Rule 611(a)(2).²⁸⁵

Exchanges have promulgated their own rules to comply with Rule 611, and put in place compliance processes.²⁸⁶ Each exchange has a methodology for determining its best bid and offer in each NMS stock that takes into account the availability of odd-lot quotes on their exchanges.²⁸⁷ Specifically, each exchange aggregates all displayed odd-lot quotes, starting with the best priced odd-lot, across multiple prices, until their combined size is equal to or greater than a round lot. Then the exchange disseminates the least aggressive price (*i.e.*, lowest priced bid and highest priced offer) of the aggregated odd-lot quotes, with their aggregated size (rounded down to the nearest round lot) to the SIPs. The SIPs use this information to determine the National Best Bid ("NBB") and National Best Offer ("NBO") for each NMS stock by selecting the highest priced bid and lowest priced offer from among the best bid and offer quotes across all exchanges.²⁸⁸ The SIPs then disseminate information on the NBB and NBO and each exchange's best bid and offer, including whether the best

bid and offer qualify as a protected quote under Rule 611.

The Commission understands that, in order to ensure compliance with Rule 611, automated features to prevent trade-throughs are usually incorporated directly into a trading center's matching engine or order execution system. Such features would require a view of prevailing quotations in the market to function. Trading centers may use exchange proprietary market data feeds, the SIPs, or a combination of both, for this purpose.²⁸⁹ If a trading center receives an order that would (based on its view of the market) result in the trade-through of a protected quote on another trading center, then the order may be routed to the other trading center to execute against the protected quote. Alternatively, it may cancel the order.²⁹⁰ Trading centers may charge a fee if they route an order and it executes on another trading center.²⁹¹

Exchanges have also promulgated rules for when broker-dealers use the ISO exception to Rule 611.²⁹² The Commission understands that broker-dealers will generally incorporate

automated features to prevent trade-throughs into their smart order router ("SOR"). Similar to trading centers, broker-dealers operating SORs also may use exchange proprietary market data feeds, the SIPs, or a combination of both to obtain the real-time market data necessary to route orders and identify protected quotes.²⁹³

The Commission understands that some broker-dealers may also send orders marked as ISO even if they are not attempting to sweep through multiple price levels. On the timescales on which market participants react to market changes, it can frequently happen that, at a given instant, different market participants have a different view as to what the NBBO is.²⁹⁴ It is therefore possible that a broker-dealer's view of the NBBO differs from that of an exchange due to latency in that exchange's reaction to market changes. To prevent this latency from interfering with routing outcomes, the broker-dealer may mark its order as ISO to indicate to the exchange that, by its own view of the market, this order does not trade through protected quotations. Marketing an order as ISO allows the exchange that receives the order to execute the order immediately without regard to protected quotations in other markets.

In addition to requiring policies and procedures reasonably designed to prevent trade-throughs, Rule 611 also requires trading centers to regularly surveil to ascertain the effectiveness of the policies and procedures. The Commission understands that the sophistication of these surveillance programs may vary based on the size and expertise of the trading center. Larger, more sophisticated entities may have developed internal processes that use historical or real-time market data to monitor for compliance with Commission rules, including Rule 611,²⁹⁵ and related FINRA rules, including Rule 5310.²⁹⁶ These firms may match either all or a subset of their order and trade records with historical market data feeds to detect if any trade-throughs occurred.²⁹⁷ As the data analysis and tools required to perform these checks would be similar to what

²⁸⁵ The requirements of Rule 611 of Regulation NMS, which generally prohibit trading centers from executing orders that trade-through protected quotations, are described above (*see supra* section II.A.). In addition to these restrictions on execution, Rule 611(a)(2) requires a trading center to regularly surveil to ascertain the effectiveness of the policies and procedures to prevent trade-throughs and take prompt action to remedy any deficiencies.

²⁸⁶ *See, e.g.*, Nasdaq Rule 4702(a) ("All Order Types and Order Attributes operate in a manner that is reasonably designed to comply with the requirements of Rules 610 and 611 under Regulation NMS"), Nasdaq Rule 4758(a)(1) ("All routing of orders shall comply with Rule 611 of Regulation NMS under the Exchange Act"), available at <https://listingcenter.nasdaq.com/rulebook/nasdaq/rules/Nasdaq%20Equity%204>.

²⁸⁷ Because only round-lot-sized quotes have the potential to be protected, Rule 611 does not cover odd-lot-sized quotes on the automated trading center that might nevertheless be displayed at better prices (*i.e.*, a higher bid price or lower ask price) than the best bid and offer.

²⁸⁸ If multiple exchanges have the same best bid or offer price, then the SIPs select the exchange with the largest size at that price as the NBB or NBO. If multiple exchanges also tie for the largest size, then the SIPs select the quote they received from these exchanges first as the NBB or NBO. *See* Rule 600(b)(60).

²⁸⁹ Some more sophisticated trading centers may subscribe to and aggregate the exchange direct feeds themselves, while other trading centers may pay a third-party market data aggregator to aggregate the exchange direct feeds and provide them with a consolidated view of the market. *See infra* section VI.B.4.c.

²⁹⁰ The action the trading center takes could be based on either its own policies and procedures or customer order instructions. For example, trading centers that do route orders to other venues may give their customers the option, often through an order type or modifier, to specify that their order should not be routed and instead be canceled if it cannot be executed on the trading center. *See, e.g.*, Sida Li et al., *Refusing the Best Price?* 147 J. FIN. ECON. 317 (2023) (discussing use of non-routable orders). For larger orders, a trading center may also send out ISOs to execute against the protected quotes on other venues and then execute the rest of the order, per the exception in Rule 611(b)(6). *See, e.g.*, BIDS ATS Form ATS-N Part III, Item 9 (as of 11/25/2025), available at https://www.sec.gov/Archives/edgar/data/1368727/000110465925115861/xslATS-N_X01/primary_doc.xml (discussing the ATS use of ISO orders for executions outside the NBBO).

²⁹¹ *See, e.g.*, N.Y. Stock Exch., Price List 2026, at 11–12 (2026), available at https://www.nyse.com/publicdocs/nyse/markets/nyse/NYSE_Price_List.pdf; Nasdaq Equity Rule 7, section 118, available at <https://listingcenter.nasdaq.com/rulebook/nasdaq/rules/Nasdaq%20Equity%207>.

²⁹² *See, e.g.*, Nasdaq Rule 4703(j) ("In connection with the trading of securities governed by Regulation NMS, Intermarket Sweep Orders shall be executed exclusively within the System and the entering Participant shall be responsible for compliance with Rules 610 and 611 under Regulation NMS with respect to order protection and locked and crossed markets with respect to such Orders. Orders eligible for execution outside the System shall be processed in compliance with Regulation NMS, including accessing Protected Quotations and resolving locked and crossed markets, as instructed"), available at <https://listingcenter.nasdaq.com/rulebook/nasdaq/rules/Nasdaq%20Equity%204>.

²⁹³ *See supra* note 289 and accompanying text.

²⁹⁴ *See infra* note 450 and accompanying text, discussing different sources of latency.

²⁹⁵ Trading centers may also use this real-time monitoring process to detect problems with their matching engine or market data feeds.

²⁹⁶ *See infra* section VI.B.1.c.

²⁹⁷ These trading centers may compare their trades to market data quotes up to one second before the trade occurred in order to check if a trade-through occurred. *See supra* section II.A.2., discussing the "one second window" exception to Rule 611.

would be required to surveil for a large range of issues, the Commission understands that these firms may perform this analysis as part of a batch process that also examines for other compliance violations, rather than as a standalone process.

Smaller trading centers or smaller broker-dealers routing orders may be more likely to use a third-party service to surveil for their compliance with Commission rules, including Rule 611, and related FINRA rules, including Rule 5310. These firms usually send their order and trade records to a third-party that specializes in compliance monitoring or transaction cost analysis (“TCA”) and may offer the examination of trade-through compliance as part of a package of services. The third party then matches the trade and order records with historical market data and examines for compliance with and violations of trading rules, including trade-throughs.

The smallest trading centers and broker-dealers routing orders may manually monitor for compliance with Rule 611 for a small sample of their orders. The Commission understands that these firms do not usually compare their order and trade records to historical market data. Instead, these firms tend to take manual snapshots of what the market looks like for a few of their orders and then review these snapshots for compliance with Rule 611 and other trading rules.

b. Trading Center and Broker-Dealer Practices for Complying With Rule 610(e)

FINRA²⁹⁸ and the exchanges²⁹⁹ have promulgated rules for complying with Rule 610(e). Market participants, likewise, have put in place practices to comply with the SRO rules promulgated to implement with the requirements of Rule 610(e), including rules for ranking and displaying orders, operational practices to ensure that locked or crossed markets are avoided, and operational procedures to address the

²⁹⁸ FINRA has implemented Rule 6240 which requires, with certain exceptions, that FINRA members “shall reasonably avoid displaying, and shall not engage in a pattern or practice of displaying, any quotations that lock or cross a protected quotation.” See FINRA Rule 6240(b). This rule largely prevents locked and crossed markets on ATSs in NMS stocks. FINRA also has a similar Rule 6437 which applies to OTC equity securities.

²⁹⁹ See NYSE Rule 7.37(f)(2) (“the Exchange and members of the Exchange shall reasonably avoid displaying, and shall not engage in a pattern or practice of displaying, any quotations that lock or cross the PBBO”), available at <https://nyseguide.srorules.com>; see also *supra* note 286 (citing Nasdaq Rules 4702(a), 4758(a)(1)).

broader implications of these prohibitions.³⁰⁰

The Commission understands that, in practice, exchanges will display odd-lot and round-lot orders that lock or cross a resting odd-lot quote on another exchange, but will not display an odd-lot order that locks or crosses a resting round-lot quote on another exchange, even though such display would not violate the requirements of Rule 610(e), because Rule 610(e) only applies to the display of quotations of round-lot size.³⁰¹ Exchanges and national securities associations are allowed to display odd-lot-sized orders that lock or cross another odd-lot or round-lot-sized quotation. In effect, the practice of not displaying an odd-lot quote that locks or crosses a round-lot quote reflects an industry convention to preserve the prominence of resting round-lot quotations.

The Commission understands that, in order to ensure compliance with Rule 610(e), automated features to avoid posting quotes that would lock or cross the market are usually incorporated directly into a trading center’s matching engine. When a trading center receives a limit order to display, it compares the price of the limit order to the NBBO that it calculates from real-time market data it obtains from the SIPs or proprietary feeds. If the order would lock or cross the best opposite side quote offered by other trading centers (the NBO for a buy limit order and the NBB for a sell limit order), then the trading center may take one of several actions. If the limit order is routable³⁰² and able to take

³⁰⁰ The requirements of Rule 610(e) of Regulation NMS, which generally prohibit market centers from posting a displayed round-lot order that would lock or cross a protected quote, are described above (see *supra* section III.A.). The SRO rules which implement these prohibitions include exceptions pursuant to current staff guidance. (see <https://www.sec.gov/divisions/marketreg/nmsfaq610-11.htm#sec5> at section 5: SRO Lock/Cross Rules.) The ISO exception permits market participants to “ship-and-post” via ISO orders. They can post an order on one side of the market that would lock or cross the market, so long as they execute the quotes on the other side of the market that they are locking/crossing via an intermarket sweep order. For example, if a trader wants to post a bid at \$10.00, but there are offers at \$9.99 and \$10.00, normally the trader would be prohibited from posting the bid at \$10.00 because it would cross the \$9.99 offer quote and lock the \$10.00 offer quote. However, using this exception, the trader could post the bid at \$10.00 while using an ISO order to execute against the offers at \$9.99 and \$10.00, which effectively unlocks/uncrosses the market. The self-help exception applies to 610(e) in the same manner as the self-help exception of Rule 611.

³⁰¹ See *supra* note 181.

³⁰² An order is “routable” if the order type selected by the market participant who sent the order to the exchange is not an order type for which the exchange has indicated that it will not re-route the order to another trading center.

liquidity,³⁰³ then the trading center may route the order to execute against the NBB or NBO. Alternatively, the trading center may display it at a price one tick away from the locking price. Finally, the exchange may cancel the order. Exchanges typically permit the broker-dealer routing the order to select the treatment it prefers in the event that the order would lock or cross the market. These automated processes help ensure compliance while providing members flexibility in how their orders are handled.

For example, one exchange has both Price-to-Comply and Price-to-Display order types, which are designed to comply with Rule 610(e) in different ways.³⁰⁴ If the limit price on a Price-to-Comply Order would lock or cross a protected quote, then the order will be displayed one tick lower than the current best offer (for buy orders) or one increment higher than the current best bid (for sell orders). However, the Price-to-Comply Order would also be ranked in the matching engine with a non-displayed price equal to the current best offer (for buy orders) or current best bid (for sell orders). In contrast, for a Price-to-Display order, both the displayed price and the price the order is ranked at in the matching engine would be one tick away from the locked or crossed best bid (for sell orders) or best offer (for buy orders). For Price-to-Comply orders, this exchange also offers a range of options for what will happen to the order once the market unlocks. The order may: (1) remain on the book with its non-displayed price and time priority, but continue to be displayed one tick away from this price (*i.e.*, it would be displayed at the price assigned by the price-slide mechanism before the market unlocked); (2) be canceled back to the member; or (3) be automatically displayed at the order’s

³⁰³ An order would be unable to take liquidity if the order type selected by the market participant who sent the order to the exchange is an order type which indicates that the order is not to be executed if it would be the aggressive order of the trade. An example of an order that is not able to take liquidity would be a “Post-Only” order. Typically, a Post-Only order with a marketable limit price will either be displayed one tick away from the price that would lock the market, or canceled, depending on the broker-dealer’s instructions. (See, *e.g.*, Nasdaq, Post-Only Order (2026), available at https://nasdaqtrader.com/content/ProductsServices/Trading/postonly_factsheet.pdf, describing the Post-Only order type for Nasdaq).

³⁰⁴ For additional information on Price-to-Comply and Price-to-Display Orders, see Nasdaq Texas Rules 4702(b)(1) and 4702(b)(2), available at <https://listingcenter.nasdaq.com/rulebook/nasdaqtx/rules/Nasdaq%20Texas%20Equity%204>. These rules describe further details about the behavior of Price-to-Comply and Price-to-Display order types.

original limit price, but with a new time stamp.

Some exchanges, NMS Stock ATSS, and SDPs have special rules for handling orders and executions when the NBBO is locked or crossed. The Commission understands that most NMS Stock ATSS and SDPs have policies that prevent orders from executing when the NBB and NBO are crossed.³⁰⁵ Some NMS Stock ATSS and SDPs also have policies to not execute orders when the NBB and NBO are locked.³⁰⁶ Exchanges and NMS Stock ATSS may also have special rules for handling pegged³⁰⁷ orders if the NBB and NBO become locked or crossed.³⁰⁸

Rule 605 requires trading centers and broker-dealers to classify orders and compute statistics based on the NBB and NBO. However, a crossed NBB and NBO may interfere with order classifications and with the computing of certain statistics. When the NBBO is crossed for a significant period of time, it raises serious questions whether the quotes continue to provide a reliable benchmark for the statistical measures included in the Rule. Therefore, the Commission has exempted all orders from being included in Rule 605 reports if they reference a NBBO that has been crossed for 30 seconds or more.³⁰⁹ For NBBOs that are crossed for less than 30 seconds, staff guidance recommends that the next-in-time uncrossed NBBO

be used in place of the crossed NBBO for computing Rule 605 reports.³¹⁰

c. Best Execution

Broker-dealers are subject to a duty of best execution, which requires them to execute customers' trades at the most favorable terms reasonably available under the circumstances. The best execution obligation is independent from the requirements under Rule 611. A broker's duty of best execution derives from common law agency principles and fiduciary obligations, and is incorporated implicitly, through judicial and Commission decisions, in the antifraud provisions of the Federal securities laws.³¹¹ The duty of best execution requires a broker-dealer to execute customers' (either retail or institutional investors) trades at the best reasonably available price, considering a non-exhaustive list of factors that may be relevant to broker-dealers' best execution analysis.³¹² These factors may include execution price, the size of the order, speed of execution, the trading characteristics of the security involved, the availability of accurate information affecting choices as to the most favorable market center for execution and the availability of technological aids to process such information, and the operational costs and difficulty associated with achieving an execution in a particular market center.³¹³ The importance of each factor may differ depending on whether the order is retail or institutional and also due to market conditions and order characteristics.

FINRA's best execution rule (FINRA Rule 5310) requires that a member (*i.e.*, a registered broker-dealer) and persons associated with a member use reasonable diligence to ascertain the

best market for the subject security and buy or sell in such market so that the resultant price to the customer is as favorable as possible under prevailing market conditions in any transaction for or with a customer or customer of another broker-dealer (*e.g.*, wholesalers handling retail orders).³¹⁴ FINRA Rule 5310 applies when the member acts as agent for the account of its customer as well as when it executes a transaction as a principal.³¹⁵ FINRA's rule lists a set of non-exclusive factors that will be considered in determining whether a member has used reasonable diligence: (i) the character of the market for the security (*e.g.*, price, volatility, relative liquidity, and pressure on available communications); (ii) the size and type of transaction; (iii) the number of markets checked; (iv) accessibility of the quotation; and (v) the terms and conditions of the order which result in the transaction, as communicated to the member and persons associated with the member.³¹⁶

FINRA's best execution rule and guidance addresses issues associated with payment for order flow. Some retail brokers maintain arrangements involving payment for order flow from wholesalers. Wholesalers internalize a significant portion of retail orders purchased via payment for order flow. FINRA's best execution guidance states that firms that provide payment for order flow for the opportunity to internalize customer orders cannot allow such payments to interfere with their best execution obligations.³¹⁷ For example, inducements such as payment for order flow and internalization may not be taken into account in analyzing market quality or determining where to route a customer order.³¹⁸

FINRA Rule 5310 requires broker-dealers to conduct at least quarterly reviews of the quality of execution they obtain.³¹⁹ Introducing brokers perform

³⁰⁵ See Rosenblatt's 2025 US Equity Trading Guide, available at <https://www.rblt.com/market-structure-reports/rosenblatts-2025-us-equity-trading-guide> (accessed through Market Structure Analysis dataset).

³⁰⁶ Some NMS Stock ATSS or SDPs may execute orders during a locked market or have policies that allow their subscribers the option to specify whether or not their orders will execute during a locked market. *See id.*

³⁰⁷ Exchanges and NMS Stock ATSS offer a number of order types that are pegged to the NBB, NBO, or NBBO midpoint. For example, a midpoint peg order might permit a non-displayed order to rest on the limit order book with a limit price equal to the midpoint of the NBBO. These orders automatically adjust their prices as the NBB and NBO change. Market participants can also specify these pegged orders to have an offset. For example, a market participant can submit a primary peg buy order with an offset of 1 tick, which would result in the order always being priced 1 tick more aggressively than the NBB.

³⁰⁸ For example, some market centers may remove these orders from the limit order book or cancel them while others may not replace them if the NBB and NBO become locked or crossed. *See, e.g.*, Nasdaq Rule 4702 (Order Types) <https://listingcenter.nasdaq.com/rulebook/nasdaq/rules/Nasdaq%20Equity%204>; NYSE ARCA Rule 7.31–E (Orders and Modifiers) <https://nysearcaguide.srorules.com/rules/b44a1e347ccd1000cf3290b11c2ac4f10258>.

³⁰⁹ See Letter from Annette L. Nazareth, Director, Division, SEC, to Stuart J. Kaswell, Senior Vice President and General Counsel, Securities Industry Association, dated March 12, 2001 ("SIA Exemption Letter"); *see also* 2026 Rule 605(b) Exemption, *supra* note 235.

³¹⁰ See Sec. & Exch. Comm'n, Div. of Mkt. Regul., Staff Legal Bull. No. 12R (Revised), Frequently Asked Questions About Rule 11Ac1–5, Q. 7 (2001), available at: <https://www.sec.gov/rules-regulations/staff-guidance/staff-legal-bulletins/slb-12r>. The guidance document's reference to the "Consolidated BBO" applies to the NBBO. This guidance will be superseded on August 1, 2026. *See* Rule 605 FAQs, *supra* note 235.

³¹¹ See Order Execution Obligations Adopting release at 48322. The Commission has not adopted its own rule governing a broker-dealer's legal duty of best execution.

³¹² See *Newton v. Merrill, Lynch, Pierce, Fenner & Smith, Inc.*, 135 F.3d 266, 270 (3d Cir. 1998); *see also Kurz v. Fidelity Mgmt. & Rsch. Co.*, 556 F.3d 639, 640 (7th Cir. 2009).

³¹³ See Order Execution and Routing Practice Release at 75418; NMS Adopting Release at 37538 & n. 341. The factors that are important to the best execution decision may vary based on the type of customer, market conditions, and order characteristics. For example, execution price may be an important factor for a marketable retail order but may not be as important for a large, institutional order. *See, e.g.*, First TTR Roundtable Transcript at 236 (Mehmet Kinak, T. Rowe Price) (discussing best execution for institutional orders).

³¹⁴ See FINRA Rule 5310(a)(1).

³¹⁵ See FINRA Rule 5310(e). FINRA Rule 5310 also addresses two situations where a member's best execution obligation is modified or no longer applicable: (i) if a broker-dealer "receives an unsolicited instruction from a customer to route that customer's order to a particular market for execution, the member is not required to make a best execution determination beyond the customer's specific instruction" and (ii) "when another broker-dealer is simply executing a customer order against the member's quote." FINRA Rules 5310.08, 5310.04.

³¹⁶ See FINRA Rule 5310(a)(1).

³¹⁷ See FINRA Regul. Notice No. 21–23, Best Execution & Payment for Order Flow 4 (2023), <https://www.finra.org/rules-guidance/notices/21-23>.

³¹⁸ *Id.* FINRA's guidance stated that "the possibility of obtaining price improvement is a heightened consideration when a broker-dealer receives payment for order flow." *Id.* at 3–4.

³¹⁹ See FINRA Rule 5310.09(a).

best execution reviews by evaluating the execution quality achieved by executing brokers to which they route their customers' orders. Introducing brokers may rely on the best execution review processes of their executing brokers and use these to evaluate the execution quality of orders by comparing execution statistics of executing brokers with which the introducing broker has a relationship.³²⁰ Executing brokers review execution quality by comparing execution statistics of executions received given particular execution methods, *e.g.*, routing to a particular market center or internalization. Some brokers utilize independent third-party TCA providers to produce quantitative execution-quality statistics to supplement their execution-quality reviews.

d. Other Relevant Commission Rulemakings

The Commission has adopted new rules that will impact market practices in the baseline for the proposed amendments. However, as discussed in more detail below, some provisions of these rules have not been fully implemented, and so they have not yet affected market practices. As a result, the data used to measure the baseline for the proposed amendments reflect the regulatory structure in place prior to the implementation of some provisions of these rules. This section will discuss the status of the implementation of these rules and provide an assessment of the potential effects that the implementation can have on the baseline estimations.

We discuss three rules with such partial implementations. First, in 2020, the Commission adopted a new rule and amended existing rules to establish a new infrastructure for consolidated market data ("MDI Rules").³²¹ Second, in 2024 the Commission adopted amendments to the disclosure requirements of Rule 605 of Regulation NMS.³²² Third, in 2024 the Commission adopted amendments to certain rules under Regulation NMS to add an additional minimum pricing increment for the quoting of certain NMS stocks, reduce the access fee caps for protected

quotations of trading centers, increase the transparency of exchange fees and rebates, and accelerate the implementation of rules that will make information about the market's best priced, smaller-sized orders publicly available.³²³ Because key components of these rulemakings are not yet operative, their full effects are not reflected in the current baseline.

i. Market Data Infrastructure Rules

Consolidated market data are made widely available to investors through the national market system, a system set forth by Congress in section 11A of the Exchange Act³²⁴ and facilitated by the Commission in Regulation NMS.³²⁵ Market data are collected by exclusive SIPs,³²⁶ which consolidate that information and disseminate an NBBO and last sale information. For quotation information, only the 17 national securities exchanges that currently trade NMS stocks provide quotation information to the SIPs for dissemination in consolidated market data.³²⁷ FINRA has the only SRO display-only facility (the ADF).³²⁸ No broker-dealer, however, currently uses it to display quotations in NMS stocks in consolidated market data.³²⁹ Disseminated quotation information includes each exchange's current highest bid and lowest offer and the shares available at those prices, as well as the NBBO. For transaction information, currently all national securities exchanges that trade NMS stocks, as well as FINRA, provide real-time transaction information to the SIPs for dissemination in consolidated market data. Such information includes the symbol, price, size, and exchange of the transaction, and it includes odd-lot transactions.

Currently, information on all odd-lot orders inside the NBBO and information about quotes that are outside of an exchange's best bid and best offer (*i.e.*, depth of book information) are available only to investors who subscribe to the

proprietary data feeds of all exchanges.³³⁰ The same is true for comprehensive odd-lot and depth of book information. Among other things, the MDI Rules update and expand the content of consolidated market data to include: (1) certain odd-lot information;³³¹ (2) information about certain orders that are outside of an exchange's best bid and best offer (*i.e.*, certain depth of book data);³³² and (3) information about orders that are participating in opening, closing, and other auctions.³³³

The MDI Rules also introduce a decentralized consolidation model under which competing consolidators, rather than the existing exclusive SIPs, will collect, consolidate, and disseminate certain NMS information.³³⁴ These competing consolidators are not required to offer a product containing all elements of consolidated market data, but are able to develop the consolidated market data products that their subscribers demand.³³⁵ This model is intended to promote competition in how consolidated market data products are created and delivered.

The MDI Rules also introduced a four-tiered definition of round lot that is tied to a stock's average closing price during the Evaluation Period.³³⁶ For stocks

³³⁰ The exclusive SIPs currently disseminate information on the best odd-lot order to buy and the best odd-lot order to sell ("BOLO"). The best odd-lot order to buy means the highest priced odd-lot order to buy that is priced higher than the national best bid, and the best odd-lot order to sell means the lowest priced odd-lot order to sell that is priced lower than the national best offer. The 2024 Regulation NMS Amendments adopted a requirement for the exclusive SIPs to disseminate information on the BOLO starting in May 2026. *See* 2024 Regulation NMS Amendments at 81676–81. The exclusive SIPs began disseminating BOLO information on April 27, 2026. *See UTP Vendor Alert #2026–5: UTP Data Service (UQDF) Updated Specs Related to Dissemination of Odd-Lot data*, NasdaqTrader (Feb. 2, 2026), <https://www.nasdaqtrader.com/TraderNews.aspx?id=UTP2026-05>. The 2024 Regulation NMS Amendments also adopted a requirement for the exclusive SIPs to disseminate odd-lot information as defined under the MDI Rules starting in May 2026. *See* 2024 Regulation NMS Amendments at 81674–76, 81681. However, on Jan. 15, 2026, the Commission granted an exemptive relief request delaying the requirement for the exclusive SIPs to begin disseminating odd-lot information until May 2028. *See Securities Exchange Act Release No. 104612* (Jan. 15, 2026), 91 FR 12577 (Jan. 21, 2026).

³³¹ *See* 17 CFR 242.600(b)(69); Market Data Infrastructure Adopting Release at 18613.

³³² *See* Market Data Infrastructure Adopting Release at 18602.

³³³ *See id.* at 18630.

³³⁴ *See id.* at 18637.

³³⁵ *See id.* at 18603–4, 18671–72.

³³⁶ Round lots will be updated every six months, with the round lot determined by the stock's average price with a one-month lag—*i.e.*, a stock's round lot is updated in May of every year using its

³²⁰ Broker-dealers (including introducing brokers) that route to clearing or executing brokers on an agency basis may rely on the best execution review of their clearing firm or executing broker-dealers. *See* FINRA Rule 5310.09(c). The clearing firm or executing broker-dealer must fully disclose the statistical results and rationale of the review, and the routing broker-dealer must periodically review how the review is conducted and the results of the review.

³²¹ *See* Market Data Infrastructure Adopting Release.

³²² *See* Rule 605 Amendments Adopting Release.

³²³ *See* 2024 Regulation NMS Amendments.

³²⁴ *See* 15 U.S.C. 78k–1.

³²⁵ 17 CFR 242.600 through 242.614.

³²⁶ *See* Market Data Infrastructure Adopting Release, 86 FR at 18598–99 (describing that the exclusive SIPs, among other things, disseminate core data, which currently consist of: (1) the price, size, and exchange of the last sale; (2) each exchange's current highest bid and lowest offer and the shares available at those prices; and (3) the NBBO). A securities information processor ("SIP") is defined in section 3(a)(22)(A) of the Exchange Act. *See* 15 U.S.C. 78c(a)(22)(A). Further, an "exclusive processor" (also known as an exclusive SIP) is defined in section 3(a)(22)(B) of the Exchange Act. *See* 15 U.S.C. 78c(a)(22)(B).

³²⁷ *See supra* note 36.

³²⁸ *See supra* note 26.

³²⁹ *See supra* note 90.

with prices greater than \$250, a round lot is defined as consisting of between 1 and 40 shares, depending on the specific price tier.³³⁷ The MDI round-lot rules were implemented on November 3, 2025.³³⁸ The compliance date for the SIPs to collect, consolidate, and disseminate the odd-lot information required by the MDI Rules is May 1, 2028.³³⁹

In the Market Data Infrastructure Adopting Release, the Commission established a transition period for implementing the remaining requirements of the MDI Rules.³⁴⁰ The starting point will be the Commission's approval of the plan amendment(s) required by Rule 614(e) ("MDI Plan Amendments").³⁴¹ After approval, the next step will be a 180-day development period, during which competing consolidators can register with the Commission.³⁴² Based on the times provided in the transition plan for implementation of the MDI Rules, the Commission estimated that the full implementation of the MDI Rules will occur at least two years after the Commission's approval of the MDI Plan Amendments.³⁴³

The Operating Committees of the CTA/CQ Plan and UTP Plan filed the MDI Plan Amendments on November 5, 2021.³⁴⁴ The Commission disapproved the proposed amendments on September 21, 2022.³⁴⁵ As a result, the participants in the effective national

average stock price in March, and the round lot is updated again in November using its average stock price in September. *See* 2024 Regulation NMS Amendments at 81699–700; 17 CFR 242.600(b)(93)(iv).

³³⁷ *See* Market Data Infrastructure Adopting Release at 18602. The Commission adopted a four-tiered definition of round lot: 100 shares for stocks priced \$250.00 or less per share and for new NMS stocks, 40 shares for stocks priced \$250.01 to \$1,000.00 per share, 10 shares for stocks priced \$1,000.01 to \$10,000.00 per share, and 1 share for stocks priced \$10,000.01 or more per share. *See* 17 CFR 242.600(b)(93)(i) through (ii).

³³⁸ *See* 2024 Regulation NMS Amendments at 81681.

³³⁹ *See supra* note 330.

³⁴⁰ *See* Market Data Infrastructure Adopting Release at 18699–18701.

³⁴¹ *See id.* at 18699.

³⁴² *See id.* at 18699–18700.

³⁴³ *See id.* at 18700–18701.

³⁴⁴ The Operating Committees of CTA Plan and UTP Plan filed proposed amendments on Nov. 5, 2021, which were published for comment in the **Federal Register**. *See* Securities Exchange Act Release Nos. 93615 (Nov. 19, 2021), 86 FR 67800 (Nov. 29, 2021); 93625 (Nov. 19, 2021), 86 FR 67517 (Nov. 26, 2021); 93620 (Nov. 19, 2021), 86 FR 67541 (Nov. 26, 2021); 93618 (Nov. 19, 2021), 86 FR 67562 (Nov. 26, 2021).

³⁴⁵ *See* Securities Exchange Act Release Nos. 95848 (Sept. 21, 2022), 87 FR 58544 (Sept. 27, 2022); 95849 (Sept. 21, 2022), 87 FR 58592 (Sept. 27, 2022); 95850 (Sept. 21, 2022), 87 FR 58560 (Sept. 27, 2022); 95851 (Sept. 21, 2022), 87 FR 58613 (Sept. 27, 2022).

market system plan(s) will need to develop and file new proposed amendments, as required by Rule 614(e), before the implementation period prescribed by the phased transition plan can commence. Because the implementation of the MDI Rules has been delayed, the end date of the implementation period cannot be estimated with greater certainty.

Given that some provisions of the MDI Rules have not yet been implemented, they have not affected market practice and therefore data that would be required for a quantitative analysis of a baseline that includes the effects of the MDI Rules are not available. It is possible that the baseline (and therefore the economic effects relative to the baseline) could be different once the MDI Rules are implemented. The following discussion reflects the Commission's assessment of the anticipated economic effects of the unimplemented MDI Rules described in the Market Data Infrastructure Adopting Release as they relate to the baseline for the adoption of these amendments.³⁴⁶

The MDI Rules may result in a higher number of odd-lot trades, as the inclusion of odd-lot quotes that may be priced better than the current NBBO in consolidated market data may attract more trading interest from market participants that did not have access to this information prior to the MDI Rules.³⁴⁷ However, the magnitude of this effect depends on the extent to which market participants who rely solely on SIP data and lack information on odd-lot quotes choose to receive the odd-lot information and trade based on it. The Commission states in the Market Data Infrastructure Adopting Release that it believes it is not possible to observe this willingness to trade with existing market data.³⁴⁸

The MDI Rules may have implications for broker-dealers' order routing practices. For those market participants that rely solely on SIP data for their routing decisions and that choose to receive the expanded set of consolidated market data, the Commission anticipated that the additional information contained in consolidated market data would allow them to make more informed order routing decisions.³⁴⁹ This in turn would help

facilitate best execution, which would increase execution quality.³⁵⁰ Broker-dealers may choose to receive market data from competing consolidators, who may offer different consolidated market data products at different prices or at different latencies, or with different amounts of data content.³⁵¹ Competing consolidators will be required to disclose information about their consolidated market data products, including the services they will offer, the prices for such services, and performance metrics, which will assist broker-dealers in selecting an appropriate competing consolidator.³⁵²

The option to receive consolidated market data from a competing consolidator, or produce consolidated market data as a self-aggregator,³⁵³ is expected to form a reasonable alternative to the use of exchange proprietary data feeds, with potentially lower costs.³⁵⁴ When this happens, the Commission believes that exchanges may respond by lowering their fees for connectivity and proprietary data feeds.³⁵⁵

The MDI Rules may also result in differences in the baseline competitive standing among different trading venues for several reasons. First, the Commission anticipated that adding information on odd-lot quotes priced at or better than the NBBO to expanded core data may cause changes to order flow as market participants take advantage of newly visible quotes.³⁵⁶ However, the Commission stated that it was uncertain about the magnitude of this effect.³⁵⁷ To the extent that it occurs, a change in the flow of orders across trading venues may result in differences in the competitive baseline in the market for trading services.

Where implementation of the above-described MDI Rules may affect certain baseline figures, the description of the baseline below notes those effects.

of consolidated market data, the Commission states that it believes that one or more competing consolidators will be incentivized to offer a consolidated market product containing all data elements (*see id.* at 18752).

³⁵⁰ *See id.* at 18725.

³⁵¹ *See id.* at 18606.

³⁵² *See id.*

³⁵³ Under the MDI Rules, a "self-aggregator" is a "broker-dealer, exchange, national securities association, or investment adviser registered with the Commission" that will obtain data necessary to construct consolidated market data from exchanges and aggregate it into consolidated market data only for its own use (*see id.* at 18604).

³⁵⁴ *See id.*, section V.C.4.a.

³⁵⁵ *Id.*

³⁵⁶ *See id.* at 18596, 18754.

³⁵⁷ *See id.* at 18754.

³⁴⁶ *See* Market Data Infrastructure Adopting Release at 18741–18799.

³⁴⁷ *See id.* at 18754.

³⁴⁸ *See id.*

³⁴⁹ The Commission states in the Market Data Infrastructure Adopting Release that it believes that competition among consolidators will support high quality consolidated market data (*see id.* at 18661). Furthermore, while competing consolidators are not required to offer a product containing all elements

ii. Amendments to Rule 605

The Commission amended Rule 605 on March 6, 2024, and the requirements of that rule are part of the baseline considered here.³⁵⁸ With certain exceptions, the amendments to Rule 605 have a compliance date of August 1, 2026.³⁵⁹ The following discussion reflects the Commission's assessment of the anticipated economic effects of the amendments to Rule 605 described in the Rule 605 Amendments, as they relate to the baseline for these proposed amendments. Specific interactions between the expected economic effects of the amendments to Rule 605 and those of rules proposed herein will be discussed in detail in a later section.³⁶⁰

Rule 605 requires disclosures about execution quality for order executions in NMS stocks.³⁶¹ The Rule 605 amendments modified disclosure requirements in several ways. The amendments expanded the scope of reporting entities subject to the rule to include larger broker-dealers,³⁶² in addition to market centers.³⁶³ The

amendments also enhanced the accessibility of the reported execution quality statistics by requiring all reporting entities to make a summary report available.³⁶⁴

The Rule 605 Amendments also included amendments to the information required to be reported under Rule 605. Among other requirements, the amendments to Rule 605 added requirements related to the reporting of price improvement statistics relative to the best available displayed price, which incorporates information about the best-priced odd-lot orders.³⁶⁵ These price improvement statistics will not be required to be reported until six months after odd-lot order information needed to calculate the best available displayed price is made available pursuant to an effective national market system plan.³⁶⁶

Additionally, the amendments to Rule 605 require the separate reporting of non-marketable limit orders that are priced at the midpoint of the NBBO or better ("midpoint-or-better NMLOs"), and additionally require the reporting of information about the effective spread and the price improvement offered to these orders.³⁶⁷ An analysis by the Commission in the Rule 605 Amendments indicates that a high percentage of midpoint-or-better NMLO share volume is submitted with IOC designations as compared to other NMLOs. This confirms that many of these orders are submitted by traders with the intention of executing immediately against hidden or odd-lot inside-the-quote liquidity, and that these orders tend to have different execution characteristics than other

types of NMLOs.³⁶⁸ Therefore, the Commission stated that market participants will benefit from an increase in transparency by the separate reporting of these orders, along with the required reporting of certain execution quality statistics that measure the cost of executing immediately, such as effective spreads.³⁶⁹

Furthermore, the amendments to Rule 605 require the reporting of information regarding the extent to which orders were executed at prices at or better than the quote for share quantities greater than the displayed size at the quote, *i.e.*, "size improvement." This information includes (1) a benchmark metric that measures the displayed size at the time of order receipt, which can then be compared to the number of submitted shares to determine the extent to which a market center or broker-dealer handled orders that exceeded available displayed depth,³⁷⁰ and (2) for orders that are larger than available displayed depth, the number of shares that received size improvement.³⁷¹

The amendments to Rule 605 also modified the definition of order size categories. Previously, order size categories were based on numbers of shares, with orders less than 100 shares excluded. Under the amendments order size categories are now based on a notional dollar value range, along with an indication of whether the category reflects orders that were for an odd-lot, at least a round lot, or less than a share.³⁷²

In the Rule 605 Amendments, the Commission stated that the amendments to Rule 605 will promote increased transparency of order execution quality, particularly for larger broker-dealers who were not required to disclose execution quality information under preexisting Rule 605, but also for market centers, whose execution quality information will be more relevant and

³⁵⁸ See Rule 605 Amendments Adopting Release.

³⁵⁹ See Securities Exchange Act Release No. 104147 (Sept. 30, 2025), 90 FR 47552 (Oct. 2, 2025) ("Rule 605 Amendments Extension"). On August 1, 2026, market centers, brokers, and dealers subject to Rule 605 will need to begin collecting the information for the execution quality reports required under the Rule 605 Amendments. Reporting entities will then need to make their detailed and summary reports covering data from August 2026 publicly available by the end of September 2026. See 17 CFR 242.605(a)(6). As an exception, after odd-lot order information sufficient to calculate best available displayed price is made available pursuant to an effective NMS plan, market centers, brokers and dealers will have six months to begin including price improvement statistics relative to best available displayed price in their Rule 605 reports. See Rule 605 Amendments Adopting Release at 26497. The 2024 Regulation NMS Amendments set the compliance date for every national securities exchange on which an NMS stock is traded and national securities association to make available to the exclusive SIPs all data necessary to generate odd-lot information, and for the SIPs to collect, consolidate, and disseminate odd-lot information, including the BOLO, to the first business day of May 2026. See 2024 Regulation NMS Amendments, 89 FR at 81681. Although the dissemination of odd-lot information was delayed until May 2028, the SIPs began disseminating the BOLO on Apr 27, 2026. See *supra* note 330. Therefore, the compliance date for including price improvement statistics relative to the best available displayed price in Rule 605 reports remains six months after the first business day in May 2026 (*i.e.*, in November 2026).

³⁶⁰ See *infra* section VI.C.1.b.

³⁶¹ 17 CFR 242.605.

³⁶² The term "larger broker-dealer" refers to a broker-dealer that meets or exceeds the "customer account threshold," as defined in Rule 605(a)(7). A larger broker-dealer introduces or carries 100,000 or more customer accounts through which transactions are effected for the purchase or sale of NMS stocks. See 17 CFR 242.605(a)(7).

³⁶³ Regulation NMS defines the term "market center" to mean any exchange market maker, OTC market maker, ATS, national securities exchange, or

national securities association. See 17 CFR 242.600(b)(55).

³⁶⁴ See Rule 605 Amendments Adopting Release at 26428.

³⁶⁵ See 17 CFR 242.600(b)(14) (defining the "best available displayed price" as, with respect to an order to buy, the lower of: the national best offer at the time of order receipt or the price of the best odd-lot order to sell at the time of order receipt as disseminated pursuant to an effective transaction reporting plan or effective national market system plan; and, with respect to an order to sell, the higher of: the national best bid at the time of order receipt or the price of the best odd-lot order to buy at the time of order receipt as disseminated pursuant to an effective transaction reporting plan or effective national market system plan. With respect to a midpoint-or-better limit order, the best available displayed price shall be determined at the time such order becomes executable rather than the time of order receipt) and 17 CFR 242.605(a)(1)(ii)(M)-(Q).

³⁶⁶ The compliance date for including price improvement statistics relative to the best available displayed price in Rule 605 reports is November 2026. See *supra* note 359.

³⁶⁷ See 17 CFR 242.600(b)(57) (defining "midpoint-or-better limit orders") and 17 CFR 242.605(a)(1)(ii).

³⁶⁸ See Rule 605 Amendments Adopting Release at 26528.

³⁶⁹ See Rule 605 Amendments Adopting Release at 26556–26557, 26568.

³⁷⁰ See 17 CFR 242.600(b)(72) (defining the "order size benchmark") and 17 CFR 242.605(a)(1)(ii)(R).

³⁷¹ See 17 CFR 242.605(a)(1)(ii)(S), requiring the reporting of "the sum of, for each execution of a covered order, the greater of: the total number of shares executed with price improvement plus the total number of shares executed at the quote minus the order size benchmark, or zero." The "total number of shares executed with price improvement plus the total number of shares executed at the quote minus the order size benchmark" ("net size improvement") will only be a strictly positive number for those orders that are both eligible to receive size improvement and actually receive size improvement, and thus is equivalent to a measure of shares that are eligible to and that received size improvement. See Rule 605 Amendments Adopting Release at 26428 n.1544.

³⁷² See 17 CFR 242.600(b)(18).

easier to access because of improvements to existing Rule 605 disclosure requirements.³⁷³ The Commission stated in the Rule 605 Amendments Adopting Release that this increase in transparency is expected to increase the extent to which market centers and broker-dealers compete on the basis of execution quality, and produce improvements in execution quality.³⁷⁴ The Commission also stated that the amendments to Rule 605 will result in initial and ongoing compliance costs, the majority of which will be related to expanding the scope of reporting entities to include larger broker-dealers, but a significant portion of which will result from the need for market centers to update their systems to process and store the data necessary to prepare the amended reports.³⁷⁵

Where implementation of the above-described Rule 605 Amendments may affect certain numbers in the baseline, the description of the baseline below notes those effects.

iii. Changes to Regulation NMS Tick Sizes, Access Fees, and Transparency of Better Priced Orders

In December 2024, the Commission adopted amendments to Regulation NMS Rule 612 affecting minimum pricing increments, or tick sizes, and to Rule 610 which affects the maximum access fee that exchanges can charge to access protected quotations.³⁷⁶ The Commission also accelerated elements of the MDI rules to accelerate the dissemination of odd-lot information in the SIP data.³⁷⁷ While not yet implemented, some of the effects associated with these amendments could interact with the analysis of elements of this proposal. The effects of these rules potentially interact with the analysis of the proposed rescission of Rules 611 and 610(e).

The amendments to Rule 612 reduce the minimum pricing increment, or tick size, from \$0.01 to \$0.005 for some stocks with consistently narrow quoted spreads. They also reduce the access fee cap, *i.e.*, the fee which exchanges charge to access protected quotes, from \$0.003 per share to \$0.001 per share. Combined, the primary anticipated effect of these rule changes is to reduce

transaction costs, via lower quoted and effective spreads. Additionally, it was anticipated that these rules could potentially reduce transaction costs for orders internalized by wholesalers off exchange by improving the baseline reference point that wholesalers provide price improvement against as they compete for order flow. These amendments also effectively make existing Rule 611 stricter by narrowing the price range of permissible execution prices.

The amendments adopted in December 2024 also provide for the release of information about odd-lot orders in SIP data. Specifically, the amendments accelerate the implementation of provisions of the MDI Rules that provide for odd-lot information to be disseminated with SIP data.³⁷⁸ They also require that the SIPs disseminate information on the BOLO, which was implemented on April 27, 2026. The primary economic effect of this aspect of the December 2024 amendments was to provide investors an additional standard benchmark to gauge execution quality, particularly for smaller or odd-lot orders.

These amendments have not yet been fully implemented, and their implementation could affect the baseline analysis in a number of ways. First, the reduction in the minimum pricing increment will create a finer grid of allowable price points and thereby increase the opportunities for markets to lock or cross. Thus, the analysis presented here may understate the prevalence of locked and crossed markets in a world where these amendments are fully implemented. Second, the reduction in the access fee cap will put upward pressure on quoted spreads (because the access fee funds rebates for liquidity provision, and a reduction in the rebate may require liquidity suppliers to quote wider spreads in order to cover their costs) which will reduce the likelihood that markets lock or cross. Additionally, dissemination of odd-lot information in the SIPs may reduce trade-throughs by making market participants more aware of better-priced-odd-lot quotes. Thus, the baseline herein may overstate the prevalence of trade-throughs relative to what might occur once odd-lot information is disseminated in the SIPs.³⁷⁹

³⁷⁸ See *id* and accompanying text.

³⁷⁹ Although the BOLO was implemented on April 27, 2026, the analysis in this release uses data from before the implementation. Therefore, it may overstate the prevalence of trade-through rates relative to what occurred after the implementation of the BOLO, when market participants would be more aware of the best-priced-odd-lot quotes

2. Economic Effects of Current Rule 611

Rule 611 affects how orders are handled and executed in today's equity markets. This section discusses the main economic effects of current Rule 611, including its effects on institutional and retail order handling and execution, liquidity provision, and other major economic effects of the Rule.

a. Effects on Institutional Orders

Rule 611 can affect how the orders of institutional investors are handled and executed. Institutional investors typically trade in sizes that exceed immediately available liquidity, so their larger "parent" orders are purposefully split into smaller "child" orders and traded gradually to mitigate *slippage*—the adverse movement in prices that occurs while the residual balance is being executed. In practice, brokers employ algorithms that stage these child orders across venues and time intervals, with the goal of minimizing the total transaction cost for the parent order rather than trying to obtain the best available price for every single child order.³⁸⁰ Brokers and clients evaluate transaction costs for institutional order outcomes at the parent order or portfolio level rather than the child order level.³⁸¹ Rule 611 may increase information leakage and the slippage faced by institutional investor parent orders because routing constraints under Rule 611 may reveal trading intentions more quickly or broadly than institutional investors would prefer, thereby affecting the overall execution quality for large orders.

Institutional child orders must execute at, or at prices better than, the protected quotes, or fit within one of Rule 611's exceptions. Price protection provided by Rule 611 may contribute to the increased slippage of institutional orders because of the requirement for child orders to execute against the protected quotes across many exchanges before accessing deeper liquidity in the order book. These child order executions may help alert liquidity providers to the presence of a larger parent order that is in the process of

included in the SIPs. The inclusion of odd-lot information in the SIP beginning in May 2028 may result in a further reduction in odd-lot trade-throughs because market participants would be more aware of odd-lot quotes priced between the BOLO and the NBBO.

³⁸⁰ See, e.g., Tyler Beason & Sunil Wahal, *The Anatomy of Trading Algorithms* (working paper Sept. 27, 2020) available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3497001 (retrieved from SSRN Elsevier database).

³⁸¹ See, e.g., Andrea Frazzini, et al., *Trading Costs* (working paper Apr. 7, 2018) available at <https://ssrn.com/abstract=3229719> (retrieved from SSRN Elsevier database).

³⁷³ See Rule 605 Amendments Adopting Release at 26543.

³⁷⁴ See *id.* at 26543–26544.

³⁷⁵ See *id.* at 26579–26580.

³⁷⁶ Implementation of the reduction in the tick size and access fee cap has been delayed until November 2026. See *supra* note 76.

³⁷⁷ The dissemination of MDI odd-lot information in the SIP data has been delayed until May 2028. However, the SIPs began disseminating information on the BOLO on April 27, 2026. See *supra* note 330.

being “worked” by the broker-dealer (*i.e.*, broken up by the broker-dealer into smaller child orders for execution). This may allow liquidity providers to withdraw or revise their quotes before the larger parent order has finished executing, which can increase the execution costs for the remaining unexecuted portion of the parent order.³⁸² In summary, the requirements of Rule 611 may force institutional orders to interact with small, dispersed displayed sizes prior to reaching larger liquidity pools, thereby increasing the cumulative execution costs for the parent order.

Rule 611 may also limit the options of institutional investors seeking block crosses at prices outside the NBBO.³⁸³ The displayed liquidity at the NBBO is often insufficient to fully execute the size of the block order. A block cross cannot occur at a price outside of the protected quotes unless an exception to Rule 611 applies. In such cases, trading venues may cancel or decline crosses at prices outside protected quotes, or an executing broker may initiate an ISO sweep to remove protected quotes and then complete the block at the desired price. If a trading venue cannot execute a block cross, it may result in a large block order having to either “walk the book” on multiple exchanges to access sufficient depth to execute the order, or, as discussed above, be executed over a longer period of time through a series of child orders, both of which can increase transaction costs, adverse selection risk, and slippage.

However, Rule 611 contains exceptions that aid in the execution of institutional orders, including a benchmark-priced exception.³⁸⁴ This exception allows institutions to execute

orders at prices outside of the protected quotes if the execution price was not based, directly or indirectly, on the quoted price of an NMS stock at the time of execution and if the material terms were not reasonably determinable at the time the commitment to execute the order was made.³⁸⁵ This allows institutional investors to execute large block trades that are based on benchmark prices, such as the time-weighted average price (“TWAP”) or VWAP of previous trades, even if these derived prices fall outside the protected quote.

The ISO order exception to Rule 611 also aids in the execution of institutional orders. It enables a broker to use multiple child orders to simultaneously sweep protected quotes across venues and immediately “walk the book” to execute more size at the target venue at prices outside the protected quotes.³⁸⁶ While ISOs can facilitate access to deeper book liquidity, clusters of ISO child orders may also potentially increase the immediate price impact and slippage for the parent order, which may raise the execution costs compared to if the whole parent order (or a larger portion of it) were able to be executed outside the NBBO.³⁸⁷

As discussed in detail below, Rule 611 may be one of the factors contributing to the proliferation of exchanges and the heightened fragmentation of displayed liquidity.³⁸⁸ This may indirectly affect the execution of institutional orders because, as the fragmentation of displayed liquidity increases, institutional child orders face more venues with small top-of-book sizes, which raises the complexity and cost of routing to meet the requirements of Rule 611. This greater dispersion across venues can make institutional trading intentions easier to detect, which can increase slippage and hurt

the overall execution quality of the parent order.

Additionally, as discussed in detail below, Rule 611 may be one of the factors contributing to brokers connecting and purchasing market data from exchanges they would otherwise eschew, thereby raising fixed costs for market-data subscriptions, connectivity, and compliance tools.³⁸⁹ Ultimately, these costs may be indirectly passed through to institutional investors and contribute to higher commission rates or reduced services.

b. Effects on Retail Orders

As a consequence of Rule 611, firms who fill retail orders in a principal capacity cannot do so at a price worse than the NBBO.³⁹⁰ As discussed below, in today’s trading environment, the Commission observes that the vast majority of retail marketable orders are executed inside the NBBO, rather than at the NBBO. Therefore, it seems that there are additional incentives in the current market for NMS stocks besides Rule 611 that are promoting execution quality for retail orders.

Retail brokers route most of their customers’ marketable orders to off-exchange wholesalers, who usually internalize the order (*i.e.*, execute the order in a principal capacity). As a consequence, most marketable retail orders do not directly interact with protected quotes and are instead internalized off exchange.³⁹¹ Wholesalers usually do not charge retail brokers for this service and often pay them to receive the retail orders, a practice that is commonly referred to as payment for order flow (“PFOF”).³⁹²

³⁸⁹ See *infra* section VI.B.4.f.

³⁹⁰ In adopting Rule 611, the Commission observed that the great majority of internalized trades are the small trades of individual investors, and that, in 2003, nearly 1 out of every 30 of these trades, of which there were millions, appears to have been executed at a price inferior to an automated and accessible quotation. See NMS Adopting Release at 37508.

³⁹¹ See, *e.g.*, Robert Battalio & Robert Jennings, *Wholesaler Execution Quality*, Mgmt. Sci. (articles in advance ed. 2025) (“Battalio & Jennings (2025)”) (showing that wholesalers fully internalize 87% (58%) of retail orders (shares) and partially internalize (*i.e.*, execute a portion of the retail order in a principal capacity, as well as executing a portion of the order using liquidity they source from other trading centers) 2% (23%) of retail orders (shares) they receive); Lewis Letter attached to letter from Douglas A. Cifu, Chief Executive Officer, Virtu Financial, Inc., dated Mar. 30, 2023 (“Lewis Letter”) at 44–45 (showing that Virtu fully internalized 86% of retail orders they received in December 2020); and Securities Exchange Act Release No. 96495 (Dec. 14, 2022), 88 FR 128 (Jan. 3, 2023) (“OCR Proposing Release”) at 192, Table 7 (showing that for individual investor marketable retail orders under \$200K, wholesalers execute 90% of the dollar volume in a principal capacity).

³⁹² See, *e.g.*, Thomas Ernst & Chester Spatt, *Payment for Order Flow and the Retail Trading*

³⁸² The movement of quotes in an adverse direction after a trade occurs (up for buy orders and down for sell orders) is often referred to as “price impact”, which is measured as the difference between the midpoint of the NBBO at the time of the trade and the midpoint of the NBBO at a specified time (*e.g.*, one minute or five minutes) after the time of the trade.

³⁸³ Rule 611 does not impact block crosses at prices at or inside the NBBO, such as the NBBO midpoint. However, a counterparty may not always be willing to execute a block cross at prices inside the NBBO and instead may require a price concession to execute a large trade, resulting in an execution price outside the NBBO. The price concession to execute the block cross may be less than the cost of executing the trade against the liquidity available on exchanges (if sufficient liquidity is available). See *e.g.*, Donald B. Keim & Ananth Madhavan, *The Upstairs Market for Large-Block Transactions: Analysis and Measurement of Price Effects*, 9 Rev. Fin. Stud. 1 (Jan. 1996); see also First TTR Roundtable Transcript at 207 (Debbie Toennies, J.P. Morgan), at 255 (Vlad Khandros, OneChronos) (discussing Rule 611 and block trades).

³⁸⁴ See *supra* section II.A.2. for further discussions on the exceptions to Rule 611.

³⁸⁵ For further discussions on the benchmark-priced exception for Rule 611 see NMS Adopting Release at 37536, and Division of Trading and Markets: Responses to Frequently Asked Questions Concerning Rule 611 and Rule 610 of Regulation NMS questions 3.07 and 3.08 (*available at* <https://www.sec.gov/divisions/marketreg/nmsfaq610-11.htm>).

³⁸⁶ See *supra* section II.A.2. for further discussions.

³⁸⁷ See Sugato Chakravarty, et al., *Clean Sweep: Informed Trading Through Intermarket Sweep Orders*, 47 J. Fin. & Quantitative Analysis 415 (2012). See also Jane Street Letter at 2 (stating that trade-through protection “is impactful for larger-sized equities orders where sweep requirements may result in executions across multiple venues with varying fee structures and latencies, potentially leading to worse overall execution quality than alternative approaches”).

³⁸⁸ See *infra* section VI.B.4.g. for further discussion on the fragmentation of displayed liquidity.

In practice, wholesalers typically execute the marketable orders of retail investors at better prices than these orders would have received if they were routed to an exchange.³⁹³ Even the majority of those retail marketable orders whose size exceeds the displayed size at the NBBO are likely to be executed by wholesalers at or inside the NBBO. This is in contrast to “walking the book” on exchanges and trading at prices outside the NBBO.³⁹⁴ Wholesalers may execute a portion of the very largest retail orders at prices outside the NBBO, but research has shown that the wholesaler is usually still executing the order at a better price when compared with the price it would have received if it had executed the order against the aggregate displayed

liquidity across all exchanges sufficient to fill the order.³⁹⁵

This practice of executing retail orders at prices better than the NBBO reflects at least two forces in the market for retail order executions. First, it is a consequence of the lower risk of trading against retail order flow. An important element of the wholesaler business model is the unique risk profile of retail order flow, which typically has lower adverse selection risk than other types of order flow.³⁹⁶ Because of this, wholesalers can afford to execute these orders at a narrower spread compared to other sources of order flow, such as the order flow faced by a market maker posting quotes on an exchange.

Second, the execution of retail orders by wholesalers at prices better than the NBBO likely reflects some amount of competition among wholesalers providing these execution services to retail brokers. A typical retail broker usually maintains relationships with multiple wholesalers, divides its order flow among them, and then evaluates those wholesalers based on the average aggregate execution quality they provide. The percentage of order flow sent to each of these wholesalers is typically determined by the prior performance of the wholesaler as measured by its average execution quality.³⁹⁷ Those wholesalers with

inferior performance may see their percentage of order flow adjusted lower.³⁹⁸ This competitive structure may incentivize wholesalers to maximize the average price improvement relative to the NBBO offered to retail marketable orders, which provides an incentive to execute the orders at prices better than the NBBO.³⁹⁹

While Rule 611 generally restricts retail trades from being executed at prices inferior to the prevailing NBBO, in practice this restriction does not appear to be of significant consequence. The most Rule 611 can do for a retail order is to require that its execution price be at the prevailing NBBO at the time of trade. Therefore, a retail order being executed at a price better than the NBBO implies the presence of additional incentives, likely unrelated to Rule 611, that led to that superior price for that order. Given the evidence discussed above⁴⁰⁰ regarding the frequency of retail executions being priced better than the prevailing NBBO,

available at <https://microstructure.exchange/papers/BrokerRouting.pdf> (“Ernst, Malenko, Spatt and Sun (2023)”). They show that retail brokers use the average effective over quoted ratio (*i.e.*, the average effective spread divided by the average NBBO quoted spread) as one of the main measures to evaluate wholesaler performance and that retail brokers allocate more future order flow to wholesalers that provide better average historical execution quality. They also show that retail brokers vary in how they evaluate wholesaler aggregate execution quality. Some retail brokers evaluate aggregate execution on an individual symbol basis, while others look at aggregate execution quality across all stocks, or groups of stocks. Additionally, retail brokers vary in the length of the historical time period they use to calculate aggregate execution quality, with some firms in their sample using a 30-day historical average and others using a 90-day historical average. Furthermore, retail brokers vary in the frequency at which they reallocate order flow among wholesalers. They show some retail brokers reallocate order flow among wholesalers on a daily basis, while others do so on a monthly basis.

³⁹⁸ See *id.* (discussing how retail brokers adjust their order flow based on wholesaler execution quality).

³⁹⁹ See *id.* They examine how wholesalers adjust the price improvement they offer as they approach the time period when the retail broker reallocates order flow among wholesalers. They find that wholesalers offer greater price improvement when they are further behind the nearest higher ranked competitor (*i.e.*, they are lower in the execution quality ranking compared to another wholesaler the retail broker routes orders to), but offer less improvement when they are further ahead of their closest worse competitor (*i.e.*, they are further ahead of other wholesalers in the competitive execution quality rankings). Additionally, they examine the effects when a retail broker establishes a relationship with a new wholesaler and find that other wholesalers increase the amount of price improvement they offer when the new wholesaler enters the market. These results indicate that wholesalers respond to competitive pressures by increasing the amount of price improvement they offer in order to attract more retail order flow.

⁴⁰⁰ See *supra* note 393 and accompanying text.

Experience (Wharton Initiative on Fin. Pol’y & Regul., White Paper 2023), available at <https://wifpr.wharton.upenn.edu/wp-content/uploads/2023/09/Payment-for-Order-Flow-final.pdf>

³⁹³ See, e.g., Battalio & Jennings (2025) (showing wholesalers execute 84% of the marketable retail order trades they fully internalize (*i.e.*, fill the order completely from the wholesaler’s inventory) at prices better than the NBBO); Anne Haubo Dyhrberg et al., *The Retail Execution Quality Landscape*, 168 J. Fin. Econ. 104051 (2025) (“Dyhrberg et al. (2025)” (showing that wholesalers provide price improvement to 82% of the shares they execute and execute 95% of shares at the NBBO or better (based on dollar-volume weighting across stocks)); Lewis Letter at 46 (showing in December 2020 that Virtu executed 78% of the marketable retail orders inside the NBBO and 20% at the NBBO); and OCR Proposing Release at 192, Table 7 (showing that for retail orders under \$200,000, wholesalers execute 90% of shares with price improvement).

³⁹⁴ See Battalio & Jennings (2025). They estimate the “size improvement” wholesalers provide to marketable retail orders whose size exceeds the aggregate displayed size at the NBBO. For marketable retail orders whose size is greater than the aggregate displayed size at the NBBO, they calculate the percentage of trades that occurred at prices better than the NBBO. They find that wholesalers have a size improvement rate of 80% for orders that they fully internalize (*i.e.*, the order is filled completely from the wholesaler’s inventory) and 45% for orders they fully externalize (*i.e.*, the order is filled completely with liquidity sourced from external venues). They note that wholesalers often provide supplemental price improvement to orders they externalize (*i.e.*, the wholesaler adjusts the price of the shares they source externally to provide better prices to the customer at the expense of the wholesaler). They compare the average execution price of the retail order with the VWAP price it would have received if it had “successfully accessed all of the displayed liquidity on each exchange’s order book depth, including odd-lots, top of book and depth of book quotes.” They find that, on average, wholesalers provide 1.75 cents per share of price improvement relative to this benchmark on orders they fully internalize and 0.17 cents per share on orders they fully externalize. See also OCR Proposing Release at 192, Table 7 (showing that wholesalers only execute 1.7% of the shares in marketable retail orders at prices outside the NBBO); Dyhrberg et al. (2025) (showing wholesalers execute 95% of the shares in marketable retail orders at the NBBO or better (based on dollar-volume weighting across stocks)).

³⁹⁵ See Battalio & Jennings (2025). For larger orders (the average executed value is \$408,000 and 5,450 shares) that the wholesaler partially internalizes (*i.e.*, the order is partially filled from the wholesaler’s inventory and partially with liquidity sourced from external venues), they find that the average price improvement measured against the NBBO is negative, indicating the majority of shares executed outside the NBBO. However, they also found that wholesalers provided these orders with price improvement of 4.17 cents per share compared to the VWAP benchmark price if they had “walked the book” and executed against the aggregate exchange displayed liquidity. This indicates that the wholesalers executed these larger orders at better prices than those displayed on exchanges, often providing supplemental price improvement to the portion of shares they sourced externally.

³⁹⁶ Wholesalers and other liquidity providers face adverse selection risk when they accumulate inventory (for example, by providing liquidity to more informed traders) because of the risk of market prices moving away from them before they are able to unwind their positions. Wholesalers and other market makers are usually not privy to the motives or information of the investors with whom they are trading. As such, should the liquidity provider trade with an investor who possesses short-lived price information about the security, it is exposing its inventory to adverse selection risk. Hence, liquidity providers normally choose their trading strategies to minimize their interaction with order flow that has high adverse selection risk. When trading with order flow that has higher adverse selection risk, liquidity providers will charge a higher spread to compensate themselves for taking on this risk.

³⁹⁷ See Thomas Ernst et al., *What Does Best Execution Look Like?* (working paper Nov. 30, 2023)

two such forces currently present in the retail execution market are lower adverse selection risk and the presence of some degree of competition among wholesalers.

However, while retail executions inside the NBBO are common,⁴⁰¹ it is not always the case that a retail order receives meaningful price improvement.⁴⁰² When this happens, it could be the case that, but for Rule 611, that retail order would have received a worse execution price. The empirical analysis in Table 7 below shows that, for high-priced stocks, when displayed, unprotected odd-lot quotes are available at better prices inside the NBBO, wholesalers trade-through these odd-lot quotes between 15%-18% of the time. As a result, they internalize the retail order at a worse price than it would have received if it had traded against the odd-lot quotes.⁴⁰³ This analysis supports the argument that, in some cases when a retail order does not receive price improvement relative to the NBBO, Rule 611 may prevent wholesalers from executing the order at a price worse than the NBBO and contribute to the execution quality received by these retail trades.

In addition, because wholesalers are evaluated based on average execution quality, they may cross-subsidize the price improvement they offer to marketable retail orders. The wholesaler may provide greater price improvement on some individual retail orders while providing less price improvement on other retail orders, in such a way that the wholesaler's overall profit is increased. The manner in which wholesalers cross-subsidize may vary across retail brokers based on how the individual retail broker evaluates aggregate wholesaler execution quality.⁴⁰⁴ Given how retail brokers

allocate order flow, wholesalers have incentives to earn higher profits and offer less price improvement on retail trades that have less impact on the average aggregate execution quality metrics that retail brokers use to evaluate wholesaler performance. Thus, while Rule 611 may not have an impact on the majority of wholesaler trades, there may be select cases in which Rule 611 does result in a better execution price than would otherwise have been given.⁴⁰⁵ This, in turn, may place limits on wholesalers' ability to cross-subsidize and offer additional price improvement to other retail orders.

In contrast to marketable retail orders, the Commission understands that the majority of retail non-marketable limit orders are either directly or indirectly displayed on an exchange and may qualify as a protected quote.⁴⁰⁶ Although Rule 611 may potentially benefit these retail orders because trade-through protection may increase their chance of executing, the Commission believes that this benefit may be limited and may not significantly affect the execution rates of retail non-marketable limit orders.⁴⁰⁷

sizes. For example, Ernst, Malenko, Spatt and Sun (2023) find that wholesalers increase the price improvement they offer to odd-lot sized orders when a retail broker began placing more emphasis on these types of orders in its wholesaler evaluation criteria. At the same time, the wholesalers decreased the amount of price improvement they offered to large orders. This indicates the wholesalers might have switched to cross-subsidizing improved execution quality in odd-lot orders at the expense of larger orders. *See also* Thomas Ernst et al., *Would Order-By-Order Auctions Be Competitive?*, 80 J. Fin. 1879 (2025) (showing in an extension of their model that wholesalers incur losses when trading small, high-cost stocks, which they compensate with larger profits from trading large, low-cost stocks); and Dyhrberg et al. (2025) (showing that after accounting for inventory costs, wholesalers earn lower profits internalizing smaller stocks compared to S&P 500 stocks; indicating wholesalers may cross-subsidize less liquid stocks). Additionally, based on staff experience, the Commission understands that retail brokers may sometimes direct wholesalers how (e.g. in which symbols or order sizes) to focus their price improvement.

⁴⁰⁵ These cases would coincide with those trades where no meaningful price improvement is offered.

⁴⁰⁶ Retail brokers may first route retail non-marketable limit orders to wholesalers, who then may post their own representative limit order at the same price on an exchange and execute the retail limit order on a riskless principal basis if their representative order executes. *See* Amber Anand, et al., *Retail Limit Orders*, 30 Rev. Fin. 459 (2026). Wholesalers maintain connectivity with many exchanges and also have sophisticated SORs. Retail brokers often outsource their order handling to wholesalers, who bundle their market access services with their execution services.

⁴⁰⁷ *See* First TTR Roundtable Transcript, at 147 (Jeff Starr, Schwab) (stating that Schwab's retail limit orders execute 97% of the time when an execution occurs at the limit price or worse, and that this rate doesn't change if the limit order is a round-lot size or an odd-lot size). *See also infra*

c. Effects on Liquidity Provision

Rule 611 can impact how liquidity is supplied in a number of ways. Rule 611 can help prevent trade-throughs of round-lot sized quotes, which can help incentivize the posting of displayed limit orders, although its overall effects on displayed liquidity are likely limited. Rule 611 may also be one of the factors that contributes to the fragmentation of displayed liquidity, which helps HFTs engage in certain trading strategies, such as latency arbitrage, that may increase trading costs for other market participants. Additionally, Rule 611 may be one of the factors that affects how exchanges set their access fees.

Rule 611 appears to limit trade-throughs, although the magnitude of its effect is uncertain. An analysis by Commission staff compared the trade-through rate during normal market hours with the trade-through rate during the pre-market and after-hours sessions, when Rule 611 does not apply.⁴⁰⁸ This analysis found that trade-through rates increased slightly outside of normal trading hours. In a separate analysis discussed below,⁴⁰⁹ Commission staff examined the rate at which displayed, unprotected odd-lot quotes on exchanges were traded through. For high-priced stocks, these odd-lot quotes represent substantial notional liquidity yet can be traded-through without violating Rule 611.⁴¹⁰ This analysis

section VI.B.2.c for further discussions on the effects of Rule 611 on liquidity supply and the trade-through of limit orders.

⁴⁰⁸ *See* OAR Roundtable Analysis, *supra* note 121. The analysis found the average trade-through rates for corporate stocks and ETPs during regular trading hours were 0.3% and 0.1%, respectively, when a one-second look back was included (*see supra* section II.A.2., discussing the one second exception to Rule 611). The analysis found that the average trade-through rates increased slightly to 0.5% (corporate stocks) and 0.5% (ETPs) during the pre-market session and 0.4% (corporate stocks) and 0.6% (ETPs) during the after-hours session, when Rule 611 does not apply. However, one limitation of this analysis is that the comparison of trade-through rates in the regular market session to the pre-market and after-hours sessions may not shed light onto how trade-through rates would change if Rule 611 is rescinded. It is possible that some market participants and trading centers do not change their behavior and operate as if Rule 611 is still in effect during the pre-market and after-hours sessions. *See, e.g.*, First TTR Roundtable Transcript at 108 (Joe Mecane, Citadel) (discussing how his firm operates as if Rule 611 was in effect during the pre-market and after-hours sessions).

⁴⁰⁹ *See infra* section VI.C.1.c (discussing Commission staff analysis of trade-through rates of unprotected odd-lot quotes.)

⁴¹⁰ As high-priced stocks have become more common and represent a greater share of volume, the amount of order flow covered by Rule 611 has fallen. This is because odd-lot orders and hidden liquidity are particularly prevalent for high-priced stocks. *See* Robert P. Bartlett et al., *The Market Inside the Market: Odd-Lot Quotes*, 38 Rev. Fin. Stud. 661 (2025) (discussing displayed odd-lot

⁴⁰¹ *See id.*

⁴⁰² *See, e.g.*, Battalio & Jennings (2025) (showing that 16% of the marketable retail order trades wholesalers fully internalize (i.e., the order is filled completely from the wholesaler's inventory) do not receive price improvement); Lewis Letter at 46 (showing in December 2020 that Virtu executed 21% of the marketable retail orders it fully internalized without price improvement); and OCR Proposing Release at 192, Table 7 (showing that for marketable retail orders under \$200,000, wholesalers executed 10% of shares without price improvement and that they executed 18.6% of shares with less than 0.1 cents of price improvement).

⁴⁰³ *See infra* section VI.C.1.c.i, Table 7 and accompanying text. This analysis shows that, for off-exchange retail trade sizes between 5 and 40 shares in high-priced stocks, when odd-lot quotes with sufficient size to fill a retail trade are available at prices inside the NBBO, wholesalers trade-through these better priced odd-lot quotes between 15% to 17% of the time, with the trade-through rate declining as the trade size increases.

⁴⁰⁴ The method of cross-subsidization could vary both across stocks and types of orders or order

found higher trade-through rates for odd-lot quotes than other studies have found for round-lot quotes that were subject to trade-through protection, but also found that odd-lot trade-through rates decreased as the size of the transaction increased, suggesting that trade-through rates of unprotected round lots would be lower than the estimates in the analysis.⁴¹¹

To the extent Rule 611 prevents trade-throughs of exchanges' best round-lot sized bids and offers, it may potentially increase the execution probability of a displayed limit order of round-lot size, which in turn could increase the incentive for liquidity suppliers to display a limit order of round-lot size at or inside the NBBO. However, the Commission believes that this effect is likely to be limited. Market participants often display unprotected odd-lot orders inside the NBBO, indicating that order protection may not be a significant factor in the size of, or decision to display their order.⁴¹² Additionally, Commission staff analysis below shows that trade-through rates of unprotected quotes fall as trade size increases, indicating that Rule 611 may not significantly affect the trade-through rates of round-lot orders.⁴¹³ Therefore, while the results of these analyses suggest that Rule 611 may provide some protection for round-lot liquidity, its overall effect on liquidity provision and displayed liquidity may be limited (particularly given the increasing prevalence of odd-lot trading and unprotected odd-lot quotes inside the NBBO).⁴¹⁴

As discussed in detail below, Rule 611 may also be one of the factors

contributing to the fragmentation of displayed liquidity.⁴¹⁵ This fragmentation disperses displayed liquidity across numerous order books, increasing routing complexity and potentially thinning size at the inside, even if aggregate depth is ample. As discussed further below, Rule 611 also helps HFTs engage in certain trading strategies that lead to the "gaming" of displayed protected quotes and potentially increase trading costs for other market participants, such as by posting fleeting orders as protected quotes designed to attract the routing of marketable orders or engaging in certain latency arbitrage strategies.⁴¹⁶ This fragmentation has also created latency arbitrage opportunities for HFTs due to price differentials across trading venues combined with differences in latency between the SIPs and exchange direct feeds, which has contributed to the speed "arms race" discussed below.⁴¹⁷ However, exchanges have also innovated around protected quotes and developed speed bumps and specific order types to counteract the effects of faster traders' speed advantage.⁴¹⁸

Rule 611 also interacts with exchanges' incentives for setting access fees. Maker-taker exchanges⁴¹⁹ often calibrate rebates and access fees near the access fee cap,⁴²⁰ so that being at the inside (and therefore having a protected quote) becomes economically attractive for liquidity suppliers. However, exchanges have reasons other than Rule 611 to set their access fees near the cap. For example, half of SIP revenue is allocated to exchanges based on percentage of time they are quoting at the NBBO.⁴²¹

d. Other Effects

Rule 611 has a number of additional effects beyond its impact on order handling, execution, and liquidity provision. Rule 611 imposes cost

burdens on trading centers and broker-dealers, contributes to market complexity, and limits innovation in trading protocols.

Rule 611 imposes additional costs on trading centers and broker-dealers that operate SORs. Rule 611 requires trading centers to incur ongoing costs to maintain their policies and procedures and to surveil for trade-through violations. The Commission estimates that the current annual ongoing cost for each trading center of maintaining up-to-date policies and procedures related to Rule 611 is \$30,996.⁴²² Similarly, Rule 611 requires broker-dealers that operate SORs to incur ongoing costs to maintain logic to prevent trade-throughs or to utilize one of the exceptions to Rule 611. The Commission estimates that the current annual ongoing cost for each broker-dealer operating a SOR to maintain this logic is \$13,140.⁴²³

The requirements of Rule 611 and Rule 610(e) also make it more complicated and costly for trading centers and broker-dealers to routinely maintain and update the systems for their matching engines and SORs. For example, it might take staff longer to adjust routing algorithms for a new order type, because they may need to write additional code for how the order type will avoid trading through protected quotes on multiple venues. As discussed in further detail below, the Commission estimates that the annual cost of this additional maintenance is between \$319,000 and \$637,000 for each exchange, between \$159,000 and \$319,000 for each ATS, between \$16,000 and \$32,000 for each OTC market maker, and between \$16,000 and \$319,000 for broker-dealers that operate a SOR (broker-dealers that connect to more exchanges would have higher costs).⁴²⁴

Rule 611 contributes to the current level of market complexity. Rule 611 has led to the creation of additional order types and modifiers, such as ISO orders, to help manage compliance with Rule 611 order routing.⁴²⁵ This has increased the complexity of order routing and execution. Additionally, as discussed in detail below, Rule 611 is one of the factors that has contributed to the fragmentation of displayed liquidity, which also increases market complexity by making it more difficult to route orders and monitor the

liquidity on exchanges) and Robert Bartlett & Maureen O'Hara, *Navigating the Murky World of Hidden Liquidity* (Stanford L. & Econ. Olin Working Paper No. 594, Nov. 7, 2024), available at: <https://ssrn.com/abstract=4988855> (retrieved from SSRN Elsevier Database) (discussing hidden liquidity on exchanges).

⁴¹¹ See *infra* section VI.C.1.c.i. For trades of size 5 to 40 shares, the analysis finds trade-through rates of 1–4% for trades that occur on exchange, and 11–19% for trades off-exchange; the notional value of the trade-throughs—measured by the amount of dollar volume that executed outside the best quote—is 0.03–0.07 basis points for on-exchange trades, and 0.32–0.84 basis points for off-exchange trades. As trade size increases, the estimated trade-through statistics fall, suggesting that the effect of Rule 611 on round lots will be lower than these estimates. When extrapolating these results to round lots in the absence of Rule 611, the primary limitation is that round lots are both protected and set the NBBO; to the extent market participants do not want to trade-through the NBBO even in the absence of Rule 611, the trade-through rates of unprotected round lots will be lower than the rate estimated from unprotected odd-lots.

⁴¹² See Robert P. Bartlett et al., *The Market Inside the Market: Odd-Lot Quotes*, 38 Rev. Fin. Stud. 661 (2025).

⁴¹³ See *supra* note 411 and *infra* section VI.C.1.c.i.

⁴¹⁴ See Robert P. Bartlett et al., *supra* note 412.

⁴¹⁵ See *infra* section VI.B.4.g.

⁴¹⁶ See *infra* section VI.B.4.b. (discussing latency, HFTs and the speed "arms race"), section VI.B.4.g. (discussing the fragmentation of displayed liquidity), and section VI.B.3. (discussing latency arbitrage).

⁴¹⁷ See *infra* section VI.B.4.b.

⁴¹⁸ See *infra* section VI.C.4.b. See also First TTR Roundtable Transcript at 72–73 (Dave Lauer, Urvin Finance and We the Investors) (discussing fragmentation and latency arbitrage). See *infra* section VI.B.4.g. (discussing exchange innovation around protected quotes).

⁴¹⁹ The predominant exchange fee structure is maker-taker, in which an exchange charges a fee to liquidity takers and pays a rebate to liquidity providers, and the rebate is typically funded through the access fee. See *infra* section VI.B.3 (for details on the maker-taker fee structure).

⁴²⁰ Rule 610's access-fee cap limits what venues can charge for accessing the best displayed bid and offer on an exchange.

⁴²¹ See *infra* section VI.B.4.d.

⁴²² See *infra* note 577 and accompanying text.

⁴²³ See *infra* note 581 and accompanying text.

⁴²⁴ See *infra* section VI.C.3.a. for further discussions on these costs.

⁴²⁵ See *supra* section II.B.2.a. See also *infra* section VI.B.3 (discussing how Rule 610(e) has also led the creation of additional order types).

market.⁴²⁶ However, overall equity market complexity has been increasing for unrelated reasons as well, including changes in technology, other market structure rules, and economic incentives (such as SIP revenue allocations).

As discussed in detail below, Rule 611 is one of the factors that limits innovation in exchange and ATS trading protocols.⁴²⁷ It limits these venues to having trading protocols that execute at prices inside or at the protected quotes, unless they fall within one of the exceptions to Rule 611. However, other factors besides Rule 611 (e.g. fair access requirements and limitations on segmentation) may play a larger role in limiting exchange innovation.⁴²⁸

3. Economic Effects of Current Rule 610(e)

Current Rule 610(e) prevents markets that lock and cross the NBBO. Academic research into NBBO locked and crossed markets indicates that truly locked and crossed markets occur very seldom and when they do, they are corrected very quickly.⁴²⁹ Most instances of locked and crossed markets reported in SIP data are due to latency artifacts associated with the geographical distances between the various data centers and the SIP. The SIP must compile data from geographically separate data centers which, due to limitations on transmission speeds and varying geographical distances, arrive at the SIP with different latencies.⁴³⁰ Thus, a locked or crossed market posted by the SIP usually reflects stale information, and after correcting for this latency, truly locked or crossed markets are rare occurrences. This rarity of locked and crossed markets reflects the effectiveness of exchange protocols to prevent displaying orders that would lock or cross markets.

Staff analysis of locked and crossed markets confirms this finding. This analysis finds that for a sample of high-priced stocks, these stocks spend almost no time with locked or crossed markets. On average, a stock-day in our sample spends 0.3% of the trading day locked,

and 0.3% crossed.⁴³¹ Locked markets, however, are substantially more prevalent among stocks with tighter spreads, and markets that lock or cross odd-lot quotes inside the NBBO, which are not prohibited by 610(e), are also somewhat more common.⁴³²

Even without a rule prohibiting locked and crossed markets, locked and crossed markets should be rare because they create temporary profit opportunities that will be acted upon very quickly. For instance, if market prices move and a liquidity provider fails to update its quotes quickly enough, then this can result in a locked or crossed market. This situation sets off a race between opportunistic arbitrageurs—who see an opportunity for profit—and the liquidity provider, who will lose money if its stale quote is transacted against at a price that is disadvantageous to it. This race means that locked and crossed markets will likely disappear very quickly as both arbitrageurs and liquidity providers are on alert for such situations.

Accordingly, most locked and crossed markets that occur in the SIP data are the results of geographic latencies.⁴³³

Prohibiting locked or crossed markets has a number of baseline economic effects. First, it leads to wider spreads for some stocks. Prohibiting locked and crossed markets means that the narrowest spread that a stock can quote at is the minimum pricing increment. However, some stocks may have economic fundamentals justifying a narrower spread than the minimum pricing increment. In these cases, a stock could trade efficiently with a zero quoted spread due to the existence of rebates. In the predominant maker-taker system, liquidity demanders pay a fee which is then partially rebated to liquidity providers. Consequently, even in an environment where quoted spreads are zero, the liquidity provider will still earn the rebate. For stocks where this rebate is sufficient compensation for providing liquidity, a zero quoted spread could be the competitive outcome. However, by prohibiting locked markets, these stocks trade at a quoted spread equal to the minimum pricing increment, which increases transaction costs.

Another economic effect is that prohibiting locked and crossed markets adds to market complexity as market participants must manage orders sent and orders received to ensure that they

do not lock or cross markets. Trading centers have developed specialized order types to comply with the prohibition on locked and crossed markets.⁴³⁴ These order types add to market complexity and may provide an advantage to more sophisticated market participants, such as high tech algorithmic traders with expansive data and processing capacities, who are more capable of managing increased complexity.

Prohibiting locked and crossed markets may also help prevent some investor confusion.⁴³⁵ It is possible that some market participants, particularly those without direct data feeds to the exchanges, could be confused about the current state of the market if a stock is displaying locked or crossed quotations. Therefore, prohibiting locked and crossed markets could reduce the likelihood of confusion among these investors, which could result in better order routing by these market participants and lower transaction costs. However, there is significant uncertainty regarding the extent to which locked and crossed markets result in investor confusion.

The prohibition on locked and crossed markets also helps facilitate straightforward computation of various Rule 605 statistics that require referencing the NBBO. For example, in the presence of crossed markets, computing the percentage of trades receiving price improvement (relative to the NBBO) would be difficult. This is because crossed markets can indicate that markets are temporarily out of equilibrium. Prior to the prohibition on locked and crossed markets, the Commission posted FAQ guidance on how to handle such instances of locked and crossed markets.⁴³⁶ By prohibiting locked and crossed markets, Rule 605 statistics are easier to interpret.

4. Current Exchange Competition, Revenue, Market Data, and Connectivity Services

In the years since Rules 611 and 610(e) were adopted, the NMS stock market has seen a proliferation of new exchanges. Large executing broker-dealers have generally become active on

⁴³⁴ See *supra* section VI.B.1.b. (describing the functionality of some of these order types).

⁴³⁵ See, e.g., Second TTR Roundtable Transcript at 64 (Dmitry Bulkin, Bernstein) (“However, I would say that I can easily imagine a rising number of calls for retail brokers asking questions [in response to increased locked or crossed markets]. So it’s going to take time—take some effort on behalf of retail brokers to educate their clients.”) and at 65 (Mehmet Kinak, T. Rowe Price) (“I do think crossed markets could obviously lead to some investor confusion.”).

⁴³⁶ See Staff Legal Bull. No. 12R, *supra* note 310.

⁴²⁶ See *infra* section VI.B.4.g.

⁴²⁷ See *infra* section VI.B.4.g.

⁴²⁸ See *infra* section VI.B.5.a. (comparing rules for exchanges and ATSs).

⁴²⁹ See Robert H. Battalio et al., *Latency and the Look-Ahead Bias in Trade and Quote Data* (working paper Dec. 11, 2025), available at <https://ssrn.com/abstract=5907665> (retrieved from SSRN Elsevier Database). See also analysis in *infra* section VI.C.2.c.

⁴³⁰ See Phil Mackintosh, *Time is Relativity: What Physics Has to Say About Market Infrastructure*, Nasdaq (Mar. 20, 2026, 11:09AM), <https://www.nasdaq.com/articles/time-is-relativity-what-physics-has-to-say-about-market-infrastructure-2020-04-09>. See also *infra* section VI.B.4.b. (discussing the role of latency).

⁴³¹ A stock-day is the unique pair of a stock symbol and a date. For example, one observation in the sample is TSLA on October 1, 2025; a second observation is COST on October 2, etc.

⁴³² See analysis in *infra* section VI.C.2.c.

⁴³³ See *supra* note 450.

each new exchange as it comes online, often with significant cost. A number of market conditions may contribute to the proliferation of exchanges and fragmentation. These include the SIP revenue allocations, the market power that can come from offering significant liquidity, and the effects of Rule 611 and 610(e). Rules 610(e), and especially Rule 611, impact the transaction costs of different order routing strategies, which may incentivize broker-dealers to connect to more exchanges and submit orders even to small exchanges to which they are connected. Rules 611 and 610(e), along with other factors, may limit exchange innovation because they incentivize the adoption of certain exchange models.

a. Change in the Number and Ownership of Exchanges

The number of exchanges has more than doubled since the adoption of Regulation NMS. Exchange ownership structures have also changed over time, with three exchange families now operating twelve exchanges, as well as many independent exchanges. As the number of exchanges has increased, so has the fragmentation of displayed liquidity.⁴³⁷ Overall market fragmentation has also increased, as trading is now spread across more on- and off-exchange venues.

At the time of the adoption of Regulation NMS, there were eight exchanges and one national securities association that traded NMS stocks.⁴³⁸ Six of these exchanges are still present today. Two were absorbed during mergers, and the trading platform that was a national securities association has since become an exchange.⁴³⁹

Currently, there are 17 exchanges that trade NMS stocks and three that are approved but not yet operating.⁴⁴⁰ This

suggests there has been a significant incentive for new entrants since Regulation NMS was adopted. However, approximately half of the 10 new and currently operating exchanges were ATSS or ECNs at the time Reg NMS was adopted but became exchanges as a consequence of other incentives.⁴⁴¹ Nevertheless, it is possible that these ATSS converted to exchanges in response to new incentives created after Regulation NMS was adopted.

The fragmentation of displayed liquidity has increased as more exchanges have entered the market and the share of dollar volume traded is now spread across a greater number of exchanges. In the month of January 2026, just over 50% of total dollar volume was traded on exchanges.⁴⁴²

#2026—2 Nasdaq Announces BX Name Change to Nasdaq Texas, NasdaqTrader, (Feb. 12, 2026), <https://www.nasdaqtrader.com/TraderNews.aspx?id=DN2026-2>. CHX was acquired by NYSE's parent company in 2018 and later rebranded to NYSE Chicago and now NYSE Texas. See Jesse Pound, *The New York Stock Exchange is Launching an Exchange in Texas*, CNBC (Feb. 12, 2025, at 9:37 a.m. EST), <https://www.cnbc.com/2025/02/12/the-new-york-stock-exchange-is-launching-an-exchange-in-texas.html?msckid=13f443750938674a18ca56bd08b86613>. NSX was acquired by NYSE's parent company in 2017 and later rebranded to NYSE National. See Press Release, ICE Investors, NYSE Finalizes Acquisition of National Stock Exchange (Jan. 31, 2017), available at <https://ir.theice.com/press/news-details/2017/NYSE-Finalizes-Acquisition-of-National-Stock-Exchange/default.aspx>. Phlx was acquired by Nasdaq in 2007 and later renamed to Nasdaq PSX. See Press Release, Nasdaq Investor Relations, *NASDAQ to Acquire Philadelphia Stock Exchange* (Nov. 7, 2007), available at <https://www.nasdaq.com> (from main web page, navigate to investor relations page). PCX was acquired by NYSE in 2006 along with Arca. See *The History of NYSE*, NYSE, <https://www.nyse.com/history-of-nyse> (last visited Mar. 2, 2026). Cboe acquired BATS in 2016, yielding BYX, BZX, EDGA, and EDGX. See Press Release, CBOE Holdings Agrees to Acquire Bats Global Markets (Sept. 26, 2016), available at <https://ir.cboe.com/news/news-details/2016/CBOE-Holdings-Agrees-to-Acquire-Bats-Global-Markets-09-26-2016/default.aspx>. BATS had previously acquired Direct Edge in 2013. See Michael J. De La Merced & Nathaniel Popper, *BATS and Direct Edge to Merge, Taking on Older Rivals*, N.Y. Times (Aug. 26, 2013) (retrieved from Factiva database).

⁴⁴¹ The five exchanges are NYSE Arca, Cboe BYX, Cboe BZX, Cboe EDGA, and Cboe EDGX. Archipelago was an ECN, which later became NYSE Arca. See Adam Hayes, *Archipelago: What It Is, How It Works*, Investopedia (Oct. 17, 2022), <https://www.investopedia.com/terms/a/archipelago.asp>. BATS was an ATS, which later became BYX and BZX. See Will Kenton, *BATS Global Markets: Definition, History, and Cboe Acquisition*, Investopedia, (Nov. 16, 2025), <https://www.investopedia.com/terms/b/better-alternative-trading-system-bats.asp>. Direct Edge was an ECN, which later became EDGA and EDGX. See Phil Wahba, *Direct Edge Set to Become 4th U.S. Stock Exchange*, Reuters (Mar. 12, 2010), <https://www.interactivebrokers.ca/en/general/education/directedgeExchange.php>.

⁴⁴² January 2026 is chosen as a recent month for consistency with analysis conducted using CAT. The market share is consistent with other recent months. See *U.S. Equities Market Volume*

The three exchanges with the largest dollar volume represent over 30% of all dollar volume.⁴⁴³ Of the remaining 14 exchanges, 10 have a market share of less than 1%. At the time of adoption of Reg NMS, one exchange had a market share of approximately 80% in NYSE-listed stocks.⁴⁴⁴

Another source of the increased market fragmentation is the fact that approximately half of total dollar volume is now executed off exchange.⁴⁴⁵ There are currently 33 ATSS trading NMS stocks,⁴⁴⁶ and in the month of January 2026, the three ATSS with the largest trade counts represented over 40% of ATS trade count.⁴⁴⁷ Of the remaining ATSS, 4 had a share above 5% of ATS trade count, and 17 had a share below 1%.

b. The Role of Latency

The speed at which a market participant can react to and take action on a trading center in response to changes in the state of the market is important in today's NMS stock market, and this importance has increased dramatically since Regulation NMS was first adopted. This increase in speed was facilitated in part by greater automation in NMS stock trading. Now, latency is measured in single-digit microseconds, and sometimes even in units of hundreds of nanoseconds. These developments have influenced market structure in significant ways, affecting both exchange products and market participant routing strategies.

If one's competitors can observe and react to information first, this can be costly.⁴⁴⁸ For example, market

Summary, Cboe, https://www.cboe.com/us/equities/market_share/ (last visited Apr. 16, 2026).

⁴⁴³ See *U.S. Equities Market Volume Summary*, supra note 442.

⁴⁴⁴ See EMSAC Market Structure Memo at 11.

⁴⁴⁵ See 2026 Data Update of the 2015 EMSAC Market Structure Memo, supra note 39, at Table 4.

⁴⁴⁶ See Form ATS-N Filings and Information, SEC, available at <https://www.sec.gov/about/divisions-offices/division-trading-markets/alternative-trading-systems/form-ats-n-filings-information> (last accessed Apr. 28, 2026).

⁴⁴⁷ See *10k+ Share Report*, FINRA <https://otctransparency.finra.org/otctransparency/AtsIssueData> (last visited Mar. 13, 2026).

⁴⁴⁸ There is academic literature on the effect of trading speed on revenue, adverse selection, and liquidity. See, e.g., Matthew Baron et al., *Risk and Return in High-Frequency Trading*, 54 J. Fin. & Quantitative Analysis 993 (2019) (showing that relative latency matters and that "HFT firms exhibit large, persistent cross-sectional differences in performance, with trading revenues disproportionately accumulating to a few firms"). Furthermore, when HFT firms use their relative latency advantages to trade on news to create short term arbitrage opportunities, they generate adverse selection on slower traders. See Bruno Biais et al., *Equilibrium Fast Trading*, 116 J. Fin. Econ. 292 (2015) (arguing that fast trading technology

Continued

⁴³⁷ See *infra* section VI.B.4.g. (describing fragmentation of displayed liquidity and market fragmentation).

⁴³⁸ See NMS Adopting Release at 37576 at n. 730. The eight exchanges were Amex, BSE, CBOE, CHX, NSX, NYSE, Phlx, and PCX, and the national securities association was NASD.

⁴³⁹ See *infra* note 440. The two exchanges that were absorbed during mergers are PCX and CBOE. PCX merged with NYSE and Arca, while CBOE's parent company still exists and currently operates four exchanges after mergers with BATS and Direct Edge: BYX, BZX, EDGA, EDGX.

⁴⁴⁰ See *supra* note 36. Ownership has changed since the adoption of Regulation NMS. Amex was acquired by NYSE (Euronext) in 2008 and later rebranded to NYSE American. See James Chen, *American Stock Exchange History: From AMEX to NYSE American*, Investopedia (Sept. 11, 2025), <https://www.investopedia.com/terms/a/amex.asp>. BSE was acquired by Nasdaq in 2007 and later rebranded to Nasdaq BX and now Nasdaq Texas. See *Boston Stock Exchange*, Nasdaq, <https://www.nasdaq.com/glossary/b/boston-stock-exchange> (last accessed Mar. 24, 2026) and *Data News*

participants may use market data to anticipate price movements and place limit orders in advance to benefit from such movements. If other market participants do the same, those who react faster will be able to place their quotes on the book first. This results in these earlier quotes being first in the limit order book queue, as most exchange limit order books in the US equity markets are based on a price-displayed-time priority model (*i.e.*, displayed limit orders at the same price are queued in order of time priority).⁴⁴⁹ Being last in these queues can expose a limit order to greater risk of adverse selection, making this position undesirable. The only fix for a market participant who consistently loses such races would be to respond more quickly, so that its orders to the exchange matching engine faster than other market participants. The incentives created by these costs of losing such races and the resulting behavior undertaken by market participants to improve their response times are sometimes referred to as the speed “arms race.”

To mitigate the risk of losing speed races, market participants must manage the latency in their systems’ responses to market events. Latency can be introduced through the processing time of a market participant’s system, or the transmission time between systems, especially between exchange matching engines and the participant’s SOR systems. The main source of transmission latency in the NMS stock market is the geographically diverse locations of the various equity exchanges. Equity exchanges are located at three data centers in Mahwah, Carteret, and Secaucus, New Jersey.⁴⁵⁰

“provides advance access to value-relevant information, which creates adverse selection, lowering welfare,” and “generates a negative externality”); Thierry Foucault et al., *Toxic Arbitrage*, 30 Rev. Fin. Stud. 1053 (2017) (providing evidence that “[a]rbitrage opportunities due to asynchronicities in the adjustment of prices to news are toxic because they expose dealers to the risk of trading with arbitrageurs at stale quotes”). The authors then claim that these arbitrage opportunities associated with higher trading speed impair market liquidity.

⁴⁴⁹ Displayed limit orders have priority over hidden limit orders (*i.e.*, limit orders that are not displayed to other market participants) at the same price.

⁴⁵⁰ See Market Data Infrastructure Adopting Release, at section V.B.2.b. This geographic diversity in data centers is understood by the Commission to be the most significant source of latency for market participants. See also Phil Mackintosh, *How Trades Speed Between Venues*, Nasdaq (May 23, 2024, at 5:40 p.m. EDT), <https://www.nasdaq.com> (from main web page, navigate to Market Makers Newsletter page) describing geographic latency with fiber transmission to be on the order of 143–304 microseconds. These various forms of latency have the effect of generating

c. Exchange and SIP Products

Exchanges charge for access to the liquidity on their limit order books via fees for connections and colocation, as well as per-transaction access fees. In addition, exchanges offer proprietary data products that provide a real-time view of activity on the exchange. The SIP also offers real-time market data, and is utilized by most market participants, but competitive broker-dealers may find that SIP data are generally not substitutable for the exchanges’ proprietary data products when it comes to order execution.

To trade on an exchange or receive market data from an exchange, a market participant must arrange for connections to the exchange’s system. As a practical matter, these connections are established in several parts, including the physical connection, logical connection and other colocation services, each of which may incur separate charges. Exchanges offer a variety of types of physical connections to cater to subscribers’ varying requirements for latency and bandwidth.⁴⁵¹ Exchanges also offer different types of logical connections, which may differ in purpose, such as order entry⁴⁵² or market data.⁴⁵³ If an exchange offers colocation services, these might include cabinet space and

discrepancies in beliefs about the state of the market among various market participants at a single instant in time. See Market Data Infrastructure Adopting Release, section V.B.2.f., discussing the nature and causes of these discrepancies and current market practice for dealing with them.

⁴⁵¹ For example, MIAx Pearl Equities exchange offers 1 Gb ultra-low latency (ULL) and 10 Gb ULL physical connections. It recommends a 10 Gb connection if consuming its proprietary TOB or DOB data. See, e.g., MIAx, Express Network Interconnect Connectivity Guide (2024), https://www.miaxglobal.com/miax_connectivity_guide.pdf. Nasdaq offers their proprietary TotalView DOB feed with an option for hardware-based delivery on a field-programmable gate array (FPGA) for latency-sensitive market participants. See, e.g., Nasdaq, *Nasdaq TotalView-ITCH 5.0*, <https://www.nasdaqtrader.com/content/technicalsupport/specifications/dataproducts/NQTVITCHspecification.pdf> (last visited Jan. 28, 2026).

⁴⁵² See, e.g., Nasdaq, Protocol Quick Reference (2025), available at https://www.nasdaqtrader.com/content/ProductsServices/TRADING/Protocols_quickref.pdf. Drop copy ports are used by market participants for real-time monitoring of their trading activity. See, e.g., CME Group, FAQ: Drop Copy (2025), available at <https://www.cmegroup.com/solutions/market-access/globex/trade-on-globex/fq-drop-copy.html#title-one> (last accessed Jan. 16, 2026).

⁴⁵³ See, e.g., Cboe, Cboe Titanium US Equities/Options Multicast Depth of Book (PITCH) Specification, Version 2.41.65 (2026) https://cdn.cboe.com/resources/membership/US_EQUITIES_OPTIONS_MULTICAST_PITCH_SPECIFICATION.pdf (last accessed Jan. 28, 2026); Nasdaq TotalView-ITCH 5.0, *supra* note 451.

other hardware.⁴⁵⁴ Some exchange members with a direct connection to an exchange may also offer direct market access or sponsored market access to another market participant.⁴⁵⁵ Market participants may also hire third parties to manage their connections.⁴⁵⁶

Modern order routing strategies require a low-latency view of the state of the market across all exchanges so that updates are received as quickly as possible in response to new market events.⁴⁵⁷ This need is especially acute for exchanges where a market participant expects to trade frequently. To meet this requirement, exchanges sell a variety of real-time proprietary market data feeds. These feeds differ in their content and latency, and therefore in their use cases. The data in top-of-book (“TOB”) products is generally limited to the highest bid and lowest offer and last sale price.⁴⁵⁸ The data in depth-of-book (“DOB”) products provide more content, such as odd-lot quotations, orders at prices above and below the best prices to varying levels of depth, and information about auctions.⁴⁵⁹ There are also third-party vendors that provide market data

⁴⁵⁴ See Nasdaq Rule General 8 <https://listingcenter.nasdaq.com/rulebook/nasdaq/rules/Nasdaq%20General%208>.

⁴⁵⁵ Generally, direct market access refers to an arrangement whereby a member permits a customer to use the member’s trading systems to send orders directly to a trading center, and sponsored access refers to an arrangement whereby a member permits a customer to send orders directly to an exchange while bypassing the member’s trading system. See Securities Exchange Act Release No. 63241 (Nov. 3, 2010), 75 FR 69792 at 69793 (Nov. 15, 2010) (“Rule 15c3–5 Adopting Release”) at 69793.

⁴⁵⁶ Co-location services may be offered by third parties at third party data centers. These third parties may effectively host the market participant and handle connections, including ports and cross-connects in colocation. See, e.g., Cboe, Cboe Titanium U.S. Equities/Options Connectivity Manual Version 10.4.26 (2026), at 3 (describing ways to connect), 39 (listing extranet providers) https://cdn.cboe.com/resources/membership/US_Equities_Options_Connectivity_Manual.pdf.

⁴⁵⁷ See *supra* section VI.B.4.b (describing the need for low latency data).

⁴⁵⁸ Examples of proprietary TOB products include NYSE BBO (see <https://www.nyse.com/market-data/real-time/bbo>), NASDAQ Basic (see <https://www.nasdaq.com/solutions/data/equities/nasdaq-basic>), and Cboe One Feed (see https://markets.cboe.com/us/equities/market_data_services/cboe_one/).

⁴⁵⁹ Examples of proprietary DOB products include CBOE One Premium (see https://www.cboe.com/market_data_services/us/equities/cboe_one/), which includes five levels of aggregated depth, NYSE Integrated (see <https://www.nyse.com/data-products/catalog/integrated-feed>), Nasdaq Total View (see <https://www.nasdaq.com/solutions/data/equities/nasdaq-totalview>), and CBOE Depth (see https://www.cboe.com/market_data_services/us/equities/) which include complete depth of book.

derived from exchange data feeds which may be consolidated.⁴⁶⁰

Sophisticated market participants consider DOB data necessary for competitive order routing strategies.⁴⁶¹ The added information and potential latency advantages of such data may create a meaningful improvement in the performance of order routing algorithms that are able to use this sort of view of the market.

The cost of proprietary DOB data and connectivity can vary by exchange and can sometimes be substantial. For example, the monthly non-display fee charged by one exchange for its proprietary DOB data is \$22,400.⁴⁶² Another exchange charges a monthly non-display fee of \$2,000 for its proprietary DOB data.⁴⁶³ The monthly non-display fees are just one component of most exchanges' market data fee schedule, and do not include the fees for connectivity. Connectivity fees can also be quite substantial. For example, the monthly fee charged by one exchange for a 10 Gb connection is \$18,500.⁴⁶⁴

⁴⁶⁰ See, e.g., *The World's Top Vendors Provide Cboe Market Data*, Cboe, https://www.cboe.com/market_data_services/vendors/ (last visited Jan. 29, 2026) and *Market Data Vendors*, Nasdaq, <https://www.nasdaq.com> (subpage <https://data.nasdaq.com/market-data-vendors/>) (last visited Jan. 29, 2026). Note that market participants still pay the associated market data fees to the exchanges.

⁴⁶¹ See, e.g., *Market Data Infrastructure Adopting Release*, section V.B.2.c.

⁴⁶² See NYSE, *NYSE Proprietary Market Data Pricing Guide* (2025), available at https://www.nyse.com/publicdocs/nyse/data/NYSE_Market_Data_Pricing.pdf.

⁴⁶³ See Cboe, *Cboe U.S. Equities Fee Schedules*, EDGX Equities (2026) https://www.cboe.com/us/equities/membership/fee_schedule/edgx/. Currently, only one exchange, NYSE Texas makes proprietary data available but does not charge for it. See, e.g., *Fee Schedule of NYSE Texas, Inc.* (2026), available at https://www.nyse.com/publicdocs/nyse/markets/nyse-texas/NYSE_Texas_Fee_Schedule.pdf.

⁴⁶⁴ Some exchange connectivity fees have an initial fee and an ongoing monthly fee. The initial cost of a fiber connection at Nasdaq is \$1,650 for a ULL connection or \$1,100 for a regular connection and the monthly ongoing cost for a 10 Gb ULL connection is \$18,500. See Nasdaq Rule General 8, *supra* note 454. The initial cost of a dedicated cabinet at NYSE is \$5,000 and a monthly fee of \$1,200 would be charged per the first 8 kilowatts (kW). See NYSE, *Connectivity Fee Schedule* (2026), available at https://www.nyse.com/publicdocs/nyse/Wireless_Connectivity_Fees_and_Charges.pdf.

The Commission estimates that the total annual cost to purchase DOB market data from all exchanges is about \$1.6 million.⁴⁶⁵ The Commission estimates that the total annual cost to purchase a connection to all exchanges is about \$2.6 million.⁴⁶⁶ It is the Commission's understanding that broker-dealers that connect to all (or almost all) exchanges would likely have two use cases for proprietary data feeds and thus would pay data fees for each use case. Thus, we estimate that a broker-dealer that connects to all exchanges spends approximately \$5.7 million on market data and connectivity fees per year.⁴⁶⁷

Another source of real-time market data is the SIP, which sells market data that contains the top of book of each exchange, and last sale information, as well as administrative and market status messages. The Commission understands that most market participants who execute orders purchase a non-display subscription to the SIP. The SIP's administrative and market status messages are important to market

⁴⁶⁵ In 2019, IEX estimated that consuming market data from the Nasdaq, NYSE, and Cboe exchange families costs approximately \$1,151,772 per year. See Letter from Brad Katsuyama, CEO, Investors Exchange LLC, to Brent J. Fields, Secretary, Commission (Jan. 29, 2019) ("Letter from IEX 2019"). We updated this analysis. First, we added the yearly market data fees of \$255,480 charged by the exchanges that have entered since 2019: IEX, MEMX, MIAx Pearl, LTSE, and 24X. Second, since 2019, the Nasdaq, NYSE, and Cboe exchange families have had some fee increases. We estimate the cost of consuming market data from the Nasdaq, NYSE, and Cboe exchange families is approximately \$1,333,248 per year. Thus, $(\$255,480) + (\$1,333,248) = \$1,588,728$.

⁴⁶⁶ In 2019, IEX estimated that purchasing physical and logical connections from the Nasdaq, NYSE, and Cboe exchange families' costs approximately \$1,230,000 per year. See Letter from IEX 2019. We updated this analysis. First, we added the yearly connectivity fees of \$1,025,400 charged by the exchanges that have entered since 2019, IEX, MEMX, MIAx Pearl, LTSE, and 24X. Second, since 2019, the Nasdaq, NYSE, and Cboe exchange families have had some fee increases. We estimate the cost of purchasing connectivity to the Nasdaq, NYSE, and Cboe exchange families is approximately \$1,546,944 per year. Thus, $(\$1,025,400) + (\$1,546,944) = \$2,572,344$.

⁴⁶⁷ See *supra* notes 465 and 466. The total cost is thus $(\text{cost of market data} \times 2) + (\text{cost of connectivity})$. For the new exchanges, we have $(\$255,480 \times 2) + (\$1,025,400) = \$1,536,360$. For the existing exchanges, we have $(\$1,333,248 \times 2) + (\$1,546,944) = \$4,213,440$. Thus, $(\$1,536,360) + (\$4,213,440) = \$5,749,800$.

participants, and the SIP can also serve as a backup in the event that a market participant's exchange proprietary feed goes down. The SIP might also serve as a sufficient view of the activity on small exchanges where a market participant does not expect to trade frequently.

However, the Commission understands that sophisticated market participants typically do not regard the SIP as a substitute for purchasing DOB data from the vast majority of exchanges. The lack of odd-lot, depth and auction information may make the SIP insufficient for the needs of sophisticated order routing strategies.⁴⁶⁸ In addition, proprietary DOB feeds generally have significantly lower latency (*i.e.*, are faster) than the SIP.⁴⁶⁹

The SIP is less expensive than purchasing proprietary market data from all exchanges by a substantial amount. For example, the monthly non-display fee for data charged by the CTA/CQ SIP, is \$2,000 for Network A and \$1,000 for Network B.⁴⁷⁰

In the fourth quarter of 2025, there were approximately 4–6 million non-professional subscribers and 300,000 professional subscribers across the UTP and CTA/CQ SIPs.⁴⁷¹ There were also approximately 400 non-display vendors.

⁴⁶⁸ See, e.g., *Market Data Infrastructure Adopting Release*, section V.B.2.c.

⁴⁶⁹ See, e.g., *Real Time Data*, NYSE, <https://www.nyse.com/market-data/real-time> (last visited Jan. 22, 2026) (describing order-by-order feed, NYSE Integrated, as a "high-performance" product). Consolidated market data feeds sold by market data aggregators also tend to be lower latency than the SIP. This is due to both faster aggregation times and the unique geographic latency profile of SIP data. See Equity Market Structure Roundtables, Oct. 25–26, 2018: Roundtable on Market Data and Market Access, SEC, available at <https://www.sec.gov/spotlight/equity-market-structure-roundtables> ("Market Data Roundtable"), Day One Transcript at 126–29 (Mark Skalabrin, Redline Trading Solutions).

⁴⁷⁰ See CTA Plan, *Schedule of Market Data Charges* (Jan. 1, 2015), available at <https://www.ctaplan.com/publicdocs/ctaplan/notifications/trader-update/Schedule%20Of%20Market%20Data%20Charges%20-%20January%201,%202015.pdf>.

⁴⁷¹ See UTP Q4 2025, available at https://www.utplan.com/DOC/UTP_2025_Q4_Stats_with_Processor_Stats.pdf; CTA Q4 2025, available at https://www.ctaplan.com/publicdocs/ctaplan/Q4_2025_CTA_Subscribers_Metrics_Report.pdf. It is the Commission's understanding that there is an overlap in subscribers across the exclusive SIPs.

Market participants have estimated the total costs to onboard a new exchange at \$1 million on the execution side and \$500,000 on the clearing side.⁴⁷² Additionally, market participants have estimated the ongoing maintenance costs to be about \$200,000 a year.⁴⁷³ The Commission estimated that the total annual cost to connect to and intake market data from all exchanges is approximately \$5.7 million per broker-dealer.⁴⁷⁴ The cost to connect to an exchange may be lower for some market participants if they utilize a third-party vendor, but the cost to intake market data from an exchange may not necessarily be lower if they utilize a third-party vendor because the structure of fees is such that the original market data fees are passed through.⁴⁷⁵ The cost to connect to and intake market data from an exchange may also be higher for other market participants if they utilize co-location services offered by the exchanges, or if they require more connections or market data use cases than estimated.

Some market participants who are not particularly sensitive to latency, such as retail or non-professional investors and wealth managers who access market data in a displayed format, may use proprietary TOB data or the SIP.⁴⁷⁶ To satisfy obligations under Rule 603 (*i.e.*, the “Vendor Display Rule”), which requires broker-dealers to show a consolidated display of market data in a context in which a trading or order routing decision can be made, broker-dealers rely on SIP data for this purpose.⁴⁷⁷ Many retail investors use SIP data for trading decisions.

d. SIP Revenue Allocation

Currently, part of the SIP data revenue is used to pay for the cost of maintenance and administration of the SIP and the remainder is distributed to SRO members based on trading and

quoting activity.⁴⁷⁸ The trade and quote revenue distributed to exchanges from the exclusive SIP revenues totaled more than \$300 million in 2024.⁴⁷⁹ For some smaller exchanges, this can be a substantial revenue source.⁴⁸⁰ Obtaining a share of the SIP revenue may represent a meaningful incentive for new entrants to start an exchange.⁴⁸¹ This incentive may contribute both to the rate of new entries in the equity exchange market and to new exchanges adopting fee schedules that encourage posting liquidity.

e. The Value of Access To Exchange Liquidity

Despite the large and increasing number of exchanges for trading NMS stocks, the Commission believes there are signs that exchanges, especially large ones, possess some market power over their data and connectivity products. It is likely that this ability to obtain revenue from proprietary data and connectivity sales, even with modest market share, has contributed to exchange proliferation since the adoption of Regulation NMS.⁴⁸²

Many broker-dealers view proprietary data and connectivity services as necessary to be a competitive executing broker-dealer. As a result, they purchase these services from many, if not all, exchanges. This pattern of establishing connections to most exchanges has increased over time. The Commission has released data from a sample period consisting of the week of December 5, 2016. During that week, broker-dealers that connected to at least all but two exchanges accounted for 76.6% of exchange-directed message volume, and broker-dealers that connected to at least

all but three exchanges accounted for 91.6%.⁴⁸³ At that time, the Commission characterized the demand for connectivity services of exchanges as “less elastic,” and said this was consistent “. . . with the stated view that in order to avoid a competitive disadvantage, market participants have little choice but to purchase direct connectivity services from multiple SROs.”⁴⁸⁴

Currently, the percentage of exchange-directed message volume accounted for by broker-dealers who connected to at least all but two exchanges is 66%, and the percentage of exchange-directed message volume accounted for by broker-dealers connected to at least all but three exchanges is 93.4%.⁴⁸⁵ However, today’s numbers are based on the current number of active exchanges, which stands at 17. At the time of the 2016 study, there were only 13 exchanges. To hold the number of exchanges constant, one should look at the percentage of exchange-directed message volume handled by broker-dealers connected to at least 11 exchanges and at least 10 exchanges. Currently, those percentages are 95.1% and 95.4%, respectively.⁴⁸⁶

Executed dollar volume is a better measure than message volume because message volume includes cancellation and other messages.⁴⁸⁷ The percentage of exchange-directed executed dollar volume from broker-dealers connected to at least all but two exchanges is 78.4%, and the percentage of exchange-directed executed dollar volume handled by broker-dealers connected to at least all but three exchanges is 92.3%.⁴⁸⁸ Holding the number of exchanges constant since 2016, the percentage of exchange-directed executed dollar volume handled by

⁴⁷⁸ See Notice of Filing of a National Market System Plan Regarding Consolidated Equity Market Data, Securities Exchange Act Release No. 90096 (Oct. 6, 2020), 85 FR 64565 (Oct. 13, 2020) at Exhibit D.

⁴⁷⁹ See CTA 2024–Q4, available at https://www.ctaplan.com/publicdocs/ctaplan/Q4_2024_CTA_Quarterly_Revenue_Disclosure.pdf; UTP Plan Admin., Revenue Earned by Fee Type, 2024–Q4, available at https://www.utpplan.com/DOC/UTP_Revenue_Disclosure_Q42024.pdf (last accessed Mar. 12, 2026).

⁴⁸⁰ For example, SIP revenue accounted for close to 60% of LTSE’s total revenue in 2024. See LTSE Form 1, available at <https://www.sec.gov/Archives/edgar/vprr/2500/25000224.pdf> (last accessed Mar. 3, 2026). On the other hand, SIP revenue only accounted for just over 3% of MEMX’s total revenue in 2024. Market data and connectivity accounted for about 4% and 5%, respectively. Note that the vast majority of the market data revenue is from SIP revenue. See MEMX Form 1, available at <https://www.sec.gov/Archives/edgar/vprr/2500/25000228.pdf> (last accessed Mar. 3, 2026). See also CTA Quarterly Revenue Disclosure and UTP Quarterly Revenue Disclosure, *supra* note 479.

⁴⁸¹ See, e.g., Choe Letter II at 3.

⁴⁸² See *infra* section VI.B.4.f (discussing the role of Regulation NMS itself in this trend).

⁴⁸³ See Market Data Infrastructure Adopting Release, at 18740, n.1794.

⁴⁸⁴ See Market Data Infrastructure Adopting Release at 18740.

⁴⁸⁵ This analysis was completed using CAT data for the month of January 2026. A broker-dealer is defined by its firm Central Registration Depository numeric identifier (CRD). A broker-dealer that submits the order to the exchange is the executing broker-dealer. An executing connection is where a broker-dealer submitted an order directly to an exchange. The number of connections may be larger to the extent that there are market participants with a connection that do not have any orders or trades during the sample period. Certain CRDs may be affiliates.

⁴⁸⁶ This analysis was completed using CAT data for the month of January 2026.

⁴⁸⁷ Cancellation messages may be a substantial proportion of total message volume. See Market Structure Data Downloads, Conditional Cancel and Trade Distributions, available at <https://www.sec.gov/data-research/market-structure-data>.

⁴⁸⁸ This analysis was completed using CAT data for the month of January 2026.

⁴⁷² See First TTR Roundtable Transcript at 68–69 (Pankil Patel, Bank of America) (This market participant said these costs include “third party sourcing, procurement, technology, testing, hardware, CAD integration, [and] billing”).

⁴⁷³ See First TTR Roundtable Transcript at 68–69 (Pankil Patel, Bank of America).

⁴⁷⁴ See *supra* note 467. See also FIA PTG Paper at 1 (stating that “major firms [spend] millions annually just on market data and connectivity fees”).

⁴⁷⁵ See also First TTR Roundtable Transcript at 158 (Allison Bishop, Proof Trading).

⁴⁷⁶ See Letter from Matthew J. Billings, Managing Director, Market Data Strategy, TD Ameritrade, (Oct. 24, 2018) (“TD Ameritrade Letter 2018”), available at <https://www.sec.gov/comments/4-729/4729-456068-176205.pdf> at 5–8.

⁴⁷⁷ See Vendor Display Rule, Rule 603 of Regulation NMS. See also TD Ameritrade Letter 2018 at 4–8.

broker-dealers connected to at least 11 exchanges is 95.6%.⁴⁸⁹

This appears to reflect a trend in which the vast bulk of activity in the NMS stock market is handled by broker-

dealers who determine it is necessary to connect to most if not all equity exchanges, suggesting that the competitive pressure on broker-dealers

to connect to most exchanges, as identified by the Commission in 2020, remains persistent, and may be increasing.

TABLE 1—EXECUTING DOLLAR VOLUME BY NUMBER OF BROKER CONNECTIONS TO EXCHANGES

Number of exchange connections	All			Customer only		
	Number of brokers	% Shares traded	% Dollar volume	Number of brokers	% Shares traded	% Dollar volume
17	18	65.6	59.3	17	68	62.7
16	5	10.7	13	5	13	19.1
15	6	5.6	6	3	7.2	8.6
14	7	9.1	13.9	2	0.7	1.4
11–13	8	3.8	3.4	8	6.8	5.9
3 to 10	57	4.2	2.7	41	3.6	2
2	28	0.3	0.2	25	0.5	0.1
1	84	0.6	1.5	72	0.2	0.2
0	858	0	0	822	0	0

This table uses CAT data from January 2026 to show information on the number of exchanges different broker-dealers connect to (*infra* Table 3 shows information on the number of ATSs these broker-dealers connect to). It also shows the percentages of exchange executed dollar and share volume that these broker-dealers accounted for. The “All” category reflects exchange trading volume from orders that originate from either a customer or proprietary account and the “Customer Only” category only reflects exchange trading volume from orders that originate from a customer account. The sample for the “All” category consists of 1,071 broker-dealers that either originated or executed an order from a proprietary or customer account on an exchange or ATS in January 2026 (both exchanges and ATSs are included in constructing the sample of broker-dealers to make this table and *infra* Table 3 comparable). The sample for the “Customer Only” category consists of 995 broker-dealers that either originated or executed an order from a customer account on an exchange or ATS in January 2026.

Broker-dealers are categorized by the number of executing connections found. A broker-dealer is defined by its firm Central Registration Depository numeric identifier (“CRD”). An executing connection is where a broker-dealer submitted an order directly to an exchange. The number of connections may be understated if some market participants maintain connections but do not have any orders or trades during the sample period. The potential for undercounting connections may be larger on exchanges with lower volume.

Originating broker-dealer clients are categorized as customer accounts (individual, institutional, foreign, or agency average price accounts) or proprietary accounts (market making, employee, error, or other proprietary accounts). The category “All” reflects orders originating from all account types, whereas “Customer Only” reflects orders from customer accounts only.

For the “All” sample, in January 2026, 213 broker-dealer CRDs submitted an order to an exchange, 186 submitted an order to an ATS, and 277 submitted an order to either an exchange or an ATS. Each order is traced to its origin where an originating broker-dealer received the order from a client. 1,041 broker-dealer CRDs originated an order that went to an exchange, 1,031 originated an order that went to an ATS, and 1,060 originated an order that went to either an exchange or an ATS. The originating broker-dealer may be the same or different from the executing broker-dealer. The executing broker-dealer submits the order to the exchange or ATS. 1,050 broker-dealer CRDs either originated or executed an order that went to an exchange, 1,037 broker-dealer CRDs either originated or executed an order that went to an ATS, and 1,071 broker-dealer CRDs either originated or executed an order that went to an exchange or ATS.

For the “Customer Only” sample, in January 2026, 173 broker-dealers submitted a customer order to an exchange, 151 submitted a customer order to an ATS, and 229 submitted a customer order to an exchange or ATS; 959 broker-dealer CRDs originated a customer order that went to an exchange, 957 originated a customer order to an ATS, and 978 originated a customer order to either an exchange or an ATS. In total, 974 broker-dealers either originated or executed a customer order that went to an exchange, 967 broker-dealers either originated or executed a customer order that went to an ATS, and 995 broker-dealers either originated or executed a customer order that went to an exchange or ATS.

TABLE 2—EXECUTING VOLUME BY NUMBER OF BROKER CONNECTIONS AND MEMBERSHIPS TO EXCHANGES

Number of exchange memberships	Number of exchange connections	All			Customer		
		Number of brokers	% Shares traded	% Dollar volume	Number of brokers	% Shares traded	% Dollar volume
17	17	18	65.6	59.3	17	68	62.7
17	15 or 16	5	10.7	12.9	5	13	18.9
15 or 16	15 or 16	6	5.6	6.1	3	7.2	8.7
14 to 16	14 or fewer	11	11.6	16.4	7	2.9	4.8
1 to 13	1 to 13	173	6.5	5.2	141	8.9	4.9
1 or more	0	136	0	0	176	0	0
0	0	746	0	0	716	0	0

This table uses CAT data from January 2026 to show information on the number of exchanges different broker-dealers are members of and how many of these exchanges they connect to. It also shows the percentages of exchange executed dollar and share volume that these broker-dealers accounted for. The “All” category reflects exchange trading volume from orders that originate from either a customer or proprietary account and the “Customer Only” category only reflects exchange trading volume from orders that originate from a customer account. The sample for the “All” category consists of 1,095 broker-dealers that were members of an exchange and/or originated or executed an order from a proprietary or customer account on an exchange or ATS in January 2026 (*i.e.*, it includes the 1,071 broker-dealers in the sample in *supra* Table 1 plus 24 broker-dealers that are members of an exchange but did not originate or execute an order on an exchange or ATS). The sample for the “Customer Only” category consists of 1,065 broker-dealers that were members of an exchange and/or originated or executed an order from a customer account on an exchange or ATS in January 2026 (*i.e.*, it includes the 995 broker-dealers in the sample in *supra* Table 1 plus 70 broker-dealers that are members of an exchange but did not originate or execute a customer order on an exchange or ATS).

⁴⁸⁹ This analysis was completed using CAT data for the month of January 2026.

This table uses the same methodology as described above in *supra* Table 1 (discussing originating broker-dealers, executing broker-dealers, customer account types, and the number of broker-dealer connections observed broken down by venue, broker-dealer, and account types). A broker-dealer is defined by its firm CRD. Broker-dealers are categorized by their number of executing connections to exchanges. Broker-dealers are also categorized by the number of exchanges where they maintained a membership in January 2026 according to CAT industry member reference data.

Broker-dealers with fewer connections also tend to outsource more of their exchange-directed order flow to other broker-dealers for execution. For example, broker-dealers connecting to all exchanges outsourced only 2.9% of their exchange dollar volume, compared to broker-dealers connecting to 15 exchanges who outsourced 9.4% and broker-dealers connecting to two exchanges who outsourced 91.1%.⁴⁹⁰ This shows that broker-dealers who connect to only two exchanges do not use those connections for routing a significant number of their orders, and instead rely heavily on outsourcing to get orders executed.

In addition to this evidence, the market for exchange data⁴⁹¹ and connections has experienced repeated fee increases, even as new entrants entered the market.⁴⁹² This is consistent

⁴⁹⁰ For customer exchange-directed order flow, the numbers are 5.5%, 2.5%, and 94.7%, respectively. Outsourcing percentages are measured at order origination. Broker-dealers that do not originate orders, such as exchange routing brokers, are not included in these percentages. This analysis was conducted using CAT data from January 2026. Each order is traced to its origin where an originating broker-dealer received the order from a client. The originating broker-dealer may be the same or different from the executing broker-dealer. Originating broker-dealer clients are categorized as customer accounts (individual, institutional, foreign, or agency average price accounts) or proprietary accounts (market making, employee, error, or other proprietary accounts) based on their account type. For the Consolidated Audit Trail, account type definitions are available in Appendix G to the CAT Reporting Technical Specifications for Industry Members (<https://catnmsplan.com>), for the field name "accountHolderType." Account types represent the beneficial owner of the account for which an order was received or originated, or to which the shares or contracts are allocated. Possible types are: Institutional Customer, Employee, Foreign, Individual Customer, Market Making, Firm Agency Average Price, Other Proprietary, and Error. An Institutional Customer account is defined by FINRA Rule 4512(c) as a bank, investment adviser, or any other person with total assets of at least \$50 million. An Individual Customer account means an account that does not meet the definition of an "institution" and is also not a proprietary account. Therefore, the CAT account type "Individual Customer" includes natural persons as well as corporate entities that do not meet the definitions for other account types.

⁴⁹¹ The data presented in Table 1 reflects evidence of a connection between the broker-dealer and the exchange but does not characterize the type or number of connections purchased. It is not necessary that a broker-dealer purchase market data of any type in order to produce a record of order entry such as the records used to produce Table 1, but the Commission believes it is typical for a broker-dealer to purchase message-by-message market data from all exchanges on which it trades.

⁴⁹² See *supra* section VI.B.4.a (discussing new entrants to the exchange market). See Market Data

with exchanges possessing pricing power. More recently, the market has seen a number of new exchanges start charging fees for connections and data.⁴⁹³ A new exchange is observed to gain a sizeable number of members in the first month of operation.⁴⁹⁴ While not all members may have a connection to an exchange,⁴⁹⁵ this is suggestive of broker-dealers' incentives to immediately connect to new exchanges. As Table 1 shows, exchange-directed order flow is routed by largely the same group of broker-dealers that connect to all or almost all exchanges, so these fees represent an increase in overall connectivity and data expense for these broker-dealers. This may demonstrate a further ability of suppliers in the market to raise prices on this customer group. These fee increases, or new fees, have come over a period of time in which there have been new entrants in the market, suggesting that the presence of additional exchanges has not lowered demand for these connections and data.

Taken together, this evidence suggests that access to one exchange's limit order book is not a strong substitute for access to another exchange's limit order book. There may be several reasons for this.

Most fundamentally, access to two different exchanges does not give access to the same thing. The limit order against which broker-dealers hope to fill the orders of their customers are unique to the exchange on which they are posted, and execution cannot be conditioned on the events of a different exchange.⁴⁹⁶ For example, suppose there are 100 shares available to buy on Exchange A and 100 shares available to

buy on Exchange B and no other liquidity available. A broker-dealer who wishes to buy 200 shares cannot substitute access to the shares on Exchange A with access to the shares on Exchange B. At that point in time, each exchange is only capable of giving it 100 shares, and to fill a 200 share order, the broker-dealer must possess connections to both, which effectively means purchasing connectivity and data services to both.⁴⁹⁷

This distinction ends up being of substantial practical significance, because the parent orders that a broker-dealer is likely to receive from an institutional customer are typically much larger than even the total number of shares available at the top of every exchange in the market combined. Therefore, it is highly unlikely that an institutional broker-dealer can fill a single order by taking shares from only a single exchange. Instead, a broker-dealer will have to combine the liquidity available on all exchanges, often multiple times over, to fill a single parent order. This effectively means that the broker-dealer cannot substitute one exchange for another; it will generally need access to all relevant exchanges to be competitive.⁴⁹⁸

Market makers and other proprietary traders face a similar phenomenon. Market makers offer to fill orders by sourcing shares at a discount to the price at which they sell them. Throughout the trading day, a quote on any exchange might become cheap relative to changing market conditions. Market makers who can rapidly hit this quote will have a cheaper source of liquidity than market makers who are constrained to a subset of the exchanges, and will have no choice but to post wider, and therefore less competitive, quotes.

⁴⁹⁷ In practice, market participants may use a third-party broker-dealer to route orders to exchanges to which they do not possess connections. Such third-party broker-dealers can include brokerage services offered by the exchanges, which will route orders to the protected quote if the exchange does not have the protected quote. A commission of some kind would typically be paid for such services. Since this practice effectively amounts to outsourcing part of the order routing function, broker-dealers who wish to offer order routing services may find it difficult to add value to their customers while relying on such services.

⁴⁹⁸ Evaluations by broker-dealers regarding the appropriate venues to be connected to may also be part of their review of compliance with requirements of best execution obligations.

Infrastructure Adopting Release at 18738 (discussing commenter calculations of fee increases and revenue increases). See also Eric Budish, et al., *A Theory of Stock Exchange Competition and Innovation: Will the Market Fix the Market?*, 132 J. Pol. Econ. 1065 (2024) (estimating that in 2015 exchanges earned \$555.4–\$623.0M in market data revenue and \$436.8–\$484.8M in connectivity revenue). See also *infra* note 511.

⁴⁹³ See *supra* section VI.B.4.c (estimating exchange fees). Some new exchanges may not charge fees for market data or connectivity at first. See First TTR Roundtable Transcript at 86–87 (Chris Solgan, MIA Exchange Group) (describing initial waivers of data and connectivity fees for new exchanges).

⁴⁹⁴ In analysis completed using CAT data for the month of October 2025, the new exchange was observed to have 25 members.

⁴⁹⁵ See *supra* Table 2.

⁴⁹⁶ There are certain order types, such as midpoint peg orders, in which the price that the order executes at depends on the NBBO, which may be set by another exchange.

While exchanges might not face close substitutes for data and connectivity products, conditional on a market participant being connected to the exchanges, the exchanges are potentially close substitutes for order routing. If a broker-dealer has paid the subscription costs for data and connections, it faces notable similarities in the functioning of exchange limit order books across different exchanges, particularly with a given fee model type (e.g., maker-taker, inverted,⁴⁹⁹ etc.). The competition among exchanges that this substitutability induces may be reflected in the fees typically charged to a market participant who has already paid for connections and chooses to route a limit order to a particular exchange. These fees are in fact, typically negative; that is, the exchange pays a rebate to the poster of a limit order that is traded against by a marketable order.

The fact that exchanges face more competition for attracting limit orders than they do for data and connections is consistent with academic research on markets with multi-sided platforms. A multi-sided platform is a firm which sells two or more methods of accessing a network, in which participation on one side or the other creates cross-network externalities.⁵⁰⁰ Exchanges serve as two-sided platforms, with trading activity on one side and data and connections on the other.⁵⁰¹ The

lack of substitutability and the need to obtain access to liquidity on every exchange induces behavior known in the platform theory literature as “multi-homing,” which refers to a market where the consumers acquire access to every platform.⁵⁰² On the other hand, since a limit order can only be posted to one exchange at a time, participation on the trading side of the exchange platform exhibits “single-homing,” that is, participation at the point of posting a limit order is constrained to only one venue at a time.⁵⁰³

A platform with multi-homing participants on one side and single homing participants on the other is called a “competitive bottleneck” platform. The platforms in a competitive bottleneck market control access to the participants on the single homing side (limit orders) by charging fees to the multi homing side (the connections and data). Economic theory has shown that in such markets, platforms compete to attract users on the single homing side and exert monopoly power on the multi homing side in the form of high prices.⁵⁰⁴

trading by users who don’t subscribe to data on that exchange. See Terrence Hendershott et al., *Stock Exchanges as Platforms for Data and Trading*, 75 J. Fin. Mkt. 100986 (2025) (“Hendershott, Rysman, and Schwabe (2025)”). Another academic paper finds a decrease in an exchange’s share of trading volume following an increase in the exchange’s data fees, which is also consistent with a positive externality. See Jonathan Brogaard et al., *Competition and Exchange Data Fees* (working paper Oct. 10, 2024) available at https://papers.ssrn.com/abstract_id=3703431 (retrieved from SSRN Elsevier database) (“Brogaard, Brugler, and Rösch (2024)”). However, the traders who purchase data can also exert negative externalities on traders who do not purchase data as the data can help traders to be more informed. See Brogaard, Brugler, and Rösch (2024) (citing David Easley et al., *Differential Access to Price Information in Financial Markets*, 51 J. Fin. Quantitative Analysis 1071 (2016)). See also Vincent Glode et al., *Arms Sales in Financial Markets* (Jacobs Levy Equity Mgmt. Ctr. Quantitative Fin. Rsch. Paper May 30, 2025), available at <https://ssrn.com/abstract=4146808> (retrieved from SSRN Elsevier database); Konstantin Sokolov, et al., *Who Benefits from Securities Exchange Innovation?* (working paper May 15, 2024) available at https://papers.ssrn.com/abstract_id=4260872 (retrieved from SSRN Elsevier database). The positive externalities are likely to be larger, because few traders do not purchase data. Other elements of the exchange business, such as listings, can also fit into this platform model, but are not relevant to this discussion.

⁵⁰² See Armstrong (2006) at 669.

⁵⁰³ See Armstrong (2006) at 669.

⁵⁰⁴ See Armstrong (2006). In platform markets, and especially in platform markets with competitive bottleneck configurations, “it does not make sense to speak of the competitiveness of ‘the market’. There are two markets.” See Armstrong (2006) at 689.

f. The Role of Rules 611 and 610(e) in the Value of Access To Exchange Liquidity

The Commission discusses above how, in the current equity market, exchanges possess some market power in the sale of data and connectivity services, and that this may have contributed to the proliferation of exchanges over years since Regulation NMS was implemented.⁵⁰⁵ The Commission believes that Rules 611 and 610(e) also play a role in creating this market power.⁵⁰⁶

Rule 611 creates an “interference cost” for not connecting to every trading center which may have a protected quote. To see this, suppose that a broker-dealer is connected to all exchanges, and a new exchange enters the market. If the broker-dealer chooses not to connect to this exchange, then every time this new exchange has the protected quote, the broker-dealer must either utilize another broker-dealer who is connected to that exchange to hit this quote,⁵⁰⁷ or wait until this quote disappears before resuming trading. When this happens, it slows down trading and increases the risk of missed liquidity opportunities, thus raising transaction costs. The Commission believes that, while these interruptions triggered by this new exchange having the protected quote will be infrequent throughout the trading day, they will be meaningful enough to raise transaction costs to a measurable degree. This meaningful interruption creates an interference cost for not connecting to the new exchange, and this cost could be larger than the cost of connecting.⁵⁰⁸ The Commission observes that the broker-dealers that account for the majority of executed dollar volume appear to connect to all exchanges, consistent with this interference cost being a cost they are unwilling to bear. In addition, the Commission believes

⁵⁰⁵ See *supra* section VI.B.4.e.

⁵⁰⁶ Some commenters stated that Rule 611 has led to exchange proliferation. See, e.g., J. Angel Letter at 1, 16; Robinhood Letter at 2–5. Some commenters also stated that Rule 611 requires broker-dealers to connect to all exchanges. See, e.g., Robinhood Letter at 2, 5; First TTR Roundtable Transcript at 68–69 (Pankil Patel, Bank of America).

⁵⁰⁷ The routing services offered by broker-dealer exchanges might be used for this purpose. The Commission believes that utilizing a broker-dealer to handle such routing may not result in performance that matches the performance of a SOR that handles all routes itself, because the technology and response of the third-party broker-dealer is not integrated and coordinated with the decisions being made by the SOR as well as it might be if it were all handled by a single system.

⁵⁰⁸ See *supra* section VI.B.4.c. (discussing the startup costs incurred by broker-dealers to integrate a new exchange into its routing system, including data and connection fees).

⁴⁹⁹ In an “inverted” pricing model, the exchange charges a fee to the provider of liquidity and pays a rebate to the taker of liquidity.

⁵⁰⁰ See Marc Rysman, *The Economics of Two-Sided Markets*, 23 J. Econ. Perspectives 125, 127 n.2 (2009) (“Rysman (2009)”) (citing disagreement about whether cross-network externalities are a necessary part of the definition of a platform). Rochet and Tirole (2006) define a platform as “one in which the volume of transactions between end-users depends on the structure and not only on the overall level of the fees.” See Jean-Charles Rochet & Jean Tirole, *Two-Sided Markets: A Progress Report*, 37 RAND J. Econ. 645, 646 (2006). This would include markets with a fixed membership fee and a membership externality. The fixed nature of the fee means there would be no network externality, as the decision to be a member happens before the size of the platform (i.e., the number of members on each side) is known. There may also be disagreement about specific markets being platforms. See Rysman (2009) at 126, n.1 (citing contrasting views about whether a specific market—grocery stores—is a platform). See also Mark Armstrong, *Competition in Two-Sided Markets*, 37 RAND J. Econ. 668 (2006) (“Armstrong (2006)”). Platforms exhibit cross-network externalities when a user’s utility depends on the number of users on the other side. Cross-network externalities can also be referred to as cross-group or indirect network effects, also called cross- or indirect network externalities. See Rysman (2009) at 127.

⁵⁰¹ There is evidence for positive and negative externalities between trading and proprietary market data. One academic paper finds evidence for a positive network externality from more data to trading: not only do users that subscribe to data on a given exchange trade more on that exchange, but also more trading by these users leads to more

that as a new exchange gains more market share, this interference cost increases, because the exchange has the best quote more often and thus interferes with broker-dealers' routing more often. This may increase the percentage of exchange-directed dollar volume routed by broker-dealers connecting to all exchanges.⁵⁰⁹

Rule 610(e) is likely also creating an interference cost, though it is likely smaller than the interference cost associated with Rule 611. If a market participant wishes to post a quote that will lock the market, and it is not connected to the exchange which has the quote it will lock, it will have to wait until someone else either cancels or trades against that quotation. Alternatively, the participant can submit the order, in which case the exchange will either route the order to the exchange with the best quote or post the order but "slide" the order's price so that it does not lock the market.⁵¹⁰ This may interfere with the market participant's routing strategy, leading to increased transaction costs.

This interference cost from Rules 611 and 610(e) contributes to the incentive to connect to as many exchanges as possible. In addition, even if a broker-dealer chooses not to connect to an exchange, it will still need to either subscribe to the exchange's market data or to the SIP and update its SOR to comply with Rule 611 and 610(e) (e.g., for routing ISOs). Because the

interference cost has the effect of reducing the elasticity of demand for exchange connections, it may also enable exchanges to charge higher prices for data and connections, creating an "interference premium" in prices.⁵¹¹

There are reasons to believe that the demand for ATS connections is more elastic than the demand for exchange connections. One reason is that ATSs represent a market for trading services that do not command an interference cost, as no ATS currently has a protected quote.⁵¹² Another reason is that most ATSs are not subject to the fair access requirements and may thus have more flexibility in determining their business models.⁵¹³ It may be that some broker-dealers regularly disconnect from ATSs⁵¹⁴ and take longer to connect to a new ATS or do not connect at all.⁵¹⁵

The Commission observes a corresponding difference in the pattern of broker-dealer trading by the number of connections to ATSs compared to the pattern of broker-dealer trading by the number of connections to exchanges. As shown in Table 3, the majority of the ATS-directed dollar volume is from broker-dealers that connect to approximately half of ATSs, compared to the majority of the exchange-directed dollar volume being from broker-dealers that connect to all or almost all exchanges.⁵¹⁶ Also, while broker-dealers with fewer ATS connections do tend to outsource more of their ATS-directed

order flow to other broker-dealers for execution, they do so less than broker-dealers with fewer exchange connections.⁵¹⁷

This comparison to the ATS market is imperfect for a number of reasons. ATSs typically offer a different trading experience from the experience available on a national securities exchange. ATSs typically do not offer displayed quotations, which limits the information leakage in both posting a quote and in trading against quotes on an ATS. It may also be the case that market participants expect to find various pegged orders, such as midpoint quotes, available on an ATS with a frequency that differs from their expectations for exchange trading. ATS quotes may also be segmented, with the goal of reducing the adverse selection risk of posting a quote on the ATS compared to posting a quote on an exchange. Most ATSs are not subject to fair access restrictions and can potentially limit their subscribers.⁵¹⁸

Nevertheless, the comparison is informative in considering the impact of Rules 611 and 610(e) on the market. Rather than the majority of ATS-directed order flow being executed by a few broker-dealers that connect to all or almost all ATSs, which is the case for exchange-directed order flow, ATS-directed order flow is more evenly dispersed as broker-dealers do not tend to connect to all ATSs and handle more of their own order flow.

TABLE 3—EXECUTING VOLUME BY NUMBER OF BROKER CONNECTIONS TO ATSS

Number of ATS connections	All			Customer		
	Number of brokers	% Shares traded	% Dollar volume	Number of brokers	% Shares traded	% Dollar volume
20 or more	6	28	24.2	4	17.3	14.5
15 to 19	25	57.5	57.3	21	58.9	62.8
10 to 14	12	7.4	11.3	10	14.7	14.7
1 to 9	143	7.2	7.1	116	9.2	7.9

⁵⁰⁹ If broker-dealers choose to not connect to a new exchange, they may choose to use an executing broker-dealer in order to reach the quotes on the new exchange.

⁵¹⁰ A "hide not slide" order type allows an order that would lock the market to be hidden while it would lock the markets, rather than sliding the price. Then, the order becomes visible once it would no longer lock the market. See *supra* section VI.B.1.b (discussing exchange order types to avoid locking and crossing markets).

⁵¹¹ While new exchanges may not initially charge fees for market data and connectivity (see *infra* note 729), they often begin charging fees after gaining a small market share. For example, one exchange had a market share of 0.1% in February 2026 and charges market data fees. See *U.S. Equities Market Volume Summary*, *supra* note 443; see also 24X, 24X Market Data Fees (2026), available at <https://equities.24exchange.com/api/media/file/24X%20Market%20Data%20Fees-2.pdf>.

⁵¹² One ATS currently has a proposal to gain trade-through protection for its quotes. See IntelligentCross Letter at 1.

⁵¹³ See First TTR Roundtable Transcript at 249–253 (Andrew Smith, Virtu Financial) (stating that ATSs have "lower barriers and more flexibility than exchanges").

⁵¹⁴ See First TTR Roundtable Transcript at 253–256 (Vlad Khandros, OneChronos).

⁵¹⁵ See First TTR Roundtable Transcript at 216–218 (Vlad Khandros, OneChronos). This commenter also states that it may take longer for market participants to connect to a new ATS because they first need to connect to a new exchange.

⁵¹⁶ See *infra* Table 3. There are 33 ATSs, but the maximum number of connections observed is 25. Some ATSs do not permit broker-dealers to trade

on them at all and instead restricts participation to investors or requires use of a particular executing broker-dealer. See *supra* Table 1 (showing the pattern of broker-dealer exchange-directed executing dollar volume by number of exchange connections).

⁵¹⁷ For example, broker-dealers connecting to over 20 ATSs outsourced only 10.8% of their ATS-directed dollar volume, broker-dealers connecting to 15 to 19 ATSs outsourced 4.2%, broker-dealers connecting to 10 to 14 ATSs outsourced 8.5%, and broker-dealers connecting to 1 to 9 ATSs outsourced 41.4%. This analysis was conducted using CAT data from January 2026. See *supra* note 490 and corresponding text (discussing the pattern of broker-dealer outsourcing by number of exchange connections).

⁵¹⁸ See *infra* note 516.

TABLE 3—EXECUTING VOLUME BY NUMBER OF BROKER CONNECTIONS TO ATSS—Continued

Number of ATS connections	All			Customer		
	Number of brokers	% Shares traded	% Dollar volume	Number of brokers	% Shares traded	% Dollar volume
0	885	0	0	844	0	0

This table uses CAT data from January 2026 to show information on the number of ATSS different broker-dealers connect to (*supra* Table 1 shows information on the number of exchanges these broker-dealers connect to). It also shows the percentages of ATS executed dollar and share volume that these broker-dealers accounted for. The “All” category reflects ATS trading volume from orders that originate from either a customer or proprietary account and the “Customer Only” category only reflects ATS trading volume from orders that originate from a customer account. The sample for the “All” category consists of 1,071 broker-dealers that either originated or executed an order from a proprietary or customer account on an exchange or ATS in January 2026 (both exchanges and ATSS are included in constructing the sample of broker-dealers to make this table and *supra* Table 1 comparable). The sample for the “Customer Only” category consists of 995 broker-dealers that either originated or executed an order from a customer account on an exchange or ATS in January 2026.

This table uses the same methodology as described above in *supra* Table 1 (discussing originating broker-dealers, executing broker-dealers, customer account types, and the number broker-dealer connections observed broken down by venue, broker-dealer, and account types). A broker-dealer is defined by its firm CRD. Broker-dealers are categorized by their number of executing connections to ATSS, which is where a broker-dealer submitted an order directly to an ATS. The number of connections may be understated if some market participants maintain connections but do not have any orders or trades during the sample period. The potential for undercounting connections may be larger on ATSS with lower volume.

g. Fragmentation of Displayed Liquidity, Market Fragmentation, and Innovation

Market fragmentation was a concern when Regulation NMS was adopted.⁵¹⁹ At the time, market fragmentation was primarily due to a lack of electronic trading and interlinkages between trading venues, which have changed since the adoption of Regulation NMS.⁵²⁰ Fragmentation now, both among displayed liquidity and the entire market (including off-exchange trading), is primarily due to a proliferation of trading venues as well as the share of trading being more split among venues. Rule 611 and 610(e) played a role in both types of fragmentation via exchange proliferation.⁵²¹ This section outlines the additional factors besides the proliferation of trading venues that contribute to each type of fragmentation. This section also discusses how Rule 611 may have contributed to less innovation, particularly in trading protocols.

One potential way to capture fragmentation is using the Herfindahl-Hirschman Index (“HHI”).⁵²² For example, suppose there are five exchanges with the following market shares: 80%, 5%, 5%, 5%, and 5%. The HHI in this case would be 0.35.⁵²³ If the five exchanges instead each have a

market share of 20%, the HHI would be 0.8.⁵²⁴ Displayed liquidity is more fragmented in the second scenario than the first scenario because the HHI is larger in the second scenario. Staff of the Office of Analytics and Research, Division of Trading and Markets calculated the HHI for Nasdaq- and NYSE-listed stocks in January 2026,⁵²⁵ which allows for comparison to previous HHIs calculated for February 2005 and February 2014.⁵²⁶ Compared to February 2005, the January 2026 HHI is higher for Nasdaq- and NYSE-listed stocks, meaning that market fragmentation has increased.⁵²⁷ However, compared to February 2014, the January 2026 HHI for NYSE-listed stocks is lower.⁵²⁸ Since 2014, there have been several new exchanges.⁵²⁹

One concern when using the HHI to measure displayed liquidity fragmentation is that the changes to the HHI from new exchanges with small market share can be minimal. Revisiting the second scenario discussed above where the five exchanges each have a market share of 20%, now assume there are two new exchanges for a total of seven with the market shares now as follows: 20%, 20%, 20%, 19%, 19%,

$$524 \ 1 - (0.2^2 + 0.2^2 + 0.2^2 + 0.2^2 + 0.2^2) = 0.8078.$$

⁵²⁵ See 2026 Data Update of the 2015 EMSAC Market Structure Memo, *supra* note 39, at Table 3.

⁵²⁶ See EMSAC Memo at 11.

⁵²⁷ See 2026 Data Update of the 2015 EMSAC Market Structure Memo, *supra* note 39, at Table 3. The HHI for Nasdaq-listed stocks is higher by (HHI in January 2026) – (HHI in February 2005) = (0.766) – (0.718) = 0.048. The HHI for NYSE-listed stocks is higher by (0.750) – (0.176) = 0.574.

⁵²⁸ See 2026 Data Update of the 2015 EMSAC Market Structure Memo, *supra* note 39, at Table 3. The change in the HHI for Nasdaq-listed stocks is (HHI in January 2026) – (HHI in February 2014) = (0.766) – (0.754) = 0.012 and the change in the HHI for NYSE-listed stocks is (0.750) – (0.816) = –0.066.

⁵²⁹ See *supra* section VI.B.4.a and see EMSAC Memo at 10–11.

1%, and 1%. In this case, the HHI would be 0.81.⁵³⁰ Compared to the initial HHI of 0.80 without these two new exchanges, liquidity is more fragmented, but the change in HHI is relatively small. Thus, while it is useful to examine the HHI,⁵³¹ it is important to also note the number of venues to which a broker-dealer must connect.

Rule 611 and other features of Regulation NMS such as the SIP revenue allocation formula that incentivized displayed liquidity have also contributed to the increased fragmentation in displayed liquidity. Rule 611 strengthened the primacy of displayed prices and incentivized liquidity suppliers to post displayed orders on all exchanges that they are connected to.⁵³² Because most of the dollar volume on exchanges is executed by broker-dealers that are connected to many, if not all exchanges,⁵³³ this increases the probability that a limit order is posted and executed on a small exchange, increasing fragmentation of displayed liquidity. Other features of Regulation NMS that incentivize displayed liquidity, particularly the SIP revenue allocation formula, have also played a role. For example, most new exchanges have adopted fee schedules that directly incentivize liquidity posting by liquidity makers. Such a fee schedule may be beneficial for a new, small exchange to gain revenue because of the SIP revenue allocation formula,

$$530 \ 1 - (0.2^2 + 0.2^2 + 0.2^2 + 0.19^2 + 0.19^2 + 0.1^2 + 0.1^2) = 0.81.$$

⁵³¹ See 2026 Data Update of the 2015 EMSAC Market Structure Memo, *supra* note 39, at Table 3.

⁵³² This includes inverted exchanges, where liquidity posting is not directly incentivized through rebates as on a maker-taker exchange. Posting quotes on inverted exchanges may be important to the order routing strategies for certain market participants and for certain types of orders.

⁵³³ See *supra* section VI.B.4.f.

⁵¹⁹ See *supra* note 145.

⁵²⁰ See *supra* section II.B.3.a.

⁵²¹ See *supra* section VI.B.4.f. (discussing how Rule 611 and 610(e) contributed to exchange proliferation).

⁵²² The HHI is widely used to measure market concentration. The HHI for displayed liquidity fragmentation can be calculated as “1 minus the sum of the squared market shares of lit venues. Under this metric, a fully centralized market would have a fragmentation level of 0 and the maximum level of fragmentation would be just less than 1.” See EMSAC Memo at 9, n. 18.

⁵²³ $1 - (0.8^2 + 0.05^2 + 0.05^2 + 0.05^2 + 0.05^2) = 0.35.$

which rewards quoting as well as trading.⁵³⁴ The SIP revenue allocation formula may also contribute to exchange families continuing to operate multiple exchanges with similar liquidity posting incentives.

Factors that have contributed to both types of fragmentation, in addition to trading venue proliferation, include advances in technology, the electronification of trading, and lower transaction costs. Advances in technology and the electronification of trading have made it easier to connect to and route orders to many trading venues. Lower transaction costs may have also contributed to both types of fragmentation because they increase the profitability of trading strategies that utilize latency arbitrage between trading venues.⁵³⁵

Other factors that may have contributed to market fragmentation include the segmentation of order flow and business model competition.⁵³⁶ For example, the majority of retail investor order flow is internalized by wholesalers, meaning that it is executed off exchange.⁵³⁷ Also, ATSs offer alternatives to the traditional matching priority, which is based on price and time, and have recently been gaining market share.⁵³⁸ Business model competition may also contribute to displayed liquidity fragmentation.⁵³⁹

While there have been some innovations to counteract the increased adverse selection risk from faster traders, such as speed bumps,⁵⁴⁰ and order types such as midpoint peg orders and hidden orders, there has otherwise

been minimal differentiation between exchanges.⁵⁴¹ As previously mentioned,⁵⁴² market participants face notable similarities in the functioning of exchange limit order books across different exchanges, particularly with a given fee model type. Rules 611 and 610(e), along with other effects, created an incentive for the proliferation of new exchanges with particular styles and thus may have limited innovation.

Other factors that may have limited exchange innovation are their fair access requirements and limitations on their ability to segment order flow.⁵⁴³ In contrast to exchanges, most ATSs do not meet the volume threshold for fair access requirements to apply.⁵⁴⁴ Additionally, most ATSs have one or more methods of segmenting customer order flow.⁵⁴⁵ It is possible that the lack of limitations on segmenting orders and the lack of costs associated with evaluating new matching mechanisms against fair access requirements have contributed to lower innovation costs for ATSs when compared with exchanges.

5. Competition in the Market for Trading Services and Broker Execution Services

a. Trading Services

National securities exchanges and off-exchange market centers (e.g., ATSs,⁵⁴⁶ FINRA members, and OTC market makers (including wholesalers and SDPs)) compete in the market for NMS stock trading services. National securities exchanges and off-exchange market centers are subject to different regulatory requirements.

National securities exchanges fall within the definition of an exchange in section 3(a)(1) of the Exchange Act and are required to register under section 6 of the Exchange Act. As SROs, national securities exchanges set standards of conduct for their members, administer examinations for compliance with these standards, coordinate with other SROs with respect to the dissemination of

consolidated market data, and generally take responsibility for enforcing their own rules and the provisions of the Exchange Act and the rules and regulations thereunder. The Exchange Act requires that national securities exchanges establish rules that generally: (1) are designed to prevent fraud and manipulation, promote just and equitable principles of trade, and protect investors and the public interest;⁵⁴⁷ (2) provide for the equitable allocation of reasonable dues, fees, and other charges;⁵⁴⁸ (3) do not permit unfair discrimination;⁵⁴⁹ (4) do not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act;⁵⁵⁰ and (5), with limited exceptions, allow any broker-dealer to become a member.⁵⁵¹ National securities exchanges must file proposed rule changes with the Commission under section 19(b) of the Exchange Act, which are made available for public comment,⁵⁵² and are subject to Commission approval.⁵⁵³ Rule 610 of Regulation NMS prohibits national securities exchanges from imposing unfairly discriminatory terms on non-members in obtaining access to exchange quotations through the services of an exchange member.⁵⁵⁴ National securities exchanges are limited in their ability to segment order flow.⁵⁵⁵ All national securities exchanges are “lit” market centers, meaning they publicly display quotations for NMS stocks in consolidated market data. The highest-priced bids and lowest-priced offers for round lots on national securities exchanges are included in the consolidated market data feeds disseminated by centralized SIPs.

NMS Stock ATSs fall within the definition of an exchange under section 3(a)(1) of the Exchange Act but are exempted from registering as an exchange if they meet the definition of an ATS,⁵⁵⁶ register as broker-dealers,⁵⁵⁷

⁵³⁴ This fee schedule may allow a new, small exchange to gain a larger share of dollar volume quicker as broker-dealers who connect initially are directly incentivized to submit orders. This may incentivize more broker-dealers to connect, due to the increasing “interference cost”, who are also incentivized to submit orders. See *supra* section VI.B.4.f.

⁵³⁵ See *supra* section VI.B.4.b. (discussing the role of latency).

⁵³⁶ See also *infra* section VI.B.5.a (discussing the ability of ATSs to segment order flow).

⁵³⁷ See *supra* section VI.B.2.b. See also *supra* section VI. B.2.a.

⁵³⁸ See Rosenblatt’s 2025 Us Equity Trading Guide, *supra* note 305.

⁵³⁹ While segmentation of order flow may contribute to the fragmentation of displayed liquidity, the effect is likely small due to the limited ability of exchanges to segment order flow. See *infra* section VI.B.5.a (discussing the limited ability of exchanges to segment order flow).

⁵⁴⁰ See *supra* section VI.B.4.b (discussing the role of latency). A speed bump intentionally slows down the time it takes an order to reach the exchange. See The SEC Approves The Investors Exchange Speed Bump, Mark D Schorr, The Hedge Fund Journal, Issue 116, available at <https://thehedgefundjournal.com/the-sec-approves-the-investors-exchange-speed-bump/>. See *supra* sections VI.B.2.a and VI.B.2.c (describing the effects of faster traders).

⁵⁴¹ See *infra* section VI.B.5.a (comparing rules for exchanges and ATSs).

⁵⁴² See *supra* section VI.B.4.e.

⁵⁴³ See 15 U.S.C. 78f(b)(5), which states that the rules of the exchange are not designed to permit unfair discrimination between customers, issuers, brokers, or dealers, or to regulate by virtue of any authority conferred by this chapter matters not related to the purposes of this chapter or the administration of the exchange. See also *infra* section VI.B.5.a (discussing differences between exchanges and ATSs).

⁵⁴⁴ See 17 CFR 242.301(b)(5).

⁵⁴⁵ Differences in how they segment customer order flow is one way in which ATSs innovate and differentiate themselves from other trading centers.

⁵⁴⁶ The operators of ATSs are required to register as broker-dealers under the requirements of Regulation ATS.

⁵⁴⁷ Section 6(b)(5) of the Exchange Act.

⁵⁴⁸ Section 6(b)(4) of the Exchange Act.

⁵⁴⁹ Section 6(b)(5) of the Exchange Act.

⁵⁵⁰ Section 6(b)(8) of the Exchange Act.

⁵⁵¹ Section 6(b)(2) of the Exchange Act.

⁵⁵² See 15 U.S.C. 78s(b)(1).

⁵⁵³ See 15 U.S.C. 78s(b).

⁵⁵⁴ See 17 CFR 242.610(a).

⁵⁵⁵ Retail liquidity programs (RLPs) provide an on-exchange means of order segmentation. The RLPs offered by many exchanges are specifically set up to segment the marketable order flow of individual investors, allowing liquidity suppliers to interact with this order flow without the risk that their orders will trade against the marketable orders of other market participants that may impose greater adverse selection risk.

⁵⁵⁶ See 17 CFR 242.300(a).

⁵⁵⁷ See 17 CFR 242.301(b)(1).

and otherwise comply with Regulation ATS under the Exchange Act. NMS Stock ATSs are also required to file and publicly disclose Form ATS–N.⁵⁵⁸ The majority of NMS Stock ATSs segment trading interest into categories, classifications, tiers, or levels and some allow subscribers to designate their trading interest to interact or not interact with certain trading interest in the NMS Stock ATS (e.g., private rooms). Rule 301(b)(3) of Regulation ATS requires an NMS Stock ATS that displays orders to any person and has 5% or more of the aggregate average daily share volume reported in an NMS stock during four of the preceding six calendar months to comply with certain order display and execution access obligations.⁵⁵⁹ No NMS Stock ATS currently displays quotations in NMS stocks in consolidated market data.⁵⁶⁰ The market centers that do not display quotations are known as “dark” trading centers or “dark pools.”

Under Rule 301(b)(5) of Regulation ATS, an NMS Stock ATS is required to provide fair access to its services if it has 5% or more of the average daily

volume with respect to an NMS stock during four of the preceding six calendar months. As of November 30, 2025, one NMS Stock ATS discloses on its Form ATS–N that it is subject to these fair access requirements for securities that are available for trading on its platform.

OTC market makers, which also include wholesalers and SDPs, are dealers that hold themselves out as being willing to buy and sell an NMS Stock to market participants for its own account on a regular or continuous basis, other than on a national securities exchange.⁵⁶¹ A wholesaler commonly refers to an OTC market maker that seeks to attract orders from broker-dealers (often called retail brokers) who service individual investors, and wholesalers internalize the majority of marketable orders from these individual investors. Some OTC market makers, such as wholesalers, operate SDPs through which they execute marketable institutional orders in NMS stocks against their own inventory. Broker-dealers that do not display quotations in consolidated market data and that trade outside of an ATS, such as wholesalers, are not subject to any fair access requirements under the Exchange Act or Commission rules (*i.e.*, wholesalers do not display or otherwise reveal the prices at which they are willing to execute individual investor orders internally). While they are subject to Commission and SRO requirements as broker-dealers, wholesalers are not prohibited from restricting access to their trading mechanisms or to the investor orders they internalize.

Trading services for NMS stocks are highly fragmented among different types of market centers. In January 2026, NMS stocks were traded on 17 national securities exchanges and on off-exchange market centers, including 33 NMS Stock ATSs and other FINRA members.⁵⁶² In January 2026, a total of over 388 billion shares (over \$20 trillion notional) were traded in NMS stocks.⁵⁶³ National securities exchanges executed approximately 50.1% of total share volume in NMS stocks (and 55.5% of total notional volume), while off-exchange market centers, including ATSs and wholesalers, executed approximately 49.9% of total share

volume (and 44.5% of total notional volume).⁵⁶⁴

b. Broker Execution Services

As of Q4 of 2025, there were 3,277 registered broker-dealers based on FOCUS Report Form X–17A–5 Schedule II, representing a decline of approximately 25% compared to 2015, when there were 4,450 registered broker-dealers.⁵⁶⁵ This reflects increased concentration in the broker-dealer industry over the last decade. These broker-dealers service individual and/or institutional investors in the market for NMS stocks, and include both carrying broker-dealers that maintain custody of customer funds and securities and introducing broker-dealers that accept customer orders and introduce their customers to a carrying broker-dealer that will hold the customers' securities and cash. The Commission estimates that there are approximately 164 broker-dealers that carry at least one customer account trading in NMS stocks, and 1,092 broker-dealers that introduce at least one customer trading in NMS stocks.

The Commission understands that the structure of the market for brokerage services can be broadly separated into two distinct markets: brokerage services for individual investors and brokerage services for institutional investors. In January 2026, there were approximately 806 registered broker-dealers that originated orders on behalf of individual investors in the market for NMS stocks.⁵⁶⁶ Unlike institutional investors, individual investors generally use a single broker to handle their orders. Retail brokers can be broadly divided into “discount” and “full-service”

⁵⁵⁸ See 17 CFR 242.304. The Commission reviews initial Form ATS–N filings and must declare them effective before an NMS Stock ATS can begin operating. When an NMS Stock ATS wants to make a material change to its operations, it is required to file a material amendment at least 30 days prior to the date of implementation. Material amendments to Form ATS–N are also subject to a Commission review period and can be declared ineffective. An NMS Stock ATS must have an effective Form ATS–N on file with the Commission to operate.

⁵⁵⁹ See 17 CFR 242.301(b)(3). An ATS that meets these criteria must comply with Rule 301(b)(3)(ii), which requires the ATS to provide to a national securities exchange or national securities association (each an SRO), for inclusion in the quotation data made available by the SRO to vendors, the prices and sizes of its orders at the highest buy price and lowest sell price for that NMS stock that are displayed to more than one subscriber. See 17 CFR 242.301(b)(3)(iii). An ATS that meets the volume threshold also is required to comply with Rule 301(b)(3)(iii), which sets forth certain access standards regarding the orders that the ATS is required to provide to an SRO pursuant to Rule 301(b)(3)(ii). See 17 CFR 242.301(b)(3)(iii). Under Rule 301(b)(4), an ATS must not charge any fee to broker-dealers that access the ATS through a national securities exchange or national securities association that is inconsistent with the equivalent access to the ATS that is required under Rule 301(b)(3)(iii). See 17 CFR 242.301(b)(4). In addition, if the national securities exchange or national securities association to which an ATS provides the prices and sizes of orders under Rules 301(b)(3)(ii) and 301(b)(3)(iii) establishes rules designed to assure consistency with standards for access to quotations displayed on such national securities exchange, or the market operated by such national securities association, the ATS shall not charge any fee to members that is contrary to, that is not disclosed in the manner required by, or that is inconsistent with any standard of equivalent access established by such rules. See *id.*

⁵⁶⁰ Some ATSs display quotations to their subscribers or make their quotes available through market data vendors.

⁵⁶¹ See 17 CFR 242.600(b)(75).

⁵⁶² Other FINRA members include wholesalers that internalize the majority of individual investor marketable orders.

⁵⁶³ This estimate is based on January 2026. See *U.S. Equities Market Volume Summary*, *supra* note 442.

⁵⁶⁴ This estimate is based on January 2026. See *U.S. Equities Market Volume Summary*, *supra* note 442.

⁵⁶⁵ See *U.S. Securities and Exchange Commission Fiscal Year 2015 Congressional Budget Justification*, available at <https://www.sec.gov/about/reports/secfy15congbudgetjust.pdf>. See also Norges Bank comment letter “Re: Notice of Proposed Rule on Market Data Infrastructure, Securities Exchange Act Release No. 88216 (Feb. 14, 2020) (File No. S7–03–20)”, dated July 15, 2020, at 3, available at <https://www.sec.gov/comments/s7-03-20/s70320-7422691-219826.pdf> and First TTR Transcript at 74–5 (Dave Lauer, Urvin Finance and We the Investors).

⁵⁶⁶ This analysis was completed using CAT data for the month of January 2026. A registered broker-dealer is defined by its firm Central Registration Depository numeric identifier (CRD). Brokers counted are those that reported at least one order identified as account type “Individual Customer”. This includes individual investors and accounts that do not meet the definition of “institution” in FINRA Rule 4512(c) and not a proprietary account. See CAT Reporting Technical Specifications for Plan Participants: 7/29/2022 Version 4.1.0 r15, available at <https://catnmsplan.com/sites/default/files/2022-07/07.29.2022-CAT-Reporting-Technical-Specifications-for-Participants-4.1.0-r15.pdf> (“CAT Reporting Version 4.1.0 r15”).

brokers. Competition among discount brokers, in particular, has recently resulted in many new entrants and a decline in commissions to zero or near zero. Instead of earning commissions on transactions, these discount brokers earn revenue through other means, including, among other products and services, interest on margin accounts and from lending securities, and broker-wholesaler arrangements involving PFOF paid by the wholesaler to the retail broker. Discount broker-dealers can distinguish themselves by the accessibility and functionality of their trading platform, which can be geared towards less experienced or more sophisticated retail investors, and by providing more extensive customer service as well as tools for research and education on financial markets.

In January 2026, there were approximately 595 registered broker-dealers that originated institutional orders in the market for NMS stocks.⁵⁶⁷ A distinguishing feature of institutional brokerage services is that a significant portion of institutional investor orders are generally “not held” orders. For not held orders, broker-dealers have time and price discretion in executing the order, which institutional investors rely on to minimize price impact and for other reasons. Due to the large size of institutional trading interests, broker-dealers often split these orders, frequently using SORs. Specifically, a broker-dealer or its SOR will split a “parent” order into multiple “child” orders, with the goal of executing the child orders in a way that achieves the best execution for the parent order. The Commission understands that some investors, particularly some institutional investors, are likely to use multiple broker-dealers.

Broker-dealers compete on many dimensions, including the execution quality. They may seek to improve their competitive position by, for example, adding connections and subscriptions to exchanges and ATSs, and by investing in the speed and quality of their routing technology.⁵⁶⁸ The majority of trading

on ATSs and exchanges comes from the trades where the executing broker and originating broker are the same.⁵⁶⁹ In January 2026, 82.2% of ATS dollar volume and 82.0% of exchange dollar volume came from trades for which the executing broker and originating broker were the same. Furthermore, a relatively small number of brokers originate and execute orders, while a larger number originate orders but do not execute. In January 2026, of the 1,060 broker-dealers that originated orders to an exchange or ATS, 275 of them both originated and executed orders, whereas 785 only originated orders and did not execute.⁵⁷⁰

There are several factors that have potentially contributed to the increased concentration in the executing broker-dealer industry in particular. One factor is that data and connectivity costs, which can be significant, have risen as new exchanges begin charging data and connectivity fees and existing exchanges increase their data and connectivity fees.⁵⁷¹ This contributes to the high fixed costs for broker-dealers.⁵⁷² Another factor is that other sources of revenue for broker-dealers, such as commissions, have declined. Finally, as broker-dealers compete in other dimensions, such as execution quality or by offering additional services bundled with execution, high-volume broker-dealers may be better positioned competitively compared to smaller broker-dealers. This is because high-volume broker-dealers tend to connect to all or almost all exchanges and invest in the most sophisticated technology that allows them to minimize

decisions based on where they can receive the highest rebate (or pay the lowest fee), rather than where they can receive better execution quality on behalf of their customer. Another potential conflict of interest, particularly regarding individual investor order flow, includes the receipt of PFOF, which may incentivize broker-dealers to route orders to wholesalers as a result of the terms of the PFOF arrangements.

⁵⁶⁹ This analysis was completed using CAT data for the month of January 2026. A connection is found when an order is identified that was sent from a broker-dealer firm to an ATS or exchange. A broker is defined by its firm Central Registration Depository numeric identifier (CRD). A broker that submits the order to the ATS or exchange is the executing broker. Each order is traced to its origin where an originating broker received the order from a client. For each order, the originating broker may be the same or different from the executing broker.

⁵⁷⁰ See *supra* Table 1 (discussing CAT analysis of the number of broker-dealers that originate and execute orders on exchanges and ATSs).

⁵⁷¹ See *infra* section VI.B.4.c.

⁵⁷² See *supra* section VI.C.4.b.i. (describing broker-dealer fixed costs). See also First TTR Transcript at 172–3 (Adam Nunes, Hudson River Trading).

transaction costs and execution quality.⁵⁷³

C. Benefits and Costs

This section separately discusses the benefits and costs of rescinding Rule 611 and Rule 610(e), as well as additional economic effects from rescinding both rules together.

1. Rescinding Rule 611

a. Benefits

As explained in detail below, rescinding Rule 611⁵⁷⁴ is expected to reduce market complexity, which will result in cost savings for trading centers and broker dealers by reducing compliance costs and ongoing maintenance associated with maintaining order execution systems and SORs. It may also lower the market data and connectivity costs of some market participants, although the magnitude of this effect is uncertain. Rescinding Rule 611 is also expected to result in improvements in the execution quality of larger institutional orders. Furthermore, rescinding Rule 611 may also reduce displayed fragmentation and potentially increase innovation in trading protocols for both exchanges and ATSs.

Rescinding Rule 611 is expected to lower ongoing compliance and surveillance costs for trading centers related to maintaining policies and procedures associated with Rule 611.⁵⁷⁵ Rule 611 requires trading centers to support ISO logic, and a thick layer of exception handling to avoid trade-throughs, each of which cascades into surveillance alerting, exception review, and supervisory controls.⁵⁷⁶ Rescinding Rule 611 would allow firms to retire ISO order types and simplify surveillance programs. The Commission estimates that each trading center currently incurs \$30,996 in annual ongoing compliance

⁵⁷³ High-volume broker-dealers may also be able to take advantage of lower transaction pricing because exchanges offer volume-based discounts. See Securities Exchange Act Release No. 98766 (Oct. 18, 2023), 88 FR 76282 (Nov. 6, 2023) (“Volume-Based Exchange Transaction Pricing for NMS Stocks”) at 76313.

⁵⁷⁴ In order for these effects to be realized, a majority of national securities exchanges for NMS stocks will have to rescind their own rules to prevent trade-throughs. The Commission expects this to happen because doing so will relieve the exchange of costly maintenance requirements described in this section. In addition, not rescinding these rules may put them at a competitive disadvantage compared to other exchanges that do.

⁵⁷⁵ See *supra* section VI.B.2.d (discussing compliance costs related to Rule 611).

⁵⁷⁶ See, e.g., Robinhood Letter at 5; J. Angel Letter; First TTR Roundtable Transcript at 90 (Julie Andress, Securities Traders Association and KeyBanc Capital Markets) (discussing trade-through compliance).

⁵⁶⁷ This analysis was completed using CAT data for the month of January 2026. A registered broker-dealer is defined by its firm Central Registration Depository numeric identifier (CRD). Brokers counted are those that reported at least one order identified as account type “Institutional Customer” as defined by FINRA Rule 4512(c). See CAT Reporting Version 4.1.0 r15.

⁵⁶⁸ When making routing decisions, some broker-dealers may face conflicts of interest that arise when their interests are not aligned with their customers’ interest in receiving better execution quality. These conflicts of interest could result, for example, from broker-dealer affiliations with market centers. Similarly, the presence of liquidity fees and rebates at some market centers may incentivize broker-dealers to make routing

costs related to maintaining policies and procedures to comply with Rule 611.⁵⁷⁷ Rescinding Rule 611 would result in trading centers saving an estimated aggregate total of \$9.45 million dollars in annual compliance costs.⁵⁷⁸ In

⁵⁷⁷ The Commission, in its most recent PRA renewal, estimated that each respondent (*i.e.*, trading center) would require an average of approximately 60 hours annually to ensure that the policies and procedures established are up-to-date and remain in compliance with the Commission's rule: two hours per month of internal legal time and three hours per month of internal compliance time (2 hours $\times$ 12 month + 3 hours $\times$ 12 months = 60 hours annually). See Extension Without Change of a Currently Approved Collection: Order Protection Rule – Rule 611 of Regulation NMS; ICR Reference No. 202005–3235–016; OMB Control No. 3235–0600 (Aug. 22, 2023), available at https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202304-3235-011. The estimated monetized annual hour burden is as follows: (\$744 for an attorney $\times$ 2 hours $\times$ 12 months) + (\$365 for a financial examiner (*i.e.*, compliance) $\times$ 3 hours $\times$ 12 months) = \$30,996. 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 “Securities, Commodity Contracts, and Other Financial Investments and Related Activities” (NAICS 523). See *Occupational Employment and Wage Statistics*, U.S. Bureau of Labor Statistics, <https://www.bls.gov/oes/>; see also *Standard Occupational Classification*, U.S. Bureau of Labor Statistics, <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, <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 NAICS 523 to total annual wages across all occupations for NAICS 523 in the OEWS data. See *Gross Output by Industry*, U.S. Bureau of Economic Analysis, <https://www.bea.gov/data/industries/gross-output-by-industry>; *Occupational Employment and Wage Statistics*, U.S. Bureau of Labor Statistics, *supra*. 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>.

⁵⁷⁸ The Commission estimates that there are currently 305 trading centers subject to Rule 611. This estimate includes 20 exchanges (17 exchanges that trade NMS stocks + three exchanges that are approved but not yet operating) and 33 ATSs that trade NMS stocks. Based on data from the consolidated audit trail for January 2026, the estimate also includes 96 exchange market makers and 225 broker-dealers acting as OTC market maker or executing orders internally by trading as principal or crossing orders as agent. 69 broker-dealers are both exchange market makers and an OTC market maker or broker-dealer internalizing orders. Accordingly, the Commission estimates that rescission of Rule 611 would eliminate 305 trading

addition to these annual compliance cost savings, trading centers are also expected to experience additional cost savings from the rescission of Rule 611 and 610(e) related to reductions in the burdens associated with regularly maintaining and updating their execution systems. These additional cost savings are discussed below in section VI.D.3.a.

Broker-dealers that run SORs would also experience compliance cost savings from rescinding Rule 611.⁵⁷⁹ Broker-dealers would no longer need to maintain logic to prevent trade-throughs, utilize exceptions to Rule 611 (such as conducting an ISO sweep of protected quotes), or maintain policies and procedures to detect and surveil for trade-throughs in their order handling. For example, some firms may no longer need to collect snapshot information of protected quotes at the time they submit an order to demonstrate compliance with the usage of ISO orders for Rule 611 exceptions.⁵⁸⁰ Each broker-dealer that runs an SOR is estimated to save \$13,140 annually by no longer maintaining policies and procedures related to Rule 611.⁵⁸¹ Rescinding Rule 611 would result in broker-dealers operating SORs saving an estimated aggregate total of \$2.8 million in annual compliance costs.⁵⁸² In addition to these

centers $\times$ 60 hours annually = 18,300 annual burden hours that would be associated with complying with Rule 611. The total estimated monetized annual hour burden is 305 trading centers $\times$ \$30,996 = \$9,453,780.

⁵⁷⁹ See *supra* section VI.B.2.d (discussing compliance costs related to Rule 611).

⁵⁸⁰ See, e.g., First TTR Roundtable Transcript at 171–173 (Adam Nunes, Hudson River Trading) (discussing that systems necessary to demonstrate compliance with Rule 611 are associated with a lot of overhead); First TTR Roundtable Transcript at 232 (Daniel Gerhardtstein, FIA Principal Traders Group and Jump Trading Group) (stating that industry participants and exchanges operate and maintain elaborate systems solely for trade-through compliance).

⁵⁸¹ The Commission estimates that each broker-dealer with an SOR currently requires an average of approximately 36 hours annually to ensure that the policies and procedures established are up-to-date and remain in compliance with the Commission's rule: three hours per month of internal compliance time (3 hours $\times$ 12 months = 36 hours annually). The estimated monetized annual hour burden is as follows: (\$365 for a financial examiner (*i.e.*, compliance) $\times$ 3 hours $\times$ 12 months) = \$13,140. See *supra* note 577 for discussion on how the hourly burden are monetized.

⁵⁸² The Commission estimates that there are 213 broker-dealers that operate a SOR. This number is estimated by counting the number of unique CRDs that submitted an order directly to an exchange in January 2026. See Table 1 for additional information. Accordingly, the Commission estimates that rescission of Rule 611 would eliminate 213 broker-dealers $\times$ 36 hours annually = 7,668 annual burden hours that would be associated with broker-dealers complying with Rule 611. The total estimated monetized annual hour burden is

annual compliance cost savings, broker-dealers that operate SORs are also expected to experience additional cost savings from the rescission of Rule 611 and 610(e) related to reductions in the burdens associated with regularly maintaining and updating their order routing systems. These additional cost savings are discussed below in section VI.C.3.a.

However, the compliance cost savings for trading centers and broker-dealers that are discussed above may be limited to the extent that the certain costs related to Rule 611 overlap with the costs related to other Commission or SRO Rules. For example, some firms may collect quote snapshots or other market surveillance data for compliance with multiple rules. They may still collect this information for other compliance or evaluation purposes if Rule 611 is rescinded. Additionally, some broker-dealers may outsource their compliance procedures and surveillance to third party vendors. To the extent that Rule 611 is integrated into the same systems that the vendor uses to evaluate for compliance with other rules, the rescission of Rule 611 may not result in the vendor reducing their prices or cost savings for these broker-dealers.

Rescinding Rule 611 could result in institutional investors experiencing improved execution quality for their large orders.⁵⁸³ Without trade-through restrictions, trading venues could better facilitate block crosses at economically efficient prices. Rescinding Rule 611 would also allow institutional investors more flexibility to route child orders, allowing them to avoid trading at exchanges that may increase their information leakage. This would allow institutional brokers to work parent orders with fewer compliance-driven routes, thereby reducing slippage. Clusters of ISO child orders used to clear protected quotes may result in greater price impact. Rescinding Rule 611 would therefore give brokers more

213 broker-dealers with SORs $\times$ \$13,140 = \$2,798,820. There will be overlap between the broker-dealers that operate a SOR and the broker-dealers that are an exchange market maker or OTC market maker (estimated in *supra* note 578). For these broker-dealers, the Commission believes that the cost savings from no longer updating their policies and procedures that are related to being a trading center and their cost savings from no longer updating their policies and procedures that are related to operating a SOR will be additive (*i.e.*, they will save on both costs).

⁵⁸³ See *supra* section VI.B.2.a (discussing how Rule 611 affects institutional order handling and executions). Any improvements in the execution quality of institutional orders would represent a transfer from the market participants that currently benefit from the increased slippage caused by trade-through restrictions (*e.g.* liquidity providers that are alerted to the execution of a large parent order) to the institutional investors that place the orders.

flexibility to stage child orders to minimize the parent order's total cost consistent with institutional benchmarks, such as the VWAP or TWAP. This would likely lead to an increase in the trade-through rates of displayed quotes, because institutional investors would be better able to select which quotes they want to interact with to reduce their price impact. The Commission is unable to estimate the magnitude of improvements in institutional execution quality or the increase in institutional trade-through rates if Rule 611 is rescinded, because it would depend on the latent demand for institutional investors to execute at prices outside the protected quotes, which the Commission is unable to estimate.

As explained in detail below, rescinding Rule 611 may allow some broker-dealers to access and maintain connectivity to fewer exchanges, which could result in reduced market data and connectivity expenditures for some broker-dealers.⁵⁸⁴ However, this effect may be limited.

As discussed in detail below, rescinding Rule 611 (along with Rule 610(e)) may also reduce market complexity by eliminating certain orders types (e.g., ISO orders) and simplifying algorithmic routing and trading strategies, because trading centers and broker-dealers will no longer need to check if they are trading through protected quotes.⁵⁸⁵ This reduction in market complexity is expected to result in ongoing cost savings for trading centers and broker-dealers that operate SORs by simplifying the maintenance and updates to their execution and SOR systems. These ongoing cost savings, together with those from rescinding Rule 610(e), are described below in section VI.C.3.a.

As discussed in detail below, rescinding Rule 611 (and Rule 610(e)) could increase competition among executing brokers, which may result in improved services (e.g., faster connections, improved algorithms) or reduced costs for the introducing brokers and market participants that

utilize their services.⁵⁸⁶ However this effect could be limited by economies of scale in the executing broker-dealer industry.

Rescinding Rule 611 could lessen exchange fragmentation. As discussed in detail below,⁵⁸⁷ rescinding Rule 611 would eliminate the “interference cost” broker-dealers face when not connecting to an exchange. Therefore, a broker-dealer may disconnect from an exchange or not connect to a new exchange if the cost of disconnecting is less than or the cost of connecting is greater than the benefits of the additional execution quality that connecting to the exchange provides. This may reduce displayed fragmentation as broker-dealers concentrate their orders on more liquid venues with better execution quality.⁵⁸⁸

Rescinding Rule 611 could foster innovation in trading protocols and venue design—for both exchanges and ATSs. Currently, Rule 611's restrictions on the trade-through of protected quotes may limit the trading protocols that exchanges and ATSs can offer. Rescinding Rule 611 would allow exchanges and ATSs more flexibility to experiment and try new mechanisms, such as alternative matching, priority, and auction constructs. These innovations may deliver better outcomes for specific trading needs (e.g., institutional block mechanisms or time-staged response markets). However, innovation in exchange trading protocols may still be limited by other constraints, such as fair access restrictions and restrictions on order segmentation, which may not apply to most ATSs.⁵⁸⁹

b. Costs

This section discusses the costs associated with rescinding Rule 611. Rescinding Rule 611 is likely to impose one-time implementation costs on trading centers and broker-dealers that operate SORs to update their systems and remove policies and procedures designed to prevent trade-throughs and ensure compliance with Rule 611 exceptions. It could also result in more order flow being routed off exchange, potentially reducing exchange revenues

and displayed liquidity, although the magnitude of this effect is likely to be limited. Based on data regarding wholesaler price improvement practices, the Commission does not expect significant changes in retail order execution quality if Rule 611 is rescinded.

The one-time implementation costs associated with rescinding Rule 611 include expenses related to legal personnel updating policies and procedures as well as software engineering and IT costs for updating and configuring systems related to trade execution, order handling and surveillance. These updates will be made in combination with changes related to the rescission of Rule 610(e), and these combined implementation costs are discussed below in section VI.C.3.b.

Additionally, some broker-dealers may choose to incur additional costs to update their best execution policies and procedures to account for the rescission of Rule 611.⁵⁹⁰ To the extent Rule 611 provided a best execution backstop, if rescinded, some broker-dealers may determine they need to update their best execution policies and procedures relating to order routing choices and attain the “most favorable terms reasonably available” when liquidity is fragmented across multiple venues and it is possible to execute orders at prices inferior to some displayed prices.⁵⁹¹ For a broker-dealer that does choose to update its internal policies and procedures, the Commission estimates that it would incur a one-time cost of approximately \$40,100.⁵⁹² Due to the diversity of broker-dealer business models and operations, it is difficult for the Commission to reasonably estimate how many broker-dealers would choose to update their best execution policies and procedures if Rule 611 is rescinded. However, the Commission believes that the number of broker-dealers that will choose to update their best execution

⁵⁹⁰ See *supra* section VI.B.1.c. (discussing best execution rules). See also *supra* section II.B.3 (discussing the evolution of U.S. equity markets and the effect of Rule 611 as best execution backstop).

⁵⁹¹ It is possible that these broker-dealers might update their best execution review process as part of updating their policies and procedures.

⁵⁹² The Commission estimates that each broker-dealer that chooses to update its best execution policies and procedures would, on average, need 54 hours to do so: 48 hours of legal time and 6 hours of review by a Chief Compliance Officer. The estimated monetized one-time burden is as follows: (\$744 for an attorney × 48 hours) + (\$731 for a financial manager (i.e., Chief Compliance Officer) × 6 hours) = \$40,098. See *supra* note 577 for details on how hourly rates are calculated. If a broker-dealer also made changes to their SOR as a result of the rescission of Rule 611, those costs would be included in the implementation costs discussed in *infra* section VI.C.3.b.

⁵⁸⁴ See *infra* section VI.C.3.c.i. for further discussion on broker-dealers disconnecting from exchanges if Rules 611 and Rule 610(e) are rescinded. See also *supra* section VI.B.4.f (discussing how Rule 611 and Rule 610(e) increase broker-dealer connectivity and market data costs).

⁵⁸⁵ See *infra* section VI.C.3.a for further discussion on how rescinding Rule 611 and Rule 610(e) will reduce market complexity. See also *supra* section II.B.2.a. and VI.B.2.d for further discussions on how Rule 611 potentially contributes to increased market complexity.

⁵⁸⁶ See *infra* section VI.D.2.d (discussing how rescinding Rule 611 and Rule 610(e) will increase competition between execution brokers). See also *supra* section VI.B.5.b (describing how executing brokers currently compete).

⁵⁸⁷ See *infra* section VI.C.3.c.i. (discussing broker-dealers disconnect from exchanges).

⁵⁸⁸ See *infra* section VI.C.3.c.i. (discussing broker-dealers routing to exchanges with better execution quality).

⁵⁸⁹ See *supra* section VI.B.5.a (discussing differences between how exchanges and ATS are regulated).

policies and procedures is likely to be less than the total number of broker-dealers that submitted customer orders to an exchange (*i.e.*, less than 173) simply because, given the diversity of execution strategies, some broker-dealers may view it as optimal to not change their routing strategies.⁵⁹³ If all broker-dealers that submitted customer orders to an exchange chose to update their best execution policies and procedures, the Commission estimates that the total one-time cost would be approximately \$6.94 million.⁵⁹⁴

Rescinding Rule 611 could cause more order flow to be executed off exchange, which could reduce exchange revenue and may also reduce displayed liquidity. If there is no trade-through protection, then there would be no obligation to interact with displayed exchange quotes before executing at inferior prices in dark venues. The loss of this obligation combined with the potential flexibility for executing orders at off-exchange venues (*e.g.*, reduced adverse selection from the segmentation of order flow and better control of counter-party risk), may cause more broker-dealers to route orders to off-exchange venues.⁵⁹⁵ This could, in turn, increase the trade-through of displayed quotes on exchanges.⁵⁹⁶ If more orders are routed off exchange, exchange transaction volume, and related revenue from transaction fees and the SIP, could decline.⁵⁹⁷ Additionally, more marketable orders routed off exchange may reduce the incentive to post limit orders on exchanges, decreasing overall displayed liquidity. However, as discussed in detail below, any reduction

in displayed liquidity is likely to be limited.⁵⁹⁸

The Commission is unable to reasonably estimate the magnitude of order flow that could move off exchange if Rule 611 is rescinded because it would depend on the latent demand to execute at prices outside the protected quotes, which the Commission is unable to estimate. However, there are a number of reasons why the amount of order flow that migrates off exchange may be limited. First, most marketable retail orders are already executed off exchange, so this order flow would not migrate. Second, broker-dealers would still have a commercial incentive to maximize execution quality, which may incentivize them not to trade off exchange if there are better-priced quotes displayed on exchanges. Therefore, to the extent that there is not a significant reduction in displayed liquidity, there might not be a significant reduction in the share of marketable orders that are routed to exchanges for execution. Third, the implementation of the MDI displayed odd-lot information in the SIP may improve the visibility of better priced quotes on exchanges and help offset any marketable order flow that might have migrated off exchange. Finally, to the extent that the rescission of Rule 611 helps improve innovation in exchange trading protocols, such innovation might help partially counteract the potential migration of order flow off exchange.⁵⁹⁹

Rescinding Rule 611 could reduce the total amount of displayed liquidity on exchanges. However, any such effects are not expected to be significant.⁶⁰⁰ If rescinding Rule 611 leads to more order flow being routed off exchange, trade-through rates of displayed round-lot quotes on exchanges could increase. Higher trade-through rates could lower the expected probability of execution for displayed limit orders, reducing the incentive to post and update best-priced displayed orders on exchanges. In theory, this may prompt liquidity providers to quote less aggressively, reduce the displayed size of their order, or even hide their order or move their trading interest off exchange. This could widen NBBO quoted spreads and thin displayed depth—raising transaction costs for liquidity takers (*i.e.*, higher effective spreads) and opportunity costs for non-marketable limit order posters

whose orders no longer enjoy trade-through protection.⁶⁰¹

However, to the extent it does occur, the Commission does not expect any decline in the aggregate amount of displayed liquidity to be significant, for several reasons. First, as discussed above, the migration of order flow off exchange may be limited. Second, market participants often display unprotected odd-lot orders inside the NBBO, indicating that order protection does not have a significant impact on the price or size at which they display their order.⁶⁰² Third, the Commission analysis below shows that trade-through rates of unprotected quotes fall as trade size increases—a large trade benefits more from executing at the best price per share—implying that rescinding Rule 611 may not have a significant impact on lit liquidity for orders that are equal to or greater than the round-lot size.⁶⁰³ Additionally, a separate analysis shows that trade-through rates in the pre-market and after-hours sessions—when quotes are not protected—are estimated to be similar to trade-through rates of protected quotes during the regular trading session.⁶⁰⁴ These analyses indicate that the removal of order protection may not significantly decrease the probability that a displayed round-lot sized quote at the NBBO is traded through, which would result in little change in the incentives to display the order. Finally, the implementation of the MDI rule to display odd-lot orders inside the NBBO in the SIP may increase the incentives to display limit orders at or inside the NBBO. These orders would not have been protected under Rule 611 and the increased transparency from including them in the SIP may increase their probability of execution, which would increase the incentives to display aggressively-priced orders. However, this effect may be limited because a majority of the trading

⁵⁹³ The Commission estimates that there are 173 broker-dealers that submitted a customer order to an exchange. This number is estimated by counting the number of unique CRDs that submitted a customer order directly to an exchange in January 2026. See Table 1 for additional information.

⁵⁹⁴ The Commission estimates rescinding Rule 611 would result in a total one-time burden of 173 broker-dealers × 54 hours = 9,342 hours for broker-dealers to update their best execution policies and procedure. The total estimated one-time monetized hour burden is 173 broker-dealers × \$40,100 = \$6,937,300. However, the Commission acknowledges uncertainty regarding this estimate and has requested comment on it.

⁵⁹⁵ In particular, broker-dealers may be more likely to route a larger portion of institutional investor orders off exchange if Rule 611 is rescinded in order to reduce the overall slippage of some parent orders. See *supra* section VI.C.1.a (discussing on the effect of rescinding Rule 611 on institutional orders).

⁵⁹⁶ Commission analysis shows that trade-through rates of unprotected odd-lot quotes are higher for off-exchange transactions than for similar sized transactions occurring on exchange. See *infra* section VI.C.1.c.

⁵⁹⁷ It may also reduce the revenue some smaller and new exchanges receive from connectivity and market data. See *infra* section VI.C.3.ii (discussing how exchange market data and connectivity is affected by rescinding Rule 611 and Rule 610(e)).

⁵⁹⁸ See *infra* note 600 and related text.

⁵⁹⁹ See *supra* section VI.C.1.a (discussing potential for increase in exchange innovation).

⁶⁰⁰ See also *supra* section VI.B.2.c (discussing how Rule 611 affects displayed liquidity).

⁶⁰¹ To the extent it occurs, any reduction in displayed depth is likely to vary across stocks, with larger reductions in smaller-cap, lower-volume stocks. A widening of the NBBO or a reduction in displayed depth could also increase volatility and reduce price efficiency, since pre-trade transparency from displayed quotes plays a significant role in the price discovery process. See Amy Edwards et al., *The Effect of Hidden Liquidity: Evidence from an Exogenous Shock* (working paper Dec. 19, 2024), available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5064340 (retrieved from SSRN Elsevier database).

⁶⁰² See Robert P. Bartlett et al., *The Market Inside the Market: Odd-Lot Quotes*, 38 Rev. Fin. Stud. 661 (2025).

⁶⁰³ See *infra* Table 5 and surrounding discussion. That analysis shows that off-exchange trade-through rates decline from 19.1% for trades of five shares to 11.5% for trades of 40 shares.

⁶⁰⁴ See *supra* note 408 and surrounding discussion (also see footnote discussion of potential limitations of the analysis).

volume on exchanges may come from broker-dealers that use exchange proprietary DOB feeds that already have access to this odd-lot information.⁶⁰⁵

Rescinding Rule 611 may have minor impacts on stocks that will receive a smaller tick size.⁶⁰⁶ First, rescinding the trade-through prohibition could reduce the anticipated benefit of lower transaction costs from narrower spreads due to the reduction in the tick size. This is because a narrower spread can restrict the prices at which market participants transact. Thus, without the trade-through prohibition, more trade-throughs of the narrower spreads could occur, leading to less favorable trading terms for investors. However, this effect is expected to be limited as broker-dealers would still be subject to best execution obligations, which would not disappear with the rescission of Rule 611.

Rescinding Rule 611 is not expected to significantly impact average execution quality for marketable retail orders, although some individual orders may receive worse prices.⁶⁰⁷ As discussed above, retail brokers typically evaluate wholesalers based on average execution quality relative to the NBBO, and allocate more order flow to those with higher average execution quality.⁶⁰⁸ Because wholesalers often internalize marketable retail orders at prices significantly better than the NBBO, their average execution quality is not constrained by the protected quote.⁶⁰⁹ Therefore, competition among wholesalers makes it unlikely that the average execution quality of retail marketable orders would significantly change if Rule 611 is rescinded.⁶¹⁰

However, Commission staff analysis also shows that when wholesalers internalize marketable retail orders, they

sometimes trade through displayed odd-lot quotes available at better prices and in sufficient quantity to fill the order, resulting in higher transaction costs for these orders.⁶¹¹ If Rule 611 is rescinded, wholesalers may begin to trade through displayed round-lot quotes that were previously protected and are of sufficient size to fill the order, resulting in worse prices for these orders.⁶¹²

However, there are several reasons why this effect may be limited. First, wholesalers may be less likely to trade through a round-lot quote that sets the NBBO compared to a smaller odd-lot quote.⁶¹³ Because retail brokers often benchmark wholesalers by their average execution quality measured against the NBBO, this creates competitive pressure that may make wholesalers less likely to trade through a round-lot quote that sets the NBBO. Second, wholesalers usually execute larger retail orders with price improvement relative to the prices they would have received if the order had executed against the aggregated displayed liquidity across all exchange order books; *i.e.*, they provide a better price compared to if the limit order had “walked-the-book” on exchanges.⁶¹⁴ This indicates that the displayed size at the protected quotes is not usually a binding constraint on the execution quality that wholesalers provide (*i.e.*, they tend to also provide price

improvement relative to unprotected displayed quotes they could have traded through).

Third, when the new Rule 605 reports are implemented, they will include statistics on the size improvement relative to aggregated depth at the NBBO, as well as the percentage of shares of marketable orders that a retail broker executes outside the NBBO. If retail investors value these additional dimensions of execution quality, competition among retail brokers may lead them to evaluate wholesalers on these metrics as well, which could limit the extent to which wholesalers execute large retail orders at prices worse than the NBBO.

If wholesalers begin trading through round-lot quotes after Rule 611 is rescinded, some larger marketable retail orders may receive worse prices.⁶¹⁵ This would transfer value from the retail investors to the wholesalers, who would earn higher profits.

Wholesalers may pass some of these increased profits to other retail investors by cross-subsidizing additional price improvement to smaller orders. Wholesalers may do this because they would still face competitive pressure to maintain average execution quality measured against the NBBO to attract retail order flow. To offset the worse execution quality associated with trade-throughs of round-lot quotes, the wholesaler would have to provide additional price improvement to other retail orders. However, if the retail broker benchmark does not perfectly reflect wholesaler profits, wholesalers may still retain some of the increased transaction costs from larger marketable retail orders as profit, even if their average execution benchmark remains unchanged.

Rescinding Rule 611 may also increase the likelihood that retail non-marketable limit orders are traded through, although the Commission does not expect this effect to be significant. As discussed above,⁶¹⁶ most retail non-marketable limit orders are indirectly displayed on an exchange, where they may currently qualify as protected quotes. If rescinding Rule 611 increases trade-through rates of displayed orders on exchanges, it would also increase

⁶⁰⁵ See *supra* section VI.B.4.c (discussing SIP and proprietary data feeds) and section VI.B.1.d.i. (discussing the MDI amendments).

⁶⁰⁶ See *supra* section VI.B.1.iii (discussing the anticipated economic effects when the amendments to Rule 612 adopted in the 2024 Regulation NMS Amendment are implemented).

⁶⁰⁷ In turn, some marketable retail orders may experience better prices if there is an increase in cross-subsidization by wholesalers. For additional discussions, see *infra* note 615 and accompanying discussion.

⁶⁰⁸ See *supra* section VI.B.2.b.

⁶⁰⁹ See *id.*

⁶¹⁰ In addition, when the new Rule 605 reports are implemented, they may increase competition among retail brokers based on average execution quality, because retail investors will be better able to compare the execution quality across brokers. See Rule 605 Amendments Adopting Release at 26544. This, in turn, may cause retail brokers to require better average execution quality from wholesalers to receive their retail orders, which would further enhance the competitive incentives for wholesalers to not reduce the average execution quality they provide if Rule 611 is rescinded.

⁶¹¹ See *infra* section VI.C.1.c. (discussing off-exchange trade-throughs of odd-lot quotes).

⁶¹² Separately, it is also possible that wholesalers may sometimes start to trade through round-lot quotes when the retail order is larger than the displayed size, but it may not result in higher transactions costs for the order. As discussed above, for larger retail orders, wholesalers currently may execute the order outside the NBBO but provide price improvement compared to if the order had walked up the book against the aggregated displayed liquidity available on exchanges. When this occurs, the wholesaler may submit an order in a principal capacity to execute against the protected quotes on exchanges, to comply with Rule 611. If Rule 611 is rescinded, it is possible that wholesalers may no longer submit these principal orders to execute against the exchange quotes, which would result in an increase in trade-throughs, but may not result in increased transaction costs for the marketable retail orders. It is also possible that wholesalers may still choose to execute against the exchange quotes in these circumstances to help manage their inventory. See *supra* section VI.B.2.b (discussing size improvement wholesalers provide to larger retail orders).

⁶¹³ The analysis in Table 5 below shows that the off-exchange trade-through rate decreases as the trade size increases. Therefore, off-exchange trade-through rates for unprotected 100 share round-lot quotes may be lower than the trade-through rates for 40 share trades observed in the table. See *infra* section VI.C.1.c.

⁶¹⁴ See *supra* section VI.B.2.b. Additionally, some retail brokers may produce exception reports if a wholesaler executes an order at a price outside of the VWAP price the order would have received if it had walked the consolidated displayed limit order book. See Ernst, Malenko, Spatt and Sun (2023).

⁶¹⁵ The magnitude of any increase in transaction costs resulting from trade-throughs of round-lot quotes may not be large. For example, the analysis in Table 5 below shows that off-exchange trade-throughs of 40 share odd-lot quotes increases transactions costs by 0.32 bps (or 5.0% of the 6.34 bps effective spread). The increase in transaction costs declines with the trade size, which indicates the increased transaction costs for trading through a 100 share round-lot quote may be lower. See *infra* section VI.C.1.c.

⁶¹⁶ See *supra* section VI.B.2.b.

trade-through rates for nonmarketable retail orders. However, as discussed above, there are reasons to believe that trade-through rates for displayed limit orders may not significantly increase if Rule 611 is rescinded. Therefore, rescinding Rule 611 may not significantly increase trade-through rates for displayed retail non-marketable limit orders.

If there is an increase in retail marketable orders executed outside the NBBO or retail non-marketable limit orders traded through, it could lead to investor confusion. This could create additional costs for retail brokers to respond to more customer complaints, increase investor education, or update their systems. For example, retail brokers may incur higher costs for call centers, chat support, and content development to explain trade-throughs, reconcile price discrepancies, and adjust user interfaces.

c. Empirical Analysis

i. Odd-Lot Quote Trade-Through Analysis

This section presents the Commission's empirical analysis of the prevalence and economic determinants of trade-throughs. A primary challenge in empirically evaluating the effect of the amendments is that Rule 611 requires trading centers to have policies and procedures to prevent trade-throughs. This trade-through prohibition causes observed trade-throughs to be less frequent than they would be under market forces alone. Further, trade-throughs that violate Rule 611 (*e.g.*, by mistake) are likely to differ systematically from intentional trade-throughs that would occur without Rule 611. An empirical analysis therefore requires a setting where Rule 611 does not prohibit trade-throughs; behavior in this setting can serve as a counterfactual for broader market behavior if Rule 611 is rescinded.

The Commission therefore focuses on trade-throughs of odd-lot quotes inside the NBBO for high-priced stocks. This setting is a useful laboratory for multiple reasons. First, Rule 611 only applies to round-lot quotes; odd-lot quotes inside the NBBO are not protected and market participants are free to trade through them. Second, odd-lot trades are prevalent, comprising over half of trades since 2021;⁶¹⁷ this allows for a large sample of trades that can be benchmarked against the prevailing odd-lot quotes to determine if the trade could have been executed at a better price. Third, odd-lot quotes can

represent substantial notional liquidity for high-priced stocks and can emulate the liquidity of round lots for less expensive stocks.⁶¹⁸ Fourth, odd-lot quotes and trades occur during the core trading session when conditions are the same as with round-lot quotes and trades. This setting therefore provides a relatively clean laboratory for market behavior in the absence of Rule 611.

The results of the Commission's analysis are summarized here. The analysis finds that 1–5% of trades on an exchange trade through a better-priced quote on another exchange. The cost of these trade-throughs, measured as the fraction of notional executed outside the best quote, ranges from 0.03 to 0.13 basis points.⁶¹⁹ This cost is small relative to effective spreads—which are over 6 basis points—and suggests that market participants trading on an exchange generally execute at the best available prices, even without an explicit requirement. Trade-through rates are higher for off-exchange executions, ranging from 11–19% for trades of 5 to 40 shares, with costs ranging from 0.32 to 0.84 basis points. This suggests that there is demand for trade-throughs off exchange, and this demand may extend to round lots if Rule 611 is rescinded. The analysis also finds that trade-through rates decline with trade size. Therefore, to the extent that off-exchange trade-throughs reduce the incentive to provide lit liquidity, this effect is expected to be small for limit orders of meaningful size, such as those that set the NBBO. Finally, the analysis finds similar trade-through rates for retail trades executed by wholesalers and trades executed on ATSS, alleviating concerns that retail execution quality will be particularly sensitive to the rescission of Rule 611.

There is a fundamental limit in extrapolating these results to round lots if Rule 611 is rescinded: round lots are protected and set the NBBO, while odd-lot quotes are neither protected nor set the NBBO. If market participants avoid trading through the NBBO even without Rule 611, the observed trade-through rates of odd-lot quotes may overstate

those for round lots if Rule 611 is rescinded. For example, off-exchange trading protocols are often benchmarked to protected quotes and ignore odd-lot quotes, which may contribute to the observed off-exchange trade-through rates. Additionally, these empirical results are based on a subset of high-priced stocks with spreads wide enough to allow odd-lot quotes inside the NBBO.⁶²⁰ The behavior of these stocks may differ systematically from that of stocks with low prices and tight spreads. These caveats indicate that the estimated trade-through rates should be interpreted with caution, as they may differ from those for round lots if Rule 611 is rescinded. Nevertheless, the Commission believes that analyzing trade-throughs of odd-lot quotes inside the NBBO for high priced stocks provides an economically meaningful environment to study market behavior without a trade-through prohibition.

A detailed discussion of the methodology and results of the Commission's analysis is below.

The analysis starts by constructing a sample of stock-days with room inside the NBBO for odd-lot quotes of meaningful liquidity.⁶²¹ The sample construction has the following steps. First, all stock-days for the fourth quarter of 2025 are collected from the TAQ Masterfile. Second, stock-days are excluded if their VWAP is less than \$100,⁶²² their round lot is less than 100,⁶²³ or their time-weighted average NBBO quoted spread ("NBBO TWAQS") is less than \$0.04 during October.⁶²⁴ Third, to avoid data errors

⁶²⁰ The subsample used in the analysis is economically significant. For October of 2025, this subsample includes approximately 880 stocks per day (out of a total of approximately 11,600 traded stocks). Many of the high-priced stocks in this subsample are among the most active of all stocks, with the subsample typically comprising 30–40% of total daily dollar volume for regular-way trades. The economic significance of the subsample indicates that market participants are accustomed to trading in environments where the best quote is often unprotected.

⁶²¹ See *supra* note 431 for the definition of a stock-day.

⁶²² The VWAP is the volume-weighted average price for the stock-day. It is computed using regular-way trades from the SIP by dividing the notional value of the trades (*i.e.*, trade price multiplied by trade size) by the total number of shares that transacted.

⁶²³ As a result of the round-lot amendments that took effect on November 3, this filter implies that stocks with prices typically over \$250 per share are only in the sample during October. The new round lots for these stocks resulted in tighter NBBO spreads, thus reducing the space for odd-lot quotes inside the NBBO.

⁶²⁴ In order for there to be odd-lot quotes inside both sides of the NBBO, the NBBO spread needs to be at least \$0.03. The time-weighted average quoted spread is calculated from the SIP quotes. The data in this analysis precedes the implementation of the

Continued

⁶¹⁷ See Bartlett et al., *supra* note 412.

⁶¹⁸ See *id.*; See also First TTR Roundtable Transcript at 77–78 (Maureen O'Hara, Cornell, SC Johnson Graduate School of Management). A high price per share offsets the fact that odd-lots represent fewer shares; to illustrate, a 30-share odd-lot quote for a stock priced at \$100 per share represents as much notional liquidity as a protected quote for a stock priced at \$30 per share.

⁶¹⁹ More specifically, the cost of a trade-through is calculated using the difference between the execution price and the price of the best odd-lot quote of sufficient size to cover the trade. This cost is bounded by the protected quote—that is, when an odd-lot quote inside the NBBO is traded through, the execution price will generally not be outside of the NBBO.

in exchange proprietary feeds, December 16th is excluded, as are 34 stock-days with a negative time-weighted quoted spread of the best displayed prices (“BDP TWAQS”).⁶²⁵ The result is a sample of 45,647 stock-days.

Summary statistics are presented in Table 4. The sample captures a wide range of trading activity: stock-days at the 5th percentile have less than 100 trades, while the 95th percentile has over 88,000 trades. Similarly, the first ventile has a dollar volume under \$0.5 million, while the twentieth ventile is above \$850 million. The sample covers

over \$11 trillion in notional volume for the quarter.⁶²⁶

Turning toward quoted spreads, the sample contains NBBO TWAQS ranging from \$0.05 to over \$2, with a median of \$0.316 and a mean of \$0.661. Importantly, the distribution of the BDP TWAQS is substantially lower than the distribution of the NBBO TWAQS. That is, at each percentile, the BDP TWAQS is lower than the NBBO TWAQS, indicating that there are often odd-lots inside the NBBO. At the 5th percentile, the BDP TWAQS is about 25% lower than the NBBO TWAQS, while at the 95th percentile the BDP TWAQS is less

than half of the NBBO TWAQS. The depth at the BDP exhibits a similar pattern: the time-weighted depth at the bid and offer is less than 100 at the median of the distribution, which implies that the typical stock-day in the sample spends most of the day with less than one round lot at the BDP. Finally, trade-weighted effective spreads—a measure of trading costs—range from \$0.023 to \$0.707 per share from the 5th to 95th percentiles; in percentage terms, the effective spread averages 11.7 basis points relative to the midpoint of the trade.⁶²⁷

TABLE 4—SUMMARY STATISTICS FOR ANALYSIS OF TRADE-THROUGH RATES

Variable	Stock-days	Mean	P5	P25	P50	P75	P95
VWAP	45,647	\$195	\$103	\$122	\$153	\$204	\$397
Number of trades	45,647	26,522	84	3,426	12,074	27,261	88,176
Dollar-volume (millions)	45,647	\$249.2	\$0.5	\$14.1	\$62.4	\$186.0	\$851.8
Market Cap. (millions)	45,640	\$53,074	\$182	\$2,372	\$8,410	\$28,676	\$179,947
NBBO TWAQS	45,647	\$0.661	\$0.056	\$0.152	\$0.316	\$0.698	\$2.193
BDP TWAQS	45,647	\$0.338	\$0.041	\$0.103	\$0.199	\$0.377	\$0.990
BDP TW depth at bid	45,647	154	28	54	87	155	511
BDP TW depth at offer	45,647	171	26	51	85	160	620
Effective spread	45,647	\$0.228	\$0.023	\$0.059	\$0.113	\$0.222	\$0.707
Effective spread (%)	45,647	0.117%	0.016%	0.039%	0.069%	0.127%	0.330%

This table displays summary statistics for the sample constructed for the analysis of trade-throughs. The sample consists of all stock-days (unique stock-date pairs) in the TAQ Masterfile for the fourth quarter of 2025, subject to the following filters: (1) stock-days with a volume-weighted average price (“VWAP”) under \$100 are excluded to focus on odd-lots; (2) stock-days are excluded if the round-lot is less than \$0.04 during October to allow for room inside the NBBO; (3) December 16th is excluded due to a data quality issue with an exchange proprietary feed; (4) 34 stock-days with a negative “BDP TWAQS” are excluded due to likely data errors; and (5) stock-days without any trades are excluded.

Trade data is from the SIP and include regular-way trades (i.e., trades with a sale condition of “Regular Trade,” “Intermarket Sweep Order,” or “Odd Lot Trade”). Market capitalization is calculated as shares outstanding (from the TAQ Masterfile) multiplied by VWAP. The NBBO TWAQS is the time-weighted average quoted spread during market hours using the SIP round-lot quotes. BDP TWAQS is the time-weighted average quoted spread during market hours using the best-priced bid and ask, regardless of quote size, constructed from 16 exchange proprietary feeds. BDW TW depth at bid (offer) is the time-weighted average depth at the best priced bid (offer), measured in shares; when multiple venues quote at the best price, the maximum quote size is used. Effective spread is computed as twice the absolute difference between the trade price and the NBBO midpoint at the time of the trade, averaged equally across regular trades for each stock-day. The effective spread is measured both in dollars and as a percent of the NBBO midpoint.

For each variable, the table reports the number of stock-days with non-missing values, the mean, and the 5th, 25th, 50th, 75th, and 95th percentiles.

Conceptually, a trade-through occurs when a liquidity demander leaves money on the table by not sending the order to a venue with a better-priced quote. To operationalize this concept, an empirical analysis of trade-throughs must specify the conditions under which the liquidity demander could have reasonably executed at the better

price. The following analysis sets two conditions. First, the trade quantity must be no larger than the size of the better-priced quote. Second, the better-priced quote must be sufficiently persistent that the liquidity demander could have seen it and executed against it. If these conditions hold, then a liquidity demander could have

received—even if only after the fact—a better price by sending the order to a different venue.

Regarding the first condition, if the trade size is larger than the better-priced quote, then the liquidity demander would not have been able to execute the entire order at the better-priced quote. Instead, they would either incur the cost

2024 Regulation NMS Amendments. Once implemented, stocks that generally maintain an NBBO TWAQS less than \$0.015 will trade with a reduced minimum pricing increment; because this analysis conditions on an NBBO TWAQS greater than \$0.04, the results of this analysis are unlikely to be affected by the reduction in the minimum pricing increment. Additionally, once implemented, the 2024 Regulation NMS Amendments reduce the access fee cap for all stocks; because the change in the access fee cap affects all quotations, it is unlikely to affect the incentives to trade through a particular quote and is therefore unlikely to affect the results of this analysis. The data in this analysis also precedes the dissemination of top-of-book odd-lot quotations by

the SIPs, which was implemented on Monday, April 27, 2026. Market participants may be less likely to trade through odd-lot quotes once it is easier and cheaper to see the top-of-book odd-lot quotations; to the extent that most trades are executed by market participants who see odd-lot quotations in the proprietary feeds, the dissemination of odd-lot quotations by the SIPs is unlikely to have a large impact on the results of this analysis.

⁶²⁵ December 16th is dropped due to a data quality issue with an exchange proprietary feed, which resulted in missing quotes for half of the day. The best displayed prices are the lowest lit offer and the highest lit bid across all 16 proprietary feeds, regardless of the size of the quote. The BDP

TWAQS is the time-weighted value of the spread between these best displayed prices; if this is negative, then it is likely due to an error on one of the feeds.

⁶²⁶ The total notional is computed by multiplying the average notional by the number of stock-days in the sample: \$249.2 million × 45,647.

⁶²⁷ The effective spread is measured as twice the absolute difference between the trade execution price and the midpoint of the NBBO at the time of the trade. For each stock-day, this measure is averaged across trades; equally weighting trades (as opposed to weighting by shares or the notional value of the trade) gives relatively more weight to small trades and therefore makes the measure more reflective of the trading cost of small odd-lots.

of a partially filled order or execute the remaining shares at a potentially worse price elsewhere. Commenters have noted that execution quality should be benchmarked to the size of the order.⁶²⁸ Accordingly, this analysis benchmarks trades against quotes that are large enough to fully accommodate the trade.

To implement this first condition, the analysis takes the following approach. First, the analysis focuses on trades of a range of sizes: 1, 5, 10, 20, 40, and 100. Trades of these sizes are relatively frequent.⁶²⁹ For each trade size, quotes are drawn from the proprietary order book data covering the sixteen exchanges that operated throughout the fourth quarter of 2025.⁶³⁰ The order book data provides, for each exchange, the number of shares offered at each of ten price levels on both the buy and sell sides (*i.e.*, ten levels of buy orders, and ten of sell orders).⁶³¹ For each size and venue, the analysis constructs BBO-like quotes—analogue to the best bid and offer for a round-lot quote—by identifying the lowest price at which a market sell order of that size would execute (for bids) and the highest price at which a market buy order would execute (for offers), assuming the order walks the book and does not interact with hidden liquidity. For example, a 10-share bid on an exchange is the lowest price that a 10-share market sell order would execute against (assuming the sell order walks the book and does

not interact with hidden liquidity); similarly, the 10-share offer is the highest price that a 10-share market buy order would execute against. This procedure creates BBO-like quotes for each trade size; trade execution prices are then compared to the correspondingly sized quote to determine if the trade could have executed at a better price at another venue.⁶³²

Turning to the second condition, if the relevant (correspondingly sized) quote is not sufficiently persistent, then it will not be used to determine whether there was a trade-through. It might not be feasible, for example, for a liquidity demander to execute against a quote that “flickers.” The trade-through analysis considers the following factors when determining whether it is feasible for a liquidity demander to execute against a quote.

First, the quote needs to persist long enough for the message to travel from the exchange to the liquidity demander. For example, if a broker is in Secaucus, NJ, and an exchange is in Mahwah, NJ, a quote message traveling at the speed of light would take approximately 113 microseconds to arrive after it was released from the exchange’s matching engine—setting a lower bound on travel time.⁶³³

Second, after receiving the quote message, the broker needs time to process and act on it, and then the broker’s response must travel back to the exchange.

Third, there are limits to how closely market participants can synchronize their clocks, which means messages from different venues might be reported out of order. For example, a trade might be reported on one venue before a quote update is reported on another venue, even though the quote update occurred first. Exchanges employ a methodology to ensure that their timestamps are accurate within 100 microseconds.⁶³⁴

Fourth, a broker may send marketable orders to multiple venues

simultaneously, but differences in transit times (*e.g.*, between Mahwah and Carteret, NJ) can create the appearance of a trade-through. For example, if venue A has a worse quoted price than venue B but the broker’s order reaches venue A first, it may appear as if the trade on venue A traded through a better-priced quote on venue B, even though both quotes were accessed nearly simultaneously.

Fifth, from the perspective of the liquidity supplier, if a quote is traded-through but then canceled or subsequently executed by another order, the supplier is not worse off because of the trade-through.⁶³⁵

In sum, these five factors necessitate that a better-priced quote persist for a window of time around the execution in order for the trade to be classified as a trade-through: the first two factors require that the quote exist before the trade, while the latter three require it to exist after the reported time of execution.

To implement this condition of quote persistence, the analysis takes the following approach. First, each trading day is divided into non-overlapping intervals of 1.2 milliseconds. Quotes are mapped to every interval during which they are in effect, using the participant timestamp that records when the exchange’s matching engine published the message.⁶³⁶ Second, for each interval and venue, the analysis identifies the highest offer and lowest bid at which a market order of a given size could have executed. These are considered the persistent quotes—quotes that do not persist for the full interval are excluded, as a liquidity demander could not have reliably traded against them. Third, the analysis summarizes the persistent quotes across all venues to determine the best persistent bid and offer for each interval. This produces NBBO-like bids and offers for every 1.2 millisecond interval and for each trade size threshold.

Correspondingly, trades are assigned to one of the 1.2 millisecond intervals using the trade’s participant timestamp,⁶³⁷ and then trades are

⁶²⁸ In the context of best execution for retail orders, one commenter stated, “since the odd lots don’t show up in the NBBO, measuring [best execution] against the NBBO really doesn’t make sense. What we really ought to do is measure [best execution] against the actual displayed liquidity that is in the lit markets.” See First TTR Roundtable Transcript at 188 (Jim Angel, Georgetown University). In the context of institutional best execution, one commenter stated that, “wholesalers are being held accountable to the order receipt time depth of book quote.” See First TTR Roundtable Transcript at 275 (Robert Battalio, University of Notre Dame).

⁶²⁹ See Michael Coccia et al., *Is Smaller Better? Examining the Decrease in Trade Sizes in Financial Markets* 30–31 (working paper July 16, 2025), available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5358460 (retrieved from SSRN Elsevier Database).

⁶³⁰ The analysis excludes quotes from 24X National Exchange, LLC, on which trading commenced on October 14th, 2025. Volume on this exchange—whether measured by shares, trades, or notional—generally accounted for less than 0.1% of aggregate volume on the days it operated during 2025. See *US Equities Historical Market Volume Data*, CBOE, https://www.cboe.com/us/equities/market_statistics/historical_market_volume/ (last visited April 16, 2026). To the extent that better-priced odd-lot quotes persist on this exchange, the analysis may understate trade-through rates.

⁶³¹ A price level is a price with a resting order. A price without a resting order does not count toward the ten level limit—*e.g.* if an exchange has an offer to sell a share at \$100.01 and the next offer to sell is at \$100.10, then those offers would constitute only two levels instead of ten.

⁶³² The analysis excludes trades that occur when the best correspondingly sized quotes cross each other. For example, a 10-share trade is excluded when the best 10-share offer is lower than the best 10-share bid. When the market is crossed, every execution price is either below the best bid or above the best offer; it is therefore unclear how to evaluate the execution quality of such a trade. See *supra* note 235.

⁶³³ The locations are approximately 21 miles apart, and the speed of light is 186,000 miles per second. Light therefore requires 0.000113 seconds (21 miles/186,000(miles/second)) to traverse the distance.

⁶³⁴ See, *e.g.*, the definition of “Participant Timestamp” in UTP Data Feed Services Specification Version 3.0c (2026), available at <https://utpplan.com/DOC/UTPBinaryOutputSpec.pdf>.

⁶³⁵ One commenter discussed measuring, “. . . the cost to the limit order that is allegedly traded through” by examining whether the order was subsequently filled. See First TTR Roundtable Transcript at 160–161 (Jim Angel, Georgetown University).

⁶³⁶ See *supra* note 634.

⁶³⁷ For trades that occur on an exchange, this timestamp reflects the time that the message is published by the exchange’s matching engine. For trades that occur off exchange, the timestamp reflects the execution time of the trade reported by the FINRA member. By matching trades to quotes

merged to the best persistent quotes in the same interval. Only trades with timestamps between the 800th and 1,000th microsecond of each interval are retained in the sample. This sampling procedure keeps approximately one-sixth of trades (those in the 200 microsecond window of each 1.2 millisecond interval) and matches them to the best quotes that persisted from at least 800 microseconds before execution to at least 200 microseconds after execution. This approach ensures that the analysis accounts for the factors previously discussed: 800 microseconds are allotted for a message to travel from the exchange to the liquidity demander and back, and 200 microseconds are allotted for clock synchronization and simultaneous execution issues.⁶³⁸

The sample of trades is shown in Table 5. Panel A shows trades that are executed on an exchange, and Panel B shows trades that are executed off exchange. The first column shows the size of the trade, and the second column shows the number of trades. There is a total of 91 million trades, each of which is matched to the best persistent quotes of various sizes.

To examine the effect of rescinding Rule 611, the analysis focuses on situations where market participants are not prohibited from trading through better-priced quotes. Specifically, the analysis includes only those trades where the best persistent quotes for the trade's size are inside the best persistent quotes for a 100-share order. For example, a 20 share trade is included in the trade-through analysis only if the best persistent bid and ask for a 20-share order are inside the best persistent bid and ask for a 100-share order.⁶³⁹ This approach avoids the direct effect of Rule 611 in preventing trade-throughs.

These trades are denoted "Candidate trades," and are shown in the third column of Table 5. The fourth column reports the percentage of all trades that are "Candidate trades." Approximately 30% of 10-share trades are "Candidate trades." The fraction of "Candidate trades" decreases with trade size because larger trades are more likely to

using the participant timestamp, the quotes reflect—as close as is possible—the state of the order book at the time of trade execution. See *supra* note 634.

⁶³⁸ To the extent these allowances are too short, then the estimated trade-through rates will be too high (and vice versa if the allowances are too long). Additionally, to the extent some off-exchange venues report execution times rounded down to the nearest millisecond, then those trades will be evaluated against quotes that are older by the length of the rounding, potentially increasing measured trade-through rates.

⁶³⁹ As discussed previously, every stock in this sample has a round lot of 100 shares.

exhaust all of the available odd-lot liquidity on a venue and thereby reach the protected quote.

The analysis next calculates trade-throughs for the "Candidate trades." A trade-through occurs when the trade's execution price occurs outside of the best persistent bid and ask prices. Column five shows the fraction of "Candidate trades" that are trade-throughs. For each trade-through, the analysis calculates the notional value of the trade-through by multiplying the number of shares in the trade by the difference between the execution price and the best quote (*i.e.*, for a trade-through executed below the best bid, the execution price is subtracted from the best bid; for an execution above the best offer, the best offer is subtracted from the execution price). The summed notional value of all trade-throughs is then divided by the notional value of all the "Candidate trades" to calculate the fraction of notional that is outside the best quote—this is presented in the sixth column as "Notional amount outside of best quote (basis points)." The last column shows the typical effective spread for stock-days in the sample, weighted by the stock-days' notional value of "Candidate trades" in each row.

Panel A shows trade-through rates of 1.6 to 5.5% for on-exchange odd-lot trades. Smaller trades generally have higher trade-through rates, with one-share trades exhibiting the highest trade-through rate—possibly because these are often exploratory or used to "ping" for hidden liquidity rather than being price sensitive.⁶⁴⁰ Similarly, smaller trades have a higher notional amount that is outside of the best quotes, ranging from 0.03 to 0.13 basis points. However, the notional value of these trade-throughs is small compared to typical trading costs: effective spreads range from 6 to 9.12 basis points, implying that liquidity demanders on exchange do not leave much money on the table by passing over better-priced quotes. To provide a benchmark, the last row of the panel shows results for trades of size 100 that occur on exchange, which are evaluated against the best 100-share quotes (*i.e.*, the protected NBBO). The trade-through rate for these trades is 0.3%, with the notional amount outside of the best quotes estimated to be 0.01 basis points.⁶⁴¹

⁶⁴⁰ See, *e.g.*, Ryan L. Davis et al., *1-Share Orders and Trades*, 75 J. Banking & Fin. 109 (2017).

⁶⁴¹ The estimated trade-through rate of 0.3% is similar to the round-lot trade-through rates calculated in the OAR Roundtable Analysis—see *supra* note 121. That analysis found a 0.06% trade-through rate for round-lot trades in corporate securities and a 0.08% trade-through rate for round-

Panel B shows results for off-exchange trades, where trade-through rates are substantially higher than on-exchange trades. Trade-through rates off exchange range from 11.5 to 35.6% for odd-lots.⁶⁴² As with on-exchange trades, smaller trades have higher trade-through rates, particularly for one-share trades. A possibility for the high trade-through rates for one-share trades is that some of them are the result of fractional trades. During this time period, trades for retail orders smaller than one share are reported as 1-share trades in the SIPs.⁶⁴³ If a trade involves a whole share component and a fractional share component (*e.g.* a trade for 10.4 shares), then the broker may execute the whole share component on an agency basis and the fractional share component on a principal basis. This trade would result in two prints to the SIP: one for 10 shares, and one for 1 share.⁶⁴⁴ Therefore, 1-share trades off exchange might be part of a trade that is larger than 1 share, and the 1-share quotes—which serve as the benchmark for the execution price of 1-share trades in this analysis—might be too stringent of a benchmark. Separately, probing for hidden liquidity with 1-share orders might be particularly valuable off exchange because these trades are only visible to other market participants when they are published by the SIP, which entails a delay relative to the reporting of on-exchange trades published by exchange proprietary feeds.⁶⁴⁵

The notional value of the odd-lot trade-throughs off exchange ranges from 0.32 to 1.44 basis points—roughly ten times higher than on exchange. A

lot trades in ETP securities, both using a one-second lookback window.

⁶⁴² One study found off-exchange odd-lot trade-through rates of 31–46%. This study looked at a relatively small sample of trades on one day and for two stocks. These trade-through rates were computed without the requirement that the better-priced odd-lots have sufficient depth to cover the trade size; this difference in methodology may explain part of the difference in the trade-through rate from Table 5. See Robert P. Bartlett, *Modernizing Odd Lot Trading*, COLUM. BUS. L. REV. 101 (2021).

⁶⁴³ On February 23, 2006, the SIPs began reporting information on fractional share trade quantities. See *UTP Vendor Alert #2025–6: UPDATE New Release Date: SIP Fractional Share Trade Reporting Enhancements*, NasdaqTrader (Mar. 28, 2025), <https://www.nasdaqtrader.com/TraderNews.aspx?id=UTP2025-06>.

⁶⁴⁴ See Robert P. Bartlett et al., *Tiny Trades, Big Questions: Fractional Shares*, 157 J. Fin. Econ. 1 (2024). Table 6 therein shows that one broker executes most of their fractional trades at either the NBB or the NBO, which would necessarily trade through any odd-lots inside the NBBO.

⁶⁴⁵ See Thomas Ernst et al., *The Value of Off-Exchange Data* (working paper July 31, 2021), available at https://microstructure.exchange/papers/12859989807_TRF_July_1b.pdf.

possibility for the high trade-through rates off exchange is that orders off exchange are often pegged to the NBBO in various ways and thereby ignore odd-lot quotes by design. A midpoint order, for example, might execute outside of the best odd-lot quotes.⁶⁴⁶ Tracking odd-lot quotes can also be costly, both technically and financially (e.g., purchasing the requisite data feeds and connections), so executing at a better price might be less profitable than simply pegging to the NBBO.⁶⁴⁷ The last row of the panel shows the trade-through rate for 100-share trades (evaluated against the NBBO) that execute off exchange; the rate is 0.1% with a notional value under 0.01 basis

points, and is similar to the estimates for on-exchange trades.

The Commission understands that liquidity suppliers may be less willing to post aggressively-priced quotes if they expect their quotes to be traded through by uninformed liquidity demanders. If rescinding Rule 611 causes more uninformed traders to execute off exchange, the pool of on-exchange liquidity demanders may skew toward informed traders,⁶⁴⁸ prompting liquidity suppliers to widen spreads to compensate for increased adverse selection. The “notional amount outside of the best quote” in Panel B of Table 5 provides one way to gauge the economic magnitude of this effect—it

measures traders’ willingness to forgo better-priced quotes when trading off exchange. For trades of five shares, off-exchange traders appear willing to forgo approximately 11% of the effective spread;⁶⁴⁹ this drops to approximately 5.5% for trades of twenty shares. This suggests that rescinding Rule 611 may have a smaller impact on lit liquidity provisions for large trades—where the gains from executing at the best price are multiplied by a high number of shares—than for small trades. Therefore, to the extent that the NBBO represents, by design, an order of meaningful size,⁶⁵⁰ the rescission of Rule 611 might have a small effect on it.

TABLE 5—AGGREGATE TRADE-THROUGH RATES BY LOCATION AND TRADE SIZE

Trade size	Total trades	Candidate trades	Candidate trades (%)	Trade-through rate (%)	Notional amount outside of best quote (basis points)	Typical effective spread (basis points)
Panel A: On-exchange trades						
1	16,754,409	7,619,267	45.5	5.5	0.13	9.12
5	5,810,260	2,219,607	38.2	3.5	0.07	7.60
10	6,908,856	2,122,907	30.7	2.9	0.05	6.86
20	2,975,260	662,803	22.3	2.4	0.05	7.06
40	1,354,922	140,189	10.3	1.6	0.03	6.04
100	15,293,576	n/a	n/a	0.3	0.01	4.87
Panel B: Off-exchange trades						
1	21,296,491	9,375,566	44.0	35.6	1.44	6.45
5	3,818,979	1,441,830	37.8	19.1	0.84	7.52
10	3,476,438	1,064,874	30.6	16.4	0.64	6.52
20	2,124,338	496,508	23.4	13.1	0.42	7.65
40	899,180	86,278	9.6	11.5	0.32	6.34
100	10,417,251	n/a	n/a	0.1	0.00	5.06

This table displays trade-through rates for the sample of stock-days described in Table 4. Panel A shows rates for trades that occur on an exchange, and Panel B shows rates for trades that occur off exchange. The “Trade size” column indicates the number of shares that transacted in the trade.

To calculate trade-throughs for a given stock-day, the following procedure is followed. First, the day is divided into 1.2 millisecond intervals with trades and quotes assigned to the interval by their participant timestamp, and with trades occurring between the 800th and 1000th micro-second of the interval. This procedure samples approximately one-sixth of all regular trades for the stock-day. Quotes come from the proprietary feeds of the sixteen exchanges that operated during the entirety of the fourth quarter of 2025. For a given trade size during the 1.2 millisecond interval, each venue’s quotes are aggregated to determine the persistent quote that could have traded against a market order of the specified size. E.g., if the trade size is 1 share, then a venue’s persistent quote is the worst displayed price at the top of the venue’s book during the interval; if the trade size is 10 shares, then the persistent quote is the worst displayed quote with which a 10-share market order would have interacted. The best persistent bid is the highest persistent bid across the sixteen venues; the best persistent offer is the lowest persistent offer across the sixteen venues.

A “Candidate trade” is a trade that occurs when both the best persistent bid and offer quotes (for a given size) do not cross and are strictly inside the best persistent bid and offer quotes for a round-lot (100-share) trade. An odd-lot trade-through occurs if the candidate trade’s execution price is below the best persistent bid or above the best persistent offer. The concept of a “Candidate trade” does not apply to 100-share trades, so these trades are classified as a trade-through if the execution price is below the best persistent 100-share bid or above the best persistent 100-share offer. When a trade-through occurs, the difference between the execution price and the best quote is multiplied by the size of the trade to determine the notional amount outside of the best quote.

⁶⁴⁶ See figure 2 of Bartlett et. al. (2025), *supra* note 617, for an example.

⁶⁴⁷ The Best Odd-Lot Order started to be disseminated by the SIPs on April 27, 2026. To the extent this allows market participants to more cheaply track odd-lot quotes, these quotes will

experience lower trade-through rates than observed in this analysis.

⁶⁴⁸ See section VI.D.2.c. for a discussion of the amendments’ effects on competition between exchanges and other venues.

⁶⁴⁹ The notional amount outside of the best quote is 0.84 basis points, while the typical effective spread is 7.52 basis points. The ratio is therefore 11% (0.84/7.52).

⁶⁵⁰ See Market Data Infrastructure Adopting Release, *supra* note 15, at 18618 n.274.

The results of the above procedure are collected for 481,928 stock-day-size-location tetrads. Of these tetrads, 33 are dropped because, when there is a trade-through in the tetrad, the average distance from the best quote is larger than ten times the stock-day's NBBO TWAQS and are therefore likely a data error. The remaining tetrads are aggregated by the size-location pairs shown in the table. For each size-location pair: "Total trades" is the number of regular trades in the sample; "Candidate trades" is the number of candidate trades; the fourth column is the percent of total trades that are candidate trades; "Trade-through rate" is the number of trade-throughs divided by the number of candidate trades; "Notional amount outside of best quote" is the difference between the execution price and the best quote for trade-throughs, multiplied by the number of shares in the trade-through and divided by the notional value of the candidate trades. The final column, "Typical effective spread" is a weighted average effective spread for the relevant stock-days. This weighted average effective spread is computed in two steps: first, the trade-weighted effective spread is calculated for each stock-day as described in Table 4; second, the effective spreads of the stock-days are averaged using the stock-days' notional value of candidate trades as weights.

To further explore the interaction of Rule 611 and liquidity, Table 6 tabulates trade-through rates by notional volume quartiles. The sample of stock-days is split into four quartiles using the cutoffs for "dollar-volume" presented in Table 4; the "Notional quartile" column of Table 6 shows the quartile from which the statistics are derived (with "Q1" being the quartile with the smallest notional, and "Q4" being the quartile with the highest). Otherwise, the methodology and calculations are identical to Table 5.

Broadly speaking, trade-through rates are similar across notional quartiles, once conditioning on the trade size and the location of the trade. The largest outlier is the row of one-share trades off exchange for the most active quartile ("Q4"), which shows a trade-through rate of 40.1% compared to rates near 20% for the other quartiles. This may reflect the importance of probing for hidden liquidity in these stocks, or a higher share of fractional trades.⁶⁵¹

The notional amount outside of the best quote generally declines as notional volume increases. For example, for 20-

share trades off exchange, the notional amount outside of the best quote descends monotonically from 1.54 basis points to 0.34 basis points as the notional quartile goes from Q1 to Q4. However, effective spreads also decline as the notional quartile goes from Q1 to Q4, and the notional amount outside of the best quote as a fraction of the effective spread is fairly constant at approximately 5% for these rows.⁶⁵² These results suggest that rescinding Rule 611 may not have a differential impact on stocks with varying levels of trading activity.

TABLE 6—AGGREGATE TRADE-THROUGH RATES BY NOTIONAL VOLUME QUARTILES

Trade size	Notional quartile	Total trades	Candidate trades	(%)	Trade-through rate (%)	Notional amount outside of best quote (basis points)	Typical effective spread (basis points)
Panel A: On-exchange trades							
1	Q1	405,801	262,300	64.6	9.7	0.76	36.66
1	Q2	1,865,312	1,114,612	59.8	7.0	0.33	20.00
1	Q3	3,257,542	1,626,278	49.9	5.4	0.15	11.51
1	Q4	11,225,754	4,616,077	41.1	5.0	0.08	6.51
10	Q1	63,997	22,547	35.2	2.2	0.14	30.09
10	Q2	567,947	234,621	41.3	2.5	0.09	16.34
10	Q3	1,082,768	377,555	34.9	2.7	0.07	11.00
10	Q4	5,194,144	1,488,184	28.7	3.0	0.05	5.01
20	Q1	23,946	6,012	25.1	2.0	0.13	30.81
20	Q2	242,688	70,733	29.1	2.2	0.07	14.99
20	Q3	580,476	142,961	24.6	2.2	0.05	10.19
20	Q4	2,128,150	443,097	20.8	2.5	0.04	5.46
Panel B: Off-exchange trades							
1	Q1	312,158	119,163	38.2	20.9	2.99	29.05
1	Q2	1,610,017	828,485	51.5	21.9	1.98	15.49
1	Q3	3,149,907	1,494,542	47.4	23.7	1.61	9.96
1	Q4	16,224,409	6,933,376	42.7	40.1	1.38	5.40
10	Q1	31,092	9,054	29.1	17.5	1.92	28.63
10	Q2	230,863	89,896	38.9	18.5	1.39	15.11
10	Q3	545,041	180,733	33.2	17.3	1.00	10.12
10	Q4	2,669,442	785,191	29.4	15.9	0.54	5.33
20	Q1	23,478	5,325	22.7	15.4	1.54	27.79
20	Q2	207,377	59,475	28.7	13.1	0.81	15.23
20	Q3	430,347	107,795	25.0	12.4	0.58	11.03
20	Q4	1,463,136	323,913	22.1	13.3	0.34	6.14

This table displays trade-through rates for the sample of stock-days described in Table 4. The procedure for calculating trade-throughs is described in Table 5. In Table 5, the statistics were aggregated at the location-size pair; in this table, the statistics are aggregated at the location-size-quartile triple, where the quartile is determined by the stock-day's notional trading volume. The quartile cutoffs are shown in Table 4; "Q1" indicates the quartile of stock-days with the lowest notional volume, and "Q4" indicates the quartile with the highest notional volume.

⁶⁵¹ See *supra* notes 644 and 640.

⁶⁵² E.g., for a trade size of 20 off exchange, the Q1 quartile has a notional outside of the best quote equal to 1.54 basis points, with an effective spread

of 27.79 basis points, for a ratio of 5.5%. The numbers for the Q4 quartile are 0.34 and 6.14, for a ratio of 5.5%.

The analysis next examines retail trade-throughs. Retail trades make up a large percentage of smaller off-exchange trades, and retail brokers benchmark wholesaler execution quality and price improvement based on the NBBO.⁶⁵³ If the observed off-exchange odd-lot trade-throughs are due to wholesalers executing marketable retail orders, this would suggest that wholesalers are not always taking advantage of better-priced displayed odd-lot liquidity on exchanges at the time of execution.⁶⁵⁴ If these retail orders could have executed against better-priced odd-lot quotes, their transaction costs would have been lower. If wholesalers knowingly trade-through these better-priced odd-lot quotes, it suggests they may also trade through the NBBO for some retail trades if Rule 611 is rescinded. In that case, retail transaction costs could increase for some trades that previously would have executed against protected quotes. However, even if costs rise for some trades, the increase may not be large: Table 5 shows that for 40-share trades, the notional amount traded outside the best quote is 0.32 basis points, compared to under 0.01 basis points for a round-lot trade.

Even if wholesalers begin trading through round-lot quotes, rescinding Rule 611 is unlikely to significantly affect average retail execution quality. As discussed above, competition among wholesalers—measured by average execution quality relative to the NBBO and price improvement statistics for shares executed at or inside the NBBO—may limit trade-throughs, even without explicit protection.⁶⁵⁵ Wholesaler performance can also be monitored using publicly available Rule 605 data. Any decline in average execution quality would be detectable in these data and would incentivize wholesalers to maintain average execution quality.⁶⁵⁶

To empirically examine retail trade-throughs, the analysis categorizes each trade-through (from Table 5) by venue and broker type using CAT data. Each trade is assigned to one of three mutually exclusive categories: “ATS” for trades that occurred on an ATS, “Retail—wholesaler” for trades that are executed by a wholesaler and originated from a retail account,⁶⁵⁷ and “Other” for all other trades. The results are shown in Table 7.

Panel A shows the percentage of off-exchange trade-throughs by venue and

odd-lot size. One-share trades are unusual—most of these trade-throughs occur on an “Other” venue, likely because they represent fractional shares.⁶⁵⁸ For other sizes, the fraction of trade-throughs on ATS is relatively stable at 50–60%, and for retail orders executed by wholesalers, at 20–30%.

Panel B shows trade-through rates by size and venue, scaling the number of trade-throughs by the number of candidate trades on each venue—*i.e.*, the trade-through rate scales the number of trade-throughs by the number of opportunities for trade-throughs. Trade-through rates on ATSs decline from 20% to 10% as trade size increases, potentially because larger trades benefit more from executing at the best price. Rates for retail orders executed by wholesalers also decline from 21% to 15% as trade sizes increase. The similarity of the rates between these two columns suggests that institutions routing to ATSs and wholesalers executing retail orders have a similar willingness to trade through better-priced odd-lot quotes. This helps alleviate concerns that retail execution quality is particularly sensitive to the rescission of Rule 611.

TABLE 7—SOURCE OF OFF-EXCHANGE TRADE-THROUGHs

Trade size	Total matched trade-throughs	% ATS	% Retail—wholesaler	% Other
Panel A: Percent of trade-throughs by trade size and source				
1	3,315,307	19	10	70
5	272,061	63	19	18
10	172,198	52	27	21
20	64,620	63	20	17
40	9,861	66	16	18
Panel B: Trade-through rate by trade size and source				
1		20	21	52
5		18	17	23
10		14	16	25
20		11	16	25

⁶⁵³ See, e.g., Battalio & Jennings (2025) (showing that the average marketable retail order size in their sample is \$709) and Ernst, Malenko, Spatt and Sun (2023) (showing that retail brokers use the average effective over quoted ratio, the average effective spread divided by the average NBBO quoted spread, as one of the main measures to evaluate wholesaler performance).

⁶⁵⁴ As discussed above, wholesalers generally compete on average execution quality measured relative to the NBBO to attract order flow from retail brokers. Since this competition is based on average execution quality, rather than at the individual

order level, it may result in wholesalers executing some retail orders at prices worse than the displayed odd-lot quotes. However, wholesalers may also off-set this by cross-subsidizing additional price improvement for other orders in order to maintain their average execution quality. See Thomas Ernst et al., *supra* note 404.

⁶⁵⁵ See *supra* note 612 and surrounding discussion on potential changes to retail execution quality if Rule 611 is rescinded.

⁶⁵⁶ In addition, the Commission expects forthcoming changes to Rule 605 statistics to increase the force of this incentive.

⁶⁵⁷ For the purpose of this analysis, seven broker-dealers are classified as wholesalers based on a review of retail broker Rule 606(a) reports from Q4 2025; wholesalers were identified as the broker-dealers to which retail brokers routed the majority of their market and marketable limit orders. A trade is classified as originating from a retail account if it has an “individual” account type and is not an IOC order.

⁶⁵⁸ See *supra* note 644 on the execution practices of one broker who specializes in fractional shares.

TABLE 7—SOURCE OF OFF-EXCHANGE TRADE-THROUGHS—Continued

Trade size	Total matched trade-throughs	% ATS	% Retail—wholesaler	% Other
40		10	15	23

This table displays the source of off-exchange trade-throughs identified in Table 5. Trades are assigned to one of three categories using data from CAT. Candidate trades are matched to CAT trade records by date, stock, timestamp, price, and shares. 60% of trades match exactly on all fields. A further 28% of trades are matched by adjusting the quantity field in CAT to reflect the way in which fractional shares are reported by the SIP during the sample—in particular, quantities less than one are rounded up to one, while quantities over one are rounded down to the nearest integer. A final 12% of candidate trades are matched by allowing for a timestamp difference of less than 1 millisecond. The final match rate is 99.6%. Trades are assigned to category “ATS” if the matched CAT trades were reported to CAT with a market participant identifier (“MPID”) identified in CAT as an ATS. Trades are assigned to category “Retail-wholesaler” if the matched CAT trades (1) were reported to CAT with an MPID that a wholesaler typically uses to execute orders from retail brokers, (2) do not involve an order marked with a time in force of immediate or cancel, and (3) include at least one side that originated from an “Individual” account type order. The remaining trades are assigned to category “Other”. For further information about CAT fields see <https://www.catnmsplan.com/specifications>. Seven broker-dealers were identified as wholesalers based on a review of retail broker Rule 606(a) reports from Q4 2025. Wholesalers were identified as the broker-dealers to which retail brokers routed the majority of their market and marketable limit orders. Based on these wholesalers, CAT data was used to select the wholesaler MPIDs where most orders originating from “Individual” account types executed.

Panel A shows the fraction of trade-throughs that occur on each venue; the fractions sum to 100% for each row. Panel B shows the fraction of candidate trades that are trade-throughs by venue and trade size.

ii. Round-Lot Change Trade-Through Analysis

The analysis in the previous section showed that odd-lot quotes inside the NBBO are traded-through more frequently than round-lot quotes. One possible explanation is that round lots are larger, and therefore the incentives to avoid trade-throughs are stronger—as trade size increases, the benefit of obtaining the best price per share rises. In other words, the earlier results might not be driven by the protected status of a round lot. To address this concern, the analysis in this section holds trade size constant and explores changes in trade-through rates around a change in the round-lot definition.

As discussed above, the MDI Rules introduced a four-tiered definition of round lot that is tied to a stock’s average closing price.⁶⁵⁹ The MDI round-lot rules were implemented on November 3, 2025 and stocks with an average closing price greater than \$250 during October 2025 had their round-lot size

reduced. This round-lot size change provides a way to study the effects of Rule 611 because these stocks changed from having a protected quote size of 100 shares to a protected quote size of 40 shares or fewer. The effects of trade-through protection can potentially be estimated by comparing the change in trade-through rates between an unprotected odd-lot quote before the round-lot change (October 2025) with the trade-through rate of a similarly sized protected quote after the change (November and December 2025). A limitation of this approach is that both the NBBO and the quotes shown in the SIPs changed for stocks that experienced a round-lot size change, because the NBBO and each exchange’s BBO were now based on a 40-share quote size. As a result, it is not possible to disentangle the effects of a change in trade-through protection from the effects of a change in the NBBO benchmark and the broader dissemination of smaller quotes in the SIP.⁶⁶⁰ Accordingly, the

findings should be interpreted with caution, as multiple factors may influence the observed changes in trade-through rates.

This analysis starts by constructing a sample of stock-days that have a round lot of 100 shares in October. Some of these stock-days maintain a 100-share round lot throughout the quarter, while those with an average closing price above \$250 in September switch to a 40-share round lot starting in November. Summary statistics for this sample are presented in Table 8. The primary difference from the sample in the previous section is that this sample includes higher-priced stocks once they switch to a 40-share round lot, whereas the previous sample only includes stock-days with a 100-share round lot. This difference can be seen by comparing Table 4 with Table 8—the latter sample has a higher VWAP, higher dollar volume, and slightly less depth at the best displayed price.

TABLE 8—SAMPLE SUMMARY STATISTICS FOR ANALYSIS OF TRADE-THROUGHS BEFORE AND AFTER THE ROUND-LOT CHANGE

Variable	Stock-days	Mean	P5	P25	P50	P75	P95
VWAP	54,354	\$221	\$104	\$127	\$169	\$256	\$525
Number of trades	54,354	30,219	104	4,510	13,370	30,105	96,833
Dollar-volume (millions)	54,354	\$305.5	\$0.6	\$19.1	\$76.4	\$223.4	\$987.1
Market Cap. (millions)	54,351	\$68,165	\$221	\$3,212	\$11,203	\$38,016	\$214,562
NBBO TWAQS	54,354	\$0.660	\$0.058	\$0.161	\$0.337	\$0.767	\$2.296
BDP TWAQS	54,354	\$0.356	\$0.043	\$0.109	\$0.213	\$0.414	\$1.093
BDP TW depth at bid	54,354	141	25	47	78	141	475
BDP TW depth at offer	54,354	155	24	45	76	143	558
Effective spread	54,354	\$0.233	\$0.024	\$0.063	\$0.122	\$0.246	\$0.745

⁶⁵⁹ See *supra* section VI.C.1.d.i.

⁶⁶⁰ Prior to the change in round-lot size, the NBBO and exchange BBO for stocks in the sample were based on a 100-share standard. Information on

quote sizes of 99 shares or less were accessible exclusively through exchange proprietary feeds.

TABLE 8—SAMPLE SUMMARY STATISTICS FOR ANALYSIS OF TRADE-THROUGHS BEFORE AND AFTER THE ROUND-LOT CHANGE—Continued

Variable	Stock-days	Mean	P5	P25	P50	P75	P95
Effective spread (%)	54,354	0.110%	0.015%	0.037%	0.065%	0.121%	0.317%

This table displays summary statistics for the sample constructed for the analysis of trade-throughs. The sample starts with all stock-days in the TAQ Masterfile for the fourth quarter of 2025. The following filters are then applied: to narrow the focus on odd-lots, stock-days with a volume-weighted average price (“VWAP”) under \$100 are dropped; stock-days are dropped if they have a round lot less than 40 shares; to allow for room inside the NBBO, stock-days are dropped if they have a time-weighted average NBBO quoted spread (“NBBO TWAQS”) less than \$0.04 over the month of October; December 16th is dropped due to a data quality issue with an exchange proprietary feed; 34 stock-days with a negative “BDP TWAQS” are dropped due to a likely data error; finally, stock-days without any trades are dropped.

Trade data is from the SIP and includes regular-way trades (i.e., a sale condition of “Regular Trade,” “Intermarket Sweep Order,” or “Odd Lot Trade”). The market capitalization is calculated by multiplying the shares outstanding from the TAQ Masterfile by the VWAP. The “NBBO TWAQS” is the time-weighted average quoted spread during market hours using the SIP round-lot quotes. The “BDP TWAQS” is the time-weighted average quoted spread during market hours using the best-priced bid and ask regardless of quote size; this is constructed using 16 exchange proprietary feeds. The time-weighted average depth at the best priced bid (“BDP TW depth at bid”) is measured in shares and, in the case where multiple venues quote at the best price, the maximum quote size is taken; the depth at the best priced offer is measured analogously. The effective spread is a measure of trading cost and is computed as twice the absolute difference between the trade price and the NBBO midpoint at the time of the trade; at the stock-day level, the effective spread is equally weighted across regular trades. The effective spread is measured both in dollars and as a percent of the NBBO midpoint.

For each variable, the following statistics are shown: the number of stock-days in the sample with non-missing values, the mean, and the 5th, 25th, 50th, 75th, and 95th percentiles.

Using the same methodology as the odd-lot quote trade-through analysis described above,⁶⁶¹ the Commission compared the trade-through rates for trade sizes of 1, 5, 10, 20, 40, and 100 shares around the MDI round-lot size implementation, and did so separately for stocks that maintained a 100 share round-lot size and those whose round-lot size was reduced from 100 to 40 shares.⁶⁶² As discussed above, for each trade size, the trade-through rates are calculated for “Candidate trades,” which are trades that occurred when the best persistent quotes for the trade’s size are inside the best persistent quotes for a 100-share order. This means that for stocks in this analysis, the best persistent quotes between 40 and 99 shares were unprotected before the MDI round-lot change but became protected after the round lot changed from 100 to 40. Therefore, for stocks that experience a reduction in the round lot, all of the best persistent quotes become protected after the MDI round-lot change for the 40-share category, while a portion of the best persistent quotes (those that are between 40 and 99 shares) become protected for the other trade-size categories.

The trade-through statistics are presented in Table 9. Panel A shows trades that are executed on an exchange, and Panel B shows trades that are executed off exchange. Trades are grouped together based on whether the stock maintained a 100-share round lot (indicated by a “Round-lot change” of

“None”) or switched from a 100-share to a 40-share round lot (“100 to 40”). Trades are further grouped by whether they occurred before the MDI round-lot change (“Pre”) or after (“Post”).

The “Candidate trades (%)” column is generally higher for stocks that switch round lots. This is consistent with these stocks being higher-priced and therefore more likely to have quotes better priced than the 100-share quote. In addition, the “Candidate trades(%)” increases in the post-period for stocks that switch round lots, reflecting a greater likelihood of quotes sized between 40 and 99 shares being inside the 100-share quote after the reduction in the round-lot size. There is no comparable increase for stocks that maintained a 100-share round lot.

The next columns show trade-through rates. For stocks that maintained the 100-share round lot, there is little evidence that the trade-through rates changed from the pre- to the post-periods, for either on- or off-exchange trades. Similarly, there is little evidence that the notional value of the trade-throughs changed for these stocks.

For stocks that switched round lots, however, trade-through rates and the notional value of the trade-throughs declined across the board. The declines were smaller for trades that executed on exchange, indicating that market participants trading on exchange may already be aware of odd-lot-sized quotes and are likely to trade against them whether they are protected or not. In

addition, the greater presence of small-sized quotes—as evidenced by the higher fraction of candidate trades—may make it easier to execute at the best-priced quotes on exchange. The decline in trade-through rates on exchange was largest for small trades: for one-share trades, the trade-through rate fell from 5.8% to 4.3% with the notional value of the trade-throughs falling from 0.10 basis points to 0.07; for 40-share trades, the trade-through rate fell from 1.6% to 0.5%, with the notional value declining from 0.02 to 0.01 basis points.

The patterns off exchange are similar but larger in magnitude. For one-share trades, the trade-through rate fell from 41.6% to 24.2%, with the notional value of trade-throughs falling from 1.04 to 0.51 basis points. For 10-share trades, the corresponding declines are from 17.2% to 7.6%, and 0.53 to 0.17 basis points, respectively. For larger trades, the trade-through rates converge toward those for on-exchange trades: for 40-share trades, the trade-through rate falls to 0.2% from 12.6%, while the notional value declines to under 0.01.⁶⁶³ As discussed above, it is difficult to disentangle how much of these decreases reflect the introduction of trade-through protections versus changes in the NBBO benchmark. Nevertheless, the results indicate that the variation in trade-through rates between protected and unprotected quotes is not driven solely by size.

⁶⁶¹ See *supra* section VI.C.1.c.i.

⁶⁶² Based on how the round-lot size is determined, these stocks would have had an average closing price between \$250 and \$1,000 during October 2025.

⁶⁶³ The forty-share trade-through rates of 0.2% (off exchange) and 0.6% (on exchange) represent round-lot trade-through rates because this is the sample with the forty-share round lot. These estimates are close to the round-lot trade-through

rates calculated in Table 5, and the round-lot trade-through rates calculated in the OAR Roundtable Analysis using a one-second lookback window—see *supra* note 121.

TABLE 9—TRADE-THROUGH RATES BEFORE AND AFTER THE ROUND-LOT CHANGE

Round-lot change	Trade size	Candidate trades (%)		Trade-through (%)		Notional amount outside of best quote (basis points)	
		Pre	Post	Pre	Post		
	Panel A: On-exchange trades						
None	1	41.7	41.6	5.1	5.6	0.15	0.17
None	5	34.9	34.7	3.2	3.5	0.06	0.08
None	10	29.0	28.0	2.8	2.7	0.06	0.06
None	20	20.9	20.4	2.2	2.4	0.05	0.05
None	40	9.7	9.7	1.5	1.7	0.03	0.04
None	100	n/a	n/a	0.2	0.3	0.01	0.01
100 to 40	1	57.3	67.7	5.8	4.3	0.10	0.07
100 to 40	5	48.1	61.9	3.8	2.4	0.05	0.03
100 to 40	10	39.8	54.3	3.5	1.9	0.04	0.02
100 to 40	20	29.0	45.4	2.7	1.5	0.04	0.02
100 to 40	40	15.0	35.8	1.6	0.5	0.02	0.01
100 to 40	100	n/a	n/a	0.4	0.2	0.01	0.01
Panel B: Off-exchange trades							
None	1	38.5	38.8	31.8	31.0	1.17	1.06
None	5	33.9	33.8	18.2	20.5	0.86	1.00
None	10	27.4	27.7	16.5	15.6	0.69	0.62
None	20	20.5	20.1	13.0	13.1	0.48	0.49
None	40	8.9	8.6	11.4	11.2	0.36	0.33
None	100	n/a	n/a	0.1	0.1	0.00	0.00
100 to 40	1	54.2	60.6	41.6	24.2	1.04	0.51
100 to 40	5	49.0	57.9	17.9	10.3	0.64	0.31
100 to 40	10	41.3	51.6	17.2	7.6	0.53	0.17
100 to 40	20	31.4	44.8	13.1	3.9	0.34	0.07
100 to 40	40	15.3	31.8	12.6	0.2	0.26	0.00
100 to 40	100	n/a	n/a	0.1	0.1	0.00	0.00

This table displays trade-through rates for the sample of stock-days described in Table 8. Panel A shows rates for trades that occur on an exchange, and Panel B shows rates for trades that occur off exchange. The “Round-lot change” column indicates whether the stock kept a 100-share round lot (‘None’) or switched to a 40-share round lot (‘100 to 40’). The “Trade size” column indicates the number of shares that transacted in the trade. Each statistic is calculated for the “Pre” and “Post” periods separately, where “Pre” includes October 2025 and “Post” includes November and December of 2025.

To calculate trade-throughs for a given stock-day, the following procedure is followed. First, the day is divided into 1.2 millisecond intervals with trades and quotes assigned to the interval by their participant timestamp, and with trades occurring between the 800th and 1000th microsecond of the interval. This procedure samples approximately one-sixth of all regular trades for the stock-day. Quotes come from the proprietary feeds of the sixteen exchanges that operated during the entirety of the fourth quarter of 2025. For a given trade size during the 1.2-millisecond interval, each venue’s quotes are aggregated to determine the persistent quote that could have traded against a market order of the specified size. E.g., if the trade size is 1 share, then a venue’s persistent quote is the worst displayed price at the top of the venue’s book during the interval; if the trade size is 10 shares, then the persistent quote is the worst displayed quote with which a 10-share market order would have interacted. The best persistent bid is the highest persistent bid across the sixteen venues; the best persistent offer is the lowest persistent offer across the sixteen venues.

A “Candidate trade” is a trade that occurs when both the best persistent bid and offer quotes (for a given size) are not crossed and are strictly inside the best persistent bid and offer quotes for a 100-share trade. An odd-lot trade-through occurs if the candidate trade’s execution price is below the best persistent bid or above the best persistent offer. The concept of a “Candidate trade” does not apply to 100-share trades, so these trades are classified as a trade-through if the execution price is below the best persistent 100-share bid or above the best persistent 100-share offer. When a trade-through occurs, the difference between the execution price and the best quote is multiplied by the size of the trade to determine the notional amount outside of the best quote.

The results of the above procedure are collected for 584,318 stock-day-size-location tetrads. Of these tetrads, 40 are dropped because, when there is a trade-through in the tetrad, the average distance from the best quote is larger than ten times the stock-day’s NBBO TWAQS and are therefore likely a data error. The remaining tetrads are aggregated by the size-location pairs shown in the table. For each row of the table: “Candidate trades (%)” is the fraction of regular way trades that are classified as a “Candidate trade”; “Trade-through (%)” is the number of trade-throughs divided by the number of candidate trades; “Notional amount outside of best quote” is the difference between the execution price and the best quote for trade-throughs, multiplied by the number of shares in the trade-through and divided by the notional value of the candidate trades.

2. Rescinding Rule 610(e)

a. Benefits

The Commission expects repealing the prohibition on locked and crossed markets to result in lower operating costs for exchanges and, relatedly, reduced complexity. Additionally, for a limited number of stocks, the Commission estimates modestly lower spreads.

Rescinding rule 610(e) is likely to result in exchanges removing their rules prohibiting locks or crosses, thereby reducing operating costs. While removing the prohibition on locked and crossed markets does not require exchanges to modify their rules to permit locked or crossed markets, it is likely that they will do so. This is because maintaining the prohibition requires exchanges to operate and

maintain systems designed to prevent locked and crossed markets, which entails ongoing compliance costs associated with monitoring markets for, and responding to, locked or crossed market conditions. Absent a mandate, exchanges are likely to seek to reduce

these compliance costs.⁶⁶⁴ Removing these rules, and the associated monitoring and enforcement programs, would therefore reduce exchanges' operating costs.

Allowing locked and crossed markets could reduce complexity by eliminating the need for specific order types designed to manage locked and crossed markets. The prohibition on locked and crossed markets has resulted in specialized order types, such as "price-to-comply" and other re-pricing orders, which adjust automatically to avoid locking or crossing the NBBO.⁶⁶⁵ Without a prohibition on locked or crossed markets, such orders may no longer be necessary and thus could be expected to disappear, leading to a reduction in the number of order types used. Having fewer order types reduces market complexity and should lower the cost that broker-dealers face when managing orders, as their routing logic would no longer need to avoid locking or crossing markets.

The impacts on compliance costs for both exchanges and broker-dealers are likely to be similar to those associated with the rescission of Rule 611.⁶⁶⁶ Both rules require market participants to have systems in place to monitor market conditions and then to use or maintain specialized order types to avoid violating Rule 610(e) or Rule 611. Thus, rescinding both rules is expected to result in similar market savings. Accordingly, rescinding Rule 610(e) is expected to generate annual savings to exchanges of \$619,000 associated with reduced compliance costs.⁶⁶⁷ Further, rescinding Rule 610(e) is expected to result in reduced compliance costs for broker-dealers that run SORs, producing annual savings of \$2.8 million.⁶⁶⁸

This benefit would be moderated by the fact that, if exchanges modify their rules to allow locked and crossed markets, both exchanges and broker-dealers would face one-time costs associated with adjusting their logic to adapt to the new environment. These costs are likely to be relatively minor. For exchanges, this is because the modifications largely consist of

removing existing restrictions and ensuring that the trading environment remains stable. Broker-dealers are also accustomed to frequent modifications of their logic, as exchanges frequently change access fees and rebates, which can affect how broker-dealers route orders.⁶⁶⁹ Further, the changes to broker-dealer systems would also largely consist of removing logic designed to prevent orders from locking or crossing markets. However, once these adjustments are completed, the benefits described above would be realized.

By removing exchange rules that prohibit locked and crossed markets, the specialized order types used to prevent such outcomes would no longer be necessary and would likely be eliminated. Reducing the set of order types available to broker-dealers when submitting orders would lower complexity in the trading environment and reduce the costs associated with designing, maintaining, and updating order routing systems.

A reduction in complexity could also have the benefit of reducing the trading disadvantage of less sophisticated liquidity providers. This could help level the playing field between less and more sophisticated liquidity providers. Less sophisticated liquidity providers face adverse selection costs when interacting with more sophisticated liquidity providers who may be able to act more quickly due to superior information-processing capacity and reaction times. Because of this, less sophisticated liquidity providers are at risk of having stale quotes adversely selected before they can cancel and update those quotes, which leads to trading losses and thereby increases the cost of liquidity provision. If market complexity is reduced, the disadvantage that less sophisticated liquidity providers face could diminish somewhat, which could lower the cost of providing liquidity and induce more liquidity provision.

Another benefit of removing the prohibition on locked markets would be potentially narrower spreads. Allowing markets to lock would narrow spreads and could allow some investors to execute at prices that are more advantageous than those available currently. Economically, the spread compensates liquidity suppliers for several costs: adverse selection costs (liquidity demanders may have information unknown to liquidity suppliers), inventory-holding costs (the market maker acquires a position in a

stock that may then change in value), and order-processing costs.⁶⁷⁰ While this required compensation is greater than zero, a quoted spread of zero may be a sustainable equilibrium in the presence of rebates. In a maker-taker rebate system, a locked market does not imply that there is no compensation for liquidity providers: on a maker-taker exchange, liquidity providers receive a rebate generally around 30 mils, or \$0.003 per share.⁶⁷¹ This rebate is funded by an exchange transaction fee charged to the liquidity demander that is also around \$0.003.⁶⁷² Thus, even if displayed spreads are zero, the economic spread—the actual cost paid by liquidity demanders to access liquidity—will be the access-fee cap, or approximately \$0.003. In market settings where the cost of liquidity provision is below \$0.003, a displayed spread of \$0.00 could therefore be maintainable as an economic equilibrium.

The reduction in transaction costs due to allowing locked markets could be significant for some stocks. In the presence of a prohibition on locked or crossed markets, the minimum displayed spread equals the minimum pricing increment, or \$0.01 for stocks priced greater than \$1.00.⁶⁷³ In this case, the actual cost of taking liquidity is half the spread (\$0.005) plus the access fee (normally around \$0.003), for a total of approximately \$0.008 (\$0.005 + \$0.003). Consequently, for some stocks, removing the prohibition on locked or crossed markets could reduce the economic spread by more than 50%, from \$0.008 to \$0.003. However, the Commission is unable to estimate how many stocks this would apply to, as there is no reliable way to determine how many stocks could justify an economic spread at this level.⁶⁷⁴ The Commission seeks comment on this issue.

⁶⁷⁰ See, e.g., Roger D. Huang and Hans R. Stoll, *The Components of the Bid-Ask Spread: A General Approach*, 10 Rev. Fin. Stud. 995 (Winter 1997).

⁶⁷¹ See analysis in 2024 Regulation NMS Amendments.

⁶⁷² For protected quotations priced \$1.00 or more, the access fee cap will be lowered to 10 mils, or \$0.001 per share in November, 2026 pursuant to the recently adopted amendments to the tick size and access fee cap adopted by the Commission in 2024. See *supra* note 76. Thus, should the proposed rule be adopted and implemented after that date, the following analysis can simply use \$0.001 in place of \$0.003.

⁶⁷³ For stocks priced below \$1.00, the minimum pricing increment is \$0.0001. Additionally, in November 2026 the minimum pricing increment for stocks priced greater than \$1.00 and that have narrow prevailing quoted spreads will reduce from \$0.01 to \$0.005.

⁶⁷⁴ See analysis in the 2024 Regulation NMS Amendments.

⁶⁶⁴ See Choe December 2025 Letter, at 6 calling for the elimination of the prohibition on locked and crossed markets.

⁶⁶⁵ See, e.g., FIA PTG Paper at 4.

⁶⁶⁶ See *infra* section VI.C.3.a.

⁶⁶⁷ The Commission estimates that rescission of Rule 610(e) would eliminate 20 exchanges × 60 hours annually = 1,200 annual burden hours that would be associated with complying with Rule 610(e). The total estimated monetized annual hour burden is 20 exchanges × \$30,996 = \$619,320. See *infra* note 577–578 and surrounding discussion (discussing how the cost per exchange is estimated).

⁶⁶⁸ See *infra* note 582 and surrounding discussion.

⁶⁶⁹ See 2024 Regulation NMS Amendments at section VII.C.2.

The reduction in transaction costs from allowing locked markets is likely to interact with the 2024 Regulation NMS amendments in two ways. First, the amendments to Rule 612 will, once implemented, allow some stocks to trade with a reduced minimum pricing increment of \$0.005. By creating a finer grid of allowable price points, these amendments will increase the opportunities for markets to lock and thereby further reduce transaction costs.⁶⁷⁵ Second, the amendments to Rule 610(c) will, once implemented, reduce the access fee cap from \$0.003 to \$0.001. This reduction in the fee cap will reduce the rebates that exchanges can pay for liquidity provision in the maker-taker system. With smaller rebates, it will become less likely that the rebate alone will provide sufficient compensation to liquidity suppliers, reducing the likelihood that a quoted spread of zero can be maintained.⁶⁷⁶ Hence, the implementation of the amendments to Rule 610(c) is expected to reduce the benefits of allowing locked markets.

b. Costs

Removing the prohibition on locked and crossed markets is also expected to be associated with certain costs. One potential cost is investor confusion. In particular, crossed markets may create uncertainty regarding the true state of the order book, which could lead to inefficient trading decisions. This risk would likely be higher for less sophisticated investors who do not have access to data from all of the exchanges and therefore cannot view the entire order book across venues. Access to full-depth of book data would mitigate this risk by enabling investors to determine whether the lock or cross reflects market movements or another cause. Investors without such data would be less able to make this assessment and thus could be confused about the state of the order

book. This cost will likely diminish over time as market participants adjust to the new trading environment and adapt their behaviors accordingly.

Additionally, as mentioned above, if the exchanges choose to allow locked and crossed markets, then they will face one-time costs associated with modifying their trading rules and the logic in their trading systems. Broker-dealers will then face related costs to modify their order routing logic to adapt to the new environment. These costs, along with the combined implementation costs of rescinding Rule 611, are discussed below in section VI.C.3.b.

Another potential cost associated with rescinding Rule 610(e) is the reduced reliability of Rule 605 statistics that reference the NBBO. This effect is expected to be minor. While locked markets do not pose significant conceptual challenges for computing most Rule 605 statistics, crossed markets are expected to be rare, and market participants are already familiar with following guidance on how to handle such conditions.⁶⁷⁷ The primary exception is the effective over quoted ratio: in cases where quoted spreads fall to zero when locked markets are allowed, the ratio cannot be computed because its denominator cannot be zero. However, other Rule 605 statistics would still provide meaningful information to investors, and therefore the overall market impact of this limitation is expected to be minor.

c. Empirical Analysis

This section presents the Commission's empirical analysis of the prevalence and economic determinants of locked and crossed markets. A primary challenge in empirically evaluating the effect of the amendments is that Rule 610(e) requires exchanges and national securities associations to enforce rules to prevent displayed quotations from locking or crossing protected quotations. This prohibition on locked and crossed markets causes observed locks and crosses to be less frequent than they would otherwise be if determined by market forces alone. Further, the locked and crossed markets that violate Rule 610(e)—e.g., by mistake—are likely to be systematically different than a quote that intentionally locks or crosses the market. An empirical analysis therefore requires a setting where locked and crossed quotes are permissible; behavior in this setting can then serve as a counterfactual for broader market behavior should Rule 610(e) be rescinded.

The Commission therefore focuses on odd-lot quotes for high-priced stocks. This setting is a useful laboratory for multiple reasons. First, Rule 610(e) only applies to protected (*i.e.*, round-lot) quotes; odd-lot quotes are not protected, and the rule does not prohibit them from locking or crossing. Second, odd-lot quotes represent substantial notional liquidity for high-priced stocks and can therefore emulate the liquidity provision of round lots for less expensive stocks.⁶⁷⁸ Third, odd-lot quotes occur during the core trading session under the same market conditions as round-lot quotes, providing a relatively clean test of market behavior in the absence of Rule 610(e).

The results of the Commission's analysis are summarized here. The analysis finds that the typical stock-day in our sample of high-priced stocks spends almost no time with locked or crossed odd-lot quotes. On average, a stock-day in our sample spends 0.3% of the trading day locked, and 0.3% crossed. This indicates that locked and crossed markets will generally remain rare in the event that Rule 610(e) is rescinded. However, locked markets are substantially more prevalent among stocks with tighter spreads: stock-days with a BDP TWAQS of \$0.015 or less spend, on average, 3.8% of the day locked, which rises to 10.8% at the 90th percentile of the distribution.⁶⁷⁹ This indicates that there is demand to lock the market when spreads are narrow, which is expected to lead to a reduction in transaction costs in the event that Rule 610(e) is rescinded.⁶⁸⁰

The Commission acknowledges, however, that these results come from a subset of high-priced stocks. The behavior of these stocks may vary systematically from the behavior of lower-priced stocks. Accordingly, the estimated frequency and duration of locked and crossed markets should be interpreted with caution, as they may differ for round lots if Rule 610(e) is rescinded. Nevertheless, the Commission believes that this setting provides an economically meaningful

⁶⁷⁵ For example, suppose, in the absence of rebates, a market maker is willing to purchase a stock at \$10.003 and sell the stock at \$10.007. With a rebate of \$0.003, the market maker is willing to post a buy order up to \$10.006 and a sell order as low as \$10.004—*i.e.*, the market maker is willing to offer more aggressive quotes because some of the required compensation comes in the form of a rebate. With a tick size of \$0.01, the posted buy price will be \$10.00 (the highest allowable price below \$10.006) and the posted sell price will be \$10.01 (lowest allowable price above \$10.004). However, with a tick size of \$0.005, the market maker is willing to lock the market by posting both a buy and a sell order at \$10.005, thereby reducing transaction costs.

⁶⁷⁶ Consider the example in *id.* If the rebate is reduced to \$0.001, then the market maker is only willing to post a buy order up to \$10.004 and a sell order as low as \$10.006, resulting in posted prices of \$10.00 and \$10.01 rather than a locked market at \$10.005.

⁶⁷⁷ See *supra* note 235.

⁶⁷⁸ See *supra* note 618.

⁶⁷⁹ The BDP TWAQS is the time-weighted average quoted spread using the best-priced bid and ask regardless of quote size. See notes to Table 4.

⁶⁸⁰ One explanation is that locked quotes are not economically locked due to fees and rebates. With an access fee of 30 mills, a locked quote implies that the cost of taking liquidity instead of making liquidity is \$0.006. One commenter stated: "with current . . . access fees and pricing, the market would be locked . . . certainly much more often than having it prohibited because economically it's not a locked market." See First TTR Roundtable Transcript at 146 (Adam Nunes, Hudson River Trading).

environment to study patterns of market behavior in the absence of the prohibition on locked and crossed markets.

A detailed discussion of the methodology and results of the Commission's analysis is set forth below.

The analysis starts by constructing a sample of stock-days with high share prices. The sample construction has the following steps. First, all stock-days for the fourth quarter of 2025 are collected from the TAQ Masterfile.⁶⁸¹ Second, stock-days are dropped from the sample if their VWAP is less than \$100 or they do not have a trade. Third, to avoid data errors in an exchange proprietary feed, December 16th is dropped, as are 38 stock-days that have a negative BDP TWAQS. Finally, slightly under half of stock-days for the SPY and QQQ symbols are dropped to alleviate data processing constraints. The result is a sample of 62,992 stock-days. The sample is larger and more active than

the sample constructed in section VI.C.1.c. because that section focused on stock-days with a round lot of 100 and relatively wide spreads.

Summary statistics are presented in Table 10. The sample captures a wide range of trading activity—stock-days at the 5th percentile have fewer than 100 trades, while the 95th percentile has over 115,000 trades. Likewise, dollar volume ranges from \$0.4 million to \$1.2735 billion; overall, the sample covers more than \$26 trillion in notional volume over the quarter.⁶⁸²

Turning toward quoted spreads, the sample includes stock-days that are relatively tick-constrained with an NBBO TWAQS of \$0.014 at the 5th percentile, and also includes stock-days that are far from being tick-constrained with a NBBO TWAQS over \$2 at the 95th percentile. Importantly, the distribution of the BDP TWAQS lies below the distribution of the NBBO TWAQS. That is, at each percentile, the BDP TWAQS is lower than the NBBO

TWAQS, indicating that there are often odd-lots inside the NBBO and thus an opportunity to lock and cross the market without violating Rule 610(e).

The final two rows of the table show summary statistics for the fraction of the trading day that the stock-day spends locked or crossed.⁶⁸³ When determining whether the market is locked or crossed, the analysis uses the best displayed prices of any size—quotes could be for an odd-lot or a round-lot order. The table shows that stocks in the sample spend almost no time locked or crossed: the median stock-day spends 0.0% of the day locked or crossed, and the average is 0.3%. Only at the 95th percentile of the sample do stock-days spend a non-trivial amount of the day locked or crossed—at this percentile, the fraction of the day locked is 0.9% and the fraction crossed is 1.5%; 1% of the trading day amounts to approximately four minutes.⁶⁸⁴

TABLE 10—SUMMARY STATISTICS FOR ANALYSIS OF LOCKED AND CROSSED QUOTES

Variable	Stock-days	Mean	P5	P25	P50	P75	P95
VWAP	62,992	\$996	\$102	\$122	\$165	\$254	\$594
Number of trades	62,992	36,282	68	3,784	13,032	31,210	115,875
Dollar-volume (millions)	62,992	\$419.5	\$0.4	\$18.4	\$79.1	\$248.9	\$1,273.5
Market Cap. (millions)	62,981	\$80,067	\$145	\$3,047	\$11,375	\$40,954	\$238,130
NBBO TWAQS	62,991	\$1.422	\$0.014	\$0.118	\$0.299	\$0.728	\$2.658
BDP TWAQS	62,992	\$1.028	\$0.011	\$0.083	\$0.190	\$0.401	\$1.299
Fraction of day with locked quotes	62,992	0.3%	0.0%	0.0%	0.0%	0.0%	0.9%
Fraction of day with crossed quotes	62,992	0.3%	0.0%	0.0%	0.0%	0.1%	1.5%

This table displays summary statistics for the sample constructed for the analysis of locked and crossed quotes. The sample starts with all stock-days in the TAQ Masterfile for the fourth quarter of 2025. The following filters are then applied: to narrow the focus on odd-lots, stock-days with a volume-weighted average price ("VWAP") under \$100 are dropped; December 16th is dropped due to a data quality issue with an exchange proprietary feed; half of the SPY and QQQ stock-days are dropped due to data processing constraints; 38 stock-days with a negative "BDP TWAQS" are dropped due to a likely data error; finally, stock-days without any trades are dropped.

Trade data is from the SIP and includes regular-way trades (i.e., a sale condition of "Regular Trade," "Intermarket Sweep Order," or "Odd Lot Trade"). The market capitalization is calculated by multiplying the shares outstanding from the TAQ Masterfile by the VWAP. The "NBBO TWAQS" is the time-weighted average quoted spread during market hours using the SIP round-lot quotes. The "BDP TWAQS" is the time-weighted average quoted spread during market hours using the best displayed prices regardless of quote size; this is constructed using 16 exchange proprietary feeds. The fraction of the day with locked quotes is computed by dividing the time in which the best bid (of any size) is equal to the best offer by the length of the trading day; the fraction of the day with crossed quotes is computed analogously using the time in which the best bid is greater than the best offer.

For each variable, the following statistics are shown: the number of stock-days in the sample with non-missing values, the mean, and the 5th, 25th, 50th, 75th, and 95th percentiles.

The primary determinant of a locked market is the spread. Panel A of Table

11 shows summary statistics for the fraction of the day spent locked, split by

the stock-day's BDP TWAQS. The first row shows results for the 3,870 stock-

⁶⁸¹ The data in this analysis precede the implementation of the 2024 Regulation NMS amendments. Once implemented, stocks that generally maintain an NBBO TWAQS less than \$0.015 will trade with a reduced minimum pricing increment; this will increase the number of price points at which market participants can place a quote, which may increase the opportunities for markets to lock or cross in these tick-constrained stocks. Additionally, once implemented, the 2024 Regulation NMS amendments will reduce the access fee cap for all stocks; because access fees are generally used to fund rebates, the resulting reduction in rebates may put upward pressure on quoted spreads and thereby reduce the incidences of locked and crossed markets—see *supra* notes

675–676 for an example demonstrating this effect. The data in this analysis also precedes the dissemination of top-of-book odd-lot quotations by the SIPs, which was implemented on Monday, April 27, 2026. Market participants may be less likely to post quotes that lock or cross resting odd-lot quotes once it is easier and cheaper to see the top-of-book odd-lot quotations; to the extent that most orders are posted by market participants who see odd-lot quotations in the proprietary feeds, the dissemination of odd-lot quotations by the SIPs is unlikely to have a large impact on the results of this analysis.

⁶⁸² The total notional is computed by multiplying the average notional by the number of stock-days in the sample: \$419.5 million * 62,992.

⁶⁸³ To avoid including limit-on-open orders, this analysis uses quotes that are in effect starting at 9:45 a.m. each day. As part of the opening cross, limit-on-open orders cross each other but are not executed until the end of the opening process; this process may extend past 9:30 a.m., which can give the appearance of a crossed market in the proprietary feeds. When calculating the fraction of the day that is locked or crossed, the denominator of the fraction is the amount of time from 9:45 a.m. to market close.

⁶⁸⁴ The typical trading day is 6.5 hours long (9:30 a.m. to 4 p.m.)—390 minutes—1% of which amounts to 4 minutes.

days that are tick-constrained with a BDP TWAQS below \$0.015—*i.e.*, this sample spends the majority of the day with a quoted spread of a penny or less. On average, these stock-days spend 3.8% of the day locked. At the 90th percentile, the number rises to 10.8%—*i.e.*, nearly 400 stock-days spend over 10% of the day locked. The second row shows results for the 2,821 stock-days with BDP TWAQS between \$0.015 and \$0.03. These stock-days spend much less time locked—0.8% on average, and 1.6% at the 90th percentile. As spreads widen with each subsequent row, the amount of time spent locked falls. This suggests that, in the absence of Rule 610(e), the stocks that are most likely to lock will be those whose quoted spread is closest to one tick.

Panel B of Table 11 shows summary statistics for the fraction of the day spent crossed, split by the stock-day's BDP TWAQS. The pattern in Panel B contrasts with Panel A: stock-days with wider spreads spend more time crossed. Because stocks with tight spreads are generally more liquid than stocks with wide spreads, the results in Panels A and B suggest that crossed markets may be driven by illiquidity while locked markets are driven by liquidity. Illiquid stocks might be more likely to cross for multiple reasons.

First, uncrossing a market—by buying at the low asking price and selling at the higher bid price—is not entirely without risk. A trader attempting to uncross the market may transact on only one side while the other quote is canceled or executed by another market participant,

leaving the trader with a position in an illiquid stock that is costly to unwind. If the gains to uncrossing the market are small, it may not be worth taking this risk.

Second, uncrossing odd-lot quotes may not be possible due to limit-up/limit-down (LULD) bands. If a stock is in a straddle state—*i.e.* one side of the NBBO is outside of the bands while the other side is inside—odd-lot quotes that cross outside the bands may be impossible to uncross until the bands move.⁶⁸⁵

In the absence of Rule 610(e), round lots of illiquid stocks might therefore be more likely to cross, although the estimates in Panel B are likely overestimates because round-lot quotes (unlike odd-lot quotes) cannot cross outside the LULD bands.

TABLE 11—TIME SPENT LOCKED OR CROSSED, BY QUOTED SPREAD

BDP TWAQS bucket	Stock-days	Stocks per day	Mean (%)	P50 (%)	P75 (%)	P90 (%)	P95 (%)	P99 (%)
Panel A: Time spent with locked quotes								
Spread < \$0.015	3,870	61	3.8	1.5	5.5	10.8	14.2	20.5
\$0.015 < Spread < \$0.03	2,821	45	0.8	0.3	0.8	1.6	3.1	10.5
\$0.03 < Spread < \$0.06	5,072	81	0.2	0.1	0.2	0.4	0.5	1.6
\$0.06 < Spread < \$0.12	10,317	164	0.1	0.0	0.1	0.2	0.3	0.6
\$0.12 < Spread < \$0.24	14,373	228	0.0	0.0	0.0	0.1	0.2	0.5
\$0.24 < Spread	26,539	421	0.0	0.0	0.0	0.0	0.1	0.3
Panel B: Time spent with crossed quotes								
Spread < \$0.015	3,870	61	0.1	0.0	0.0	0.0	0.2	1.9
\$0.015 < Spread < \$0.03	2,821	45	0.3	0.0	0.1	0.7	1.2	3.7
\$0.03 < Spread < \$0.06	5,072	81	0.3	0.0	0.1	0.6	1.2	4.6
\$0.06 < Spread < \$0.12	10,317	164	0.4	0.0	0.2	0.8	1.7	5.6
\$0.12 < Spread < \$0.24	14,373	228	0.4	0.0	0.2	0.9	1.8	5.6
\$0.24 < Spread	26,539	421	0.3	0.0	0.0	0.6	1.4	4.7

This table displays distributional statistics of the fraction of the stock-day spent locked or crossed. The sample is defined in Table 10. The statistics are computed for subsamples based on the BDP TWAQS of the stock-day, ranging from a BDP TWAQS under \$0.015 to over \$0.24. For each subsample, the following statistics are shown: the number of stock-days in the subsample, the average number of stocks per day, the mean, 50th, 75th, 90th, 95th, and 99th percentiles of the duration variable. The duration variable in Panel A is the fraction of the stock-day spent with a locked quote, while Panel B shows the fraction of the stock-day spent with a crossed quote. To determine whether the quotes lock or cross, the best-priced bid and offer of any size are taken from each exchange to construct the best bid and offer prices across all exchanges; the market is locked if the best bid and offer are equal, and crossed if the best bid is greater than the best offer.

Table 12 further explores the composition of quotes that cause the market to be locked or crossed. To do so, the analysis focuses on the subsample of stock-days that are locked or crossed for at least 1% of the trading day and have a round lot of 100 shares. Panel A shows results for stock-days

that are locked for more than 1% of the day, split by the stock-day's BDP TWAQS; Panel B does likewise for stock-days that are crossed for more than 1% of the day. Columns two and three of the table show the number of stock-days in this subsample and the

average fraction of the day spent locked or crossed.

The remaining three columns decompose the time spent locked or crossed into three mutually exclusive categories to reflect the three ways that a market might be locked or crossed: (1) an odd-lot quote may lock or cross

⁶⁸⁵ Illiquid stocks can spend a long time in straddle states. During the fourth quarter of 2025, the average number of tier 2 non-ETPs with

multiple straddle states during a day was 100. The average time spent in a straddle state for these stock-days was over an hour. See *Reports/Studies*:

Quarterly Monitoring Report, LULD Plan, <https://www.luldplan.com/studies> (last visited April 16, 2026).

another odd-lot quote (e.g., an odd-lot bid is higher than an odd-lot offer); (2) an odd-lot quote may lock or cross a round-lot quote (e.g., an odd-lot bid is higher than a round-lot offer); or (3) two round-lot quotes may lock or cross each other.

For example, the first row of Panel A shows that there are 2,137 stock-days with a BDP TWAQS less than \$0.015 that spend at least 1% of the day locked and have a round lot of 100 shares. Of these stock-days, 6.7% of the day is

spent locked. Further, of the time locked, 20.1% is attributable to two odd-lots; 72.2% to an odd-lot locking a round lot; and 7.7% to two round lots locking each other.

The analysis shows that the vast majority of locks and crosses involve odd-lot quotes. When spreads are narrow, most of the locks and crosses involve an odd-lot locking or crossing a round lot; when spreads are wider, most of the locks and crosses involve two odd-lot quotes. These results underscore

the importance of using odd-lot quotes when studying the determinants of locked and crossed markets—if there is demand to lock or cross the market, it will be manifested through odd-lot quotes because of Rule 610(e). In the event of a rescission of Rule 610(e), this demand to lock or cross the market might extend to round lots, though the magnitude of the demand to lock or cross round lots may differ from what is observed with odd-lots.

TABLE 12—COMPOSITION OF QUOTES THAT LOCK OR CROSS THE MARKET FOR STOCK-DAYS WHERE AT LEAST 1% OF THE DAY IS AFFECTED, AND WITH A ROUND LOT OF 100 SHARES

BDP TWAQS bucket	Stock-days	Fraction of day locked (%)	Two odd-lots (%)	Odd-lot locks round lot (%)	Two round lots (%)
Panel A: Composition of locked markets					
Spread < \$0.015	2,137	6.7	20.1	72.2	7.7
\$0.015 < Spread < \$0.03	507	3.1	52.0	46.6	1.5
\$0.03 < Spread < \$0.06	88	2.1	64.3	35.1	0.6
\$0.06 < Spread < \$0.12	28	1.7	59.6	38.6	1.8
\$0.12 < Spread < \$0.24	28	1.8	72.8	27.2	0.0
\$0.24 < Spread	27	1.9	81.1	18.9	0.0
Panel B: Composition of crossed markets					
Spread < \$0.015	73	4.3	22.3	61.3	16.4
\$0.015 < Spread < \$0.03	172	3.1	40.3	48.4	11.3
\$0.03 < Spread < \$0.06	290	3.3	44.8	45.3	9.9
\$0.06 < Spread < \$0.12	729	3.2	58.3	36.8	4.9
\$0.12 < Spread < \$0.24	1,016	2.9	65.6	31.5	3.0
\$0.24 < Spread	1,113	3.0	74.2	23.9	1.9

This table displays the composition of quotes that cause the market to lock or cross. The sample starts with the stock-days defined in Table 10 but only includes the subsample with a round lot of 100 shares and which spend at least 1% of the day locked (Panel A) or crossed (Panel B). Like Table 11, the statistics are tabulated by time-weighted BDP TWAQS category. For each category, the following statistics are reported: the number of stock-days in the sample, the average fraction of the trading day that is affected, and the type of quotes that cause the markets to lock or cross. A locked or crossed market could be caused by two odd-lots, one odd-lot and one round lot, or two round lots.

3. Combined Economic Effects

This section discusses the joint benefits and costs that result from the combined rescission of both Rule 611 and Rule 610(e). The Commission anticipates rescinding both rules will benefit market participants by reducing market complexity, which will result in ongoing cost savings for trading centers and broker-dealers that operate SORs. However, these firms will also experience one-time implementation costs to update their systems. Additionally, rescinding both Rule 611 and Rule 610(e) will increase exchange competition, which may reduce market data and connectivity costs for broker-dealers. However, it may also result in a loss of revenue for smaller exchanges and higher barriers to entry for new exchanges.

a. Reduced Market Complexity

Rescinding both Rule 611 and Rule 610(e) together could reduce market

complexity.⁶⁸⁶ Rescinding both rules would result in fewer mandatory linkages and routing constraints between trading venues and also could result in a reduction of order types, such as the elimination of the ISO order type as well price-to-comply and other re-pricing order types.⁶⁸⁷ This could result in the simplification of algorithmic routing and trading strategies, reductions in operational risk (e.g., broker-dealers will no longer need to deal with the risk of an execution

⁶⁸⁶ See *supra* sections II.C.2.a. and VI.B.2.d. for further discussions on how Rule 611 contributes to increased market complexity. See also *supra* section III.B.3. and VI.B.3. for further discussions on how Rule 610(e) contributes to increased market complexity.

⁶⁸⁷ See *supra* sections VI.C.2.d. and VI.C.3. (discussing how Rule 611 and Rule 610(e) increase market complexity) and *supra* sections VI.B.1.a and VI.B.1.b (discussing order types related to Rule 611 and Rule 610(e)). See also *supra* sections II.B.2. and III.B.3 (for commenter discussions on how Rules 611 and 610(e) have contributed to an increase in the number of order types).

trading through a protected quote or submitting a quote that locks or crosses the NBBO), and also a simplification of post-trade analytics because there would be no need to also monitor for trade-through compliance. Rescinding Rule 611 would also allow market participants to simplify their routing strategies by avoiding trading on venues that may have features that complicate their order routing and execution, such as speed bumps.

Rescinding Rule 611 and Rule 610(e) may reduce market complexity by removing rules that allow for trading strategies that lead to the “gaming” of displayed protected quotes, such as posting flickering orders as protected quotes designed to attract the routing of marketable orders or posting orders that are designed to establish queue priority in a locked market.⁶⁸⁸ This would

⁶⁸⁸ See, e.g., Sida Li et al., *Financial Regulation, Clientele Segmentation, and Stock Exchange Order*
Continued

improve the ability of market participants to avoid interacting with the orders of HFTs and other market participants that engage in these strategies (*i.e.*, market participants could avoid routing orders to a venue when they think an HFT quote is at the best price and is likely to cancel/reprice before their order arrives at the venue), which may reduce their transactions costs and also the profits HFTs earn from these strategies.⁶⁸⁹ This, in turn, may reduce the incentives for HFTs and other market participants to engage in these types of trading strategies, which would reduce market complexity.

Rescinding the rules should result in trading centers and broker-dealers that run SORs experiencing cost savings related to regularly maintaining and updating their execution and smart order routing systems.⁶⁹⁰ For example, the reduction in market complexity may reduce the time it would take staff to make changes to their systems and program in logic for a new order type that an exchange or ATS offers, because they would no longer need to account for additional logic related to trading through or locking or crossing protected quotes.

To estimate the annual savings for trading centers and broker-dealers operating SORs, the Commission assumes that rescinding Rule 611 and Rule 610(e) would reduce the time it takes to update trade execution systems and SORs by 5% to 10%.⁶⁹¹ Larger broker-dealers that connect to more exchanges are likely to have more complicated SOR systems that are more costly to maintain and update. We estimate that rescinding Rule 611 and Rule 610(e) would save each of the 20 exchanges between \$319,000 and \$637,000 annually;⁶⁹² each of the 33

ATSS between \$159,000 and \$319,000 annually;⁶⁹³ each of the 23 largest broker-dealers with SORs that connect to 16 or more exchanges between \$159,000 and \$319,000 annually;⁶⁹⁴ each of the 21 broker-dealers with SORs that connect to 11 to 15 exchanges between \$54,000 and \$109,000 annually;⁶⁹⁵ each of the 169 broker-dealers with SORs that connect to 1 to 10 exchanges between \$16,000 and \$32,000 annually;⁶⁹⁶ and each of the 225 OTC market makers between \$16,000 and \$32,000 annually.⁶⁹⁷ We

savings for each exchange is $(\$405 \text{ for a financial analyst} \times 624 \text{ hours}) + (\$462 \text{ for a software developer} \times 832 \text{ hours}) = \$637,104$.

⁶⁹³ The Commission estimates that each ATS employs the equivalent of 1.5 full-time Financial Analysts and 2 full-time Software Developers to maintain its order execution system. The Commission's lower bound on the estimated annual savings for each ATS is $(\$405 \text{ for a financial analyst} \times 156 \text{ hours}) + (\$462 \text{ for a software developer} \times 208 \text{ hours}) = \$159,276$. The Commission's upper bound on the estimated annual savings for each ATS is $(\$405 \text{ for a financial analyst} \times 312 \text{ hours}) + (\$462 \text{ for a software developer} \times 416 \text{ hours}) = \$318,552$.

⁶⁹⁴ The Commission estimates that each larger broker-dealer with a SOR that connects to 16 exchanges employs the equivalent of 1.5 full-time Financial Analysts and 2 full-time Software Developers to maintain its SOR. The Commission's lower bound on the estimated annual savings for each of these broker-dealers is $(\$405 \text{ for a financial analyst} \times 156 \text{ hours}) + (\$462 \text{ for a software developer} \times 208 \text{ hours}) = \$159,276$. The Commission's upper bound on the estimated annual savings for each of these broker-dealers is $(\$405 \text{ for a financial analyst} \times 312 \text{ hours}) + (\$462 \text{ for a software developer} \times 416 \text{ hours}) = \$318,552$. If a broker-dealer operates both a SOR and an ATS, then it would save the cumulative amount of both its ATS and SOR savings. The cost savings for broker-dealers that also operate as exchange market makers is included in their SOR cost savings because the Commission believes these broker-dealers use the same systems for both functions. See Table 1 in *supra* section VI.B.4.e for estimates of how many exchanges broker-dealers connect to. See also *supra* note 578 for estimates of how many broker-dealers are exchange market makers.

⁶⁹⁵ The Commission estimates that each broker-dealer with a SOR that connects to 11 to 15 exchanges employs the equivalent of 0.5 full-time Financial Analysts and 0.7 full-time Software Developers to maintain its SOR. The Commission's lower bound on the estimated annual savings for each of these broker-dealers is $(\$405 \text{ for a financial analyst} \times 52 \text{ hours}) + (\$462 \text{ for a software developer} \times 72 \text{ hours}) = \$54,324$. The Commission's upper bound on the estimated annual savings for each of these broker-dealers is $(\$405 \text{ for a financial analyst} \times 104 \text{ hours}) + (\$462 \text{ for a software developer} \times 144 \text{ hours}) = \$108,648$.

⁶⁹⁶ The Commission estimates that each broker-dealer with a SOR that connects to 1 to 10 exchanges employs the equivalent of 0.15 full-time Financial Analysts and 0.2 full-time Software Developers to maintain its SOR. The Commission's lower bound on the estimated annual savings for each of these broker-dealers is $(\$405 \text{ for a financial analyst} \times 16 \text{ hours}) + (\$462 \text{ for a software developer} \times 21 \text{ hours}) = \$16,182$. The Commission's upper bound on the estimated annual savings for each of these broker-dealers is $(\$405 \text{ for a financial analyst} \times 32 \text{ hours}) + (\$462 \text{ for a software developer} \times 42 \text{ hours}) = \$32,364$.

⁶⁹⁷ The Commission estimates that there are 225 broker-dealers that operate as OTC market-makers.

estimate that the total aggregate annual cost savings will be between \$22.8 million and \$45.6 million.⁶⁹⁸

b. Implementation Costs

We anticipate that rescinding Rule 611 and Rule 610(e) would impose one-time implementation costs on broker-dealers and trading centers to remove written policies and procedures designed to prevent trade-throughs and locked and crossed markets and to capture compliance with the exceptions to Rule 611. These compliance costs would include both costs related to legal personnel updating policies and procedures as well as software engineering and IT costs related to updating and configuring systems related to trade execution, order handling and surveillance. Order routing and trade execution logic would need to be redesigned to allow for trading through the NBBO; routing logic would need to be modified to remove ISO handling and other trade-through exception logic; exchange matching engines would need to be updated to allow for the display of orders that lock or cross the NBBO; SORs would need to be recalibrated; surveillance alerts that currently hinge on trade-through exceptions would need to be removed; and staff would need to be trained on new policies and procedures.

We estimate that each of 33 ATSS would incur one-time implementation costs of \$195,000 to update their systems and policies and procedures for

See supra note 578. The Commission estimates that each of these OTC market-makers employs the equivalent of 0.15 full-time Financial Analysts and 0.2 full-time Software Developers to maintain its execution systems. The Commission's lower bound on the estimated annual savings for each of these OTC market makers is $(\$405 \text{ for a financial analyst} \times 16 \text{ hours}) + (\$462 \text{ for a software developer} \times 21 \text{ hours}) = \$16,182$. The Commission's upper bound on the estimated annual savings for each of these OTC market makers is $(\$405 \text{ for a financial analyst} \times 32 \text{ hours}) + (\$462 \text{ for a software developer} \times 42 \text{ hours}) = \$32,364$. There will be overlap between the broker-dealers that operate a SOR and the broker-dealers that are OTC market makers. For these broker-dealers, the Commission believes that the costs savings from operating their SOR and their cost savings from operating as an OTC market maker will be additive (*i.e.*, they will save on both costs).

⁶⁹⁸ The Commission's lower bound on the total estimated annual savings is $(20 \text{ exchanges} \times \$318,552) + (33 \text{ ATSS} \times \$159,276) + (23 \text{ broker-dealers connect to 16 or more exchanges} \times \$159,276) + (21 \text{ broker-dealers connect to 11 to 15 exchanges} \times \$54,324) + (169 \text{ broker-dealers connect to 1 to 10 exchanges} \times \$16,182) + (225 \text{ OTC market makers} \times \$16,182) = \$22.81 \text{ million}$. The Commission's upper bound on the total estimated annual savings is $(20 \text{ exchanges} \times \$637,104) + (33 \text{ ATSS} \times \$318,552) + (23 \text{ broker-dealers connect to 16 or more exchanges} \times \$318,552) + (21 \text{ broker-dealers connect to 11 to 15 exchanges} \times \$108,648) + (169 \text{ broker-dealers connect to 1 to 10 exchanges} \times \$32,364) + (225 \text{ OTC market makers} \times \$32,364) = \$45.61 \text{ million}$.

Types (NBER Working Paper No. 28515, Feb. 2021), available at <https://ssrn.com/abstract=3795035> (retrieved from SSRN Elsevier database) (discussing the uses of different exchange order types to comply with Rule 611 and Rule 610).

⁶⁸⁹ This would represent a transfer from the HFTs and other market participants who currently engage in these strategies to the market participants that interact with these HFT orders.

⁶⁹⁰ See, e.g., Robinhood Letter at 5 (stating that the resulting complexity from Rule 611 imposes increased costs on market participants).

⁶⁹¹ The Commission acknowledges uncertainty about how much time rescinding Rule 611 and Rule 610(e) will save trading centers and broker-dealers operating SROs in updating their systems and has requested comment on these estimates.

⁶⁹² The Commission estimates that each exchange employs the equivalent of 3 full-time Financial Analysts and 4 full-time Software Developers to maintain its order execution and routing systems. The Commission's lower bound on the estimated annual savings for each exchange is $(\$405 \text{ for a financial analyst} \times 312 \text{ hours}) + (\$462 \text{ for a software developer} \times 416 \text{ hours}) = \$318,552$. The Commission's upper bound on the estimated annual

the rescission of Rule 611 and Rule 610(e).⁶⁹⁹ Additionally, we estimate the one-time implementation costs for each of 23 largest broker-dealers with SORs that connect to 16 or more exchanges would be \$195,000,⁷⁰⁰ each of the 21 broker-dealers with SORs that connect to 11 to 15 exchanges would be \$90,000,⁷⁰¹ each of the 169 broker-dealers with SORs that connect to 1 to 10 exchanges would be \$52,000,⁷⁰² and

⁶⁹⁹ The Commission estimates that each ATS, on average, would need 430 hours to update their systems and policies and procedures for the rescission of Rule 611 and Rule 610(e): 24 hours of legal time, 36 hours of compliance time, 6 hours of review by a Chief Compliance Officer, 156 hours of work by a financial analyst, and 208 hours of work by a software developer. The estimated monetized one-time cost is as follows: (\$744 for an attorney × 24 hours) + (\$365 for a financial examiner (*i.e.*, compliance) × 36 hours) + (\$731 for a financial manager (*i.e.*, Chief Compliance Officer) × 6 hours) + (\$405 for a financial analyst × 156 hours) + (\$462 for a software developer × 208 hours) = \$194,658. See *supra* note 577 for details on how hourly rates are calculated.

⁷⁰⁰ The Commission estimates that each broker-dealer that operates a SOR that connects to 16 or more exchanges, on average, would need 430 hours to update its systems and policies and procedures for the rescission of Rule 611 and Rule 610(e): 24 hours of legal time, 36 hours of compliance time, 6 hours of review by a Chief Compliance Officer, 156 hours of work by a financial analyst, and 208 hours of work by a software developer. The estimated monetized one-time cost is as follows: (\$744 for an attorney × 24 hours) + (\$365 for a financial examiner (*i.e.*, compliance) × 36 hours) + (\$731 for a financial manager (*i.e.*, Chief Compliance Officer) × 6 hours) + (\$405 for a financial analyst × 156 hours) + (\$462 for a software developer × 208 hours) = \$194,658. See Table 1 in *supra* section VI.B.4.e for estimates of how many exchanges broker-dealers connect to. If a broker-dealer operates both a SOR and an ATS, then it would incur the cumulative implementation costs of both its ATS and SOR operations. The implementation costs for broker-dealers that operate a SOR and also operate as exchange market makers is already averaged into the cost estimate because the Commission believes there would be significant overlap in updating their SOR and exchange market maker systems.

⁷⁰¹ The Commission estimates that each broker-dealer that operates a SOR that connects to 11 to 15 exchanges, on average, would need 190 hours to update their systems and policies and procedures for the rescission of Rule 611 and Rule 610(e): 24 hours of legal time, 36 hours of compliance time, 6 hours of review by a Chief Compliance Officer, 52 hours of work by a financial analyst, and 72 hours of work by a software developer. The estimated monetized one-time cost is as follows: (\$744 for an attorney × 24 hours) + (\$365 for a financial examiner (*i.e.*, compliance) × 36 hours) + (\$731 for a financial manager (*i.e.*, Chief Compliance Officer) × 6 hours) + (\$405 for a financial analyst × 52 hours) + (\$462 for a software developer × 72 hours) = \$89,706.

⁷⁰² The Commission estimates that each broker-dealer that operates a SOR that connects to 1 to 10 exchanges, on average, would need 103 hours to update its systems and policies and procedures for the rescission of Rule 611 and Rule 610(e): 24 hours of legal time, 36 hours of compliance time, 6 hours of review by a Chief Compliance Officer, 16 hours of work by a financial analyst, and 21 hours of work by a software developer. The estimated monetized one-time cost is as follows: (\$744 for an attorney × 24 hours) + (\$365 for a financial examiner (*i.e.*,

each of the 225 OTC market makers would be \$52,000.⁷⁰³ Furthermore, we estimate that the one-time implementation costs to each of 20 exchanges to update their systems and policies and procedures for the rescission of Rule 611 and Rule 610(e) would be \$389,000.⁷⁰⁴ Exchanges would incur higher costs because their systems might contain more complex logic for ensuring they do not display quotes that lock or cross the NBBO. Exchanges would also have to incur additional costs to update their rulebooks to account for the rescission of Rule 611 and Rule 610(e) and related defined terms. We estimate that the total aggregate one-time implementation costs will be \$40.9 million from rescinding Rule 611 and Rule 610(e).⁷⁰⁵

c. Increased Exchange Competition

Without Rule 611 and 610(e), broker-dealer demand for access to trading on every exchange may diminish.⁷⁰⁶ This

compliance) × 36 hours) + (\$731 for a financial manager (*i.e.*, Chief Compliance Officer) × 6 hours) + (\$405 for a financial analyst × 16 hours) + (\$462 for a software developer × 21 hours) = \$51,564.

⁷⁰³ The Commission estimates that each broker-dealer that operates as an OTC market maker, on average, would need 103 hours to update its systems and policies and procedures for the rescission of Rule 611 and Rule 610(e): 24 hours of legal time, 36 hours of compliance time, 6 hours of review by a Chief Compliance Officer, 16 hours of work by a financial analyst, and 21 hours of work by a software developer. The estimated monetized one-time cost is as follows: (\$744 for an attorney × 24 hours) + (\$365 for a financial examiner (*i.e.*, compliance) × 36 hours) + (\$731 for a financial manager (*i.e.*, Chief Compliance Officer) × 6 hours) + (\$405 for a financial analyst × 16 hours) + (\$462 for a software developer × 21 hours) = \$51,564. There will be overlap between the broker-dealers that operate a SOR and the broker-dealers that are OTC market makers. For these broker-dealers, the Commission believes that the implementation costs related to operating their SOR and their implementation costs related to operating as an OTC market maker will be additive (*i.e.*, they will incur both costs).

⁷⁰⁴ The Commission estimates that each exchange, on average, would need 860 hours to update its systems and policies and procedures for the rescission of Rule 611 and Rule 610(e): 48 hours of legal time, 72 hours of compliance time, 12 hours of review by a Chief Compliance Officer, 312 hours of work by a financial analyst, and 416 hours of work by a software developer. The estimated monetized one-time cost is as follows: (\$744 for an attorney × 48 hours) + (\$365 for a financial examiner (*i.e.*, compliance) × 72 hours) + (\$731 for a financial manager (*i.e.*, Chief Compliance Officer) × 12 hours) + (\$405 for a financial analyst × 312 hours) + (\$462 for a software developer × 416 hours) = \$389,316.

⁷⁰⁵ The Commission estimates that the total one-time implementation cost for rescinding Rule 611 and Rule 610(e) is: (20 exchanges × \$389,316) + (33 ATSs × \$194,658) + (23 broker-dealers connect to 16 or more exchanges × \$194,658) + (21 broker-dealers connect to 11 to 15 exchanges × \$89,706) + (169 broker-dealers connect to 1 to 10 exchanges × \$51,564) + (225 OTC market makers × \$51,564) = \$40.89 million.

⁷⁰⁶ See *supra* section VI.B.4.e. (discussing broker-dealer demand for liquidity) and VI.C.1.a and

reduced demand may lower the cost to be an executing broker-dealer because broker-dealers would be able to disconnect from some exchanges, which may introduce pressure on exchanges to attract broker-dealers. This could lead to lower prices for products such as market data and connectivity and increase exchanges' incentive to innovate to try to attract or retain order flow.⁷⁰⁷

Exchanges may lose revenue because of broker-dealer disconnections and/or lower prices for data and connectivity. Exchanges that experience disconnections may lose volume while exchanges that do not may gain volume. It may become more difficult for small exchanges, as well as potential new exchanges, to gain market share, reducing the incentive for new entry. Small exchanges may even lose market share as broker-dealers shift their routing behavior away from these exchanges. The fragmentation of displayed liquidity may also decrease.⁷⁰⁸

i. Benefits

Some broker-dealers may choose to disconnect from existing exchanges, or not connect to new exchanges, because there is no longer an "interference cost" from not connecting to an exchange.⁷⁰⁹ Broker-dealers that have determined, consistent with their duty of best execution, that it is reasonable for them to not connect to an exchange would be able to reorganize their order routing to exclude that exchange without facing interference costs. Broker-dealers would face some costs from disconnecting from an exchange because they must update their routing practices, but there would be no such costs for not connecting to a new exchange.

A broker-dealer may disconnect from an exchange if the cost to modify its routing practices and any other costs, such as the cost of lost execution quality, is lower than the cost to remain connected to the exchange. However, there may be other reasons that a broker-dealer decides not to disconnect, such as the up-front costs which have already been paid and would have to be paid again if the broker-dealer disconnects and then later reconnects.⁷¹⁰ Rather

VI.C.2.a. Note that off-exchange trading may increase. See *infra* note 730 and section VI.D.2.c. (discussing competition between exchanges and off-exchange venues).

⁷⁰⁷ See *supra* section VI.B.4.e.

⁷⁰⁸ Market fragmentation may also decrease. See also *infra* section VI.D.2.c.

⁷⁰⁹ See *supra* sections VI.B.4.e. (defining the "interference cost") and VI.B.4.f. (discussing the role of 611 and 610(e)).

⁷¹⁰ See, e.g., letter from Peter J. Haynes, CFA, Index and Market Structure Research, TD

than fully disconnecting, broker-dealers may choose to subscribe to fewer services (e.g., unsubscribe from or decrease the number of use cases for market data, reduce the number of connections)⁷¹¹ or utilize third-party vendors to save on costs rather than fully disconnecting. For a new exchange, there may be fewer broker-dealers for whom the cost of connecting to a new exchange is lower than the cost of not connecting and thus fewer broker-dealers would connect to a new exchange.⁷¹²

Disconnections may occur at small exchanges and by small- to medium-sized broker-dealers. Disconnections are more likely to occur at small exchanges because the effect on execution quality from disconnecting is likely smaller because small exchanges have less available liquidity. With the rescission, broker-dealers can concentrate their orders on venues that contribute relatively more to overall execution quality. Academic research shows that liquidity and trading tend to concentrate on the most liquid venues.⁷¹³ If orders receive better execution quality on larger, more liquid exchanges, then brokers may concentrate on sending their orders to these venues and reduce the number of orders that they send to smaller, less liquid exchanges. Disconnections are less likely to occur at small exchanges that are part of a large exchange family because there may be more benefits, relative to an exchange that is independent or part of a small exchange family, for broker-dealers that have a connection to multiple exchanges within the large exchange family.⁷¹⁴ Disconnections are more likely to occur by small- to medium-sized broker-dealers because they may seek to lower their costs. High-volume broker-dealers may be better positioned competitively,⁷¹⁵ and the effect on execution quality from disconnecting from an exchange may be smaller for small- to medium-sized broker-dealers to the extent that they demand less liquidity. Broker-dealers that execute large block orders for more

shares than are available at the NBBO may continue to connect to as many venues as possible, even if they are small, because of the effect of disconnecting from a venue on their execution quality. Small- to medium-sized broker-dealers may already have lower up-front and ongoing costs, particularly if they outsource some of their connectivity or data processing to third-party vendors.⁷¹⁶

Broker-dealers' ability to disconnect, along with the potential for order flow to shift, may increase the competitive pressure among exchanges. This may lead exchanges to lower prices for connectivity and data⁷¹⁷ or innovate.⁷¹⁸ Some exchanges may receive more order flow as broker-dealers shift their market activity, whether after disconnecting from other venues or not,⁷¹⁹ potentially leading to increased revenue from access fees and the SIPs for these exchanges.

This would also result in a reduction in displayed liquidity fragmentation. As broker-dealers can disconnect and can concentrate their orders on venues that offer better execution quality or their preferred venue type, some exchanges would have more quotes while others would have fewer.

We estimate that about 4 small- to medium-sized broker-dealers may disconnect from each of the 5 smallest exchanges that are not part of the 3 largest exchange families. As explained above, disconnections are more likely to occur from small exchanges because of the potential for a lower effect on execution quality. Additionally, disconnections are more likely to occur from the 5 small exchanges that are not a part of the three large exchange families because, having connected to at least one exchange from a large exchange family, there is potentially a lower cost to connecting to additional

exchanges from that family compared to the cost of connecting to a new exchange family.⁷²⁰ It is difficult to reasonably estimate how many broker-dealers may disconnect, but we estimate it could be 4 with more or fewer being possible.⁷²¹ As explained above, exchanges have an incentive to lower prices or innovate to attract order flow and prevent disconnections. Broker-dealers may also maintain connections to avoid paying up-front costs again if they think they may have to reconnect later. They may also change or reduce their services rather than fully disconnect. Finally, in light of the competition for broker execution services, even the potential for small negative impacts on execution quality may limit broker-dealer willingness to disconnect.⁷²² Thus, we do not anticipate that many disconnections will occur.

We do not expect that a broker-dealer's costs to modify routing practices, or a broker-dealer's ongoing yearly savings due to a disconnection, would depend on an exchange's size. We estimate that the ongoing yearly savings for a broker-dealer would be \$187,000 per disconnection.⁷²³ We estimate that the average cost a broker-dealer would save per disconnection per year on market data and connectivity fees is approximately \$307,000.⁷²⁴ We also expect that broker-dealers that disconnect will correspondingly discontinue their exchange

⁷²⁰ Until MX2 comes online, there are no two equities exchanges owned by the same company outside of the three largest exchange families. See *supra* section VI.B.4.a.

⁷²¹ As mentioned above, broker-dealers that connect to all exchanges are not likely to disconnect from any exchanges. To the extent there may be disconnections, we would expect broker-dealers to disconnect from the newest and smallest exchanges. The newest and smallest exchanges have the smallest number of connections. The older, more established exchanges that have more connections, and also more market share, are likely to retain more connections. The exchanges that are smaller but are members of a large exchange family are also likely to retain more connections.

⁷²² See *supra* sections VI.B.4.e discussing the value of access to exchange liquidity for broker-dealer execution costs, and VI.B.5.b, discussing competition among institutional brokers. In addition, significant alterations to a broker-dealer's routing practices would be made in accordance with that broker-dealer's policies and procedures for compliance with best execution requirements.

⁷²³ The Commission estimates that each broker-dealer, on average, would spend 429 hours to maintain its SOR: 184 hours of work by a financial analyst, and 245 hours of work by a software developer. The estimated monetized cost is as follows: (\$405 for a financial analyst × 184 hours) + (\$462 for a software developer × 245 hours) = \$187,710. See *supra* note 577 for details on how hourly rates are calculated.

⁷²⁴ See *supra* note 467. The cost to connect to the five new exchanges is \$1,536,360 total, or divided by five approximately \$307,272 per exchange.

Securities, *The History of OPR in Canada—It is Not Exactly What You Think?* (July 22, 2025) (“TD Securities Comment”) at 4. See also First TTR Roundtable at 104 (Peter Haynes, TD Securities).

⁷¹¹ See *supra* section VI.B.4.c. (describing exchange products).

⁷¹² This would mean a slower uptake for new exchanges. See *infra* section VI.C.3.ii.

⁷¹³ See Marco Pagano, *Trading Volume and Asset Liquidity*, 104 Q. J. Econ. 255 (1989).

⁷¹⁴ For example, one exchange family has “integrated trading technology.” See NYSE Pillar, NYSE, <https://www.nyse.com/trade/pillar> (last visited May 11, 2026).

⁷¹⁵ See *infra* section VI.D.2.d. (describing competition for broker execution services).

⁷¹⁶ See *supra* section VI.B.4.c. (discussing market data and connectivity use cases for market participants).

⁷¹⁷ For example, if some broker-dealers currently view an exchange's price for data as being too high, they may unsubscribe once they are no longer required to comply with Rules 611 and 610(e). If enough broker-dealers unsubscribe, the exchange may find it advantageous to lower the price of its data to keep more customers.

⁷¹⁸ The fact that order flow could shift off exchange as well is another potential source of competitive pressure that could encourage lower prices and innovation. See *infra* section VI.D.2.c.

⁷¹⁹ In addition to order flow potentially shifting away from small exchanges as described, broker-dealers may trade less on some exchanges for other reasons, such as to avoid certain types of venues except when submitting large block orders or because they downgrade their connection and devote fewer maintenance resources rather than fully disconnecting. For example, HFTs may route fewer orders to exchanges with speedbumps, but maintain a connection.

membership. The estimated average savings for a broker-dealer per membership discontinuation is about \$3,440.⁷²⁵ Thus, the total savings from all disconnections are estimated to be \$10 million per year.⁷²⁶ There may be additional broker-dealers who choose to subscribe to fewer services from an exchange rather than fully disconnecting. Broker-dealers may instead utilize more third-party services. Broker-dealers may also need to update their routing system to account for the change in services. We are uncertain about the cost savings that this would generate, and how many broker-dealers would choose to do this, because we are unable to quantify the costs of third-party services or how many broker-dealers use such services. Third-party vendors that provide connectivity and data services may also gain revenue if broker-dealers switch to using these services to connect to or receive data from an exchange.⁷²⁷

The Commission believes that the cost to connect to a new exchange could be lower, and that, without the “interference cost” from not connecting, fewer broker-dealers would find it necessary to connect to a new exchange compared to today. We are unable to reasonably estimate the change in the cost to connect due to the loss of the “interference cost” or how many broker-dealers this would impact.⁷²⁸ We also expect that new exchanges will continue to charge zero fees, or lower fees, for connections and market data for

a longer initial period after they commence to attract more order flow.⁷²⁹

ii. Costs

After the rescission of Rules 611 and 610(e), it may be more difficult for new and small exchanges to gain market share, and their revenue could be lower.⁷³⁰ We do not expect that any exchanges would exit the market or that new exchanges would not be able to enter. The small exchanges may lose revenue and volume due to some small- to medium-sized brokers disconnecting, but we do not expect any broker-dealers that connect to all or almost all exchanges to disconnect. We expect that broker-dealers may submit fewer orders to small exchanges.⁷³¹ To the extent that dollar volume decreases on these exchanges, their revenue from access fees as well as revenue from the SIPs may decrease.⁷³² Because most of the dollar volume traded on these exchanges comes from broker-dealers that connect to all or almost all exchanges,⁷³³ the market share of these exchanges will not decrease significantly as a result of broker-dealer disconnections. We would not anticipate that these revenue losses (*i.e.*, from disconnections, fewer order submissions) would be sufficient to make an exchange exit. Many of these broker-dealers that connect to all or almost all exchanges may continue to connect to a new exchange right away. These new or small exchanges may keep prices on connectivity and data lower for longer, but this would not impact profitability significantly because the profit from such sources is already smaller for these exchanges.⁷³⁴

We estimate that 4 broker-dealers may disconnect from the five exchanges that are not a part of a large exchange family.⁷³⁵ We estimate that the one time cost per broker-dealer per disconnection to modify routing practices would be \$17,000, or in total \$348,000.⁷³⁶ The loss in revenue resulting from a disconnection is estimated at \$311,000 per year, which is approximately \$1.2 million per exchange or \$6.2 million total.⁷³⁷

Broker-dealers may face lower execution quality if they disconnect from exchanges. For example, if a broker-dealer is not connected to the exchange with the best quote, it may decide to trade through this quote on an exchange to which it is connected, thus achieving a worse execution quality for customers. Additionally, if a broker-dealer is executing a large block order for more shares than available at the NBBO at the exchanges where it is connected, it may achieve a worse execution quality because it does not access the liquidity at the exchanges to which it is not connected.⁷³⁸

⁷³⁵ See *supra* section VI.C.3.c.i. (discussing why we believe this number of disconnections would occur on these exchanges).

⁷³⁶ The Commission estimates that each broker-dealer, on average, would spend 43 hours to maintain its SOR: 18 hours of work by a financial analyst, and 25 hours of work by a software developer. The estimated monetized cost is as follows: (\$405 for a financial analyst × 18 hours) + (\$462 for a software developer × 25 hours) = \$17,415. Then, multiplying by the number of broker-dealers and disconnections, the total cost is (\$17,415) × (4 broker-dealers) × (5 exchanges) = \$348,300. See *supra* note 577 for details on how hourly rates are calculated.

⁷³⁷ See *supra* notes 724 and 725. To estimate the cost per disconnection, we add the revenue loss from market data and connectivity and the revenue loss from membership: (\$307,272) + (\$3,440) = \$310,712. To get the average cost per exchange: (\$310,712) × (number of disconnects per exchange) = \$1,242,848. To get the total cost: (\$310,712) × (number of disconnects per exchange) × (number of exchanges) = \$6,214,240. A part of this may represent a transfer. When a broker-dealer disconnects from an exchange, the broker-dealer saves on costs, while an exchange loses revenue. At the same time, the broker-dealer no longer receives the connection and thus the value of the liquidity on that exchange. The amount of the transfer would not represent the total amount of the fee but rather the amount of the fee net of the value of liquidity on the exchange (*i.e.*, this would be the additional “interference premium” related to Rule 611 and Rule 10(e) that they paid to connect to the exchange). We are unable to quantify the amount of the transfer because we cannot quantify the “interference premium.” There may be an additional loss in revenue if exchanges lower their fees or market participants that maintain a connection change their trading activity by routing fewer orders to these exchanges, but the Commission does not know by how much exchanges may lower their fees or how market participants would change their routing activity.

⁷³⁸ The broker-dealer may choose to route to these exchanges using an exchange router or another broker-dealer.

⁷²⁵ This estimate is based on the average yearly membership cost at 24X, IEX, LTSE, MEMX, and MIAX.

⁷²⁶ Each disconnection represents a savings for a broker-dealer from lower cost to maintain routing practices as well as from not paying membership, market data, and connectivity fees to the exchange. Thus, the total savings for all broker-dealer disconnections is [(savings from lower routing maintenance costs) + (savings from not paying market data and connectivity fees) + (savings from not paying membership fees)] × (number of broker-dealer disconnections), which is [(\$187,710) + (\$307,272) + (\$3,440)] × (4 broker-dealers × 5 exchanges) = \$9,968,440. See *supra* notes 467, 723, and 725.

⁷²⁷ On the other hand, the vendors may lose revenue from customers that decide to disconnect from an exchange or choose not to connect to a new exchange using a third-party vendor. The Commission would anticipate that the loss is likely smaller than the potential gain of revenue from downgrading connections.

⁷²⁸ The Commission is unable to estimate the change in the cost to connect because this would require estimating the interference cost itself. Estimating the interference cost is infeasible for the Commission, as it would be impractical to create a detailed reconstruction of the circumstances faced by a SOR under conditions where it is not connected to some exchanges. This would include knowledge of the cost to the parent order, and the resulting impact on broker-dealer revenue, from failed child order routes.

⁷²⁹ See First TTR Roundtable Transcript at 86–87 (Chris Solgan, MIAX Exchange Group) (describing initial waivers of data and connectivity fees for new exchanges). Additionally, one ATS that has quotes that are not protected provides its market data for free. See First TTR Roundtable Transcript at 65 (Ari Burnstein, IntelligentCross).

⁷³⁰ If there is increased competitive pressure among exchanges and large exchanges do not respond (*e.g.*, by lowering fees or innovating), these large exchanges may lose market share to other small- to medium-sized exchanges that better compete to attract order flow. It is unlikely that large exchanges would lose much market share to other exchanges because they have the same incentives to attract order flow as small- to medium-sized exchanges. See *supra* note 713. It is also possible that exchanges as a whole lose market share to off-exchange venues, which could lead to lower revenue. See *supra* section VI.C.1.b. (discussing how exchanges may lose market share to off-exchange venues). It is uncertain whether this effect would be large enough to lead to large exchanges losing market share, but we preliminary expect that it would not.

⁷³¹ See *supra* note 713.

⁷³² See *supra* section VI.C.1.b. (discussing why there may be more trading off exchange and less trading on exchange).

⁷³³ See *supra* section VI.B.4.e.

⁷³⁴ See *supra* note 480.

4. Monetized Benefits and Costs

Throughout this economic analysis, we have estimated monetized benefits and costs per affected entity. 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. Initial and Annual Aggregate Monetized Benefits and Costs

Tables 13 and 14 report the benefits and costs, respectively, that are monetized in this economic analysis, aggregated across all affected entities and instances of compliance each year.

The annual aggregate monetized benefit is based on cost savings for trading centers (*i.e.*, exchanges, ATSS, and exchange and OTC market makers) and broker-dealers that operate SORs from rescinding Rule 611 and 610(e). The sources of annual aggregate cost savings are as follows: (i) compliance cost savings for trading centers from no longer having to maintain policies and procedures and surveillance associated with Rule 611;⁷³⁹ (ii) compliance cost savings for broker-dealers that operate SORs from no longer having to maintain policies and procedures associated with Rule 611;⁷⁴⁰ (iii) compliance cost savings for exchanges from no longer having to maintain policies and procedures and surveillance associated

with Rule 610(e);⁷⁴¹ (iv) compliance cost savings for broker-dealers that operate SORs from no longer having to maintain policies and procedures associated with Rule 610(e);⁷⁴² (v) costs savings for trading centers and broker-dealers that operate SORs due to the reduction in time for updating trade execution systems and SORs from rescinding Rule 611 and Rule 610(e);⁷⁴³ and (vi) costs savings for broker-dealers that operate SORs due to the disconnection from five exchanges from rescinding Rule 611 and Rule 610(e).⁷⁴⁴

We estimate the lower and upper bound of total aggregate annual monetized benefit to be approximately \$54.2 million and \$77.0 million, respectively.

TABLE 13—AGGREGATE MONETIZED BENEFITS
[2025 Dollars]

	Lower bound of annual benefit per entity (A)	Upper bound of annual benefit per entity (B)	Estimated number of entities (C)	Lower bound of aggregate annual benefit (millions) (D) [(A) × (C)]	Upper bound of aggregate annual benefit (millions) (E) [(B) × (C)]
Exchange	^a \$381,000	^b \$699,000	^c 20	^d \$7.6	^e \$14.0
ATS	^f 190,000	^g 350,000	^h 33	ⁱ 6.3	^j 11.5
BD with SOR connecting to 16 or more exchanges	^k 190,000	^l 350,000	^m 23	ⁿ 4.4	^o 8.0
BD with SOR connecting to 11 to 15 exchanges	^p 85,000	^q 140,000	^r 21	^s 1.8	^t 2.9
BD with SOR connecting to 1 to 10 exchanges	^u 47,000	^v 63,000	^w 169	^x 8.0	^y 10.7
OTC market maker	^z 47,000	^{aa} 63,000	^{ab} 225	^{ac} 10.6	^{ad} 14.3
BD with SORs	^{ae} 26,000		^{af} 213	^{ag} \$5.6	
BD disconnecting from exchange	^{ah} \$498,000		^{ai} 4–20	^{aj} \$10.0	
Total				^{ak} \$54.2	^{al} \$77.0

Notes:

^a \$30,996 + \$30,996 + \$318,552 = \$380,544. See *supra* notes 577, 667, and 692.

^b \$30,996 + \$30,996 + \$637,104 = \$699,096. See *supra* notes 577, 667, and 692.

^c See *supra* note 578.

^d \$380,544 × 20 = \$7,610,880.

^e \$699,096 × 20 = \$13,981,920.

^f \$30,996 + \$159,276 = \$190,272. See *supra* notes 577 and 693.

^g \$30,996 + \$318,552 = \$349,548. See *supra* notes 577 and 693.

^h See *supra* note 578.

ⁱ \$190,272 × 33 = \$6,278,976.

^j \$349,548 × 33 = \$11,535,084.

^k \$30,996 + \$159,276 = \$190,272. See *supra* notes 577 and 694.

^l \$30,996 + \$318,552 = \$349,548. See *supra* notes 577 and 694.

^m See *supra* note 694.

ⁿ \$190,272 × 23 = \$4,376,256.

^o \$349,548 × 23 = \$8,039,604.

^p \$30,996 + \$54,324 = \$85,320. See *supra* notes 577 and 695.

^q \$30,996 + \$108,648 = \$139,644. See *supra* notes 577 and 695.

^r See *supra* note 695.

^s \$85,320 × 21 = \$1,791,720.

^t \$139,644 × 21 = \$2,932,524.

^u \$30,996 + \$16,182 = \$47,178. See *supra* notes 577 and 696.

^v \$30,996 + \$32,364 = \$63,360. See *supra* notes 577 and 696.

^w See *supra* note 696.

^x \$47,178 × 169 = \$7,973,082.

^y \$63,360 × 169 = \$10,707,840.

^z \$30,996 + \$16,182 = \$47,178. See *supra* notes 577 and 697.

^{aa} \$30,996 + \$32,364 = \$63,360. See *supra* notes 577 and 697.

^{ab} See *supra* note 697.

^{ac} \$47,178 × 225 = \$10,615,050.

^{ad} \$63,360 × 225 = \$14,256,000.

⁷³⁹ See *supra* section VI.C.1.a.

⁷⁴⁰ See *id.*

⁷⁴¹ See *supra* section VI.C.2.a.

⁷⁴² See *id.*

⁷⁴³ See *supra* section VI.C.3.a.

⁷⁴⁴ See *supra* section VI.C.3.c.i.

^{ae} \$13,140 + \$13,140 = \$26,280. *See supra* notes 581 and 582.

^{af} *See supra* note 582.

^{ag} \$26,280 × 213 = \$5,597,640.

^{ah} \$187,710 + \$307,272 + \$3,440 = \$498,422. *See supra* notes 723, 724, and 725.

^{ai} We estimate that 4 to 20 distinct broker-dealers may disconnect from 5 exchanges. For example, the same 4 broker-dealers may disconnect from 5 exchanges, resulting in the total cost savings of \$9,968,440 = (\$498,422 × 5 exchanges) × 4 broker-dealers, or 20 distinct broker-dealers may disconnect, resulting in the total cost savings of \$9,968,440 = \$498,422 × 20 broker-dealers. *See supra* section VI.C.3.c.i.

^{aj} \$498,422 × 5 × 4 = \$9,968,440.

^{ak} \$7,610,880 + \$6,278,976 + \$4,376,256 + \$1,791,720 + \$7,973,082 + \$10,615,050 + \$5,597,640 + \$9,968,440 = \$54,212,044.

^{al} \$13,981,920 + \$11,535,084 + \$8,039,604 + \$2,932,524 + \$10,707,840 + \$14,256,000 + \$5,597,640 + \$9,968,440 = \$77,019,052.

The one-time aggregate monetized cost is based on the following sources: (i) costs associated with updating best execution policies and procedures for broker-dealers that operate SORs due to the rescission of Rule 611;⁷⁴⁵ (ii) costs associated with updating systems and policies and procedures for exchanges,

ATSS, OTC market makers, and broker-dealers that operate SORs due to the rescission of Rule 611 and Rule 610(e);⁷⁴⁶ and (iii) costs associated with modifying routing practices for disconnecting broker-dealers due to the rescission of Rule 611 and Rule 610(e).⁷⁴⁷ The annual aggregate

monetized cost is based on the loss in revenue from disconnections for five exchanges.⁷⁴⁸

We estimate that the total aggregate one-time monetized cost is approximately \$48.2 million and the total aggregate annual monetized cost is approximately \$6.2 million.

TABLE 14—AGGREGATE MONETIZED COSTS
[2025 Dollars]

	One-time cost per entity	Annual cost per entity	Estimated number of entities	Aggregate one-time cost (millions)	Aggregate annual cost (millions)
	(A)	(B)	(C)	(D) [(A) × (C)]	(E) [(B) × (C)]
Exchange	^a \$389,000	.....	^b 20	^c \$7.8	.....
ATS	^d 195,000	.....	^e 33	^f 6.4	.....
BD with SOR connecting to 16 or more exchanges	^g 195,000	.....	^h 23	ⁱ 4.5	.....
BD with SOR connecting to 11 to 15 exchanges	^j 90,000	.....	^k 21	^l 1.9	.....
BD with SOR connecting to 1 to 10 exchanges	^m 52,000	.....	ⁿ 169	^o 8.7	.....
OTC market maker	^p 52,000	.....	^q 225	^r 11.6	.....
BD with SORs	^s 40,000	.....	^t 173	^u 6.9	.....
BD disconnecting from exchange	^v 17,000	.....	^w 4–20	^x 0.3	.....
Exchange that experiences disconnection .....	.....	^y 1,243,000	^z 5	.....	^{aa} 6.2
Total .....	.....	.....	.....	^{ab} 48.2	^{ac} 6.2

Notes:

^a *See supra* note 704.

^b *See supra* note 704.

^c \$389,316 × 20 = \$7,786,320.

^d *See supra* note 699.

^e *See supra* note 699.

^f \$194,658 × 33 = \$6,423,714.

^g *See supra* note 700.

^h *See supra* note 700.

ⁱ \$194,658 × 23 = \$4,477,134.

^j *See supra* note 701.

^k *See supra* note 701.

^l \$89,706 × 21 = \$1,883,826.

^m *See supra* note 702.

ⁿ *See supra* note 702.

^o \$51,564 × 169 = \$8,714,316.

^p *See supra* note 703.

^q *See supra* note 703.

^r \$51,564 × 225 = \$11,601,900.

^s *See supra* note 593.

^t *See supra* note 593.

^u \$40,098 × 173 = \$6,936,954.

^v *See supra* note 736.

^w *See supra* note 736.

^x \$17,415 × 5 × 4 = \$348,300.

^y *See supra* note 737.

^z *See supra* note 737.

^{aa} \$1,242,848 × 5 = \$6,214,240. This amount may include transfers. *See supra* note 737.

^{ab} \$7,786,320 + \$6,423,714 + \$4,477,134 + \$1,883,826 + \$8,714,316 + \$11,601,900 + \$6,936,954 + \$348,300 = \$48,172,464.

^{ac} *See supra* note aa.

⁷⁴⁵ *See supra* section VI.C.1.b.

⁷⁴⁶ *See supra* section VI.C.3.b.

⁷⁴⁷ *See supra* section VI.C.3.ii.

⁷⁴⁸ *See id.*

b. Present Values and Annualized Values of Aggregate 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–4.⁷⁴⁹ 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.⁷⁵⁰

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.⁷⁵¹ 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.⁷⁵²

Table 15 reports the present values of the aggregate monetized benefits and costs from Tables 13 and 14, combining one-time and annual monetized benefits

and costs. The analysis uses annual real discount rates of 3 percent and 7 percent over a 10-year time horizon, starting in 2026.⁷⁵³ We estimate that the present value of total monetized benefits is approximately between \$469.3 million (lower bound) and \$666.8 million (upper bound) using a 3 percent discount rate and approximately between \$393.9 million (lower bound) and \$559.6 million (upper bound) using a 7 percent discount rate. We estimate that the present value of total monetized costs is approximately \$102.0 million using a 3 percent discount rate and approximately \$93.3 million using a 7 percent discount rate.

TABLE 15—PRESENT VALUE OF AGGREGATE MONETIZED BENEFITS AND COSTS OVER 10 YEARS FROM 2026 TO 2035
[2025 Dollars]

Estimated effects ^a	3% Real discount rate	7% Real discount rate
Benefits (lower bound, millions)	\$469.3	\$393.9
Benefits (upper bound, millions)	666.8	559.6
Costs (millions)	102.0	93.3

Notes:

^a The present values for aggregated monetized benefits represent the present values of annual aggregated benefits of \$54.2 million (lower bound) and \$77.0 million (upper bound) per year (presented in Table 13) over 10 years using each of a 3 percent and 7 percent discount rate. The present values for aggregated monetized costs represent the present values of one-time costs of \$48.2 million and annual aggregated costs of \$6.2 million per year (presented in Table 14) over 10 years using each of a 3 percent and 7 percent discount rate. We assume that monetized benefits and costs accrue mid-year, and we use a mid-year discount rate.

Table 16 reports annualized aggregate monetized benefits and costs using real discount rates of 3 percent and 7 percent over a 10-year horizon.⁷⁵⁴ The lump sum present values of aggregate monetized benefits and costs reported in Table 15 are converted in Table 16 into a constant stream of annualized benefits and costs over a 10-year time horizon, starting in 2026.⁷⁵⁵ Annualized benefits and costs may differ from an aggregation of the recurring monetized annual benefits and costs discussed earlier in

the Economic Analysis because they incorporate the timing of benefits and costs, through discounting, and combine one-time and recurring benefits and costs.⁷⁵⁶ We estimate that annualized total monetized benefits are approximately between \$54.2 million and \$77.0 million per year using 3 and 7 percent discount rate. The annualized total monetized benefits (in 2025 dollars) in Table 16 are the same as the total monetized benefits (in 2025 dollars) reported in Table 13 because

there are no one-time benefits. We estimate that annualized total monetized costs are approximately \$11.8 million per year using a 3 percent discount rate and approximately \$12.8 million per year using a 7 percent discount rate. Because the annualized costs are discounted and include both one-time and annual costs, they should not be compared directly to the aggregate annual monetized costs in Table 14.

⁷⁴⁹ See Executive Order (E.O.) 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. 14215 (Feb. 18, 2025), 90 FR 10447, 10448 (Feb. 24, 2025) (requiring independent agencies to comply with E.O. 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. 14192 (Jan. 31, 2025), 90 FR 9065, 9066 (Feb. 6, 2025). For purposes of approximating the total cost savings and costs under E.O. 14192, the Commission uses the annualized monetized benefits and costs using a real discount rate of 7 percent. See Table 16 and accompanying discussion.

⁷⁵⁰ See Circular A–4, at 32.

⁷⁵¹ 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 amendments, as well as the start year for the analysis’s time horizon, is the present year. The analysis uses calendar years and accounts for the compliance periods included in the release (see note a in Table 15).

⁷⁵² See *id.* at 32 (“The Rationale for Discounting”) & 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 percent and 7 percent 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”).

⁷⁵³ 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 percent and 7 percent” 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) (“When costs and benefits occur in a steady stream, applying mid-year discount factors is more appropriate.”).

⁷⁵⁴ 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 percent”).

⁷⁵⁵ For each discount rate, the annualized monetized benefits (costs, respectively) in Table 16 represent the constant annual stream of benefits (costs, respectively) whose present value over the time horizon equates the corresponding present value in Table 15. See note a, Table 16 for additional calculation details.

⁷⁵⁶ The annualized benefits and costs present these values over the 10-year time horizon, starting in the present year.

TABLE 16—ANNUALIZED AGGREGATE MONETIZED BENEFITS AND COSTS OVER 10 YEARS FROM 2026 TO 2035
[2025 Dollars]

Estimated effects ^a	3% Real discount rate	7% Real discount rate
Benefits (lower bound, millions)	\$54.2	\$54.2
Benefits (upper bound, millions)	77.0	77.0
Costs (millions)	11.8	12.8

Notes:

^a For each discount rate, the annualized values are calculated by dividing the corresponding present values in Table 15 by the sum of discount factors over the time horizon. The discount factor in year t of the time horizon is equal to $1/(1 + \text{discount rate})^{(t-0.5)}$.

D. Effect on Efficiency, Competition, and Capital Formation

1. Efficiency

The rescission of Rule 611 could have competing effects on efficiency, although the net effect is likely to be an improvement in efficiency. On one hand, the rescission of Rule 611 could increase the efficiency of order routing by removing the restriction Rule 611 imposes on how orders are routed. This effect would increase price efficiency by reducing frictions to trading that could slow the speed at which information is incorporated into prices. On the other hand, the rescission of Rule 611 could harm price efficiency to the extent that it leads to a reduction in displayed quotes, although this effect is expected to be relatively small.⁷⁵⁷ Thus, the overall effect of rescinding Rule 611 on market efficiency is likely to be an improvement in efficiency.

The removal of the prohibition on locked and crossed markets is expected to improve liquidity for some stocks.⁷⁵⁸ An improvement in liquidity is associated empirically with improved price efficiency.⁷⁵⁹ Thus, to the extent that some stocks experience an improvement in liquidity due to rescinding Rule 610(e), these stocks could experience an improvement in price efficiency.

2. Competition

a. Competition in the Market for Trading Services

The rescission of Rule 611 is expected to increase competition among trading centers, because exchanges would no longer be able to attract order flow away from non-exchange trading centers by having a protected quote. Consequently, there is likely to be an increase in innovation of trading protocols as exchanges search for other means of

attracting order flow. To the extent that these innovations improve the trading experience or execution quality on exchanges, they may also improve liquidity and lead to more volume executing on exchanges.

b. Competition Between Exchanges

Rescinding Rules 611 and 610(e) may increase competitive pressure among exchanges. This is because one of the anticipated effects of rescinding Rule 611 is that if small exchanges cannot provide sufficient value to justify the price of their connectivity products, then they may see the number of market participants that connect to them shrink. With the rescission of Rule 611, broker-dealers can disconnect from an exchange, or not connect to a new exchange, and not suffer the interference cost when routing orders. This may mean fewer broker-dealers consider it worthwhile connecting to such exchanges or utilizing the full set of exchange products they currently purchase.⁷⁶⁰ In economic terms, these effects reduce demand for exchange products, which lowers broker-dealers' willingness to pay for them, unless the exchange offers enough value to justify the price. These effects would increase competition among exchanges leading to lower prices and increased innovation in exchange services.

As a result of this increased competition, smaller exchanges may lose volume or exit the market if some market participants disconnect. It could also be difficult for new exchanges to enter the market or gain market share because fewer market participants may choose to connect. Further, to the extent that the number of market participants connected to the exchange diminishes, activity on that exchange would also diminish, resulting in a reduction in liquidity available on that exchange. This, in turn, would lead to a further reduction in the value of that exchange, further reducing its membership. This phenomenon may make it difficult for small exchanges to persist unless they

can differentiate themselves. It may also make it more difficult for new exchanges to start and to acquire market share. Consequently, there may be a reduction in the overall number of exchanges, or a reduction in the rate of entry of new exchanges to the market. The exchanges that remain may need to compete more on execution quality and innovate new features to attract order flow. In order to avoid losing customers and liquidity, exchanges, particularly small or new ones, might charge lower fees for market data and connectivity.

However, a substantial portion of the cost to broker-dealers of connecting to an exchange is in the initial new connection costs, which are already paid for existing connections, so it may be the case that few broker-dealers disconnect.⁷⁶¹

c. Competition Between Exchanges and Off-Exchange Venues

The Proposal's impact on competition between on- and off-exchange trading venues is uncertain. On the one hand, the rescission of 610(e) may improve liquidity on exchanges for some stocks, which would make exchanges relatively more attractive places to transact and lead more order flow onto exchanges.⁷⁶² Further, to the extent that Rule 611 reduces the efficiency of routing orders on exchanges, rescinding Rule 611 could further make exchanges relatively more attractive venues. Market fragmentation may thus decrease, to the extent that displayed liquidity fragmentation decreases.

On the other hand, the proposal, if adopted, may lead institutional investors to execute more large orders off exchange. This could occur because Rule 611 may hinder block trades by restricting trades from occurring outside protected quotes. The rescission of Rule 611 may enable large block trades to occur at off-exchange venues at prices that, while potentially advantageous to the traders, would occur outside of the NBB or NBO prices on exchanges. This

⁷⁵⁷ See text surrounding *supra* note 587 for a discussion of the effects of the rescission of Rule 611 on liquidity provision, and for a discussion of why those effects are expected to be relatively minor.

⁷⁵⁸ See *supra* section VI.C.2.a.

⁷⁵⁹ See, e.g., Tarun Chordia, et al., *Liquidity and Market Efficiency*, 87 J. Fin. Econ. 249 (2008).

⁷⁶⁰ See *supra* section VI.C.3.c.i, further discussing these changes in broker-dealer connections.

⁷⁶¹ See *supra* section VI.B.5.b.

⁷⁶² See *supra* section VI.C.2.a. (discussing on and off exchange order flow).

could potentially improve the competitive position of off-exchange venues. As a result of these competitive dynamics, the proposal could result in an increase in innovation for both on- and off-exchange venues.

If the proposal is adopted, broker dealers may connect to new ATSs before connecting to new exchanges because they may feel less obligation to connect to all exchanges to ensure that they can access all protected quotes. This may lead to new ATSs experiencing more growth and exchanges experiencing less growth. This could also result in an increase in innovation from exchanges, in order to try to retain their current growth.

The lack of restrictions on executions that would result from rescinding Rule 611 may result in increased innovation opportunities for ATSs as well.

d. Competition for Broker Execution Services

The Proposal may lead to an increase in competition for executing broker services, as it may result in lower fixed costs to becoming an executing broker. This would occur to the extent that broker-dealers do not need to connect to as many market centers to be competitive, or it could occur to the extent that competitive pressures drive market data and connectivity fees lower. Lower fixed costs would reduce the barriers to entry and increase competition for order flow in the market for broker execution services. This effect may be mitigated to the extent that competitive pressure in the market for broker execution services does not allow brokers to reduce the number of connections to market centers.

The rescission may reduce the concentration in the broker-dealer industry because broker-dealers may face lower costs.⁷⁶³ Because there may be fewer new exchanges, and new exchanges that do enter may wait longer to charge fees for data and connectivity, the trend of rising data and connectivity costs may slow. Additionally, existing exchanges could lower their prices for data and connectivity. Also, broker-dealers may decide not to connect to some exchanges, and thus the costs, especially the upfront costs, of being an executing broker-dealer may decrease.⁷⁶⁴ The Commission believes that high-volume brokers may continue

to be better positioned competitively compared to small broker-dealers, in part because broker-dealers compete in other dimensions, such as by offering additional services bundled with execution. High-volume broker-dealers will likely continue to connect to all or almost all exchanges and invest in the most sophisticated technology that allows them to minimize transaction costs and maximize execution quality.

e. Competition for Liquidity Provision

Removing the prohibition on locked and crossed markets is expected to increase competition for liquidity provision by making it easier for liquidity providers to compete on price. Allowing locked and crossed markets means that if a liquidity provider sees a profitable opportunity to provide liquidity, but such provision would lock or cross the market, it would be able to post the quote at the desired price. This increased competition to provide liquidity could improve efficiency and liquidity on exchanges, which could allow exchanges to better compete with off-exchange market makers for order flow, as extant research suggests that improved market quality on exchanges is associated with more volume being routed to exchanges.⁷⁶⁵

3. Capital Formation

To the extent that the Proposal results in improved liquidity, or improved price efficiency, it could improve capital formation because both factors are associated with a decrease in the cost of capital. By standard economic arguments, investors must be compensated for risk. Liquidity risk is the risk that a stock may be illiquid when investors need to liquidate. Investors are compensated for this risk in the form of higher returns which imply a higher cost of capital. As liquidity risk diminishes, the compensation that investors need to hold the stock declines, which implies a lower cost of capital. Thus, to the extent that liquidity improves, the cost of capital may decline for stocks experiencing improved liquidity.⁷⁶⁶

Similarly, mispricing risk is the risk that a stock is not priced in accordance with its fundamental value. Investors must be compensated for this risk in the form of a higher cost of capital. Thus, to the extent that the Proposal improves

price efficiency for some stocks it can reduce the cost of capital for these stocks.⁷⁶⁷

A lower cost of capital facilitates capital formation by making investment easier for firms, and thus to the extent that the proposal improves liquidity or price efficiency it can facilitate capital formation.

E. Reasonable Alternatives

1. Venue Trading Volume Threshold for Protected Quotes

As an alternative to rescinding Rule 611, the Commission could consider a minimum volume threshold requirement for an automated trading center to qualify for having a protected quote under Rule 611. Under this alternative, an automated trading center would be required to have an average daily dollar trading volume of a certain percentage or more of the aggregate average daily dollar volume for all NMS stocks as reported by an effective transaction reporting plan over a set period, e.g., during four out of the preceding six calendar months. The volume threshold across all NMS stocks, and not merely for a single NMS stock, is designed to help ensure that the automated trading center has a large enough market share to support the costs associated with the requirements to connect and route to the automated trading center to prevent trading-through its protected quote. Quotes from automated trading centers below the threshold would continue to be disseminated via the SIP and could contribute to the NBBO for transparency and benchmarking purposes, but they would not be protected. Brokers would not be required to route to those automated trading centers to avoid trade-throughs, and intermarket sweep order (ISO) obligations would not attach with respect to their displayed prices.

We believe that both the benefits and costs of this alternative would be lower than those of the Proposal. Trading centers and broker-dealers would experience lower one-time implementation costs to reprogram systems under this alternative. However, the reduction in their ongoing compliance costs and the ongoing reduction in costs they experience from simplified maintenance and updates of their order execution and SOR systems would be smaller. They would still have to maintain policies and procedures and programming logic to prevent trading through protected quotes on automated trading centers that meet the volume

⁷⁶³ See *supra* sections VI.C.3.a. and VI.C.3.c. The broker-dealer industry continues to be competitive, but it is the Commission's belief that the industry may become less competitive if the broker-dealer industry continues the trend of increasing concentration.

⁷⁶⁴ See First TTR Transcript at 172–3 (Adam Nunes, Hudson River Trading).

⁷⁶⁵ See, e.g., Albert J. Menkveld et al., *Shades of Darkness: A Pecking Order of Trading Venues*, 124 J. Fin. Econ. 503 (2017).

⁷⁶⁶ See, e.g., Yakov Amihud & Haim Mendelson, *Asset Pricing and the Bid-Ask Spread*, 17 J. Fin. Econ. 223 (1986); Luboš Pástor & Robert F. Stambaugh, *Liquidity Risk and Expected Stock Returns*, 111 J. Pol. Econ. 642 (2003).

⁷⁶⁷ See, e.g., Michael J. Brennan & Ashley W. Wang, *The Mispricing Return Premium*, 23 Rev. Fin. Stud. 3437 (2010).

threshold. Additionally, they may have to make updates to their systems to track which automated trading centers have protected quotes and which ones do not. Therefore, market complexity may not be significantly reduced under this alternative compared to the Proposal.

There would potentially be a smaller increase in the trade-through rate of displayed limit orders compared to the Proposal, which could potentially lead to less of a reduction in displayed liquidity and less investor confusion. Maintaining order protection at larger exchanges may also reduce the migration of order flow to off-exchange venues, because market participants would still be required to interact with the protected quotes on these exchanges before trading at worse prices off exchange.

Institutional investors could experience a smaller increase in the execution quality of their large orders compared to the Proposal. Although their orders could ignore the displayed quotes on smaller automated trading centers, they would still need to execute against the displayed quotes on protected trading centers before “walking the book” on an exchange or trading outside the protected quotes off exchange. This may increase their price impact and information leakage relative to the Proposal, which could increase the overall execution cost of the larger parent order.

Under this alternative, larger exchanges may gain more of a competitive advantage over smaller exchanges and the barriers to entry for new exchanges may be higher compared to the Proposal. Market participants would not be able to trade through protected quotes at larger exchanges, even if a smaller exchange offered better overall execution quality for an order. This may make market participants less likely to disconnect from larger exchanges and more likely to disconnect from smaller, unprotected exchanges. Additionally, new exchanges would have to wait for a period of at least four months to qualify for a protected quote after they initially hit the volume threshold. Compared to the Proposal, this may reduce the incentives for market participants to connect to a new exchange when it first starts, raising the barriers to entry.

The Commission could vary the costs and benefits of this alternative by varying the market volume threshold, which would increase or decrease the number of automated trading centers that qualify to have a protected quote. For example, if the Commission set the threshold at 1% of average dollar

volume, then 7 exchanges would have a protected quote under this alternative.⁷⁶⁸ If the Commission set the threshold higher, e.g., 2% of average dollar volume, then only 6 exchanges would have a protected quote. A higher threshold would result in this alternative having benefits and costs more similar to the Proposal, while a lower threshold would result in lower benefits and costs compared to the Proposal.

2. Large Trade Exception From Rule 611

As an alternative to rescinding Rule 611, the Commission could consider adding an exception to Rule 611 for large trades of institutional size. This exception would give trading centers and broker-dealers more flexibility to negotiate large block crosses that do not fit one of the other current exceptions to Rule 611, such as trades executed at benchmark prices (e.g., VWAP or TWAP) or block crosses executed with an ISO sweep of protected quotes.

Under this alternative, market participants would not experience most of the costs and benefits discussed in the Proposal. Institutional investors would experience some improvement in the execution quality of their large orders compared to the baseline, but it would be less improvement than they would experience under the Proposal (i.e., institutional investors would experience lower execution quality in this alternative compared to the Proposal). Institutional orders would have less flexibility in executing child orders, because smaller child orders would still be limited in their ability to trade through protected quotes. This may result in higher price impact and greater information leakage compared to the Proposal. Additionally, trading centers and broker dealers may incur costs to modify their systems to incorporate the new exception, but these costs would be small compared to the costs of the systems modifications they would make under the Proposal.

3. Only Rescind Locked Market Prohibition, Keep Prohibition on Crossed Markets.

The Commission could rescind only the prohibition on locked markets, while leaving in place the prohibition on crossed markets. Due to the existence of rebates, a stock that has a zero quoted

spread, i.e., a stock with a locked market, may be an economically competitive and stable outcome since the liquidity providers may still earn the rebate on a maker/taker exchange resulting in an economic spread that is greater than zero. Compared to the Proposal, this alternative could have the benefit of reducing any confusion associated with crossed markets, while still providing an improved pricing lattice, relative to the baseline, on which liquidity providers can transact.

This alternative would also be associated with lower benefits in terms of reduced ongoing compliance costs for broker-dealers and for exchanges compared to the Proposal. This is because prohibiting crossed markets but allowing locked markets would require exchanges and broker-dealers to modify existing systems that currently ensure compliance with the prohibition on locked and crossed markets, but they could not do away with such systems entirely as would be the case with the Proposal. Keeping these systems in place, even if modifying them to allow for locked markets but prohibiting crossed markets, would not be expected to result in the reduction of significant compliance costs.

F. Request for Comment

34. Do commenters agree with the Commission’s qualitative and quantitative baseline descriptions of the economic effects of Rule 611, Rule 610(e), and the structure of trading for NMS stocks? Why or why not?

35. How do trading centers and broker-dealers routing orders surveil for compliance with Rule 611? How does this vary based on the size of the trading center or broker-dealer? To what degree is this integrated with surveillance for compliance with other SEC or SRO rules? Please explain. Please provide estimates of the costs trading centers and broker-dealers incur to surveil for compliance with Rule 611. To what degree are these costs separate or integrated with the costs associated with surveillance for compliance with other SEC or SRO rules?

36. Do commenters agree with the Commission’s baseline description of exchange policies and procedures for posting odd-lot and round-lot quotes that may lock or cross a protected quote? Why or why not? Please explain.

37. Do commenters agree with the Commission’s baseline description of how exchanges, ATSS, and SDPs handle executions when the NBBO is locked or crossed? Why or why not? Please explain.

38. Do commenters agree with the Commission’s assessment of how Rule

⁷⁶⁸ This estimate is based on CBOE Market Volume Data from September 2025–February 2026. Exchanges were identified as being eligible for a protected quote if their average daily dollar trading volume was 1% or more of the average daily dollar market trading volume during at least four of the six months in the sample period. See *supra* note 442 for more information in CBOE Market Volume data.

611 impacts the handling of institutional orders? How does Rule 611 affect the execution costs of institutional orders? How do the exceptions to Rule 611 impact the costs of executing institutional orders? Please provide conceptual and quantitative context.

39. Do commenters agree with the Commission baseline description of the price improvement wholesalers provide to marketable retail orders? Why or why not? Please explain.

40. Do commenters agree with the Commission baseline description of how wholesalers handle and internalize marketable retail orders? Why or why not? Please explain.

41. Do commenters agree with the Commission baseline description of how retail brokers evaluate and route orders to wholesalers? Why or why not? Please explain.

42. Do commenters agree with the Commission baseline description of the effects Rule 611 has on how wholesalers handle and execute marketable and non-marketable retail orders? Why or why not? Please explain.

43. Do commenters agree with the Commission baseline description of the effects Rule 611 has on displayed liquidity? Why or why not? Please explain.

44. Do commenters agree with the Commission baseline description of the effects Rule 611 and Rule 610(e) have on market complexity? Why or why not? Please explain.

45. Do commenters agree with the Commission's estimates of the cost to subscribe to market data from all exchanges? Why or why not? Please explain and provide conceptual and quantitative context.

46. Do commenters agree with the Commission's assumption that market participants would have about 2 use cases for market data? Why or why not? Please explain and provide conceptual and quantitative context.

47. Do commenters agree with the estimate by a commenter of \$200,000 ongoing maintenance costs per exchange and \$1.5 million upfront costs to connect to a new exchange? Why or why not? Please explain and provide conceptual and quantitative context.

48. Do commenters have an estimate of the "interference cost" from not connecting to an exchange currently?

49. How has Rule 611 affected the fragmentation of displayed liquidity? How have other factors, such as exchange proliferation, technological advances and electronification of trading, changes in transaction costs, SIP revenue allocation, the SRO rule filing process, etc., affected the fragmentation displayed liquidity?

Please explain and provide conceptual and quantitative context.

50. How has Rule 611 affected overall market fragmentation, including off-exchange trading? How have other factors, such as exchange proliferation, technological advances and electronification of trading, changes in transaction costs, SIP revenue allocation, the SRO rule filing process, etc., affected overall market fragmentation, including off-exchange trading? Please explain and provide conceptual and quantitative context.

51. How have Rule 611 and Rule 610(e) affected exchange innovation? How have other factors, such as fair access requirements, limitations on segmentation, the SRO rule filing process, etc., affected exchange innovation? Please explain and provide conceptual and quantitative context.

52. Do commenters agree with the Commission's assessment of the benefits and costs of the rescission of Rule 611? Why, or why not? Please explain.

53. Do commenters agree with the Commission's assessment of the compliance costs savings for trading centers and broker-dealers operating SORs from rescinding Rule 611? Why, or why not? Please explain and provide estimates of these cost savings.

54. Do commenters agree with the Commission's assessment that rescinding Rule 611 will reduce institutional investor execution costs? What will be the magnitude of any reduction in institutional investor execution costs if Rule 611 is rescinded? Please explain and provide conceptual and quantitative context.

55. Will there be an increase in the rate that institutional orders trade through the NBBO if Rule 611 is rescinded? If so, how much will the trade-through rate increase? Please explain and provide conceptual and quantitative context.

56. Do commenters agree with the Commission's assessment of the effects rescinding Rule 611 will have on the execution quality of marketable retail orders? Why, or why not? Please explain and provide conceptual and quantitative context.

57. Do commenters agree with the Commission's assessment of the effects rescinding Rule 611 will have on the execution quality of non-marketable retail orders? Why, or why not? Please explain and provide conceptual and quantitative context.

58. Do commenters agree with the Commission's assessment of the effects rescinding Rule 611 will have on displayed liquidity? Why, or why not? Please explain and provide conceptual and quantitative context.

59. Do commenters believe more trading will occur off exchange if Rule 611 is rescinded? Why, or why not? Please explain and provide conceptual and quantitative context.

60. Do commenters agree with the Commission's assessment of the benefits and costs of the rescission of Rule 610(e)? Why, or why not? Please explain.

61. Do commenters agree with the Commission's assessment of the compliance costs savings for exchanges and broker-dealers operating SORs from rescinding Rule 610(e)? Why, or why not? Please explain and provide estimates of these cost savings.

62. Does the Economic Analysis in this release account for all compliance costs? If not, what other compliance costs would market participants or exchanges incur? Please provide estimates of the additional compliance costs that you believe should be considered.

63. Do commenters agree with our assessment that rescinding Rule 611 and Rule 610(e) will reduce market complexity? Why, or why not? Please explain and provide conceptual and quantitative context.

64. Will rescinding Rule 611 increase exchange innovation? Will rescinding Rule 611 increase ATS innovation? Why, or why not? Please explain and provide conceptual and quantitative context.

65. Do commenters agree with our assessment that rescinding Rule 611 and Rule 610(e) will reduce the time it takes trading centers and broker dealers with SORs to regularly update their trade execution and SOR systems? Is the Commission's estimate that it will reduce the time to update these systems by 5%–10% reasonable? If not, how much time will it save? Do commenters agree with our estimates of the annual savings this will provide to exchanges, ATSs, OTC market makers, and broker-dealers operating SORs? Why, or why not? Please explain and provide estimates of these cost savings.

66. Do commenters agree with our assessment of the implementation costs trading centers and broker-dealers with SOR systems will incur if Rule 611 and Rule 610(e) are rescinded? Why, or why not? Please explain and provide estimates of these implementation costs.

67. Do commenters agree with our estimate of the costs to maintain a SOR associated with one exchange? Why or why not? Please explain.

68. Do commenters think that prices for market data and connectivity may decrease? By how much? Do commenters think that new exchanges will charge lower prices for longer?

69. Will broker-dealers update their best execution policies and procedures if Rule 611 is rescinded? If so, how many broker-dealers will update their best execution policies and procedures? Do you agree with the Commission's estimate of how much it will cost each broker-dealer that chooses to update their best execution policies and procedures? Why or why not? Please explain and provide estimates of these costs.

70. Do commenters agree that third-party vendors may gain revenue? Do commenters agree that the gain in revenue as a result of users subscribing to more third-party vendors (rather than disconnecting from exchanges) would be larger than the loss of revenue as a result of users that currently subscribe to third-party vendors disconnecting from exchanges?

71. Do commenters agree that disconnections may occur at small independent exchanges and with our estimate of the number of broker-dealers that will disconnect from exchanges and discontinue exchange memberships as a result of the proposed amendments, and our estimate of the resulting economic effects? Why or why not?

72. Do commenters believe that broker-dealers may modify their market activity by trading more or less on some exchanges to which they maintain a connection? Why or why not?

73. Do commenters agree that displayed liquidity fragmentation may decrease? Why or why not?

74. Do commenters agree that no exchanges will exit and that new exchanges may still enter, but that new and small exchanges may have more difficulty gaining market share? Why or why not?

75. Do commenters agree with our estimate of the cost to modify SORs following a disconnection?

76. Does the Economic Analysis in this release account for all relevant costs? If not, which other costs should the economic analysis consider? Please provide estimates of additional costs, other than compliance costs, that you believe should be considered.

77. Do commenters agree with the Commission's assessment of how the Proposed Rule would impact efficiency, competition, and capital formation? Why, or why not? Please explain.

78. Do commenters agree with the Commission's analysis of the benefits and costs of the reasonable alternatives to the Proposed Rule? Why, or why not? Please explain.

79. Are there any additional reasonable alternatives the Commission should consider? If so, please describe that alternative and provide the benefits

and costs of that alternative relative to the baseline and to the proposal.

80. If SROs rescinded their own rules relating to locked and crossed market prohibitions, what would the reduction in compliance costs be for SROs and other market participants? Are there other SRO rules that should be rescinded or modified if Rule 610(e) is rescinded?

VII. Regulatory Flexibility Act Certification

The Regulatory Flexibility Act ("RFA")⁷⁶⁹ requires Federal agencies, in promulgating rules, to consider the impact of those rules on small entities. Section 603(a)⁷⁷⁰ of the Administrative Procedure Act,⁷⁷¹ as amended by the RFA, generally requires the Commission to undertake a regulatory flexibility analysis of all proposed rules, or proposed rule amendments, to determine the impact of such rulemaking on "small entities."⁷⁷² Section 605(b) of the RFA states that this requirement shall not apply to any proposed rule or proposed rule amendment which, if adopted, would not have a significant economic impact on a substantial number of small entities.⁷⁷³

The Commission is proposing to rescind Rule 611 and Rule 610(e). Rescinding Rule 611 would eliminate requirements for trading centers, which includes national securities exchanges, NMS stock ATSs, exchange market makers, OTC market makers, and other broker-dealers executing orders internally by trading as principal or crossing orders as agent. The rescission would also result in non-trading center broker-dealers that operate SORs no longer using ISOs and vendors making systems modifications to support the rescission of Rule 611. Rescinding Rule 610(e) would remove the rule's requirements for national securities exchanges and national securities associations.

For purposes of Commission rulemaking in connection with the RFA, the Commission's definition of a small entity includes an exchange that has been exempt from the reporting requirements of Rule 601 of Regulation NMS, and is not affiliated with any

person (other than a natural person) that is not a small business or small organization.⁷⁷⁴ Applying this test, no national securities exchange is a small entity. The only national securities association is also not a "small entity."⁷⁷⁵

For purposes of Commission rulemaking in connection with the RFA, a small entity includes a broker or dealer that: (1) had total capital (net worth plus subordinated liabilities) of less than \$500,000 on the date in the prior fiscal year as of which its audited financial statements were prepared pursuant to Rule 17a-5(d) under the Exchange Act,⁷⁷⁶ or, if not required to file such statements, a broker-dealer with total capital (net worth plus subordinated liabilities) of less than \$500,000 on the last business day of the preceding fiscal year (or in the time that it has been in business, if shorter); and (2) is not affiliated with any person (other than a natural person) that is not a small business or small organization.⁷⁷⁷ Applying this test and based on a review of data relating to broker-dealers,⁷⁷⁸ the Commission estimates, as discussed below, that of the 312 trading centers that are broker-

⁷⁷⁴ See 17 CFR 240.0-10(e) (providing that when used with reference to an exchange, means any exchange that: (1) has been exempted from the reporting requirements of Rule 601; and (2) is not affiliated with any person (other than a natural person) that is not a small business or small organization); see also 17 CFR 240.0-10(i) (providing that a person is affiliated with another person if that person controls, is controlled by, or is under common control with such other person; and a person shall be deemed to control another person if that person has the right to vote 25% or more of the voting securities of such other person or is entitled to receive 25% or more of the net profits of such other person or is otherwise able to direct or cause the direction of the management or policies of such other person).

⁷⁷⁵ See 13 CFR 121.201.

⁷⁷⁶ 17 CFR 240.17a-5(d).

⁷⁷⁷ See 17 CFR 240.0-10(c); see also 17 CFR 240.0-10(i) (providing that a broker or dealer is affiliated with another person if: such broker or dealer controls, is controlled by, or is under common control with such other person; a person shall be deemed to control another person if that person has the right to vote 25% or more of the voting securities of such other person or is entitled to receive 25% or more of the net profits of such other person or is otherwise able to direct or cause the direction of the management or policies of such other person; or such broker or dealer introduces transactions in securities, other than registered investment company securities or interests or participations in insurance company separate accounts, to such other person, or introduces accounts of customers or other brokers or dealers, other than accounts that hold only registered investment company securities or interests or participations in insurance company separate accounts, to such other person that carries accounts on a fully disclosed basis).

⁷⁷⁸ The Commission considered FOCUS data and information about broker-dealers made publicly available by FINRA through reports available at <https://brokercheck.finra.org/>.

⁷⁶⁹ 5 U.S.C. 601 *et seq.*

⁷⁷⁰ 5 U.S.C. 603(a).

⁷⁷¹ 5 U.S.C. 551 *et seq.*

⁷⁷² Although section 601(b) of the RFA defines the term "small entity," the statute permits agencies to formulate their own definitions. The Commission has adopted definitions for the term "small entity" for purposes of Commission rulemaking in accordance with the RFA. Those definitions, as relevant to this proposed rulemaking, are set forth in 17 CFR 240.0-10 ("Rule 0-10").

⁷⁷³ See 5 U.S.C. 605(b).

dealers and currently subject to Rule 611, only one would be a “small entity” and also in the scope of the rules the Commission is proposing to rescind.⁷⁷⁹ With respect to non-trading center broker-dealers, the Commission estimates that none of the broker-dealers operating SORs and using ISOs to comply with Rule 611 would be small entities for purposes of the RFA.⁷⁸⁰

With respect to vendors, as defined in Rule 600(b)(111),⁷⁸¹ a “small entity” includes a securities information processor that: (1) had gross revenues of less than \$10 million during the preceding fiscal year (or in the time it has been in business, if shorter); (2) provided service to fewer than 100 interrogation devices or moving tickers at all times during the preceding fiscal year (or in the time that it has been in business, if shorter); and (3) is not affiliated with any person (other than a natural person) that is not a small business or small organization under this section.⁷⁸² The Commission estimates that 13 of the 80 vendors including data related to Rule 611 would be small entities for purposes of the RFA.

Based on this analysis, the Commission believes that rescission of these rules, and the amendments to rules to remove definitions and administrative rules relevant to Rules 611 and 610(e),⁷⁸³ correspondingly

⁷⁷⁹ At the time Rules 611 and 610(e) were adopted, the Commission certified that these rules would not have a significant economic impact on a substantial number of small entities. See NMS Adopting Release at 37598–99.

⁷⁸⁰ The Commission has based this estimate on data from the consolidated audit trail for November 2025.

⁷⁸¹ Regulation NMS Rule 600(b)(11) defines vendor as any securities information processor engaged in the business of disseminating transaction reports, last sale data, or quotations with respect to NMS securities to brokers, dealers, or investors on a real-time or other current and continuing basis, whether through an electronic communications network, moving ticker, or interrogation device.

⁷⁸² 17 CFR 240.0–10(g).

⁷⁸³ These changes include proposed rescission of Rule 600(b)(105), defining “trade-through”; Rule 600(b)(81), defining “protected bid or protected offer”; Rule 600(b)(82), defining “protected quotation”; Rule 600(b)(54), defining “manual quotation”; Rules 600(b)(6) and (7), which define the terms “automated quotation” and “automated trading center,” respectively; and Rule 600(b)(47), which defines the term “intermarket sweep order”; removing “protected quotation” from Rule 610(c) of Regulation NMS; and changing two administrative rules to: (1) remove paragraph (82) from Rule 30–3, which delegates to the Director the ability to grant or deny exemptions from Rule 611 pursuant to Rule 611(d); and (2) remove references to Rule 611 and its related OMB control number from Rule 800, which sets forth the current control numbers assigned to information collection requirements of the Commission by the Office of Management and Budget pursuant to the Paperwork Reduction Act of 1995. See section IV.B.2.

would not have a significant impact on a substantial number of small entities.

The Commission is also proposing to amend the definition of “core data” in Rule 600(b)(26) to eliminate the reference to “protected bid and protected offer” and the definition of “regulatory data” in Rule 600(b)(89) to eliminate the reference to “trade-through exempt indicators.”⁷⁸⁴ The Commission added these definitions in connection with the adoption of market data infrastructure rules.⁷⁸⁵ The Commission certified that the adopted rules would not have a significant economic impact on a substantial number of small entities for purposes of the RFA for the reason that none of the entities subject to the adopted rules were small entities.⁷⁸⁶ As a result, the Commission preliminarily estimates that none of the entities that would be affected by the elimination of terms related to Rules 611 and 610(e) from the definitions of “core data” and “regulatory data” are small entities.

The Commission also proposes to amend Rule 15c3–5 to remove the language excepting a broker-dealer routing orders for the purpose of accessing other trading centers with protected quotations in compliance with Rule 611 from the requirements of the rule. The Commission preliminarily estimates that none of the broker-dealers that route orders to comply with Rule 611 are small entities⁷⁸⁷ for the purposes of the Regulatory Flexibility Act.

Finally, the Commission proposes to amend Rule 15b9–1 to remove an exemption from becoming a member of a registered national securities association for broker-dealers that effect off-member-exchange securities transactions that result from orders that are routed by an exchange in order to comply with Rule 611.⁷⁸⁸ This exemption was adopted as part of amendments to Rule 15b9–1 that narrowed the criteria by which a Commission-registered broker-dealer could be exempted from becoming a member of a registered national securities association.⁷⁸⁹ At the time of adoption, the Commission certified that the amendments to Rule 15b9–1 would not have a significant economic impact on a substantial number of small entities

because no more than three small firms could be significantly impacted by the narrowed exemptions (*i.e.*, they could be required to become a member of FINRA if they did not qualify for one of the adopted exemptions).⁷⁹⁰ Based on this analysis, the Commission believes that no more than three small entities are potentially relying on the exemption that the Commission is proposing to remove. The Commission believes that the proposed elimination of one of the Rule 15b9–1 exemptions would significantly impact no more than three small entities, and therefore, would not have a significant economic impact on a substantial number of small entities.

For the above reasons, the Commission certifies that the proposed rescissions and the proposed related amendments would not have a significant economic impact on a substantial number of small entities for purposes of the RFA.

The Commission invites commenters to address whether the proposed rules would have a significant economic impact on a substantial number of small entities, and, if so, what would be the nature of any impact on small entities. The Commission requests that commenters provide empirical data to support the extent of such impact.

VIII. 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),⁷⁹¹ 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 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.⁷⁹²

To help inform OMB’s determination as to whether any final rule that results from the proposal would be a “major rule,” the Commission solicits 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

⁷⁹⁰ See *id.* at 61892–93. See also 17 CFR 240.0–10(c).

⁷⁹¹ See 5 U.S.C. chapter 8.

⁷⁹² See 5 U.S.C. 804(2) defining “major rule.”

⁷⁸⁴ See *supra* section IV.B.2.

⁷⁸⁵ See Market Data Infrastructure Adopting Release.

⁷⁸⁶ See *id.* at 18808–09. See also 17 CFR 240.0–10(e) and (g).

⁷⁸⁷ 17 CFR 240.0–10(c).

⁷⁸⁸ See *supra* section IV.B.3.

⁷⁸⁹ See Securities Exchange Act Release No. 98202, 88 FR 61850 (Sept. 7, 2023) (Exemption for Certain Exchange Members).

- Any potential effect on competition, investment, or innovation.

Commenters are requested to provide empirical data and other factual support for their views to the extent possible.

IX. Other Matters

This action is an economically significant regulatory action under section 3(f)(1) of Executive Order 12866 and has been reviewed by OMB, consistent with Executive Order 14215. This action, if finalized as proposed, is expected to be an Executive Order 14192 deregulatory action.

Statutory Authority

Pursuant to the Exchange Act, and particularly sections 2, 3(b), 5, 6, 11, 11A, 15, 15A, 17, 19, 23(a), and 36 thereof, 15 U.S.C. 78b, 78c, 78e, 78f, 78k, 78k-1, 78o, 78o-3, 78q, 78s, 78w(a), and 78mm, the Commission proposes to amend sections 240.15b9-1, 240.15c3-5, 242.600, 242.610, and 242.611 of Chapter II of Title 17 of the Code of Federal Regulations.

List of Subjects in 17 CFR Parts 240 and 242

Brokers, Reporting and recordkeeping requirements, Securities.

Text of Rule Amendments

For the reasons stated in the preamble, the Commission is proposing to amend Title 17, Chapter II of the Code of Federal Regulations as follows:

PART 240—GENERAL RULES AND REGULATIONS, SECURITIES EXCHANGE ACT OF 1934

- 1. 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; and Public Law 111-203, 939A, 124 Stat. 1376 (2010); and Public Law 112-106, sec. 503 and 602, 126 Stat. 326 (2012), unless otherwise noted.

* * * * *

- 2. Amend § 240.15b9-1 by revising paragraph (c)(1) to read as follows:

§ 240.15b9-1 Exemption for certain exchange members.

* * * * *

(c) * * *

(1) A broker or dealer may effect transactions in securities otherwise than on a national securities exchange of which the broker or dealer is a member that result solely from orders that are routed by a national securities exchange of which the broker or dealer is a member to comply with the Options Order Protection and Locked/Crossed Market Plan; or

* * * * *

- 3. Amend § 240.15c3-5 by revising paragraph (b) to read as follows:

§ 240.15c3-5 Risk management controls for brokers or dealers with market access.

* * * * *

(b) A broker or dealer with market access, or that provides a customer or any other person with access to an exchange or alternative trading system through use of its market participant identifier or otherwise, shall establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of this business activity. Such broker or dealer shall preserve a copy of its supervisory procedures and a written description of its risk management controls as part of its books and records in a manner consistent with § 240.17a-4(e)(7). A broker-dealer that routes orders on behalf of an exchange or alternative trading system for the purpose of accessing other trading centers in compliance with a national market system plan for listed options shall not be required to comply with this rule with regard to such routing services, except with regard to paragraph (c)(1)(ii) of this section.

* * * * *

PART 242—REGULATIONS M, SHO, ATS, AC, NMS, SE, AND SBSR, AND CUSTOMER MARGIN REQUIREMENTS FOR SECURITY FUTURES

- 4. The authority citation for part 242 continues to read as follows:

Authority: 15 U.S.C. 77g, 77q(a), 77s(a), 78b, 78c, 78c-4, 78g(c)(2), 78i(a), 78j, 78k-1(c), 78l, 78m, 78n, 78o(b), 78o(c), 78o(g), 78q(a), 78q(b), 78q(h), 78w(a), 78dd-1, 78mm, 80a-23, 80a-29, 80a-37, and 8343.

- 5. Amend § 242.600 by:

- a. Removing and reserving paragraph (b)(6);

- b. Removing and reserving paragraph (b)(7);

- c. In paragraph (b)(26)(i), removing paragraph (E) and redesignating paragraphs (F) through (J) as paragraphs (E) through (I);

- d. In paragraphs (b)(26)(ii), (iii) and (iv), removing the text “protected bid and protected offer”;

- e. Removing and reserving paragraph (b)(47);

- f. Removing and reserving paragraph (b)(54);

- g. Revising paragraph (b)(72) to read as follows:

(b) * * *

(72) *Order size benchmark* means the number of shares of the full displayed size of all bids disseminated pursuant to an effective national market system plan at the same price as the national best bid at the time of order receipt, in the case of a market or limit order to sell, or the full displayed size of all offers disseminated pursuant to an effective national market system plan at the same price as the national best offer at the time of order receipt, in the case of a market or limit order to buy. For midpoint-or-better limit orders, the full displayed size should be measured at the time the order becomes executable rather than the time of order receipt. For each order, the share count shall be capped at the order size.

* * * * *

- h. Removing and reserving paragraph (b)(81);

- i. Removing and reserving paragraph (b)(82);

- j. In paragraph (b)(89)(ii)(B), removing the text “and trade-through exempt;” and

- k. Removing and reserving paragraph (b)(105).

- 6. Amend § 242.610 by:

- a. In paragraph (c), removing the text “protected quotation of the trading center or against any other”;

- b. In paragraphs (c)(1) and (c)(2), removing the text “protected quotation or other”; and

- c. Removing and reserving paragraph (e).

- 7. Remove and reserve § 242.611.

By the Commission.

Dated: June 11, 2026.

J. Matthew DeLesDernier,

Deputy Secretary.

[FR Doc. 2026-12163 Filed 6-16-26; 8:45 am]

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Part III

The President

Proclamation 11034—75th Anniversary of the White House Navy Mess, 2026

Proclamation 11035—Restoring American Commercial Fishing in the Pacific
Presidential Determination No. 2026–15 of June 11, 2026—Presidential
Determination and Delegation of Authority Under Section 708 of the
Defense Production Act of 1950, as Amended

Presidential Documents

Title 3—

Proclamation 11034 of June 11, 2026

The President

75th Anniversary of the White House Navy Mess, 2026

By the President of the United States of America

A Proclamation

On June 11, 1951, President Harry S. Truman formally established a unit of the United States Navy to provide culinary services to the Commander in Chief and the First Family. For 75 years, the elite service members assigned to the Presidential Food Service have demonstrated professional expertise, military precision, and unwavering commitment to serving those who hold our Nation's highest office.

The practice of utilizing Navy cooks in support of the Commander in Chief began in 1880 when stewards were assigned to prepare meals for President Rutherford B. Hayes aboard the Presidential yacht, USS *Despatch*. This tradition continued and evolved informally until the Navy was officially tasked with the mission to provide food service at the White House.

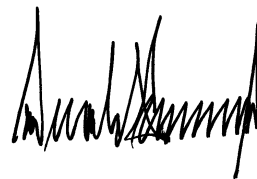
Service members selected for the Presidential Food Service operate the White House Navy Mess, a full-service executive dining room located in the West Wing of the White House, serving the President, senior Administration officials, and distinguished guests. Their responsibilities also extend far beyond the Mess itself, encompassing event catering, logistics, valet services, and food preparation during Presidential travel worldwide.

Since its inception, the Presidential Food Service has received numerous Joint Meritorious Unit Awards, the Navy Unit Commendation, and the Meritorious Unit Commendation for outstanding performance in direct support of the President of the United States. These awards reflect the highest culinary standards, attention to detail, and camaraderie of the top-tier service members assigned to this prestigious, high-level mission.

As we celebrate this historic milestone, the First Lady joins me in saluting the world-class men and women in the Presidential Food Service. For three quarters of a century, the finest culinary specialists of America's Armed Forces have been integral to White House operations and have faithfully maintained a legacy that reflects the same proud traditions of integrity, excellence, and devotion to duty that have defined our military for more than 250 years.

NOW, THEREFORE, I, DONALD J. TRUMP, President of the United States of America, by virtue of the authority vested in me by the Constitution and the laws of the United States, do hereby proclaim June 11, 2026, as a day commemorating the 75th Anniversary of the White House Navy Mess and to celebrate the dedicated food service professionals throughout our Armed Forces.

IN WITNESS WHEREOF, I have hereunto set my hand this eleventh day of June, in the year of our Lord two thousand twenty-six, and of the Independence of the United States of America the two hundred and fiftieth.

A handwritten signature in black ink, appearing to be "Donald Trump", located in the upper right quadrant of the page.

Presidential Documents

Proclamation 11035 of June 11, 2026

Restoring American Commercial Fishing in the Pacific

By the President of the United States of America

A Proclamation

Building on prior actions to strengthen American seafood production and support working fishing communities, this proclamation restores access to hundreds of thousands of square miles of Pacific waters for commercial fishing managed under existing Federal law. I have determined that restoring access to responsibly managed fishing grounds will promote economic opportunity while ensuring continued stewardship of our Nation's marine resources.

On June 15, 2006, pursuant to the Antiquities Act (54 U.S.C. 320301), President Bush issued Proclamation 8031 establishing the Northwestern Hawaiian Islands Marine National Monument, later renamed the Papahānaumokuākea Marine National Monument. On August 26, 2016, President Obama issued Proclamation 9478 expanding that monument.

On January 6, 2009, pursuant to the Antiquities Act, President Bush issued Proclamation 8335 establishing the Mariana Trench Marine National Monument and Proclamation 8337 establishing the Rose Atoll Marine National Monument.

These proclamations imposed restrictions on commercial fishing within specified areas of the monuments. Prior to the establishment of these monuments, the marine resources identified in Proclamations 8031, 8335, 8337, and 9478 were subject to comprehensive Federal management and conservation authorities, including regulations that managed commercial fishing.

After further consideration of the nature of the objects identified in Proclamations 8031, 8335, 8337, and 9478 and the protection of those objects already provided by Federal law, I find that appropriately managed commercial fishing under existing statutory authorities will not put the historic and scientific objects within these areas at risk.

The marine resources identified in Proclamations 8031, 8335, 8337, and 9478 are subject to comprehensive Federal management and conservation authorities. For example, the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1801 *et seq.*) (Magnuson-Stevens) establishes regional fishery management councils, supervised by the Secretary of Commerce in coordination with the States and affected stakeholders, that develop fishery management plans to regulate our Nation's fisheries, using the best available science and observing strict conservation and management requirements. Magnuson-Stevens requires a similar process of scientific fisheries management for highly migratory species and provides that fishery management plans may include, among other measures, management measures to conserve target and non-target species and habitats. The monuments at issue in this proclamation fall within the oversight of the Western Pacific Fishery Management Council (Council), which has developed several comprehensive Fishery Ecosystem Plans that enable sustainable fishing while affording protections tailored to the variety of sensitive ecosystems and marine life which the Council oversees. The Council regularly monitors its fisheries and adapts its plans to afford ongoing protection responsive to the most recent science and ocean conditions.

Additional protections are provided under the following statutes, several of which are effectuated directly through the applicable fishery management plans: the Endangered Species Act (16 U.S.C. 1531 *et seq.*), the Marine Mammal Protection Act (16 U.S.C. 1361 *et seq.*), the Oil Pollution Act (33 U.S.C. 2701 *et seq.*), the Clean Water Act (33 U.S.C. 1251 *et seq.*), Title I of the Marine Protection, Research and Sanctuaries Act (33 U.S.C. 1401 *et seq.*), the National Historic Preservation Act (54 U.S.C. 300101 *et seq.*), the Migratory Bird Treaty Act (16 U.S.C. 703–712), and the National Wildlife Refuge System Administration Act (16 U.S.C. 668dd *et seq.*). These statutes provide sufficient enforceable mechanisms to properly manage the monument objects addressed in this proclamation. For example, the Endangered Species Act generally prohibits the taking of fish and wildlife species listed as endangered, and also generally ensures that Federal actions, including fisheries management, are not likely to jeopardize the continued existence of any listed species. The Marine Mammal Protection Act provides protections for marine mammals, and prohibits their taking, subject to some exceptions.

Therefore, I find that certain monument-based prohibitions on commercial fishing are not necessary at this time for the proper care and management of the monuments or the objects of historic or scientific interest therein.

Proclamation 10918 previously modified the Pacific Remote Islands Marine National Monument by providing, among other things, that the Secretary of Commerce shall not prohibit commercial fishing within specified Monument and Monument Expansion areas. Proclamation 10918 is modified to clarify that the proclamation itself removes monument-based prohibitions on commercial fishing and agency rulemaking is intended to amend or repeal inconsistent regulations.

NOW, THEREFORE, I, DONALD J. TRUMP, President of the United States of America, by the authority vested in me by the Constitution and the laws of the United States, including section 320301 of title 54, United States Code, hereby proclaim that Proclamations 8031, 8335, 8337, and 9478 are modified to remove certain monument-based prohibitions on commercial fishing in: (a) the Islands Unit of the Mariana Trench Marine National Monument; (b) the Mau Zone and Ho'omalū Zone and areas seaward of 50 nautical miles within the Papahānaumokuākea Marine National Monument; and (c) waters between 12 and 50 nautical miles surrounding Rose Atoll, consistent with applicable fishery management plans and implementing regulations. Only United States flagged vessels shall be allowed to fish commercially within the boundaries of these monuments, except that permits may be issued to foreign flagged vessels to transport fish harvested by United States fishermen.

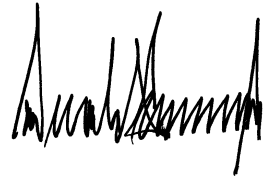
Nothing in this proclamation alters existing restrictions applicable within 50 nautical miles of the center geographical positions of certain islands and reefs in the Northwestern Hawaiian Islands or within 12 nautical miles of Rose Atoll. Such restrictions may be modified pursuant to applicable statutory and regulatory processes.

Commercial fishing conducted in areas of national monuments where such fishing was prohibited under previous proclamations shall remain subject to all applicable statutory and regulatory requirements, including under Magnuson-Stevens. The Secretary of Commerce shall amend or repeal existing regulations that are inconsistent with this proclamation's removal of monument-based prohibitions on commercial fishing, including those within Papahānaumokuākea Marine National Sanctuary regulations. I further direct that the Secretary of Commerce shall assess whether discretion to enforce regulations that currently prohibit commercial fishing can be utilized in the interim to advance the policy outlined in this proclamation.

To the extent that any provision of Proclamations 8031, 8335, 8337, 9478, or 10918 is inconsistent with this proclamation, the terms of this proclamation shall govern.

If any provision of this proclamation is held to be invalid, the remainder of this proclamation shall not be affected thereby.

IN WITNESS WHEREOF, I have hereunto set my hand this eleventh day of June, in the year of our Lord two thousand twenty-six, and of the Independence of the United States of America the two hundred and fiftieth.

A handwritten signature in black ink, appearing to be "Donald Trump", located in the lower right quadrant of the page.

Presidential Documents

Presidential Determination No. 2026–15 of June 11, 2026

Presidential Determination and Delegation of Authority Under Section 708 of the Defense Production Act of 1950, as Amended

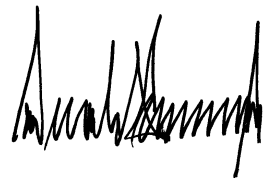
Memorandum for the Secretary of War

By the authority vested in me as President by the Constitution and the laws of the United States of America, including section 708 of the Defense Production Act of 1950, as amended (the “Act”) (50 U.S.C. 4558), and section 301 of title 3, United States Code, it is hereby ordered:

I hereby find that conditions exist which may pose a direct threat to the national defense or its preparedness programs. In particular, systemic constraints in the munitions industrial base, including limited production capacity, fragile supply chains, long-lead dependencies, and related production bottlenecks, may impair the ability of the United States to produce, sustain, and expand the availability of munitions, missiles, and equipment required for the national defense.

I hereby delegate to the Secretary of War the authority under sections 708(c)(1) and 708(d) of the Act to provide for the making of voluntary agreements and plans of action to help provide for the national defense. The Secretary of War’s authority is subject to fulfilling the consultation and approval requirement of section 708(c)(2) of the Act.

You are authorized and directed to publish this determination in the *Federal Register*.



THE WHITE HOUSE,
Washington, June 11, 2026

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